



United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

1400 Independence
Ave, SW
Stop 0801
Washington, DC
20250-0801

TO: Board of Directors
Federal Crop Insurance Corporation
December 12, 2001

FROM: Phyllis W. Honor /s/ Phyllis W. Honor
Acting Manager

SUBJECT: Board Memorandum No. 640
Resolution to Approve Internal Procedures for Approval of Policies,
Changes to Policies, and Certain Other Actions

There is submitted for your consideration and approval a resolution to approve the attached internal procedures for use in determining and guiding the processes to be used by the Federal Crop Insurance Corporation (Corporation), Risk Management Agency (RMA), and the Board of Directors (Board) for carrying out activities related to contracted independent expert reviews of policies and plans of insurance under the Federal Crop Insurance Act (Act).

Section 505(e) of the Act requires the Board to:

...establish procedures under which any policy or plan of insurance, as well as any related material or modification of such a policy or plan of insurance, to be offered under this title shall be subject to independent reviews by persons experienced as actuaries and in underwriting, as determined by the Board.

Board Memorandum No. 602, dated March 29, 2001, directed the Manager of the Corporation to develop (1) definitions for the terms “maintenance,” expansion,” “significant,” and “non-significant” changes in order to determine what changes need to be submitted to the Board or for expert review; (2) a list and description of the different general types or categories of changes that are made to any existing policies published in the Code of Federal Regulations, any new or pilot programs, and their related materials; (3) a list and description of the different general categories of changes that can be made to a policy, new or pilot program, or related materials by written agreement; and (4) internal procedures for use by the Board in determining which changes made to any existing policy and any new or pilot program and related materials must be submitted to the Board for approval or for expert review prior to implementation and to govern which general categories of changes must be submitted to the Board for approval or for expert review under section 508(h) of the Act.

Revised internal procedures (Board Memorandum No. 611, dated June 14, 2001) were submitted to the Board at its June 14, 2001, Board meeting; however, the Board suspended taking any action.

Through use of the following resolution, I recommend approval of the following resolution:

R E S O L U T I O N

WHEREAS, section 505(e) of the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) requires the Board of Directors to establish procedures under which revisions to policies, plans of insurance, and related materials are subject to Board approval or independent review, NOW THEREFORE BE IT

RESOLVED, That the attached Internal Procedures for Approval of Policies, Changes to Policies, and Certain Other Actions is hereby approved for use in determining what the Risk Management Agency must submit to the Board and/or review by experts.

PASSED

<u>/s/ Diana Moslak</u>	<u>12/12/01</u>
Diana Moslak, Secretary	Date
Federal Crop Insurance Corporation	

[SEAL]

Approved by:

<u>/s/ Keith Collins</u>	<u>12/12/01</u>
Keith Collins	Date
Acting Chairman of the Board	

Attachment