



United States
Department of
Agriculture

Risk
Management
Agency

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Stop 0801
Washington, DC
20250-0801

INFORMATIONAL MEMORANDUM

TO: All Reinsured Companies

FROM: David C. Hatch /s/ *Heyward Baker* for 3/28/2005
Acting Deputy Administrator, Insurance Services Division

SUBJECT: Asian Soybean Rust (ASR) Press Release and Questions and Answers

BACKGROUND:

Since ASR has been found in the United States, a variety of concerns have arisen from producers of soybeans and other legumes asking whether crop insurance will cover losses linked to the disease. The Risk Management Agency (RMA), has issued information about ASR and Federal crop insurance coverage on our Website www.rma.usda.gov, beginning July 2004 and will continue to update the site as necessary.

The disease is an insured peril under the Federal crop insurance program. However, as with all crop insurance policies and plans of insurance, farmers must use good farming practices to ensure that in the event of any naturally occurring disease outbreak, such as ASR, they will be eligible for an indemnity based on the full amount of loss. If good farming practices are not followed, production attributed to the failure to follow good farming practices is assessed, resulting in a reduction in the indemnity due the insured. If crops become infected, RMA recommends that insured producers document the date of discovery of the disease, any recommendations received from agricultural experts, and actions taken regarding the application of appropriate control measures. RMA will issue more detailed guidelines regarding good farming practice determinations and documentation requirements in the near future.

It is critical that all soybean crop insurance policyholders understand the position of the RMA and the Federal crop insurance program in regards to providing crop insurance coverage to soybean crops potentially affected by ASR. As with all matters related to the crop insurance policy, the primary responsibility to communicate such information to policyholders rests with the Approved Insurance Provider (AIP). In addition, RMA intends to continue to post information on the RMA Website and supplement and complement AIP communications on ASR through a variety of external parties.



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And Oversees All Programs Authorized Under
The Federal Crop Insurance Corporation

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ACTION:

Attached is a press release and a list of questions and answers to help facilitate understanding of the issue. This information is not intended to address every situation that might occur in the field but should serve as an assurance that in most situations, when the policyholder has followed good farming practices as defined in the crop insurance policy, protection against yield losses resulting from ASR will be provided.

Please immediately distribute this information in a manner necessary to reach all affected policyholders and confirm with Heyward Baker, Director of the Risk Management Services Division at Heyward.Baker@rma.usda.gov when the information is distributed to all soybean policyholders.

RMA will continue to monitor issues associated with ASR working closely with other USDA and government agencies, University and Extension personnel, agricultural experts, and the AIPs and will provide additional guidance and information as necessary.

DISPOSAL:

This memorandum is for the purpose of transmitting/updating information and the disposal date is December 31, 2005.

Attachment (2):

cc: All Risk Management Field Offices
All Other Interested Parties