

## **MGR-16-003**

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Date

June 7, 2016

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Brandon C. Willis, Administrator

Subject

Prevented Planting due to Reduced Irrigation Water Allocations for California for 2016 Crop Year

### **Background**

The USDA and the Risk Management Agency (RMA) have received questions regarding the insurability of prevented planting claims in the State of California for the 2016 crop year.

Recently, RMA obtained information from the Department of the Interior about the on-going drought and the associated water reductions incurred by some California producers for the 2016 planting season.

### **Action**

Based on the information provided by the Department of the Interior, the Risk Management Agency concludes that there were insurable causes that resulted in 2016 crop year prevented planting losses related to Central Valley Project water reductions in California, primarily in the counties of Stanislaus, Merced, Fresno, and Kings. However, given the ambiguity in the Department of the Interior information and the associated litigative risks, RMA will reinsure, in accordance with the terms

and conditions of the Standard Reinsurance Agreement, prevented planting losses if the approved insurance providers pay the full amount of the claims to producers in accordance with the prevented planting provisions of their 2016 crop policies. This bulletin supersedes information previously issued on this subject by the RMA Davis Regional Office.

**DISPOSAL DATE:**

This Bulletin transmits information and expires when 2016 California claims are complete.