



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

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BULLETIN NO.: MGR-11-006

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

FROM: William J. Murphy /s/ *William J. Murphy* 6/9/2011
Administrator

SUBJECT: New Breaking Written Agreements and Crop Insurance Availability
on Native Sod

BACKGROUND:

Some concerns have been raised regarding whether the availability of Federal crop insurance may unduly influence the conversion of native sod to cropland acreage.

The Common Crop Insurance Policy Basic Provisions (Basic Provisions) provide that acreage which has not been planted and harvested or insured in at least one of the three previous crop years is generally uninsurable unless:

- 1) The acreage was planted to comply with another USDA program (e.g., Conservation Reserve Program (CRP));
- 2) Such acreage constitutes five percent or less of the insured planted acreage in the unit; or
- 3) A written agreement specifically allows insurance for such acreage. (These written agreements are identified as a New Breaking (NB) written agreements.)

Although requests for NB written agreements for native sod are allowed under the terms of the Basic Provisions, the majority of NB written agreement requests reviewed by the Risk Management Agency (RMA) Regional Offices are requests for acreage that was previously planted at some time, such as acreage left idle for more than two years after being released from the CRP contract.

RMA currently does not identify native sod acreage separately from other acreage insured by NB written agreement.

Given the concerns, and the advancement of technology for better tracking, the following actions will be taken effective for the 2012 crop year for all crops with a contract change date on or after June 30, 2011.



The Risk Management Agency Administers
And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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ACTION:

- 1) For NB written agreement requests where the producer cannot substantiate the acreage has ever been broken out for crop production (e.g. native sod), language will be added to the Written Agreement Handbook (WAH) that will limit NB written agreement coverage to a maximum of 65 percent of the applicable T-Yield.
- 2) New breaking acreage is required to be reported by Farm Service Agency (FSA) Farm/Tract/Field (CLU) on the acreage report the initial year the acreage comes into crop production and all subsequent crop years' production reports. Identification by CLU will be required for all new breaking acreage in the unit, including acreage insured by written agreement; uninsured acreage; and acreage insurable under the terms of the Basic Provisions (e.g. five percent or less of the unit).
- 3) A statement will be added to the Special Provisions requiring all NB written agreement requests to be submitted by the Sales Closing Date (SCD) in lieu of the existing Acreage Reporting Date (ARD) deadline currently contained in the Basic Provisions.
- 4) A statement will be added to the Special Provisions in specific counties allowing insurability of new breaking acreage, without a written agreement, when the acreage meets specific requirements contained in the Special Provisions. If the acreage does not meet the requirements specified in the Special Provisions, then a written agreement request is needed for insurability the initial year the acreage is brought into crop production. The Special Provisions would:
 - a) Disallow coverage, without a written agreement, on acreage the producer cannot substantiate was previously in crop production (e.g. native sod);
 - b) Require that 75 percent or more of the acreage by field be composed of soil types defined as Capability Class I, II, III, or IV, as determined by the Natural Resources Conservation Service (NRCS);
 - c) Require acreage to be broken out and prepared for planting prior to specified dates contained in the Special Provisions;
 - d) Require that the total newly broken acreage be 160 acres or less for the insured entity (per each sales closing date);
 - e) Require a NRCS conservation plan, when applicable (e.g. highly erodible land); and
 - f) Disallow prevented planting coverage the initial year the acreage is broken out for planting.

The counties affected by the new statement identified in 4) are limited to specific areas in the Billings, St. Paul, and Topeka Regional Offices, which process approximately 90 percent of the NB written agreement requests. If the acreage meets the qualifications contained in the Special Provisions, the acreage will be insurable without a written agreement.

DISPOSAL DATE:

Until incorporated into the applicable Special Provisions and RMA approved procedures.