



United States
Department of
Agriculture

Farm and Foreign
Agricultural Service

Risk
Management
Agency

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February 1, 2013

INFORMATIONAL MEMORANDUM: PM-13-006

TO: All Approved Insurance Providers
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Tim B. Witt /s/ *Tim B. Witt*
Deputy Administrator

SUBJECT: Downed Rice Endorsement - Multiple Producers Share on a Unit

BACKGROUND:

The Risk Management Agency (RMA) recently released the Downed Rice Endorsement (DRE), a private product developed by AgriLogic Consulting, LLC on behalf of the USA Rice Federation. Questions have arisen regarding how acreage is insured under the DRE when a producer has less than 100 percent share in the crop. The Endorsement provides that the producer's share for purposes of the DRE will equal 100 percent, regardless of what the producer's share is on the underlying rice policy, and further provides that the producer must be the person responsible for all costs associated with the harvesting of the downed rice. The Endorsement applies to all eligible acreage of rice insurable under the Rice Crop Provisions. The Endorsement defines eligible acreage as all insured acreage that is located in a county where the actuarial documents provide downed rice coverage.

Page six of the DRE Crop Insurance Standards Handbook (CISH), under Section 14(B)(2), states "Only one DRE is allowed on a unit, even if harvest costs are shared with other person(s)."

ACTION:

In accordance with the DRE and CISH, when more than one party shares in a unit of rice, then for the DRE, one of the parties must "assume" 100 percent responsibility for DRE harvest costs, even though they may share in the costs. The party that assumes 100 percent responsibility for the harvest costs is eligible for the DRE on the shared unit while the other is not.

Example 1: Two producers each have five units of rice on which they have 100 percent share. They also have an additional unit in which they share equally. Both producers are insured. The producers must decide who will assume 100 percent of the harvest costs for the shared unit and insure such along with their other five units with the DRE. The other producer can only insure the five units under a DRE in which there is a 100 percent share.



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Example 2: Producer A has a 500 acre rice unit at 100 percent share and a 1,000 acre rice unit at 20 percent share. Producer A will not incur or assume any responsibility for DRE harvest costs for the 1,000 acre unit and; therefore, can only insure the 500 acre unit with a DRE.

These instructions are consistent with the intent of Section 5, Report of Acreage, of the DRE. In addition to the policyholder's requirement to provide a map or maps showing each insured rice unit in the county with applicable unit numbers and field numbers, Approved Insurance Providers must also request the following information from the policyholder for each unit in which the insured has less than a 100 percent share: 1) verification that the named insured will incur or assume 100 percent harvest costs of the shared unit or 2) the name and policy information (if applicable) of another person sharing in the unit who will incur or assume 100 percent harvest costs for the shared unit. In the event of an indemnity on a shared unit, verify that the unit has no other DRE covering it, and document such verification and retain in the insured's claim file.

DISPOSAL DATE:

This bulletin will remain in effect until incorporated into policy and procedures.