



United States
Department of
Agriculture

Risk
Management
Agency

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BULLETIN NO.: MGR-06-006

TO: All Reinsured Companies
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Eldon Gould /s/ *Eldon Gould* 5/08/2006
Administrator

SUBJECT: Regional Irrigation Assessments and Associated Reviews

BACKGROUND:

The Loss Adjustment Manual Standards Handbook (LAM), FCIC 25010, requires the Risk Management Agency (RMA) Regional Offices (RO) to advise of areas where there is a suspected lack of irrigation water. Accordingly, Regional Irrigation Assessments are provided by the Davis, Topeka and Oklahoma City ROs as attachments. Federal crop insurance policies require producers to report as irrigated only that acreage for which the producer has adequate facilities and adequate water, or the reasonable expectation of adequate water, at the time coverage begins to carry out a good irrigated practice. The attached Regional Irrigation Assessments provide information about the status of the irrigation water and identifies counties where there is a suspected lack of irrigation water and crops that may be affected. Links to current crop weather information are posted on RMA's website at <http://www.rma.usda.gov/other/weather.html>.

Section III.A.14 of Appendix IV to the 2005 Standard Reinsurance Agreement (SRA), states that the Company is responsible for conducting such other reviews (including monitoring programs) as may be determined necessary by FCIC to protect program integrity.

ACTION:

Companies shall select 5 percent of all eligible crop insurance contracts with irrigated practices for field inspections in areas where RMA has identified a suspected lack of irrigation water and report the results to RMA. Companies shall incorporate these reviews in their quality control plan as required by section III.A.13 of Appendix IV. Field inspections will include, but are not limited to, verification that acreage is properly reported under the irrigated practice and that adequate facilities are in place when insurance attaches. Field inspections are to be performed as soon as possible after insurance attaches at planting and may be combined with other required quality control reviews.



The Risk Management Agency Administrators
And Overseas All Programs Authorized Under
The Federal Crop Insurance Corporation

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To determine how many policies to review, Companies shall determine the number of 2005 policies that reported an annual crop insured under an irrigated practice in the county or area designated by the Regional Irrigation Assessment. Of that number, Companies shall select 5 percent of the policies for the review population. Policies that were indemnified in 2005 for failure of irrigation water supply, failure of irrigation equipment, heat and/or hot winds shall be selected with the balance of the 5 percent, if any, to be selected randomly.

The Company must provide a separate report to RMA for field inspections conducted for each Regional Irrigation Assessment, which must include, but is not limited to:

- The total number of 2005 policies for the county which insured an annual crop under an irrigated practice, the number of policies indemnified in 2005 for failure of irrigation water supply, failure of irrigation equipment, heat and/or hot winds, and the number randomly selected;
- For each policy selected for review:
 - The policy number, state name, county name, annual crop name and the basis for selection (2005 claim or random);
 - The specific source of irrigation water (well on FSN 1022, reservoir, North River Water System, etc.);
 - A determination of whether there is or is not a reasonable expectation of adequate irrigation water for the crop acreage insured under an irrigated practice based on the attached RMA Regional Irrigation Assessments and results of the field inspections;
 - A reference to the water adequacy information that the insured had available at the time insurance attached to support the report of acres insured as irrigated;
 - The determination that adequate irrigation water or facilities were or were not present when coverage attached and the basis for such determination;
 - Confirm that the producer did or did not receive a copy of the Irrigation Guidelines; and
 - A narrative section to identify follow up action needed and with which, if any, quality control review this irrigation field inspection was combined.

A negative report is required if the Company does not write policies in the identified areas. Review results, in a Microsoft Excel format, are to be sent to Risk Management Services Division at RMA.RMSD@rma.usda.gov on or before August 31, 2006.

DISPOSAL DATE:

This bulletin is in effect until December 31, 2006.