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July 15, 2004

United States
Department of
Agriculture

Risk
Management
Agency

Topeka
Regional Office

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Daniel L. Smith, Manager
Middle Republican Natural Resources District
220 Center Ave.
PO Box 81
Curtis, NE 69025

RE: Effects of Water Restrictions on Multi-Peril Crop Insurance on Irrigated
Acreage

Dear Mr. Smith,

Thank you for your letter regarding the effect that your water restrictions may have on producer's qualification for Multi-Peril crop insurance coverage on irrigated acreage. Such restrictions could have an effect on a producer's irrigated coverage, especially if the producer's Actual Production History (APH) reflects use of considerable more irrigation water than the restrictions allow for.

The Basic Provisions of the crop insurance policy define an irrigated practice as, "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." The policy further states that an insured "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 know or had reason to know that your water may be reduced before coverage begins, no reasonable expectation exists." In summary, there must be water and facilities available at the time of planting to raise at least the yield that coverage is based on, before insurance can attach on irrigated acreage. If producers in the Middle Republican Natural Resources District have historically used greater amounts of water, than the 10 to 14 inches being allocated, to build their APH yield, then they would likely have to either reduce their irrigated acres or switch to another crop that uses less water in order to continue to obtain irrigated coverage.

In order for the producer and the Insurance Provider to determine whether adequate water exists to meet the insurability requirement, they must consider the following information at the time of planting:



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1. What is the amount of water that will likely be available throughout the growing season?

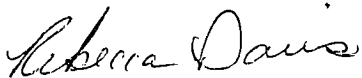
This can be done by totaling the available soil moisture at planting time with the amount of irrigation water available and the growing season precipitation. If the irrigation allocation is provided prior to planting, then the only unknown in the above formula is the growing season precipitation. For crop insurance purposes, we allow the insured to complete this formula by assuming average precipitation for the growing season.

2. What are the water use requirements of the intended crop?

To assist the Insurance Providers in evaluating the documentation supplied by the insured regarding crop water needs, we have provided them with the enclosed information compiled using University Extension recommendations and the NRCS Irrigation Guide. This can be used as a guideline. More specific information is available from Extension for some crops which indicate the amount of water needed to raise a given yield.

I hope that the above information will assist you in addressing questions regarding the reduced allocation's effect on crop insurance coverage. It is always best to refer a producer to his agent and Insurance Provider to address specific concerns about irrigated coverage. If you have additional questions regarding crop insurance, please feel free to contact this office.

Sincerely,



REBECCA DAVIS
Director

Enclosure: Letter, "General Irrigation Data Reference Loss Adjustment Manual, Paragraph I, Page 56," dated May 9, 2002

cc: Tim Hoffmann
Director PDD

Tim Hoffmann:ch

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United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

May 9, 2002

All Reinsured Companies Selling in the States of Colorado, Kansas, and Nebraska

RE: General Irrigation Data Reference Loss Adjustment Manual, Paragraph I, Page 56

Listed below is data obtained from extension bulletins at both the University of Nebraska and Kansas State University, as well as NRCS irrigation guides and NOAA Climatological data in Colorado regarding crop water use and monthly precipitation that covers the irrigated areas in the state. We feel this information should be most helpful to you as an insurance provider in determining the necessary acreage reductions needed due to the reduced irrigation allocations. Table I shows the seasonal water use by crop for the various irrigated areas in Colorado, Kansas, and Nebraska. Table II reflects the average amount of precipitation received during the growing season (April – August) in various locations across the three states.

Table I Seasonal Water Use:

Crop	Colorado					
	Location					
	<u>Rocky Ford</u>	<u>Lamar</u>	<u>Monte Vista</u>	<u>Cortez</u>	<u>Greeley</u>	<u>Sterling</u>
	Inches/year					
Alfalfa	37.75	39.06	23.58	29.36	31.58	35.24
Dry beans	-----	-----	-----	-----	18.42	18.75
Corn	27.73	26.81	-----	17.98	21.74	20.09
Grain Sorg.	-----	22.64	-----	-----	19.48	-----
Sugar Beets	32.70	34.27	-----	-----	29.31	29.99
Potatoes	-----	-----	16.49	-----	28.14	-----
Spr. Small Gr.	14.15	11.82	12.66	14.79	-----	14.29
Winter Wht.	-----	19.30	-----	20.13	16.38	12.53
Sweet Corn	20.37	-----	-----	-----	22.75	-----



Topeka Risk Management Regional Office
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Table I Seasonal Water Use:

(cont)

Kansas	
Crop	Inches/ year
Corn	24 -30
Grain Sorghum	18 -22
Soybeans	18 - 24
Sunflowers	22

Nebraska			
Crop	Western	Central	Eastern
	Inches/year	Inches/year	Inches/year
Corn	23-26	24-27	25-28
Soybeans	20-22	21-23	22-25
Dry Beans	15-16		
Sorghum	18-20	19-22	20-23
Winter Wheat	16-18	16-18	16-18
Alfalfa	31-33	32-35	34-36
Sugar Beets	24-26		

Table II April – August Normal Precipitation:

Colorado	
Location	Precipitation (inches)
Pueblo	7.46
Lamar	9.95
La Junta	7.58
Cortez	4.97
Greeley	8.78
Sterling	11.93
Alamosa	4.11

Table II April – August Normal Precipitation

(cont)

<u>Nebraska</u>	
<u>Location</u>	<u>Precipitation (inches)</u>
Grand Island NE	15.9
North Platte NE	13.6
Chadron NE	10.7
McCook NE	14.3

<u>Kansas</u>	
<u>Location</u>	<u>Precipitation (inches)</u>
Belleville	19.3

Using the above information, you will need to consider the available soil moisture at planting time, the estimated irrigation allocation, and average growing season precipitation as compared to the total water needs for the crop to determine the amount of acreage reduction needed.

Sincerely,

Rebecca Davis

REBECCA DAVIS
Director



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July 19, 2004

Risk
Management
Agency

Mr. Daniel L. Smith, Manager
Middle Republican Natural Resources District
220 Center Ave.
P.O. Box 81
Curtis, Nebraska 69025

6501 Beacon Drive
Kansas City,
MO 64133-4676

Dear Mr. Smith:

Thank you for your letter dated June 22, 2004, concerning potential restricted water uses for certain counties in Nebraska, resulting from the negotiated settlement of the lawsuit over the Republican River Compact between the States of Nebraska, Kansas, and Colorado.

You forwarded a similar letter to the Risk Management Agency, Topeka Regional Office and I am aware they have provided you a reply to your inquiry.

Thank you for your concern regarding the potential impact of water restrictions on producers and how it relates to crop insurance coverage.

Sincerely,

Tim B. Witt
Deputy Administrator
Research and Development



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