Irrigation and Limited Irrigation

Rebecca Davis, Director
Topeka Regional Office

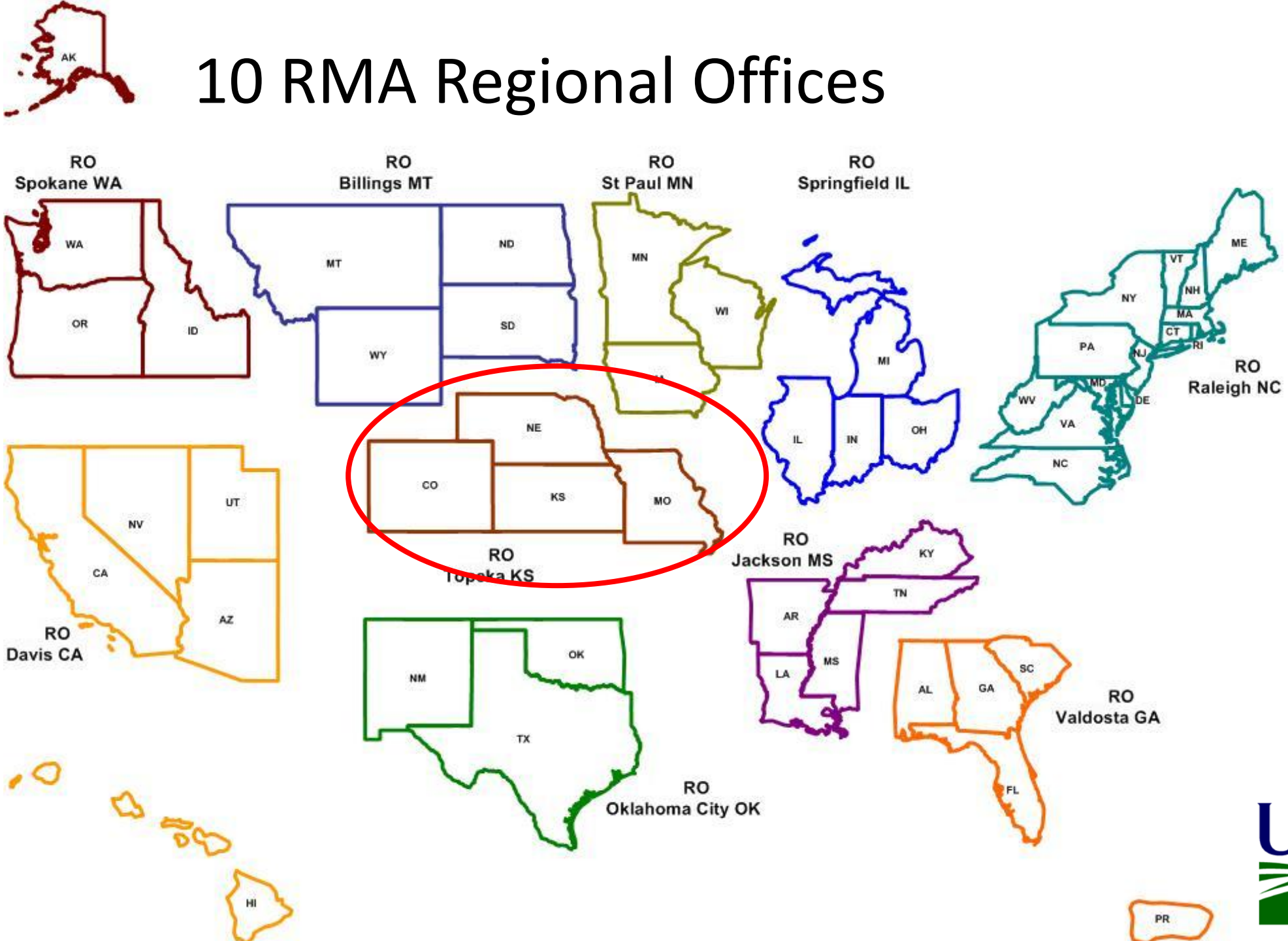
Shawn Beach, Risk Management Specialist

Topeka Regional Office

What Is the Risk Management Agency?

- USDA agency that manages the Federal Crop Insurance Corporation (FCIC).
- RMA, via the FCIC, provides crop insurance to producers.
- 18 companies have Standard Reinsurance Agreements with RMA.
- The companies provide agents that sell the crop insurance to producers.
- The companies manage loss adjusters and pay all claims.

10 RMA Regional Offices



Definition of Irrigated Practice

- Federal Crop Insurance Act *(*As Amended Through P.L. 113–79, Enacted February 7, 2014)
- Crop Insurance Policy, Basic Provisions *(11-br)*
- Crop Insurance Handbook *(FCIC-18010)*
- Irrigated Practice Guidelines
  - Document and Supplemental Standards Handbook *(FCIC 24040)*
- Prevented Planting Loss Adjustment Standards *(FCIC 25370-3H)*
- Loss Adjustment Manual *(FCIC 25010-2H)*

Policy Definition of an Irrigated Practice

- A method of producing a crop by which water is artificially applied during the growing season by appropriate systems and at the proper times, with the intention of providing the quantity of water needed to produce **at least the yield used to establish the irrigated production guarantee or amount of insurance** on the irrigated acreage planted to the insured crop.

Section 9(b) 0f the Common Crop Insurance Policy

You must report as irrigated only that acreage for which you have adequate facilities and adequate water, or the **reasonable expectation** of receiving adequate water at the time coverage begins, to carry out a good irrigation practice. **If you knew or had reason to know that your water may be reduced before coverage begins, no reasonable expectation exists.**

What Can Insured's Do Without Adequate Water?

- Option 1:
  - Plant fewer irrigated acres
  - Report other acreage as prevented planting (if eligible)
  - Report other acreage as dryland

What Can Insured's Do Without Adequate Water?

- Option 2:

- Plant all acres with limited water

- Insure acreage under a non-irrigated practice

What Happens if you report more acres than you can Irrigate?

Step 1	Reduce the number of acres under the Irr. Practice to those that can be adequately irrigated
Step 2	Determine the highest yielding acres to be the Ir. acres
Step 3	Appraise any reduction in production on the Ir. Acres caused by applying the available water across the entire acreage as uninsured cause of loss
Step 4	Revise the rest of the acreage that had originally been reported as irrigated to non-irrigated with a corresponding non-irrigated premium rate and guarantee
Step 5	If other acres are already reported as non-irrigated for the unit, the non-irrigated liability is essentially frozen at the original level and all count the production from the new acreage against the non-irrigated guarantee

USDA

Limited Irrigation

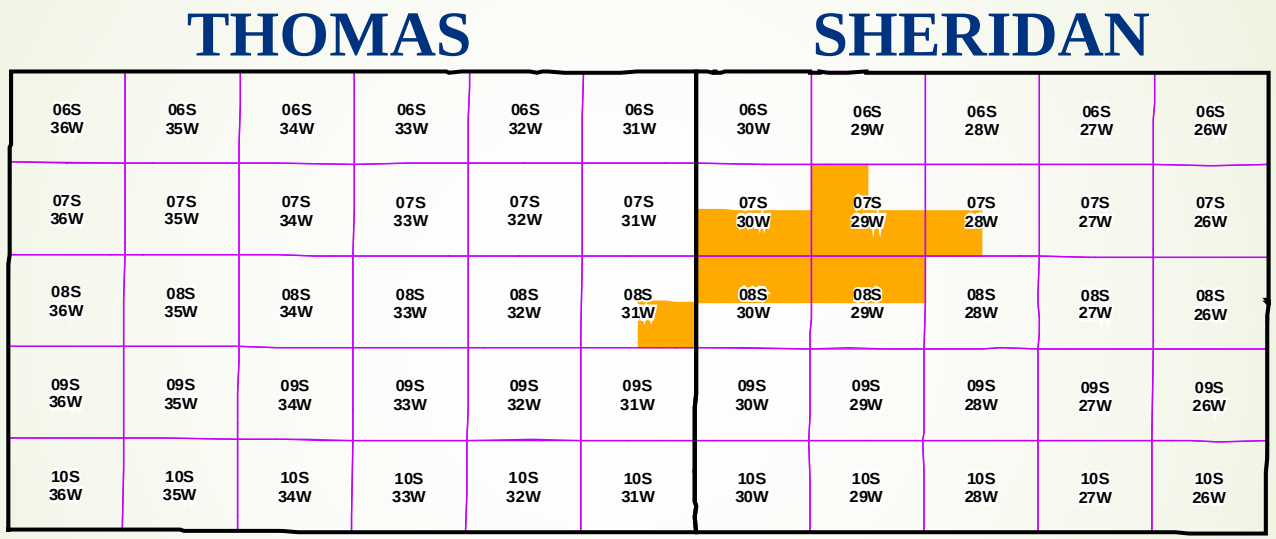
- Contracted Study Report – July 2014

- If Limited Irrigation is adopted, producers will have three options to address applying less water that will reduce the expected yield:
  - Irrigate and insure as managed under an Irrigated Practice a smaller number of acres than have been irrigated historically;
  - Insure the acreage that is irrigated with less water than was used historically as non-irrigated; or
  - **Choose a Limited Irrigation Approved Yield to address the reduction in irrigation water anticipated to be available or applied to the irrigated acreage**.

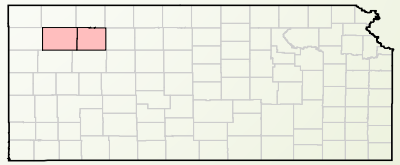
Limited Irrigation - Availability

- For 2015, RMA is authorizing limited irrigation written agreements in the Sheridan County 6 High Priority area.
  - This area was the first Local Enhanced Management Area (LEMA) plan received by the Kansas Division of Water Resources.
  - Coverage for limited irrigation will be available by written agreements.
  - Approximately 100 farmers (approximately 23,500 irrigated acres) in Sheridan and Thomas counties will be able to insure their corn or soybean crops by written agreement.

Limited Irrigation- Irrigated Corn & Soybeans



LEMA HPA Area SD-6 (As of Dec. 11th, 2014)



Limited Irrigation-
Example for Written Agreement

- Historical water use of 15 acre-inches
- Producer applying 11 acre-inches irrigation for crop year 2015
- Results in a reduction of 4 acre-inches giving a 26 bushel reduction in Approved APH Yield
- All procedures for the irrigated practice are the same as fully irrigated and good farming practices must be followed

Example of Yield Reduction Table - Corn

RMA Deficit Irrigation Insurance Template									
Historical Water Use, Inches	**Reduction in Historical Water Supply, Inches of Gross Irrigation**								
	3	**3.25**	**3.5**	**3.75**	**4**	**4.25**	**4.5**	**4.75**	**5**
	Reduction in Bushels per Acre								
13.75	**-22.1**	**-24.2**	**-26.4**	**-28.6**	**-30.9**	**-33.2**	**-35.5**	**-37.8**	**-40.2**
14	**-21.5**	**-23.6**	**-25.7**	**-27.9**	**-30.1**	**-32.3**	**-34.6**	**-36.9**	**-39.3**
14.25	**-20.8**	**-22.8**	**-24.9**	**-27.1**	**-29.3**	**-31.5**	**-33.7**	**-36.0**	**-38.3**
14.5	**-20.1**	**-22.1**	**-24.1**	**-26.2**	**-28.4**	**-30.6**	**-32.8**	**-35.0**	**-37.3**
14.75	**-19.3**	**-21.3**	**-23.3**	**-25.3**	**-27.4**	**-29.6**	**-31.7**	**-34.0**	**-36.2**
15	**-18.4**	**-20.3**	**-22.3**	**-24.3**	**-26.4**	**-28.5**	**-30.6**	**-32.8**	**-35.0**
15.25	**-17.4**	**-19.3**	**-21.3**	**-23.2**	**-25.2**	**-27.3**	**-29.4**	**-31.5**	**-33.7**
15.5	**-16.3**	**-18.1**	**-20.0**	**-21.9**	**-23.9**	**-25.9**	**-28.0**	**-30.1**	**-32.2**
15.75	**-14.6**	**-16.4**	**-18.2**	**-20.1**	**-22.0**	**-24.0**	**-26.0**	**-28.1**	**-30.2**
16	**-12.9**	**-14.6**	**-16.4**	**-18.2**	**-20.1**	**-22.0**	**-24.0**	**-26.0**	**-28.1**
16.25	**-11.2**	**-12.9**	**-14.6**	**-16.4**	**-18.2**	**-20.1**	**-22.0**	**-24.0**	**-26.0**

USDA

Limited Irrigation – Database Example

2015 Irrigated Database			
Crop Code		Type	Practice
0041		016	002
CORN		GSG	I
Year	Acres	Yield	Yield Flag
2006	139.0	234.0	A
2007	139.0	227.0	A
2008	139.0	135.1	A
2009	139.0	65.0	YA
2010	139.0	225.7	A
2011	139.0	170.2	A
2012	139.0	195.0	A
2013	139.0	215.0	A
2014	139.0	172.6	A
Rate Yield		182.2	
APH Yield		187.2	

2015 Limited Irrigation Database			
Crop Code		Type	Practice
0041		016	051
CORN		GSG	I
Year	Acres	Yield	Yield Flag
2006			
2007			
2008			
2009			
2010			
2011		161.0	T
2012		161.0	T
2013		161.0	T
2014		161.0	T
Rate Yield		161.0	
APH Yield		161.0	

Limited Irrigation- Comparison of Coverage

	Irrigated Corn	Limited Irrigated Corn	Nonirrigated Corn
APH yield bushels/acre	187	161	55
Coverage Level	x .70	x .70	x .70
Bushel Guarantee	131	113	39
Projected Price	x $4.62	x $4.62	x $4.62
Insurance Guarantee	$605.47	$520.10	$177.87
Premium Per Acre	$35.18	$32.66	$29.22
Producer Paid Prem/Acre	$14.42	$13.39	$11.98
Base Premium Rate	5.81%	6.28%	16.43%

USDA

How to get Coverage by Written Agreement

- Complete a request for written agreement (Agents should be familiar with process)
- Include:
  - Minimum documentation according to RMA's Written Agreement Handbook must be included
    - Completed APH, The legal description of the land and FSA Farm, Tract, Field and aerial photographs of legible maps delineating field boundaries where the applicant intends to plant the crop for which insurance is requested
  - Copy of LEMA order
  - Information from Water Use Reports
  - Your intended maximum level of irrigation for the current year
  - Your type of irrigation system
  - Any other pertinent information to establish the distribution of irrigation water from a point of diversion to multiple fields or multiple crops
    - We are currently working on process for doing this.
- Documentation tool can be completed to facilitate request

Documentation Tool for Limited Irrigation

1. Crop Year:	**2015**		10. Crop:	**Corn**
2. State:	**Kansas**		11. Type:	**Grain**
3. County	**Sheridan**		12. Practice:	**Irrigated**
4. Producer Name:	**Sheridan Farmer, Inc**		13. FSN:	**xxx**
5. Address:	**925 9th St**		14. Tract:	**XXX**
6. City, ST, Zip:	**Hoxie, KS 67740**		15. Field:	**XXX**
7. Phone:	**785-675-2256**		16. Unit:	**XXXXXXX**
8. Tax ID:	**XX-XXXXXXX**		17. Land ID:	**XX-XXXS-XXXW**
9. Policy Number:	**XXXXX**		18. Well ID:	**xxxx**

19. Year	20. Acres	21.Yield (After trend, substitution, exclusion, as applicable)	22. [1]Water (Acre-Feet)	23. Water (Acre-Inch)
2006	**139**	**234**	**201.73**	17.42
2007	**139**	**227**	**163.71**	14.13
2008	**139**	**135.1**	**184.28**	15.91
2009	**139**	**110**	**161.25**	13.92
2010	**139**	**225.7**	**180.17**	15.55
2011	**139**	**170.2**	**139.80**	12.07
2012	**139**	**195**	**163.69**	14.13
2013	**139**	**215**	**160.95**	13.89
2014	**139**	**172.6**	**208.17**	17.97
Average	139	187.2	173.75	15.00

24 Rate Yield	**182**	26. Max Intended Irrigation Current Year:	**11**
25. APH Yield:	**187**	27. Irrigation SystemType:	**center pivot**

NOTES:	

***Please note if a well is providing water to more than one section**

[1]Include all available years

Documentation Tool to be updated and posted at:

http://www.rma.usda.gov/aboutrma/fields/ks_rso/

USDA

Comments?
Questions?
Recommendations?

Thank You!