



United States
Department of
Agriculture

Risk
Management
Agency

Oklahoma City
Regional Office

205 NW 63rd
Suite 170
Oklahoma City,
Oklahoma 73116

Telephone:
(405) 879-2700

Fax:
(405) 879-2741

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INFORMATIONAL MEMORANDUM

TO: Approved Insurance Providers Operating in Texas and Oklahoma
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Debra Bouziden
Director, Oklahoma City Regional Office

SUBJECT: Insurability of Non-Irrigated Cotton Planted on Acreage Following a
Failed Small Grain Crop

Background:

The Risk Management Agency (RMA), Oklahoma City Regional Office (OKC RO) has received a number of recent inquiries regarding insurability of non-irrigated cotton following a failed non-irrigated winter wheat crop planted/insured for harvest as grain including but not limited to counties in the Texas/Oklahoma Panhandle, High Plains and adjoining areas. NOAA has currently designated drought conditions in this area as severe to extreme but the degree and scope of the drought continues to expand and other areas of Texas, Oklahoma, or New Mexico may eventually be included.

Language was added to the 2011 Cotton Special Provisions of Insurance in Texas, Oklahoma, and New Mexico, as **emphasized** below, regarding the insurability of non-irrigated cotton following a failed non-irrigated small grain crop;

Insurance shall not attach or be considered to have attached on any acreage that is non-irrigated and from which, in the same calendar year: 1) a hay crop was harvested (including a harvested small grain hay crop); 2) **a small grain crop reached the headed stage (regardless of the percentage of small grain plants that reached the headed stage)**; or 3) a crop was grazed past (the specified date).

Approved Insurance Providers (AIP's) are running into situations where the non-irrigated wheat has been released and policyholders want to plant and insure non-irrigated cotton on these same acres. However, attempts to chemically terminate the failing wheat have not been fully effective, due in part to a reduced plant surface for chemical adherence on the stunted plants, the dry weather, and the inability of the plants to translocate the chemical. Further, the failed wheat in many cases may not be able to be shredded because it is too small and plowing is not recommended because it could create an erosion issue with recent winds in this area approaching 30-40 + mph. Long range forecasts are for current drought conditions to persist or even get worse through June. In spite of their attempts to terminate the small grain crop, insured producers are concerned that if some of the plants eventually do reach the headed stage, insurance will not attach or will have been deemed not to attach to any subsequently planted cotton.



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Action:

The 2011 Cotton SPOI in Texas, Oklahoma and New Mexico do not allow insurance to attach to non-irrigated cotton on acreage from which a small grain reached the headed stage (regardless of the percentage of small grain plants that reached the headed stage).

AgriLife Extension, Texas A&M System at Amarillo has provided the (attached) guidelines and recommendations insured producers may want to consider in terminating drought stressed wheat for an alternative summer crop planting.

It should be noted that additional applications to terminate the small grain crop may be required in order to assure any surviving plants do not reach the headed stage before or after the cotton is planted. In addition, damage to the insured cotton due to chemical carryover, misapplication, etc. used in terminating the small grain would not be an insurable cause of loss.

Attachment: Texas A&M, Agri LIFE Extension; Terminating Drought Stressed Wheat for Alternative Summer Crop Planting.