

MGR-17-011: End of Insurance Period Exception for Cotton Modules at Risk of Flood Damage Due to Impending Tropical Storm Harvey

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Date

August 24, 2017

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Heather Manzano, Acting Administrator /s/ Heather Manzano

Subject

End of Insurance Period Exception for Cotton Modules at Risk of Flood Damage Due to Impending Tropical Storm Harvey

Background

A hurricane warning has been issued for the Texas Gulf coast as Tropical Storm Harvey is expected to make landfall between August 25, 2017 and August 27, 2017. It is projected that some areas along the Gulf coast could receive twenty inches of rain or more in a short period of time. Insured producers in the impacted region have begun cotton harvest and are experiencing record yields. Cotton gins are unable to keep up with producers' production and as a result, there are cotton modules stored in fields at risk of flooding. Some producers are requesting the ability to move the modules to higher ground, which could result in removing cotton modules from the field.

Section 7(a) of the Cotton Crop Provisions states: "In lieu of section 11(b)(2) of the Basic Provisions, insurance will end upon the removal of the cotton from the field."

Producers are looking to safeguard their cotton modules from flooding, but also need insurance coverage to continue for potential wind damage. Mitigating losses by authorizing permission for insured producers to move modules from the field, while maintaining insurability, is in the best interest of insured producers and the Federal crop insurance program.

Action

Approved insurance providers (AIPs), on a case by case basis, may authorize producers to move cotton modules from the field without affecting insurability. This only includes cotton fields expected to be impacted by Tropical Storm Harvey. Insured producers and AIPs must document the authorization, current location, new location, and number of cotton modules moved from each field in a unit. Coverage for the impacted cotton

modules may continue to be authorized until such cotton is removed from the new location, not to exceed the end of insurance date contained in the actuarial documents.

DISPOSAL DATE:

December 31, 2017