



United States
Department of
Agriculture

INFORMATIONAL MEMORANDUM: IS-11-004.1

Farm and Foreign
Agricultural
Services

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

Risk
Management
Agency

FROM: Michael A. Alston /s/ *Michael A. Alston* 6/14/2011
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SUBJECT: Claims Alert - Prevented Planting and Reduced Irrigation
Water Allocations for Southwest Nebraska for 2011 Crop Year

BACKGROUND:

Concerns were brought to the attention of the Risk Management Agency (RMA) regarding whether irrigated producers in some southwest Nebraska counties who claim prevented planting acres for the 2010 and 2011 crop years were prevented from planting due to an insurable cause of loss. The RMA, in response to these concerns, requested that staff from Insurance Services and Compliance assess the irrigation water supply and related impact on prevented planting eligibility as defined by FCIC approved policies and procedure.

The Topeka Regional Office, operating in their capacity as a clearinghouse for irrigation issues, has compiled the following data for Approved Insurance Provider's (AIP) use to aid in their prevented planting decisions for the 2011 crop year.

The United States Bureau of Reclamation (BOR), through the McCook Field Office of the Great Plains Region, Kansas-Nebraska Area, manages four reservoirs in the Frenchman-Cambridge Division Pick-Sloan Missouri Basin Program (P-SMBP) in southwest Nebraska. Water from these reservoirs is diverted for irrigation purposes. RMA focused on three of the four reservoirs: Enders Lake, Swanson Lake, and Hugh Butler Lake.

As irrigation water deliveries from these three reservoirs may be below normal, RMA gathered information regarding whether an insurable event within the prevented planting insurance period caused the potential loss of irrigation supply.

For Enders Lake, RMA reviewed weather station data maintained by the National Climatic Data Center – NOAA Satellite and Information Service for the BOR-defined drainage area upstream of Enders Lake. Weather station data indicates the cumulative rainfall for the drainage area for Enders Lake has been above normal for the crop year 2011 prevented planting insurance period.



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For Swanson Lake, RMA reviewed the most probable inflow (MPI) data for the lake and compared it to the measured inflows also published by the BOR. In its Annual Operating Report, the BOR publishes MPI for each of the reservoirs in the Frenchman-Cambridge Division P-SMBP on an annual basis. RMA found that the measured inflows exceeded the MPI for the crop year 2011 prevented planting insurance period at Swanson Lake.

Regarding Hugh Butler Lake, the BOR initiated a Safety of Dams Corrective Action Study in late February 2010 after discovering cracking in the Red Willow Dam embankment of Hugh Butler Lake in October 2009. As a result of the study, BOR has lowered the reservoir elevation to a target range of 2552.0 to 2554.0 feet to ensure safety of the structure as well as the downstream area. RMA reviewed information published by BOR that illustrated that the cracking on the embankment was caused during the construction of the dam, which began in 1960 and was completed in 1962.

ACTION:

Section 17 of the Common Crop Insurance Policy Basic Provisions states that a prevented planting payment may be made if the producer is prevented from planting the insured crop by an insured cause that occurs within the insurance period. Irrigation water deliveries for the 2011 crop year from Enders, Swanson, and Hugh Butler Lakes may be below historical amounts for reasons which may be uninsurable.

Water deliveries from the Enders Lake, Swanson Lake, and Hugh Butler Lake diverted for irrigation purposes are below a full irrigation supply, RMA based on the information sited found no insurable cause within the 2011 prevented planting insurance period caused the loss of irrigation supply. However, there may a unique situation where an insured cause did exist within the prevented planting insurance period. It remains the responsibility of the policyholder to demonstrate his or her loss and each claim must be evaluated by AIPs on a case-by-case basis.

AIPs are reminded to follow the loss procedures in the LAM, the Prevented Planting Handbook guidelines, and the Crop Insurance Handbook, irrigated practice guidelines prior to making any determinations relative to irrigated prevented planting. It remains the responsibility of the policyholder to demonstrate his or her loss and each claim must be evaluated by AIPs on a case-by-case basis. RMA will monitor irrigated prevented planting issues, including, but not limited to, available water supply to carry out an irrigated practice and the cause of loss to assure AIPs adjustment of irrigated prevented planting claims are consistent with FCIC approved policies and procedure.

If you have questions, please contact the Topeka Regional Office.

DISPOSAL DATE:

December 31, 2011