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Crop Insurance Coverage on Land with Over Pumped Wells¹

Dear Art,

Do we know what happens to irrigated crop premiums or coverage where there is less water to pump next year because we over-pumped this year?

County Agent

Dear Agent,

*I don't know answer but that is a real good question.
I will ask RMA for an answer.*

Art,

Below is the response from RMA.

If a producer does not have adequate water and facilities to carry out a good irrigation practice in 2012 regardless of the reason (doesn't matter if you borrowed 2012 water to save 2011 crop or not) we would follow current rules.

¹Prepared by G. A. (Art) Barnaby, Jr., Professor, Department of Agricultural Economics, K-State Research and Extension, Kansas State University, Manhattan, KS 66506, March 16, 2011, Phone 785-532-1515, e-mail – barnaby@ksu.edu.

Under current crop insurance policies and procedures, to insure cropland as irrigated, the producer must apply at the appropriate times the quantity of water needed to produce at least the yield used to establish their irrigated production guarantee or the amount of insurance on the irrigated acreage planted to the insured crop. Currently, producers who intend to apply less water than used to establish their production guarantee or amount of insurance on an insurable unit have the following options: apply the amount of water needed to produce the irrigated production or amount of insurance on a reduced number of acres and report the remaining acres as non-irrigated, or apply less water to the total acreage than used to establish their production guarantee or the amount of insurance on the irrigated acreage and report the total acreage as non-irrigated.

Dear RMA,

Because farmers pumped more than their water allocation in 2011, could a farmer take prevented planting in 2012 and save the water that remains in their allocation?

Art

If there are management decisions involving the allocation of water or other man-made causes also involved, such decisions or causes may not be insurable. If the insured chooses to use a portion of his/her 2012 allocation for 2011, then total acres of irrigated insurability would be reduced accordingly for 2012. Acreage for the 2012 crop year that could have been irrigated with water from the producer's 2012 authorized quantity if not for their management decision to borrow water to complete their 2011 irrigation water needs would not qualify for prevented planting coverage. Such acreage would not qualify because loss of the available irrigation water was due to a management decision not an insured cause of loss. Producers may qualify for an irrigated prevented planting payment in 2012 on the portion of their acreage (which qualified as an irrigated practice), provided an insurable cause of loss occurred within the insurance period and reduced the amount of irrigation water that otherwise would have been available, and all other coverage requirements are met. In all cases involving irrigated acreage that is prevented from being planted, the insured producer must provide information supporting the claim, including, but not limited to, information regarding the amount of irrigation water that would have been available if there had been normal precipitation and inflows into reservoirs during the insurance period.

RMA official response

Note from Art: Thank you RMA for your quick response to a difficult question.