

## **IS-14-004: Claims Advisory - Underwriting Rules for Irrigated Practices**

[View PDF](#)

Date

February 19, 2014

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Heather Manzano, Acting Deputy Administrator for Insurance Services /s/ Heather Manzano

Subject

Claims Advisory – Underwriting Rules for Irrigated Practices

### **Background**

Continuing dry conditions and concerns regarding the potential for limited availability of irrigation water for the 2014 crop year planting season has raised questions regarding properly documenting the information used to support determinations related to irrigation water availability.

### **Action**

The 2013 Crop Insurance Handbook (CIH), Section 12 A contains underwriting rules for irrigated practices. Approved Insurance Providers (AIPs) and loss adjusters are reminded of the following irrigated practice requirements and should also remind policyholder's about their responsibility for records as stated in 1) below:

- 1) To be insurable under the irrigated practice:

- The acreage must be insurable acreage;
- The policyholder must demonstrate to the AIP's satisfaction that there are adequate irrigation facilities to carry out an irrigated practice on the acreage;
- The policyholder must have had a reasonable expectation, at the time insurance attached, of receiving adequate water to carry out a good irrigation practice for the insured crop. Policyholder's must maintain, and provide upon request, documentation of the factors which were considered in reporting acreage under an irrigated practice.

2) If the policyholder knew, or had reason to know, prior to the time insurance attached their irrigation water supply may be reduced, no reasonable expectation exists.

3) When acreage does not qualify for insurance under the irrigated practice, such acreage will be insured under a practice other than irrigated if another appropriate practice is available for the acreage. If no other appropriate practice is available for the acreage, insurance will not be considered to have attached on the acreage.

4) AIPs shall review, on a case by case basis, the factors to consider for irrigated practice reporting (Section 12 A (1) (b) 5 of the CIH), and any other appropriate factors necessary, to verify whether acreage was properly reported under the irrigated practice.

5) It is the policyholder's responsibility to establish they have suffered an insurable cause of loss within the insurance period, including production losses or the inability to plant due to lack of available irrigation water.

6) It is the AIP's responsibility to evaluate each policyholder's situation and make determinations. The AIP is the party to the contract with the policyholder and the one that is closest to each individual insured's situation in considering all the available information for making a determination. It is recognized that each policyholder's situation can vary depending on several factors the AIP must consider. The RMA is not in a position to make global determinations of Reasonable Expectation of Adequate Water given the many varying factors that must be considered in each case and situation. Any subsequent reviews conducted by RMA will be based solely upon the policy and procedure outlined above.

**DISPOSAL DATE:**

December 31, 2014.