February 15, 2017

INFORMATIONAL MEMORANDUM

TO: All Approved Insurance Providers Writing in the State of Kansas

FROM: Rebecca Davis
Director, Topeka RO

SUBJECT: Crop Insurance and Limited Irrigation Availability in Kansas

BACKGROUND:

The Common Crop Insurance Policy Basic Provisions (17-BR), provide the rights and responsibilities of all parties as well as general terms and conditions of insurance. Within the Basic Provision, the current policy definition of an irrigated practice is:

“A method of producing a crop by which water is artificially applied during the growing season by appropriate systems and at the proper times, with the intention of providing the quantity of water needed to produce at least the yield used to establish the irrigated production guarantee or amount of insurance on the irrigated acreage planted to the insured crop.”

The quantity of water available for the current crop year must be enough to produce the irrigated Actual Production History (APH) yield. Specifically, Section 9 (b) of the Basic Provisions states:

“If insurance is provided for an irrigated practice, you must report as irrigated only that acreage for which you have adequate facilities and adequate water, or the reasonable expectation of receiving adequate water at the time coverage begins, to carry out a good irrigation practice. If you knew or had reason to know that your water may be reduced before coverage begins, no reasonable expectation exists.”

Producers that intend to reduce the amount of irrigation water applied have the following options under their crop insurance policy.

a) Option 1 is to plant fewer irrigated acres and report the rest of the planted acres as non-irrigated.

b) Option 2 is to continue to plant all your acres with limited water and insure them under a non-irrigated practice.
c) For certain counties in Kansas, a 3rd Option exists. Option 3 is to request a limited irrigation yield by written agreement. This option is only available for corn and soybeans in select counties.

Failure to take any of the above options, can result in the following procedures per Paragraph 301 C (6) of the 2017 Loss Adjustment Manual Standards Handbook:

“(6) If the acreage reported for insurance under the irrigated practice exceeds the capacity of the irrigation facilities and/or water supply reasonably expected at the time of planting (or on the calendar date for the beginning of the insurance period for perennial crops), limit (reduce) the number of acres insured under the irrigated practice to an amount which could have been adequately irrigated.”

Example: An insured reports 100 acres under the irrigated practice. It is later determined that, at the time insurance attached, the facilities or water supplies were adequate for only 75 acres but were used on the 100 acres.

Proceed as follows:

(a) Document the number of acres that are insurable as IRR (75 acres, in this case).
(b) Determine, to the extent practical, the highest yielding 75 acres to be the IRR acres, appraise any reduction in production on the 75 acres caused by applying the available water to the 100 acres, and enter the appraisal on the claim as an uninsured-cause appraisal.
(c) If only IRR acreage is insurable in the county for the crop, prepare a revised AR showing 75 acres insured under the IRR practice. Enter the 25 acres as uninsured acres, and explain the 25 acres are uninsurable acreage due to inadequate facilities and/or water supplies.”

ACTION:

Approved Insurance Providers are reminded to discuss irrigation practice insurability requirements with their insureds. Irrigation water conservation efforts, such as the creation of a Local Enhanced Management Area, enrollment in a Water Conservation Area (WCA), or a reduced irrigation supply for any reason may result in insureds intending to apply less irrigation water than historically used to establish their APH yield. Insureds that do not intend to apply the quantity of water needed to produce at least the yield used to establish the irrigated production APH yield must take appropriate steps to protect their crop insurance coverage.

Producers may be eligible for a limited irrigation written agreement according to the corn and soybean Special Provisions in select Kansas counties. The request for written agreement and all supporting documentation must be submitted to the Regional Office through your crop insurance agent on or before the acreage reporting date.

Please see the attached maps identifying the counties in which this coverage by written agreement is available. An updated producer documentation tool for requesting a limited irrigation written agreement is available at www.rma.usda.gov/fields/ks_rso/2017/combinedtools.xlsx.
DISPOSAL DATE:

April 30, 2018