



United States
Department of
Agriculture

Risk
Management
Agency

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

February 4, 2008

INFORMATIONAL MEMORANDUM: PM-08-001.2

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) for the 2008 Crop Year

BACKGROUND:

The Pilot BYE Insurance Standards Handbook provides a website address and toll free telephone number that can be used to identify corn hybrids that contain the traits required to be eligible for the Pilot BYE premium rate reduction. In addition, the Pilot BYE Insurance Standards Handbook provides that the Monsanto Company (Monsanto) will provide the materials needed for collection, identification and submission of plant tissue samples for trait expression testing, including a DVD detailing the process.

Questions have been raised regarding when the website, collection materials and DVD will be available from Monsanto.

In addition, questions have been raised regarding who is responsible for providing and completing the BYE Seed Dealer Certification Statement, the applicability of the Environmental Protection Agency (EPA) refuge requirements as referenced in the certification language on the BYE Insured's Certification Statement and why there is a requirement for insured producers who are selected for spot-check to identify the physical location of corn acreage planted to non-qualifying hybrids.

ACTION:

Website Availability: The website identifying corn hybrids that contain the specific traits required to be eligible for the Pilot BYE premium rate reduction is operational at the following website address: www.biotechyieldendorsement.com. In addition, for Approved Insurance Provider (AIP) and seed dealer questions regarding the required traits, Monsanto has established a new toll free telephone number and e-mail address dedicated solely to the Pilot BYE. The new telephone number and e-mail address are provided on the aforementioned website.



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

An Equal Opportunity Employer

Attached are page 19 and an updated page 20 of the Pilot BYE Insurance Standards Handbook, which provides the new toll free telephone number and e-mail address. The Pilot BYE Insurance Standards Handbook on the RMA website will be updated to replace these two pages.

Collection Materials and DVD Availability: Monsanto is currently working to finalize development of the collection materials and an informational and educational training module. This tool will be interactive and will be provided both in a CD and web based format for use with appropriate AIP contacts. Upon completion, this tool will include product information, step-by-step training on spot-check procedures and other helpful information related to the Pilot BYE. This training tool will be available to order, at no charge to the AIP, through the Pilot BYE support line mentioned above and is anticipated to be available no later than April 7, 2008. RMA will immediately notify the AIP's as soon as the collection materials and training tool are available for distribution.

Completing the BYE Seed Dealer Certification Statement: AIPs are responsible for developing the BYE Seed Dealer Certification Statement using the required elements and standards provided in the Pilot BYE Insurance Standards Handbook.

By signing the BYE Seed Dealer Certification Statement the seed dealer is certifying to the type and amount of seed sold to the purchaser, not whether the insured qualifies for the Pilot BYE premium rate reduction.

EPA Refuge Requirements: The BYE Insured Certification Statement includes language by which an insured certifies they are aware of the EPA refuge requirements and that the insured understands the Pilot BYE does not negate their responsibility to abide by those requirements. However, the EPA refuge requirements are not a condition of insurability under the Pilot BYE, just as they are not a condition of eligibility for insuring biotech corn that does not qualify for the Pilot BYE.

There is no requirement that the AIP enforce the applicable EPA refuge requirements as part of their insurance product, including the Pilot BYE. It is the producer's responsibility to adhere to all applicable EPA refuge requirements. The purpose of requiring an insured who is selected for spot-check to identify the physical location of corn acreage planted to non-qualifying hybrids within a unit is solely to ensure the AIP does not collect plant tissue samples from that acreage and inadvertently cause the insured to fail the compliance audit.

INFORMATIONAL MEMORANDUM: PM-08-001.2

3

DISPOSAL DATE:

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

13 BYE Seed Dealer Certification Statement Examples (continued)

The AIP will use **both** BYE Seed Dealer Certification Statements (Landlord L's and Tenant J's) to determine the number of units of qualifying hybrid seed for Landlord L.

Because Landlord L does **not** have a share relationship with all the persons listed in item 5A of Tenant J's BYE Seed Dealer Certification Statement, Landlord L cannot have an interest in all of the units of seed listed on Tenant J's BYE Seed Dealer Certification Statement. However, Landlord L does have a share relationship (landlord/tenant) with Tenant J on Tenant J's BYE Seed Dealer Certification Statement. Therefore, Landlord L does have an interest in some of the units of seed listed for Tenant J. In addition, Landlord L has an interest all of the units of seed listed in item 5G of his BYE Seed Dealer Certification Statement.

Using Landlord L's share division of the crop with Tenant J, as provided on the acreage report, and the information in item 5A and 5G of both BYE Seed Dealer Certification Statements, the AIP determines that Landlord L has an interest in a total of 200 units of qualifying hybrid seed.

Landlord L and Tenant J have a 40/60 percent share division of the crop, respectively, according to the acreage report. Landlord L has an interest in 40 units of seed according to Tenant J's BYE Seed Dealer Certification Statement item 5G. Therefore, the 40 units of seed listed for Landlord L represent 40 percent of the total units of seed in which Landlord L has an interest. Accordingly, Landlord L has an interest in 60 of the units of seed listed for Tenant J, resulting in an interest in 100 units of seed listed on Tenant J's BYE Seed Dealer Certification Statement. In addition, Landlord L has an interest in all 100 units of seed listed on his BYE Seed Dealer Certification Statement. The total number of units of seed in which Landlord L has an interest is 200 (40 units listed under his name on Tenant J's BYE Seed Dealer Certification Statement + 60 units listed under Tenant J on Tenant J's BYE Seed Dealer Certification Statement + 100 units listed on Landlord L's BYE Seed Dealer Certification Statement = 200).

14-20 (Reserved)

21 AIP Verification of Seed Hybrid and Sufficient Quantity

Before coding an insured's acreage report to indicate the insured is eligible for the Pilot BYE premium rate reduction on a unit, the AIP must ensure the insured has received a copy of the Pilot BYE, and verify both of the following:

- the seed hybrid(s) listed on the BYE Seed Dealer Certification Statement is a qualifying hybrid according to subparagraph A
- the amount of qualifying hybrid corn seed the insured obtained is sufficient to meet the planting requirements for each applicable unit according to subparagraph B.

A. Verification of Seed Hybrid

AIPs must verify the seed hybrid(s) listed on the BYE Seed Dealer Certification Statement(s) is a qualifying hybrid.

To verify the seed hybrid(s) listed on the BYE Seed Dealer Certification Statement(s) is a qualifying hybrid, AIPs shall verify the seed hybrid is listed as a qualifying hybrid at www.biotechyieldendorsement.com. If the AIP does not have access to the internet, has difficulty utilizing the website, or has questions regarding the information on the website, the AIP can receive assistance by calling 1-888-852-8522 or through e-mail at Biotech.Yield.Endorsement@Monsanto.com.

If none of the seed hybrids obtained by the insured are qualifying hybrids, the insured is **not** eligible for the Pilot BYE premium rate reduction on any unit.

If some of the seed hybrids obtained by the insured are **not** a qualifying hybrid, the AIP shall:

- line through the non-qualifying hybrids/amounts on the BYE Seed Dealer Certification Statement
- **not** use the non-qualifying hybrids in the calculation to determine whether the insured obtained a sufficient quantity of qualifying hybrids to meet the planting requirements.

B. Verification of Sufficient Quantity

AIPs must verify the quantity of qualifying hybrids obtained by the insured, as provided on the BYE Seed Dealer Certification Statement(s), is a sufficient quantity to meet the planting requirements of the Pilot BYE on each unit the insured identifies as eligible for the Pilot BYE premium rate reduction. See subparagraph 11B for the planting requirements of the Pilot BYE.