



United States
Department of
Agriculture

April 27, 2004

Risk
Management
Agency

1400
Independence
Avenue, SW
Stop 0801
Washington, DC
20250-0801

INFORMATIONAL MEMORANDUM

TO: All Reinsured Companies
All Risk Management Agency Offices
All Other Interested Parties

FROM: Ross J. Davidson, Jr. /s/ *Ross J. Davidson, Jr.*
Administrator

SUBJECT: Regional Irrigation Assessment and Prevented Planting for Calendar Year
2004

BACKGROUND:

The Loss Adjustment Manual (LAM), FCIC 25010, requires the Risk Management Agency (RMA) Regional Offices (RO's) to issue Regional Irrigation Assessments to identify areas where conditions are such that availability of irrigation water may be adversely impacted. This is not a determination of the Federal Crop Insurance Corporation that adequate irrigation water supplies are or are not available in the respected areas. The attached documents are provided:

- Selected counties in Texas and New Mexico – Oklahoma City RO
- Most of Arizona, Nevada, Utah. Selected areas of California – Davis RO
- Selected counties of Kansas, Nebraska and Colorado – Topeka RO
- Parts of Montana, North Dakota, South Dakota and Wyoming – Billings RO
- Selected counties in Idaho and Oregon – Spokane RO

DISCUSSION:

Insurance providers are reminded that prevented planting payments due to failure of the irrigation water supply can be made only if there is an **inadequate** amount of water available on the final planting date, and the reduced water supply is the result of an insured peril occurring within the insurance period. The insurance period for prevented planting coverage begins on the sales closing date of the previous crop year for producers who continue insurance from year-to-year. Transfer of coverage (cancellation/re-write) to a different insurance provider or a different plan of insurance (from MPCCI to CRC, RA, etc.) is still considered continuous coverage. For producers who have a new policy, the insurance period begins on the sales closing date for the current crop year.



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And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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Prevented Planting Payments based on an irrigated practice production guarantee may be made only for the number of acres associated with the amount of irrigation water supply that is lost within the insurance period. If no insured cause of loss occurs within the insurance period that reduces the amount of irrigation water available, then no prevented planting payment based on an irrigated practice production guarantee can be made.

In some cases, drought or another insured cause of loss may continue from year-to-year. However, producers can only receive indemnities for the portion of loss that occurred within the insurance period. For example, a producer normally irrigates 100 acres, but the irrigation water supply has been reduced prior to the insurance period so that, even with normal precipitation and the amount of irrigation water available at the beginning of the insurance period, there would only be enough water to irrigate 50 acres. In this case, a prevented planting payment can be made only if the irrigation water supply is reduced during the insurance period to the extent that less than 50 acres can be irrigated.

To continue the proper administration of the irrigated practice for insured crops, insurance providers are directed to the LAM, Section 6, PAR 40, the 2004 and Succeeding Crop Years Prevented Planting Loss Adjustment Standards Handbook, FCIC 25370, and the review requirements of Manual 14, Guidelines and Expectations for Delivery of the Federal Crop Insurance Corporation Program, FCIC 14010.

You may contact the respective offices with any questions relating to their assessments.

DISPOSAL DATE:

This informational memorandum is for transmitting information. The expiration date is July 1, 2005.