



United States
Department of
Agriculture

April 17, 2013

Farm and Foreign
Agricultural
Services

Risk
Management
Agency

Billings
Regional
Office

3490 Gabel Road
Suite 100
Billings, MT 59102

Tel: 406-657-6447
Fax: 406-657-6573

TO: Approved Insurance Providers
FROM: Douglas Hagel /s/*Douglas Hagel*
Director Billings Regional Office
RE: Insuring Hybrid Canola Seed

It has come to our attention that some Approved Insurance Providers (AIPs) are insuring hybrid canola seed production under the standard Canola and Rapeseed Crop Provisions. The Basic Provisions clearly state that such production is uninsurable except by written agreement. In addition, the Canola and Rapeseed Crop Provisions do not include hybrid canola seed as an insurable crop; therefore, hybrid canola seed is viewed as a separate crop.

BACKGROUND:

Hybrid canola seed production is a process where seed companies contract with producers to plant and grow male and female parent plants which cross-pollinate to produce canola with specific and controlled traits. Hybrid canola seed has been grown in parts of Alberta, Saskatchewan, Washington and Idaho for the past 20 years and more recently in parts of Montana and North Dakota. Some 2013 estimates put the amount of U.S. acreage contracted at around 30,000 acres.

ISSUE:

Some AIPs are improperly insuring hybrid canola seed as commercial canola under the standard Canola and Rapeseed Crop Provisions and collecting premium on such acreage.

ACTION:

Section 8 (b) (5) in the Basic Provisions specifically states that canola grown for such purposes is not insurable except through written agreement:

(b) A crop which will NOT be insured will include, but will not be limited to, any crop:

(5) That is planted for the development or production of hybrid seed or for experimental purposes, unless permitted by the Crop Provisions or by written agreement to insure such crop;

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

USDA is an Equal Opportunity Provider and Employer.

Since hybrid canola seed has been determined to be a separate crop, Written Agreement Handbook Paragraphs 12 (3) and (4) apply:

(3) Requests for a WA will not be accepted for crops that do not have a policy for the crop.

(4) Requests for a WA will not be accepted when CP specifically prohibits WAs, or the WA would alter policy provisions not specifically designated for alteration by WA in the policy.

Additionally, while the Written Agreement Handbook technically allows a T/P written agreement for hybrid seed, T/P requirements make it unfeasible to approve a request for hybrid canola seed because there are no crop provisions or loss adjustment standards. Written Agreement Handbook Subparagraphs 84 C (1) (f) (i) and (iii) would apply:

(f) determine if all of the following conditions are met. If one or more of the conditions are not met, the request for a WA must be denied. The conditions that must be met are:

(i) quality adjustment, moisture adjustment or other special loss adjustment provisions can be applied consistently;

(iii) all other policy terms are appropriate for insuring the unrated P/T and acreage;

Please circulate this memo to field offices as appropriate. If you have questions about insuring hybrid canola seed under a MPCCI program, feel free to contact the Billings Regional Office by email at rsomt@rma.usda.gov or by telephone at 406-657-6447.

Cc: Tim Hoffman
 Pam Bollinger
 Bill Klein
 Bill Bing
 Topeka Regional Office
 St. Paul Regional Office
 Spokane Regional Office
 Northern Regional Compliance Office
 Montana, North Dakota and South Dakota State FSA Offices

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

USDA is an Equal Opportunity Provider and Employer.