



United States
Department of
Agriculture

Risk
Management
Agency

Beacon Facility –
Mail Stop 0801
P.O. Box 419205
Kansas City, MO
64141-6205

December 18, 2008

INFORMATIONAL MEMORANDUM: PM-08-061.1

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

FROM: Tim B. Witt */s/Rodger M. Matthews, for*
Deputy Administrator

SUBJECT: Pilot Biotechnology Endorsement (BE) Insurance Standards Handbook –
Effective for the 2009 Crop Year

BACKGROUND:

On November 26, 2008, the Risk Management Agency (RMA) issued the Pilot Biotechnology Endorsement (BE), which replaced the Pilot Biotech Yield Endorsement (BYE) for the 2009 through 2011 crop years. The Pilot BE will allow insured producers to receive a premium rate reduction if at least 75 percent of the total insured corn acreage planted in a unit, excluding acreage designated as high-risk, is corn for grain planted to a hybrid or hybrids that contain specific combinations of biotech traits. The Pilot BE will be available for non-irrigated corn for grain in all counties in Illinois, Indiana, Iowa, Kansas, Michigan, Missouri, Minnesota, Nebraska, Ohio, South Dakota, and Wisconsin. In addition, the Pilot BE will be available for irrigated corn for grain in Kansas and Nebraska. However, not all hybrids are eligible in all states.

There is no sales closing date deadline by which an insured must elect the Pilot BE; therefore, no application or contract change form is required in order to qualify. To be eligible, the policyholder must meet all eligibility requirements of the Pilot BE and identify each unit that qualifies on their acreage report.

The Pilot BE premium rate reduction percentages vary by state, county, coverage level and practice, and may change from year to year. The Pilot BE premium rate reduction percentages have been included in the Actuarial Data Master (ADM) available to Approved Insurance Providers (AIPs), and the RMA premium calculation software has been updated to reflect the premium rate reduction. RMA has revised Appendix III to provide to AIPs the applicable processing codes necessary to administer the Pilot BE premium rate reduction. The Pilot BE premium rate reduction applies only to the yield risk portion of the premium rate. For details on its application, see the RMA premium calculation software and the revised Appendix III.



The Risk Management Agency Administers
And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

An Equal Opportunity Employer

All AIPs are authorized to offer the BE premium rate reduction to qualifying policyholders. As part of the quality control requirements contained in the Pilot BE Insurance Standards Handbook, AIPs will be required to conduct random reviews that will require the collection of plant tissue samples from units reported by insured producers as qualifying for the Pilot BE premium rate reduction. The plant tissue samples are submitted to an independent lab for trait expression testing.

AIPs choosing to offer the Pilot BE must designate an authorized representative to request the applicable materials needed for collection and submission of the plant tissue samples for trait expression testing. Upon notification to RMA of the designated AIP representative, RMA will provide the AIP the contact information where the required materials can be obtained by the AIP designated representative(s). The AIP designated representative may request the required materials to be mailed to more than one location.

The 2009 crop year materials needed for collection and submission of the plant tissue samples will be provided to AIPs free of charge, including pre-paid mailing labels for submission to the independent lab. In addition, the trait expression tests of the plant tissue samples will be conducted at no charge to the AIP. RMA will notify the AIPs as soon as the collection materials are available for distribution.

A training CD is being developed that will provide step-by-step procedures for the collection and submission of plant tissue samples. This CD will be available by order, at no charge to the AIP. RMA will notify the AIPs as soon as the CD is available.

A single website identifying corn hybrids that contain the specific required trait combinations to be eligible for the Pilot BE is being developed by RMA in cooperation with the pilot submitters and will be available on the RMA website. RMA will notify the AIPs as soon as the website is available.

AIPs must notify RMA Product Administration and Standards Division by February 20, 2009, of their choice to offer the Pilot BE premium rate reduction for the 2009 reinsurance year. In addition, AIPs choosing to offer the Pilot BE premium rate reduction must notify RMA of their designated representative(s) by February 20, 2009.

These required notifications may be either by e-mail at DirectorPDD@rma.usda.gov or by mail to:

Director, RMA - Product Administration and Standards Division
Risk Management Agency
Beacon Facility – Mail Stop 0801
P.O. Box 419205
Kansas City, MO 64141-6205

The BE materials listed below have been placed on the RMA website:

Pilot BE: <http://www.rma.usda.gov/pilots/bye.html>

The BE materials listed below will be placed on the RMA website by COB today:

Pilot BE Handbook: <http://www.rma.usda.gov/handbooks/20000/index.html>
(Under the Handbook No. 20110)

DISPOSAL DATE:

This informational memorandum is for the purpose of transmitting information and the expiration date is December 31, 2009.