



Prevented Planting Insurance Provisions

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Irrigation and Prevented Planting

Prevented planting provisions in insurance policies provide valuable coverage to producers when drought prevents expected plantings. Due to the complex nature of farming, the application of prevented planting provisions under specific conditions can produce varying results. While non-irrigated crops are covered under certain prevented planting provisions, the following information provides general information regarding irrigated crop coverage. A comprehensive handbook on prevented planting can be found on RMA's Web site at: http://www.rma.usda.gov/FTP/Publications/directives/25000/PDF/06_25370.pdf.

Overview

For insured irrigated acres, prevented planting payments may be made when there is an inadequate amount of irrigation water available on the final planting date, and the reduced amount of water is a result of an insured cause (i.e., drought) occurring within the insurance period.

Who Is Eligible for Prevented Planting Payments?

The amount of irrigation water available, or expected to be available, at the time of planting is the key factor in determining eligibility for prevented planting payments. Producers having irrigated crops may be eligible for prevented planting payments:

- If, on the final planting date, there is not adequate water or the reasonable expectation of having adequate water to carry out a good irrigation practice as a result of an insured cause of loss occurring within the insurance period and the producer decides not to plant.
- If the producer chooses to plant the crop, however, only acreage for which there is

adequate water to carry out a good irrigation practice can be insured under an irrigated practice.

Which Crops Are Covered Under Prevented Planting?

Prevented planting coverage is available on the following crops: barley, canola/rapeseed, corn, cotton, ELS cotton, dry beans, dry peas, flax, grain sorghum, green peas, hybrid seed corn, hybrid sorghum seed, millet, mustard, oats, onions, peanuts, popcorn, central and southern potatoes, northern potatoes, processing sweet corn, processing beans, rice, rye, safflowers, silage sorghum, soybeans, sugar beets, sunflower seed, and wheat.

To find out if your crop is insured for prevented planting in your county, please contact your insurance agent. To find an agent, please visit our online agent locator at: <http://www3.rma.usda.gov/tools/agents/companies/>

Key Factors to Claiming Prevented Planting: "To Plant or Not To Plant?" That Is the Question

Producers should make decisions to plant based on agronomically sound and well-documented drought management practices. Producers may choose to:

- Plant fewer irrigated acres based on the irrigation water amount they have available;
- Plant and report the acreage for which adequate water is not available as non-irrigated, if a non-irrigated practice is available for the crop in the county;
- Not plant the acreage for which adequate water is not available and claim a prevented planting payment; or
- Plant and report the acreage as uninsurable if a non-irrigated practice is not available for

the crop in the county.

Document! Document! Document!

Good documentation is a key factor in receiving prevented planting payments. Since prevented planting claims are dependent on the amount of irrigation water expected for the year ahead, producers should keep all documentation regarding the amount of water they will receive for the crop year and any justifications provided for any reductions in their allocation. Producers should work with their approved insurance providers in determining what documentation is necessary for their specific prevented planting claim. Documentation may also be available from local water authorities, including but not limited to:

- Bureau of Reclamation
- Army Corps of Engineers
- Cooperative State Research, Education and Extension Service
- Natural Resources Conservation Service

According to the policy, to be eligible for prevented planting, prolonged precipitation deficiencies must be verifiable. Documentation must be collected by sources that record and study weather conditions, including but not limited to the National Weather Service's local weather reporting stations, to verify prolonged precipitation deficiencies.

Common Misconceptions

Misconception: Prevented planting coverage does not pay producers when they incur a loss.

Fact: Many insured producers over the last several years have discovered this is not true. From 1999 through 2004, prevented planting payments totaled over \$1.8 billion.

Amounts paid in any given year depend on actual conditions, but have ranged as high as \$512 million in 2001 when payments were made on more than 6.3 million acres.

Misconception: A producer is not covered when a drought causes a shortage of irrigation water.

Fact: Failure of an irrigation water supply is specifically addressed in the crop insurance policy. However, it is not an issue limited to prevented planting. If failure of the irrigation water supply occurs prior to planting and is the result of an insurable cause of loss occurring within the insurance period, the acreage would be eligible for prevented planting. If failure occurs after planting **and** is the result of an insurable cause of loss occurring within the insurance period, the acreage may still be eligible for insurance coverage if the producer had a reasonable expectation of having sufficient irrigation water to carry out a good irrigation practice on the planted acreage at the time of planting.

With respect to carryover policyholders, the insurance period for purposes of prevented planting begins on the sales closing date for the previous crop year as long as an insurance policy has been in force continuously since that date. With respect to new policyholders, the insurance period for the purpose of prevented planting begins on the sales closing date for the current crop year.

Misconception: If a producer is prevented from planting due to a lack of irrigation water, the producer must plant an insured dryland crop on a non-irrigated basis.

Fact: There is no requirement in the crop insurance policy to plant any crop on acreage that is prevented from being planted on an irrigated basis.

Misconception: If a water provider stops providing water to producers after crops have been planted in order to provide water for recreational purposes such as fishing, no payment on an insured crop would be made.

Fact: If the diversion is due to an insured cause of loss (for example, drought) and occurs within the insurance period, then the producer may be eligible for insurance payments on the insured acreage. The producer must have had a reasonable expectation of receiving sufficient irrigation water to carry out a good irrigation practice on the planted acreage at the time of planting. If a portion of the diversion is due to an insured cause of loss and a portion is due to uninsured causes, then only the portion attributable to insured causes could be paid.

Misconception: If continued drought is predicted, a producer should plant all or none of his/her insured crop.

Fact: Crop insurance policies do not require producers to plant or not plant their crops. Those decisions are solely up to each individual producer and are dependent upon their unique circumstances.

Misconception: Prevented planting does not cover a producer in multi-year drought conditions.

Fact: Prevented planting coverage is provided for drought, including multi-year droughts. However, coverage is limited to losses caused by the effects of drought in the current crop year. Multi-year droughts could reduce the amount of acreage qualifying for prevented planting if the amount of irrigation water available in a previous crop year could not be replaced, based upon normal weather in the insurance period. Only the acres that could have been irrigated under normal weather during the insurance period are eligible for prevented planting in the current crop year. With respect to carryover policyholders, the insurance period for prevented planting begins on the sales closing date for the previous crop year as long as insurance has been in force continuously since that date. With respect to new policyholders, the insurance period for

prevented planting begins on the sales closing date for the current crop year.

Misconception: For an insured producer to be eligible for a prevented planting payment, the majority of his neighbors must also have been prevented from planting.

Fact: The definition of prevented planting in the crop insurance policy requires producers to have been prevented from planting due to an insured cause of loss that is general in the surrounding area and that prevents other producers from planting acreage with similar characteristics. Under this definition, there may be circumstances where some producers in the area are able to plant with the expectation for seed to germinate and progress toward maturity. However, other producers in the same area may still qualify for prevented planting payments because they met all eligibility requirements and had little or no expectation for their seed to germinate and progress to maturity.

Misconception: Once a prevented planting payment is made for any acreage, payment cannot be made on the same acreage in a succeeding year.

Fact: Prevented planting coverage is provided against insured perils occurring within the insurance period. Producers may be eligible for prevented planting if the drought conditions continue into the next crop year.

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