United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

FCIC-25010 (10-2016)

LOSS ADJUSTMENT MANUAL STANDARDS HANDBOOK

2017 and Succeeding Crop Years

A. Federal or State Agency Recommendations (continued)

Prior to applying zero appraisals based on ZMV determinations, AIPs must perform an on-the-farm inspection to determine the amount of qualified UH acreage identified in above. Qualified UH acreage will:

(1) be assessed a zero appraisal;
(2) not require the loss adjuster to make any field level appraisals beyond determining qualified UH acreage;
(3) not require the production to be sampled and tested by an approved laboratory; and
(4) be considered zero PTC based on ZMV, if destroyed in accordance with subparagraph 1102H(3).

B. Federal or State Agency Requirements

When a Federal or State agency requires destruction of any insured crop or crop production, as applicable, because it contains levels of a substance, or has a condition, that is injurious to human or animal health in excess of the maximum amounts allowed by the Food and Drug Administration, other public health organizations of the United States or an agency of the applicable State, the insured must destroy the insured crop or crop production and certify that such insured crop or crop production has been destroyed prior to receiving an indemnity payment. Failure to destroy such acreage will result in an appraisal for uninsured causes of not less than the production guarantee and penalties as stated in 15j of the BP.

1109 Quality Adjustment when Production Contains Mycotoxins, Other Substances, or Conditions at Levels Injurious to Human or Animal Health

A. General Mycotoxin Information

(1) AIPs must inform insured not to commingle units in accordance with subparagraph 1003B(1), if mycotoxins other than Vomitoxin are suspected.

(2) Due to improved testing procedures, availability of test kits, animal and human health concerns, and general awareness of grain quality, the presence of mycotoxins in grain is becoming an ever-increasing factor in its sale.

(3) Mycotoxins are the by-products of fungal activity promoted by environmental conditions, which are stressful to the affected host plant. Actual production yields may or may not be adversely affected by the presence of the organism, but harvestability and production quality (hence market value) may be adversely affected. Although over 200 mycotoxins have been identified, Aflatoxin, Fumonisin, and Vomitoxin have specifically caused insured grain to be unmarketable.

B. Level of Substance/Condition May Qualify the Production for Quality Adjustment (continued)

(4) Mycotoxins at high enough levels in production are considered a substance or condition that can be injurious to human or animal health. FDA has identified specific mycotoxins (such as Aflatoxin, Vomitoxin, and Fumonisin) at the levels at which they are injurious to animal and human health. Of all the substances/conditions identified as injurious to human or animal health, Aflatoxin and Vomitoxin have been the most common ones affecting quality adjustment of insured grain.

If the level of the substance or condition in the production is at a high enough level to qualify the production for QA (refer to the applicable SP, CP or quality endorsement), the PTC will be adjusted for quality in accordance with the applicable CP or SP, provided all of the following criteria are met:

(1) For production that will be stored on the farm or in commercial storage, the appropriate samples must be obtained by the adjuster (or a trained disinterested third party approved by the AIP) prior to the production entering storage (other than the exception in (2) below) because mycotoxins have the potential to increase in stored production. Other substances or conditions may also have the potential to increase in storage. If appropriate samples are not obtained prior to storage, such production will not be adjusted for quality due to a substance or condition injurious to human or animal health (refer to exception in (2) below). Therefore, it is important that AIPs inform agents and insureds of the need to notify the AIP anytime that the insured suspects that a mycotoxin or other substances or conditions could be present in the production so the AIP can inspect the crop prior to storage.

(2) Exception for obtaining samples prior to storage: Only for crops which contain Vomitoxin because the potential for Vomitoxin to increase in on-farm or commercially-stored production is very slight. Samples to determine Vomitoxin levels may be obtained after production is stored on the farm. Refer to subparagraph H for sample requirements.

(3) Analysis of the samples pulled by the adjuster (or a trained disinterested third party approved by the AIP) must be performed by an approved laboratory. Refer to subparagraph I below for Criteria for AIP-Approved Testing Facilities (laboratories).

(4) The presence and level of the condition/substance injurious to human/animal health must be due to insured causes. For example: Factors contributing to plant stress and subsequent mycotoxin presence such as insufficient irrigation (under an IRR practice), the use of marginally adapted varieties, non-weather related delayed harvest, inappropriately high plant populations, etc., will result in the determination that the mycotoxin was the result of uninsured causes.

C. Crops that May Be Contaminated With Sewage, Pathogenic Organisms, Pesticides, Chemical Wastes, Heavy Metals, or Other Toxic Substances

(1) AIPs must use State or Federal Agency published guidelines (including testing) to determine if the crop is marketable, including for animal usage. If the crop is determined marketable, the insured will be expected to harvest the crop, unless the costs of conditioning the crop results in ZMV.

(2) If the crop is harvested and conditioned, and testing determines the crop contains levels of contaminants that are in excess of the levels the State or Federal Agency declares as safe for animal usage, such production will be declared zero PTC provided the crop is destroyed in a manner acceptable to the AIP prior to finalizing the claim.

(3) AIPs must document testing results and determinations in the Narrative of the PW or on a Special Report.

D. Coded Cause of Loss for Substance/Condition injurious to Human/Animal Health

When the level of substance/condition qualifies the production for QA, the insured COL is considered due to disease or adverse weather; e.g., mycotoxins are considered due to disease and production covered in flood waters that is contaminated with sewage, pathogens, pesticides, etc., contained in the flood water as described in D above is due to adverse weather; however, the COL recorded on the PW will be “Mycotoxins” or “other condition/substance” (COL code 82) in both cases.

E. Requirements for Samples Required Prior to Storage

Except for Vomitoxin-contaminated crop production, any production contaminated with any other mycotoxin, substance, or condition injurious to human or animal health, must have samples obtained prior to the production going into storage. For farm-stored production that is contaminated with Vomitoxin, subparagraph H below will apply.

(1) When production will be harvested and farm-stored:

(a) AIPs can allow insureds to leave the number of RSAs as stated in subparagraph 924B(1)(a) and the location and size described in subparagraph 924C(1) in their fields from which the adjuster can take representative samples. AIPS can allow insureds to leave additional RSAs in order to obtain the required sample size to send to the approved testing facility; or

(b) The adjuster or a trained disinterested third party approved by the AIP can obtain samples from harvested production before it goes into farm-storage. Samples pulled by anyone other than the adjuster or a trained disinterested third party approved by the AIP cannot be used for QA.

E. Requirements for Samples Required Prior to Storage (continued)

(2) When the insured is not going to harvest, is uncertain of whether to harvest, or has discontinued harvest due to mycotoxin levels (or other condition or substance) levels in the harvested production, the adjuster must obtain samples for mycotoxins (or other condition or substance) from samples taken from RSAs of the standing crop in the field if the standing crop is representative of the acreage. Only the adjuster is authorized to obtain samples from the standing crop.

(3) Adjuster-selected representative samples from UH RSAs of the field:

(a) Select at least the minimum number of representative samples required by the applicable crop LASH for appraisals (e.g., minimum number of samples shown in Table A of the applicable crop LASH) from the minimum number of RSAs specified in paragraph 924. If the minimum number of representative samples does not result in the needed sample size (e.g., 10 pound sample) required by the approved testing facility, select enough additional samples to meet the required sample size.

(b) The representative samples of production from the RSAs of the field are to be used for determining the appraised production as well as the samples needed for the mycotoxin (or other substance or condition) testing and any other quality considerations.

(c) Refer to (4) and (5) below for instructions regarding samples for testing.

(4) Adjusters are to obtain samples for mycotoxin testing (or testing for other substance or conditions injurious to human or animal health) from the selected RSAs of the field(s) or subfield(s) utilizing the Hand Sample Method, or if the insured will agree, the Harvested Sample Method (Refer to G below).

(5) For mycotoxin (or other substance or conditions injurious to human or animal health) testing:

(a) For the crops listed in subparagraph 1102A, one blended sample of all the hand harvested or harvested samples obtained from the appraised RSAs of all fields or subfields for the unit appraised is permitted if the damage appears similar and the insured agrees with using one blended sample. However, since mycotoxin (or other substance or condition) levels can vary from field to field (or subfield to subfield), the insured and AIP can agree to obtain a sample for testing for each field or each subfield (e.g., three fields in a unit (no subfields used) would equal three separate samples for testing for the unit). Also, if the AIP and insured agree to take and submit multiple samples for testing from a field or subfield, then the test results from the multiple samples from the field or subfield must be averaged to represent the mycotoxin (or other substance or condition) level of the entire acreage in the field, subfield, or unit.

E. Requirements for Samples Required Prior to Storage (continued)

(b) Do not blend samples suspected of containing levels of mycotoxins (or other substance or condition) with less than the minimum action or advisory levels from FDA, State, or other Federal agency for the particular mycotoxin (or condition or substance) with samples exceeding the minimum levels. Refer to the table in subparagraph P(7) or Q(5) below.

(6) Refer to subparagraph J for requirements for sample size for testing, maintenance of sample until shipment, and the required timeframe for transporting or shipping the sample to the approved testing facility.

(7) Testing must be done by a testing facility that meets the criteria for an AIP-approved testing facility as outlined in subparagraph I.

Caution: RMA has been advised by grain specialists that adjusters should wear protective clothing, including protective gloves and dust mask when handling mycotoxin infected grains. If a dust mask is not used, adjusters should at least position themselves so they are not downwind of any grain dust coming from the harvesting equipment or from any grain dust that might occur during the collection of the required representative samples.

F. Representative Sampling Methods for Samples Required Prior to Storage

(1) Hand-Harvested Method

(a) If the insured is not willing to harvest the selected RSAs, the adjuster must hand harvest representative samples from the selected RSAs of the production.

(b) After the representative samples have been taken, the sample for testing (refer to required size in subparagraph J(1) below) must be obtained and must be identified by unit number if one blended sample for a unit is used (or field ID and/or subfield ID (if applicable) and unit number if a sample was taken for each field or subfield). The samples must be transported or sent to the approved testing facility within the timeframe specified in subparagraph J(3) and maintained in accordance with subparagraph J(3).

(2) Harvested Method

(a) If the insured will agree, have the insured harvest the selected RSAs of the field(s) or subfield(s) in the adjuster's presence and to the adjuster's satisfaction.

(b) After the RSAs have been harvested, the adjuster may obtain the samples by either of the following methods:

F. Representative Sampling Methods for Samples Required Prior to Storage (continued)

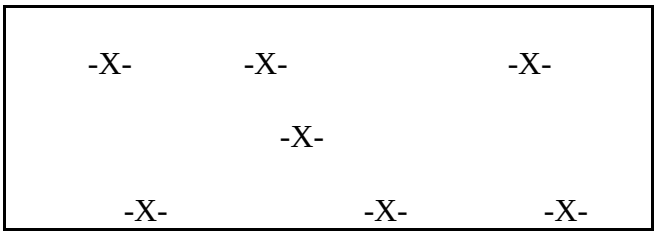
(i) If the adjuster has a hand probe, the adjuster can extract grain from the combine hopper, wagon, or other temporary holding structure used for the harvested production from the RSAs. Obtain the required sample size (refer to subparagraph J(1) below) by using the hand probe and the FGIS sampling patterns as shown in (d) below as a guide to collect samples. Refer to the Grain Inspection Handbook- Book I – Grade Sampling, Chapter 2, Probe Sampling published by GIPSA.

(ii) If the adjuster does not have a hand probe, have the insured unload the combine hopper into a wagon, truck, or other temporary holding structure used for the harvested production from the representative area, and collect the required sample size (refer to subparagraph J(1) below) from the stream of production at the beginning, at the end, and periodically in between as the production is being emptied from the combine.

(c) After the sample(s) have been taken, the sample for testing must be identified by unit number if one blended sample for a unit is taken (or field ID and/or subfield ID (if applicable) and unit number if a sample was taken for each field or subfield). Because of the possible increase in mycotoxins due to high humidity, heat, and moisture content of the grain, the adjuster is to take samples for mycotoxins immediately after harvest. Do not have the insured harvest and leave the grain in a wagon, combine hopper, or other structure, then return the next day to obtain the samples. Samples must be transported or sent to an approved testing facility within the timeframe stated in subparagraph J(3) and maintained in accordance with subparagraph J(3).

(d) The following examples are standard representative sampling pattern guidelines recommended by FGIS, and are to be used as a guide for locations of extraction when extractions are made with a probe. Insert the probe at the points marked, with the tip of the probe angled ten degrees. FGIS indicates that nearly ninety percent (90%) of error associated with Aflatoxin testing can be attributed to how the original sample was extracted.

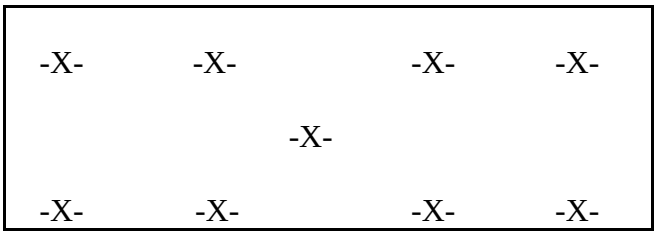
Example 1:



Seven-probe pattern flat-bottom truck or trailer containing grain more than four feet deep.

F. Representative Sampling Methods for Samples Required Prior to Storage (continued)

Example 2:



Nine probe pattern for flat-bottom trucks or trailers containing grain less than four feet deep

Example 3: Probing Combine Hoppers. From the top of the combine hopper, insert the probe slightly off-center at a ten-degree angle, and probe the entire depth of the hopper.

G. Sample Requirements for Farm-stored Production Contaminated with Vomitoxin

Samples may be obtained from the storage structure. When samples are obtained from storage, refer to subparagraph J for the required sample size and transportation requirements.

H. Criteria for AIP Approved Testing Facilities

To be an approved testing facility, the testing facility must meet all of the following criteria:

(1) Perform Quantitative Tests;

(a) For mycotoxins: The test results on the production must itemize results in PPM parts-per-million or PPB parts-per-billion of mycotoxin present. The quantitative test kits used to perform the test must be verified by FGIS and must have a test-kit range of 5-300 ppb. A list containing quantitative test kits certified by FGIS can be found in a document entitled "GIPSA Performance Verified Mycotoxin Test Kits" at the following link or successor link: http://www.gipsa.usda.gov/fgis/metheqp/GIPSA_Approved_Mycotoxin_Rapid_Test_Kits.pdf

(b) For other types of substances or conditions: The test results on the production must itemize the results in the same unit of measurement (e.g., ppm or ppb or some other amount) as is stated in the Advisory or Action level (e.g., action levels for Aflatoxin is in ppb) issued by FDA or other public health organizations of the United States or public health agency of the applicable State in which the insured crop is grown.

H. Criteria for AIP Approved Testing Facilities (continued)

(2) Be a recognized commercial, governmental, or university testing laboratory (including approved testing facilities on site at the delivery point of the buyer; i.e., elevators) that uses industry recognized sample sizes, equipment, and procedures for testing the specific type of mycotoxin (or some other condition or substance injurious to human or animal health);

(3) Be a disinterested testing facility. A disinterested testing facility is a facility not involved in buying or selling the production in question. A facility which buys production is not restricted if it does not buy or had no intention of buying the production from the insured for whom it is doing the testing. If a test was made by a facility that was a potential buyer but refused the production because of the mycotoxin (or if applicable other condition or substance injurious to human or animal health), the test performed by the potential buyer is still considered an interested party since they were interested at the time the production was delivered.

I. Sample Size and Transportation of Samples

(1) Sample size to be submitted for testing will be dictated by the approved testing facility. For Aflatoxin, most facilities will likely require at least a ten-pound sample.

(2) Follow the approved testing facilities recommendations for storage and transportation, including required container composition, provisions for maintaining proper temperatures of the sample, any special requirements for high-moisture production, and any other specific information pertaining to handling and transporting the sample to ensure and maintain the integrity of the sample.

(3) Samples submitted for testing by the insured (or insured's authorized representative) cannot be used for quality adjustment. Also, adjusters shall not pull samples and then allow the insured (or insured's authorized representative) to maintain the samples until the adjuster can pick them at a later time to submit to an approved laboratory for testing. Only the adjuster or a person who is a disinterested third party approved by the AIP can maintain and submit the samples for testing. AIPs are responsible for assuring that samples are:

(a) Mailed or transported to the approved testing facility within 4 days of the time the sample(s) were taken or within the timeframe specified by the approved testing facility (if less than 4 days), and

(b) Stored in a breathable container (container composition type specified by the approved testing facility) in a cool, climate controlled place (at the temperatures recommended by the approved testing facility for the particular substance or condition) until shipping.

J. Harvested Production Delivered to Elevator or other Facility

If the insured harvests and delivers production to an elevator, processor, or other facility, any mycotoxin (or other substance or condition) testing done by the elevator, processor, or other facility cannot be accepted for insurance purposes unless the elevator, processor, or other facility has a testing facility that meets the criteria for an approved testing facility for testing mycotoxins (or other conditions or substances that are injurious to human or animal health).

(1) Who Pulls Samples:

(a) If the elevator (or other facility) to which the insured delivers production does not meet the criteria for an approved testing facility (refer to subparagraph I above), the adjuster (using the criteria in (2) below) must obtain the samples for testing prior to the production being transported to the elevator, processor, or other facility; or

(b) If the AIP agrees, the elevator, processor, or other facility can be advised to extract an additional sample per load (samples per load can be blended into one sample per unit) that can be sent to an approved testing facility in order for the damage from the mycotoxin (or other condition or substance) to be considered for quality adjustment purposes. However, before the AIP agrees to use the sample pulled by the elevator, processor, or other facility, the AIP/adjuster must assure that the elevator, processor, or other facility is following the criteria below.

(2) Samples:

(a) For sample size, refer to subparagraph J(1) above.

(b) The sample must be tagged in a way that will identify the insured's name, load number and unit from which the sample was obtained, and any other pertinent information.

(c) The requirements in subparagraphs J(2) and (3) above for maintaining and transporting the sample are applicable.

(d) When the elevator, processor, or other facility is willing to pull the samples and the AIP agrees to use the samples pulled by the elevator for QA:

(i) The AIP can agree to allow the elevator to submit the samples directly to an approved testing facility. When the elevator receives the test results for the insured's samples and notifies the insured, the insured must notify the AIP that the test results have been received.

J. Harvested Production Delivered to Elevator or other Facility (continued)

(ii) If the elevator is not going to submit samples to approved testing facilities, the adjuster or other authorized AIP representative must pick the samples up from the elevator in time to mail or transport the sample to the approved testing facility within 4 days of the time the elevator obtained the sample.

Note: No one other than the adjuster or other authorized AIP representative is allowed to pick the sample up from the elevator and maintain the sample until it can be mailed or transported to the approved testing facility.

(3) If the elevator has a testing facility that meets the criteria for an approved testing facility (refer to subparagraph 1109H(3) for the mycotoxin or other substance or condition), and there is a test result for each load, use the test results of each load to determine the RIV for QA (value of damaged grain for crops that use value of damaged production instead of RIVs for QA purposes).

(4) Loads having the same QAFs can be combined and entered on one line on the PW as stated in the LASHs.

K. Discrepancy Between Test Results

AIPs shall only use test results from approved testing facilities to determine if the production is eligible for QA under section C of the SP. When there is a discrepancy between the test result of a sample from an approved lab used by the AIP and the one used by the disinterested third party buyer or commercial storage facility:

(1) For crops having QA provisions in the SP (not applicable to Malting Barley – refer to applicable MBE):

(a) For sold production for which RIVs are applicable, the test results of the approved lab used by the disinterested third party who bought the production will be used, unless there is substantial reason to believe that the samples taken by the buyer were not done in accordance with approved industry standards for obtaining samples for the particular substance or condition. If the samples taken by the buyer were not done in accordance with approved industry standards, the AIP test result will be used.

(b) For UH production or for farm-stored production containing mycotoxins other than Vomitoxin (e.g., Aflatoxin), the only test results used will be those from samples obtained by the adjuster prior to entering storage and submitted to the approved lab.

K. Discrepancy Between Test Results (continued)

(c) For UH production or for farm-stored production containing Vomitoxin only if there is a discrepancy between the test results of the sample taken on the farm by the adjuster and the test results from a commercial facility where the production has been delivered and sold or stored, the test results from the buyer or commercial storage facility test will be used.

(2) For crops using Actual Value to Determine QA (QA provisions only in the Policy Provisions – does not apply to Malting Barley – refer to the MBE):

(a) For harvested sold production, the test results of the approved lab used by the buyer will be used if the production is sold at the time of final settlement of the claim.

(b) For UH production or farm-stored production, only the test results from samples obtained by the adjuster and sent to the approved lab will be used.

L. Documentation of Mycotoxins or Other Substances or Conditions Injurious to Human or Animal Health

Document in the Narrative of the PW or on a Special Report, the following:

(1) Name of substance/condition (e.g., Aflatoxin) for which the production is being tested, and the level of contamination if the Federal or State agency-issuance states a type/level of substance/condition that would be in excess of the levels considered safe for animal usage. Refer to subparagraph 1109C(3);

(2) Test type - qualitative or quantitative;

(3) Name and location of approved testing facility;

(4) Type of testing facility; and

(5) Test date.

A copy of the test results from the approved testing facility may be attached to the PW in lieu of writing in the Narrative of the PW if items (1)–(5) above are included in the test results. If applicable, a photocopy of the Federal or State destruction order must also be attached to the PW. Note in the Narrative that that the copies are attached to the PW.

M. Potential Markets for Infected Production

Since various mycotoxins affect animal species differently, document by name which potential markets were contacted in establishing a fair grain market price. Take into account use for feed for tolerant animal species, value for blending with other grain (when allowed), and commercial (alcohol fuel plant or other product) uses. Likewise, document and take these same things into account for other substance or conditions that FDA or other State or Federal Health Agency has identified. Take steps to safeguard against any vulnerability involving claims of insureds who are directly involved in the buying or testing of damaged production.

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N. Settlement of Claims for Crops Having QA Provisions in Section C of the SP

Not applicable to Malting Barley. Refer to the MBE.

(1) The QAF is 1.000 minus the sum of the applicable DFs, expressed as three-place decimals. The PTC remaining after any reduction due to excessive moisture (in accordance with the applicable CP) is multiplied by the QAF (not less than zero) to determine net PTC.

(2) When no buyers in the insured's local area are willing to purchase the production and after fair consideration to deliver production to a market outside the insured's local marketing area, ZMV (section D of the SP) occurs and the insured:

(a) Destroys the production in a manner acceptable to the AIP, the DF will be 1.000 for such production, resulting in zero PTC. The method of destruction must result in the production having no possibility of being marketed or possibility of any salvage use that could result in any type of compensation to the insured. Refer to subparagraph 1102H(3) for exceptions to the requirement to destroy the ZMV crop.

(b) Does not destroy the production in a manner acceptable to the AIP, makes no attempt to destroy the production, or refuses to destroy the production, such production cannot be quality adjusted for any deficiencies listed in section C of the SP. However, if such production also qualifies for DF's under section A or B2 of the SP, such production will be quality adjusted with only those DFs.

(c) In accordance with the General Statements of the QA Statement(s) in the SP, fair consideration is allowed for sold production that falls under (sections C1a, C2ai, C3ai, and C3bi of the SP) but it is not allowed for production fed or used in a manner other than feed.

(3) QA will be allowed for substances or conditions injurious to human or animal health when levels of substances or conditions are in excess of the lower of the following amount allowed by:

N. Settlement of Claims for Crops Having QA Provisions in Section C of the SP (continued)

(a) FDA's action or advisory level for the crop;
(b) Another public health organization of the United States; or
(c) A public health agency of the applicable State in which the insured crop is grown.

(4) QA for Sold Production containing:

(a) Vomitoxin that has been sold prior to 60 days after the calendar date for the EOIP, the DF will be the RIV applied by a disinterested third party buyer (as verified by the AIP) due to all insurable QA deficiencies described in the SP divided by the local market price in effect on the date the production was sold. Because the RIV is for all insurable QA factors, do not add additional DFs from Sections A or B of the SP.

(b) Mycotoxins (other than Vomitoxin),that has been sold prior to 60 days after the calendar date for the EOIP and was transported directly from the field to the buyer or transported directly from the field and put into commercial storage without going into farm-storage, the DF will be the RIV applied by a disinterested third party buyer (as verified by the AIP) due to all insurable QA deficiencies described in the SP divided by the local market price in effect on the date the production was sold. Because the RIV is for all insurable QA factors, do not apply additional DFs from sections A or B of the SP.

If the level of Aflatoxin or Vomitoxin is at the level shown in (4) (f) below, the 60 day time limit does not apply. The claim cannot be completed until such production is sold and the RIV applied by the buyer is known. The claim will be completed in accordance with section C3 of the SP.

(c) RIVs applied by the buyer may be increased for:

(i) Cost of conditioning the production when the RIV that would have been applied by the buyer is reduced for conditioning, provided the resulting RIV does not exceed the original RIV plus the conditioning costs.

(ii) Fair consideration to deliver sold production qualifying under section C1a, C2ai, C3ai, and C3bi of the SP to the buyer outside the insured's local marketing area (distant market) if a lower RIV is available at the distant market, provided the resulting RIV does not exceed the RIV in the insured's local marketing area and the amount of the fair consideration is usual, reasonable, and customary.

N. Settlement of Claims for Crops Having QA Provisions in Section C of the SP (continued)

(5) Use the applicable pre-established DFs in sections C1b, C1c, C2aii, and C2aiii, C2aiv, C2av, and C2b of the SP, (the DFs are described in the SP for production qualifying for QA under section C of the SP) in addition to any applicable DFs from section A or B2 of the SP for production containing:

(a) Vomitoxin only that is unsold or sold to other than a disinterested third party prior to 60 days after the calendar date for the EOIP.

(b) Vomitoxin that is unsold 60 days after the calendar date for the EOIP, fed, utilized in any other manner, or is sold to other than a disinterested third party.

(c) Aflatoxin that is unsold and that is in commercial storage (transported directly from the field and put into commercial storage, without going into on-farm storage) prior to 60 days after the calendar date for the EOIP.

(d) Aflatoxin that is unsold 60 days after the calendar date for the EOIP.

(e) Aflatoxin, that is not sold prior to 60 days after the calendar date for the EOIP and that is UH, stored on-farm or initially put in on-farm storage and later transported to commercial storage, fed, used in manner other than feed, or sold to other than a disinterested third party.

(f) The applicable DFs in sections C1b, C1c, C2aii, C2aiiii and C2b of the SP are used for Aflatoxin with levels of 20.1-300 ppb or Vomitoxin with levels from 5.1-10.0 ppm (2.1-10.0 ppm for Wheat). When the level for the specific mycotoxin exceeds the maximum level shown above, use the DF shown in (h) below.

(g) Substances or conditions other than Aflatoxin or Vomitoxin that are injurious to human or animal health (sections C2aiv, C2av, C2bii, and C2biii of the SP), use a DF of .500.

(h) For production that has Aflatoxin levels in excess of 300 ppb, Vomitoxin levels in excess of 10 ppm, or any other substance or condition that exceeds the maximum amount allowed, a claim cannot be completed (i.e., will be held open) until such production (including UH production) is sold, fed, used, or destroyed. The DFs are as follows:

(i) 1.000 for production destroyed in a manner acceptable to the AIP.

N. Settlement of Claims for Crops Having QA Provisions in Section C of the SP (continued)

(ii) .500 for production containing:

(A) Aflatoxin or any other substance or condition (except for Vomitoxin), that was in on-farm storage, fed, utilized in any other manner, put in on-farm storage and then transported to commercial storage and sold, or sold to other than a disinterested third party; or

(B) Vomitoxin only, that was fed, utilized in any other manner or sold to other than a disinterested third party.

(iii) For sold production containing Vomitoxin, determine the DF from the RIV applied by the buyer (a disinterested third party as verified by the AIP).

(iv) For sold production containing Aflatoxin or any other substance or condition (except for Vomitoxin), determine the DF from the RIV applied by the buyer (a disinterested third party as verified by the AIP) for production transported directly from the field to the buyer or transported directly from the field and put into commercial storage and later sold without going into on-farm storage. No other quality factors contained in sections A or B of the SP will be considered.

(6) For production qualifying under item (5) above, an automatic extension of time will be allowed for the insured to submit their claim for indemnity, not to exceed 90 days after the calendar date for the EOIP. This does not limit the insured's ability to request an additional extension of time to submit a claim for indemnity in accordance with section 14 of the BP. For production that contains mycotoxins or any other substance or condition that exceeds the maximum amount allowed, the claim cannot be completed (i.e., will be held open) until the production is sold, fed, used, or destroyed. Refer to paragraph 702 for additional information.

(7) Following is a table of FDA-issued recommended, advisory, or action levels for the most common mycotoxins found in production and the section in the SP for the level of mycotoxin. The advisory and action levels used in this table are current as of the issuance of this handbook. Always verify what the current FDA action or advisory levels are. These action levels are subject to change.

N. Settlement of Claims for Crops Having QA Provisions in Section C of the SP (continued)

	FDA Recommended, Advisory, or Action Levels	Aflatoxin (FDA Action Levels)	Fumonisin (FDA Recommended Levels)	Vomitoxin (FDA Advisory Levels)
Category 1 (No QA)	No FDA recommended, advisory, or action levels for this category; i.e., it is safe for humans and animals.	0.0 ppb - 20.0 ppb	0.0 ppm – 3.0 ppm	0.0 ppm – 2.0 ppm (Wheat only)
Category 2 (QA applied, but no FDA recommended advisory or action level)	No FDA recommended advisory, or action levels.			2.1 ppm – 5.0 ppm (Wheat only)
Category 3 (Injurious to human and some animal health.)	FDA-recommended, advisory, or action levels for this category	20.1 ppb – 300.0 ppb	3.1 ppm – 100.0 ppm	5.1 ppm – 10.0 ppm (For Wheat and all other crops)
Category 4 (Exceeds the maximum level FDA has found safe for humans or animals use).	Exceeds maximum FDA-recommended, advisory, or action level	300.1 ppb and above	100.1 ppm and above	10.1 ppm and above

(8) Examples of DF and QAF determinations for claims containing substances or conditions under section C of the SP.

N. Settlement of Claims for Crops Having QA Provisions in Section C of the SP (continued)

Example 1: Combination of type/level of damage with pre-established DF and type/level of mycotoxin (Aflatoxin) damage and disposition of the damaged production for which an RIV can be used.

The corn was sold without going into farm storage to a disinterested third party prior to 60 days after the calendar date for the EOIP. Corn had a low TW of 46 pounds and had Aflatoxin damage of 150 ppb. It was determined that there was a 65 cents/bu. RIV for Aflatoxin and a 16 cents/bu. RIV for low TW. There is a DF of .062 for 46-pound TW listed in section A of the Corn SP and there is a .300 DF for 150 ppb Aflatoxin listed in the Corn SP. Because the Aflatoxin damaged production was sold without going into farm storage to a disinterested third party, prior to 60 days after the calendar date for the EOIP, the pre-established DFs in section A and C of the corn SP will be ignored. In this example, the RIV for the low-test weight and the RIV for the Aflatoxin applied by the buyer will be used to establish a DF for each of these types of damage.

The LMP for corn is $2.20. The QAF for the damaged corn is determined as shown in the following three steps:

(a) .65 RIV for mycotoxin
+ .16 RIV for test weight
$ .81 Total RIV

(b) .81 (Total RIV) ÷ 2.20 (LMP) = .368 (DF)

(c) 1.000 - .368 = .632 QAF

Example 2: Same scenario as Example 1 above except the Aflatoxin level in the corn is 450 ppb. If the production was transported directly from the field to the buyer or put into commercial storage without going into on-farm storage and later sold [1/], the DF will be determined from the RIV applied by the buyer.

N. Settlement of Claims for Crops Having QA Provisions in Section C of the SP (continued)

Example 3: Same scenario as Example 1 above except the Aflatoxin level in the corn is 450 ppb and the insured opts to destroy the production. The AIP verifies the production is destroyed in a manner acceptable to the AIP. Since the Aflatoxin level exceeds the FDA maximum of 300 ppb for Aflatoxin and the insured opted to destroy the production, the pre-established DF will be 1.000. The resulting QAF will adjust the damaged production to zero PTC.

(a) DF is 1.000
(b) 1.000 ─ 1.000 = .000 QAF

Example 4: Same scenario as Example 1 above, except the Aflatoxin level is 450 ppb and the insured farm-stored the production and then sold [1/] it. The buyer applied a total RIV of $1.75 for the 450 ppb of Aflatoxin and 46 pound test weight.

Because the Aflatoxin level exceeds 300 ppb and the production was in on-farm storage, the pre-established DF of .500 listed in the SP applies. No other quality factors contained in sections A or B of the SP will apply.

Example 5: Same scenario as Example 1 except the production was farm-stored and the AIP determines the production has ZMV. The insured did not or will not destroy the production in a manner acceptable to the AIP. The only DF that can be applied is the .062 DF for the 46 pound test weight. The DF for the 150 ppb Aflatoxin cannot be applied. This is because section D6 of the SP indicates that if production having ZMV has a quality deficiency listed in section C is not destroyed in a manner acceptable to the AIP or the insured makes no attempt (or refuses) to destroy the production, such production will not be adjusted for any quality deficiencies listed in section C.

Example 6: Same scenario as Example 5 except the production is farm-stored and the production is not ZMV. The .062 DF for 46 pounds test weight listed in section A of the SP and the .300 DF for 150 ppb Aflatoxin listed in section C are added together (.062 +.300) for a total DF of .362 and a resulting QAF of .638.

N. Settlement of Claims for Crops Having QA Provisions in Section C of the SP (continued)

Example 7: For Vomitoxin there are no advisory levels for human consumption for raw grain, just finished production. FDA states the reason there are no advisory levels for Vomitoxin in raw grains destined for human consumption is because most of the Vomitoxin is removed during the milling process. The maximum level FDA lists for any animal use is 5 ppm (for swine and most animals); however, for some animals it is less. Therefore, the FDA advisory level is 5 ppm.

However, for Wheat only, QA is allowed when the approved lab results show Vomitoxin in excess of 2.0 ppm. For unsold production, the Wheat SP contains pre-established DFs for Vomitoxin from 2.1 to 10.0 ppm. Refer to Malting Barley Endorsement for malting barley. For all other crops, Vomitoxin must be in excess of 5.0 ppm before QA applies.

Example 7A:

The following example is for unsold wheat in excess of 2.0 ppm of Vomitoxin but not greater than 10.0 ppm (applicable to section C of the SP plus any applicable DFs from section A or B2 of the SP).

SITUATION 1	IF Elevator Discounts:	THEN DF is:	IF Elevator Discounts	THEN DF is:
54 # of Hard Red Spring Wheat	$.30	N/A	$0.30	N/A
8% damage	$0.50	N/A	$0.90	N/A
3.1ppm Vomitoxin	$0.40	.329	No Discount	.329
TOTAL DF		.329		.329

TW or kernel damage has not reached a level for which quality would apply for the wheat as described in the Small Grains CP. No DF for TW or damage is shown in section A of the SP, even though the elevator has applied a discount.

N. Settlement of Claims for Crops Having QA Provisions in Section C of the SP (continued)

Example 7B:

The following example is for wheat in excess of 2.0 ppm of Vomitoxin but not greater than10.0 ppm. The wheat was sold to a disinterested 3rd party, prior to 60 days after calendar date for EOIP (applicable to section C1 of the SP.)

SITUATION 2	IF Elevator Discounts:	THEN RIV is:	IF Elevator Discounts	THEN RIV is:
54 # of Hard Red Spring Wheat	$0.10	N/A	$0.10	N/A
11% Damage	$0.50	$0.50	$0.50	$0.50
5.1 ppm Vomitoxin	$0.40	$0.40	No Discount	N/A
TOTAL RIV		$0.90		$0.50

5.1 ppm of Vomitoxin and 11% damage (grades U.S. # 5) both qualify the grain for quality. Even though there are DFs. RIVs are used for ALL insurable deficiencies to determine the applicable DFs because the grain is sold and does not exceed 10.0 Vomitoxin. However, if the 11% damage is the only damage that the buyer discounts, as in the example on the right-hand side, then there is no adjustment for the Vomitoxin damage.

Example 7C:

The following example is for SOLD wheat in excess of 2.0 ppm of Vomitoxin but not greater than 10.0 ppm. The wheat was sold to a disinterested 3rd party, prior to 60 days after calendar date for EOIP (applicable to section C1 of the SP.

SITUATION 3	IF Elevator Discounts:	THEN RIV is:	IF Elevator Discounts	THEN RIV is:
52# of Hard Red Spring Wheat	$0.40	$0.40	$0.40	$0.40
18% Damage	$0.60	$0.60	$0.80	$0.80
5.1 ppm Vomitoxin	$0.50	$0.50	No Discount	N/A
TOTAL RIV		$1.50		$1.20

The 52 # TW, 18% damage (causes grain to grade # 5) and 5.1 ppm Vomitoxin all qualify the grain for quality. However, if the 52# TW and 18% damage are the only types of damage that the buyer discounts, as in the example on the right-hand side, then there is no adjustment for the Vomitoxin damage. RIVs applicable for same reasons as in Example 7 B above.

N. Settlement of Claims for Crops Having QA Provisions in Section C of the SP (continued)

Example 8: The insured commingles 3 units of farm-stored corn having Aflatoxin but no other quality deficiencies. The insured has acceptable weight records for each of the 3 units. The total production in the storage structure is in within three percent (3%) of the total weight records for the 3 units. (Refer to paragraph 1002 for weighed and farm-stored production procedures.) The insured sells all of the grain prior to 60 days after the calendar date for the EOIP. The quality adjustment is handled as illustrated in this example:

(1) First determine what section of the QA section of the SP the corn qualifies under.

Unit 0001-0001OU, 3,000 bu. of corn with 10 ppb of Aflatoxin. With this amount of Aflatoxin, this corn does not qualify for QA.

Unit 0001-0002OU, 5,000 bu. of corn with 500 ppb Aflatoxin. With this amount of Aflatoxin and other quality deficiencies, this corn falls under section C3 of the QA section of the SP.

Unit 0001-0003OU, 7,000 bu. of corn with 50 ppb Aflatoxin. With this amount of Aflatoxin and other quality deficiencies, this corn falls under C2 of the SP.

(2) The claims cannot be settled until ALL production is sold, fed, used, or destroyed since some of the production falls under section C3 of the SP.

(3) Determining quality for Unit 0001-0001OU. Since unit 0001-0001OU does not qualify for QA due to Aflatoxin, no quality will be allowed for this deficiency.

(4) Determining quality for Units 0001-0002OU and 0001-0003OU

Unit 0001-0002OU will be adjusted using a DF of .500 since the production exceeds the 300 ppb of Aflatoxin and was in on farm-storage.

Unit 0001-0003OU, the 7,000 bu. will be adjusted using the pre-established DF of .100 for 50 ppb of Aflatoxin listed in chart table in section C2c of the SP.

O. Settlement of Claims Involving Mycotoxins (or Other Condition or Substance) for Crops Having QA provisions in the CP

This does not apply to barley, buckwheat, corn, canola, flax, grain sorghum, oats, rye, safflowers, soybeans, sunflowers, and wheat. Check the CP for applicable crops.

(1) A sample of UH or harvested production from each unit, field, or subfield must be taken and submitted for mycotoxin testing. QA will be based on the test results of each sample, the actual value of the damaged production and any other type/level of insurable damage qualifying for quality adjustment that affected the value of the production. No other dollar and cent discounts are allowed in the value of the damaged production as stated in subparagraph 1102G(8)-(10). Also, refer to paragraph 1102 for more QA information.

(2) The QAF is determined by dividing the local market value (actual dollar and cents value (or salvage value for some crops)) of the damaged production by the LMP (Base Contract Price for some crops) as defined in the specific CP or as otherwise specified in the CP; e.g., price election.

(a) The actual dollar and cents value for the damaged production also includes the reduced value for other damage qualifying for QA (e.g., kernel damage, low-test weight, etc.) but shall not reflect a reduction due to uninsured causes or drying charges. The actual value of the damaged production is the amount:

(i) Applied by the buyer for sold production (refer to the exception in subparagraph J); or

(ii) As determined by the AIP for unsold production:

(b) The QAF is rounded to three (3) decimal places. The PTC remaining after any reduction due to excessive moisture (in accordance with the applicable CP) is multiplied by the QAF (not less than zero) to determine net PTC.

(c) Refer to subparagraph 1102G for information regarding damage other than mycotoxin or substances injurious to human or animal health.

(3) Follow the procedures in subparagraph 1102H when there is no dollar and cents value (ZMV) for the damaged production in the local market and fair consideration to deliver such production to a distant market is applicable.

(4) Refer to subparagraph 1102G for additional procedures regarding:

(a) Determination of the actual dollar and cents value of the damaged production when production is unsold, fed, sold or otherwise disposed of, or when the production is under a speculative-type contract, not a processing contract.

O. Settlement of Claims Involving Mycotoxins (or Other Condition or Substance) for Crops Having QA provisions in the CP (continued)

(b) Reducing the dollar and cents value of the damaged production when a higher value for the production can be obtained due to:

(i) Conditioning costs of the damaged production, or
(ii) Transportation costs.

(5) A claim for indemnity will not be finalized until all determinations as stated in subparagraph 702(8) are met.

(6) Following is a table for crops that do not have QA provisions in the SP. The table contains FDA-issued recommended, advisory, or action levels for the most common mycotoxins found in production. The advisory and action levels used in this table are current as of the issuance of this handbook. Always verify the current FDA action or advisory levels. These action levels are subject to change.

Category	FDA Recommend, Advisory, or Action Levels	Aflatoxin (FDA Action Levels)	Fumonisin FDA Recommended Levels	Vomitoxin (FDA Advisory Levels)
Category 1 (No Quality Adjustment)	No FDA-recommended, advisory, or action levels for this category; i.e., it is safe for humans and animals	0.0 ppb - 20.0 ppb	0.0 ppm –3.0 ppm	0.0 ppm – 5.0 ppm
Category 2 (Qualifies for quality adjustment)	FDA-recommended, advisory or action levels for this category – safe for some types of animals	20.1 ppb – 300.0 ppb	3.1 ppm – 100.0 ppm	5.1 ppm-10.0
Category 3	Exceeds maximum FDA-recommended, advisory, or action levels	300.1 ppb and up	100.1 ppm and up	10.1 and up

(7) If any Federal or State agency requires destruction of any insured crop or crop production, as applicable, because it contains levels of a substance, or has a condition that is injurious to human or animal health in excess of the maximum amounts allowed by the Food and Drug Administration, other public health organizations of the United States or an agency of the applicable State, the insured must destroy the insured crop or crop production in a manner acceptable to the AIP and zero production will be counted. Refer to subparagraph 1102H(3) for a definition of Acceptable Destruction Methods and other information about destruction and verification of destruction.

1110-1200 (Reserved)

Acronyms and Abbreviations

The following table provides the acronyms and abbreviations used in this handbook.

Approved Acronym/Abbreviation	Term
ACT	Federal Crop Insurance Act (Pub. L. 104-127)
AD	Actuarial Documents
AIP	Approved Insurance Provider
APH	Actual Production History
AR	Acreage Report
ARD	Acreage Reporting Date
ARPI	Area Risk Protection Insurance
ASA	American Society of Agronomy
BP	Common Crop Insurance Policy Basic Provisions
BU	Basic Unit
CAT	Catastrophic Risk Protection Endorsement
CC	Continuous Cropping
CCC	Commodity Credit Corporation
CCD	Contract Change Date
CEPP	Commodity Exchange Price Provisions
CES	Cooperative Extension Service
CFO	Compliance Field Office (of Risk Management Agency)
CFR	Code of Federal Regulations
CIH	FCIC-18010 Crop Insurance Handbook
CLU	FSA Common Land Unit (field)
COL	Cause(s) of Loss
CP	Crop Provisions
CPF	Commingled Production Factor
CRP	Conservation Reserve Program
CSREES	Cooperative State Research, Education, and Extension Service
CWC	Chemical Weed Control
DF	Discount Factor
DO	Dollar Amount of Insurance
DSSH	FCIC-24040 Document and Supplemental Standards Handbook
EIN	Employers Identification Number
EDP	Electronic Data Processing
EOIP	End of the Insurance Period
EP	Enterprise Unit by Irrigated and Non-Irrigated Practices
EU	Enterprise Unit
FAC	Following Another Crop
FAD	Final Agency Determination
FCI	Federal Crop Insurance
FCIC	USDA Federal Crop Insurance Corporation
FGIS	USDA Federal Grain Inspection Service (of GIPSA)
FM	Foreign Material
FN	Farm Number

Approved Acronym/Abbreviation	Term
FPD	Final Planting Date
FSA	USDA Farm Service Agency
GFP	Good Farming Practice
GIPSA	USDA Grain Inspection, Packers, and Stockyards Administration
GIS	Geographical Information System
GPA	Guarantee Per Acre
GPS	Global Positioning System
GSH	General Standards Handbook
GSI	Growing Season Inspection
IBR	Intertilled Between Rows
IRR	Irrigated
IRS	Internal Revenue Service
ITIN	Individual Tax Identification Number
ITS	Ineligible Tracking System
H	Harvest
LAC	Loss Adjustment Contractor
LAF	Liability Adjustment Factor
LAM	FCIC-25010 Loss Adjustment Manual Standards Handbook
LASH	Loss Adjustment Standards Handbook (individual crop LASHs)
LMP	Local Market Price
LPD	Late Planting Date
LP	Late Planting
LPP	Late Planting Period
LRR	Late Reporting Reduction
MBE	Malting Barley Endorsement
MI	Misreported Information
MSDS	Material Safety Data Sheets
NAD	National Appeals Division
NAICC	National Alliance of Independent Crop Consultants
NAP	FSA Non-Insured Assistance Program
NFAC	Not Following Another Crop
NIBR	Not Intertilled Between Rows
NIRR	Non Irrigated
NOL	Notice of Loss
NOP	National Organic Program
NPS	No Practice Specified
NRCS	USDA Natural Resources Conservation Service
OC	Organic Certified
OFPA	Organic Foods Production Act of 1990 (7 U.S.C. 6502.)
OT	Organic Transitional
OU	Optional Unit
PASD	RMA, Product Administration and Standards Division

Approved Acronym/Abbreviation	Term
PASS	Policy Acceptance and Storage System
PFTS	Precision Farming Technology Systems
PM	RMA, Product Management
PP	Prevented Planting
PPB	Parts Per Billion
PPM	Parts Per Million
PPSH	Prevented Planting Standards Handbook
PRD	Production Reporting Date
P/T	Practice/Type
PTC	Production to Count
PW	Production Worksheet (a.k.a. claim for indemnity form or claim form)
QAF	Quality Adjustment Factor
RAN	RMA Assigned Number
RIV	Reduction In Value
RMA	Risk Management Agency
RMSD	RMA, Risk Management Services Division
RO	RMA, Insurance Services Regional Office
RP	Revenue Protection & Revenue Protection with Harvest Price Exclusion
RSA	Representative Sample Area
RSC	Representative Sample of Crop
SBI	Substantial Beneficial Interest
SCD	Sales Closing Date
SCP	Simplified Claim Process
SF	Summer Fallow
SP	Special Provisions
SRA	Standard Reinsurance Agreement
SSN	Social Security Number
TIN	Tax Identification Number
TP	Type/Practice
TW	Test Weight
TWF	Test Weight Factor
TWPF	Test Weight Pack Factor
UDQ	Unit Deficiency Quantity
UH	Unharvested
USDA	United States Department of Agriculture
USGSA	United States Grain Standards Act
USWA	United States Warehouse Act
WA	Written Agreement
WAH	FCIC-24020 Written Agreement Handbook
WFRP	Whole-Farm Revenue Protection
WFU	Whole Farm Unit
YP	Yield Protection
ZMV	Zero Market Value