



United States
Department of
Agriculture

Risk
Management
Agency

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BULLETIN NO.: MGR-06-008

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

FROM: Eldon Gould /s/ James Callan for Administrator 6/9/2006

SUBJECT: Grain Sorghum Planting in South Texas

BACKGROUND:

Policyholders planted grain sorghum in south Texas counties, including Cameron, Hidalgo, Willacy, Starr, Kleberg, Jim Wells, Kennedy, Nueces, San Patricio, Brooks, Live Oak, Bee, Refugio, Goliad, Calhoun, Victoria, Dewitt, Karnes, McMullen and Duval, but the crop did not emerge due to drought conditions. Approved insurance providers (AIP) determined it was not practical to replant the crop, released the affected acreage and paid claims for indemnity accordingly. The area recently received moisture and producers have asked the Risk Management Agency if they may plant the same acreage back to grain sorghum and elect not to insure such crop (second crop), rather than consider such crop to be a replanted crop.

The Basic Provisions provide various related definitions and policy provisions relevant to this issue. In particular are the following definitions and provisions:

Replanted Crop – The same agricultural commodity replanted on the same acreage as the first insured crop for harvest in the same crop year if the replanting is specifically made optional by the policy and you elect to replant the crop and insure it under the policy covering the first insured crop, or replanting is required by the policy.

Replanting - Performing the cultural practices necessary to prepare the land to replace the seed or plants of the damaged or destroyed insured crop and then replacing the seed or plants of the same crop in the same insured acreage. The same crop does not necessarily mean the same type or variety of the crop unless different types or varieties constitute separate crops or it is otherwise specified in the policy.



The Risk Management Agency Administers
And Oversees All Programs Authorized Under
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Second Crop— With respect to a single crop year, the next occurrence of planting any agricultural commodity for harvest following a first insured crop on the same acreage. The second crop may be the same or a different agricultural commodity as the first insured crop, except the term does not include a replanted crop. . . . A crop meeting the conditions stated herein will be considered to be a second crop regardless of whether or not it is insured. . . .

Section 9. Insurable Acreage.

- (a) Acreage planted to the insured crop in which you have a share is insurable except acreage:
 - ...
 - (8) the first insured crop unit contains 40 planted acres that may be subject to an indemnity reduction, then no second crop can be insured on any of the 40 acres. In this case:
 - (i) If the first insured crop is insured under this policy, you must provide written notice to us of your election not to insure acreage of a second crop at the time the first insured crop acreage is released by us (if no acreage in the first insured crop unit is released, this election must be made by the earlier of the acreage reporting date for the second crop or when you sign the claim for indemnity for the first insured crop) or, if the first insured crop is insured under the Group Risk Protection Plan of Insurance (7 CFR part 407), this election must be made before the second crop insured under this policy is planted, and if you fail to provide such notice, the second crop acreage will be insured in accordance with applicable policy provisions and you must repay any overpaid indemnity for the first insured crop.

ACTION:

When grain sorghum is planted following an AIP's determination that it is not practical to replant a damaged first insured crop of grain sorghum and releases the acreage, the crop replanted is not insurable. Because the crop replanted is not insurable, the producer's indemnity on the initially planted crop shall not be reduced. However, the AIP must determine that the "second" crop is replanted consistent with the requirements for a replanted crop (i.e. the cultural practices necessary to prepare the land must be performed and the seed of the damaged or destroyed crop must be replaced with new seed, etc). If the requirements for replanting the crop are not met or the initial crop's seed is left undisturbed in the ground and emerges, then the production from such acreage must be included as production to count and any indemnity with respect to the initially planted crop adjusted accordingly.

DISPOSAL DATE:

This bulletin will remain in effect until incorporated in the Loss Adjustment Manual (LAM) Standards Handbook, FCIC 25010.