



United States Department of Agriculture
Farm and Foreign Agricultural Services
Risk Management Agency

July 1, 2002

BULLETIN NO.: MGR-02-013

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

FROM: Ross J. Davidson, Jr. /s/ Butch May, for
Administrator

SUBJECT: Prevented Planting Coverage – (Insurance Period)

BACKGROUND:

The Risk Management Agency (RMA) has received questions regarding interpretation of prevented planting provisions as they relate to adverse weather conditions that occur in the insurance period for a prior crop year and continue to occur in the insurance period for the current crop year. For carry-over insureds, the prevented planting insurance period for the current crop year begins on the sales closing date for the prior crop year. For example, if the sales closing date was March 15, 2002, for the 2002 crop year, the insurance period for prevented planting would have started on March 15, 2001. For new insureds, the insurance period begins on the sales closing date for the current crop year.

For irrigated acreage, the amount of irrigation water expected to be available for the 2002 crop year is based on the amount of water available at the beginning of the insurance period and the expected net increase in available water if average snow-pack/precipitation would have occurred during the insurance period, as determined by irrigation authorities.

ACTION:

The following is applicable when an insured peril occurs in the prior crop year and continues to occur within the insurance period for the current crop year.

1. When information is available from local irrigation authorities responsible for water allocations, the Bureau of Reclamation, the Corp of Engineers, Cooperative State Research, Education, and Extension Service (CSREES), the National Resources



1400 Independence Ave., SW \$ Stop 0801 \$ Washington, DC 20250-0801

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

An Equal Opportunity Employer

Conservation Service (NRCS) or other sources responsible for water allocations, that indicates expected water allocations or non-irrigated planting conditions if average snow-pack/precipitation occurs during the prevented planting insurance period, prevented planting coverage will be provided as follows:

- A. When available information indicates average snow-pack/precipitation occurring within the prevented planting insurance period for the current year would provide sufficient water to produce a crop on all insurable acreage, prevented planting coverage will be provided for all acreage that is prevented from being planted.

Example - A producer normally irrigates 100 acres, but in 2001 is prevented from planting 60 acres due to drought. As determined by the irrigation authorities, average snow-pack/precipitation expected during the insurance period for the 2002 crop year (begins March 15, 2001) should result in sufficient water allocation to allow production on 100 acres in 2002. However, a drought continues into the 2002 crop year (average precipitation is not received during the insurance period) and the actual water allocation is sufficient for only 40 acres. In this case, since drought during the insurance period caused failure of the irrigation water supply for 60 acres, those acres would again be eligible for a prevented planting payment.

- B. When irrigation authorities indicate that average snow-pack/precipitation within the prevented planting insurance period for the current year would result in a water allocation allowing production on only a portion of the acreage previously planted, only the portion of the loss attributable to insured perils occurring within the insurance period will be covered.

Example - A producer normally irrigates 100 acres, but in 2001 is prevented from planting 100 acres. As determined by the irrigation authorities, average snow-pack/precipitation expected during the insurance period for the 2002 crop year would provide enough water to produce a crop on 75 acres. In this case, a prevented planting payment for 2002 can be made only if the irrigation water supply is reduced to the extent that a crop can be produced on less than 75 acres. If the water supply is reduced so that only 35 acres can be irrigated, then 40 acres would be eligible for a prevented planting payment.

- C. When available information indicates that the effects of drought, excess moisture or flooding occurring prior to the insurance period for the current crop year are such that normal weather within the insurance period would still not allow crop production (e.g., the land became part of a marsh or lake), the

loss would be attributable to events occurring outside the insurance period for the current year and no prevented planting payment could be made.

2. The burden is on the producer to prove that average snow-pack/precipitation would allow production on all the intended acreage for the current crop year and when information is not available indicating how much acreage could be planted if average snow-pack/precipitation would have occurred within the insurance period, prevented planting payments will be limited based on the number of acres prevented from being planted due to causes occurring prior to the current years insurance period.

Example - A producer normally produces a crop on 100 acres and irrigates from a well. In 2001 the irrigation water supply is reduced and the producer is prevented from planting 60 acres (failure occurs prior to the beginning of the insurance period for 2002). Information is not available indicating the number of acres that could be irrigated if average weather conditions occurred after the beginning of the insurance period for the 2002 crop year. A drought continues from the prior insurance period into the insurance period for the current crop year and the producer is prevented from planting 75 acres. In this case, a prevented planting payment can be made only for the number of prevented planting acres in excess of 60, which is 15 acres.

DISPOSAL:

When incorporated into the Prevented Planting Loss Adjustment Standards Handbook.