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:

RESOLUTION

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

/s/ Diana Moslak 12/12/01
Diana Moslak, Secretary
Federal Crop Insurance Corporation

Approved by:

/s/ Keith Collins 12/12/01
Keith Collins
Acting Chairman of the Board

Attachment