



United States
Department of
Agriculture

Risk
Management
Agency

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

January 3, 2008

INFORMATIONAL MEMORANDUM: PM-08-001

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: Pilot Biotech Yield Endorsement (BYE) and BYE Insurance Standards
Handbook - Effective for the 2008 Crop Year

BACKGROUND:

On September 12, 2007, the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) approved the Pilot Biotech Yield Endorsement (BYE) submitted under section 523(d) of the Federal Crop Insurance Act.

The Pilot BYE will allow insured producers to receive a premium rate reduction if at least 75 percent of the corn acreage within the insured unit is non-irrigated corn for grain planted to a hybrid or hybrids that contain a combination of the following three biotech traits developed and licensed by the Monsanto Company: YieldGard[®] Corn Borer, YieldGard[®] Rootworm, and Roundup Ready[®] Corn2. Over 250 seed companies currently license and sell hybrids containing the above qualifying trait combination. The Pilot BYE will be available for non-irrigated corn for grain in all counties in Illinois, Indiana, Iowa, and Minnesota beginning for the 2008 crop year.

There is no sales closing date deadline by which an insured must elect the Pilot BYE; therefore, no application or contract change form is required to be completed by an insured in order to qualify. However, to be eligible the policyholder must meet all eligibility requirements contained in the Pilot BYE and notify their agent no later than the acreage reporting date of those specific units that qualify for the BYE premium rate reduction.



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

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The Pilot BYE premium rate reduction percentages vary by State, County, and Coverage Level and may change from year to year. The Pilot BYE premium rate reduction percentages have been included in the Actuarial Data Master (ADM) available to AIP's and the Risk Management Agency (RMA) premium calculation software has been updated to reflect the premium rate reduction. RMA has revised Appendix III to provide AIP's applicable processing codes necessary to administer the Pilot BYE premium rate reduction. Note: The Pilot BYE premium rate reduction applies 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.

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

AIP's choosing to offer the Pilot BYE must designate an authorized representative, approved by the AIP, 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 2008 crop year materials needed for collection and submission of the plant tissue samples will be provided to AIP's free of charge including pre-paid mailing labels for submission to the independent lab.

ACTION:

The RMA has placed the Pilot BYE, Insurance Standards Handbook and other relevant information, on the Risk Management Agency Website at:
<http://www.rma.usda.gov/pilots/BYE.html>.

AIP's choosing to offer the Pilot BYE for the 2008 crop year must notify all insured producers of the availability of the Pilot BYE premium rate reduction not later than March 1, 2008.

AIP's must notify RMA Product Administration and Standards Division by February 15, 2008, of their choice to offer the Pilot BYE premium rate reduction for the 2008 reinsurance year. In addition, those AIP's choosing to offer the Pilot BYE premium rate reduction must notify RMA of their designated representative by February 15, 2008. 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 BYE materials listed below have been placed on the RMA website. The materials placed there include the following:

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

Pilot BYE Handbook: <http://www.rma.usda.gov/handbooks/20000/index.html>
(Under the Handbook No. 20070)

DISPOSAL DATE:

This informational memorandum is for the purpose of transmitting information and the expiration date is December 31, 2008.