

**MINUTES
OF THE
MEETING OF THE BOARD OF DIRECTORS
OF THE
FEDERAL CROP INSURANCE CORPORATION**

A meeting of the Board of Directors (Board) of the Federal Crop Insurance Corporation (FCIC) was held on December 12, 2001 in room 104-A, Jamie L. Whitten Federal Office Building, U.S. Department of Agriculture, Washington, D.C. The public was invited to attend.

The meeting was called to order at 1:35 p.m., in Open Session.

Present were J.B. Penn, Under Secretary, Farm and Foreign Agricultural Services (FFAS); Keith Collins, Chief Economist, USDA and Acting Chairperson; Michael Keating and Bobby Webster, constituting a statutory quorum; Phyllis W. Honor, Acting Manager, FCIC; and Diana Moslak, Secretary.

Also present were Hunt Shipman and Butch May, FFAS; Kim Arrigo and Don Brittenham, Office of the General Council (OGC); Darrell Swanson, Office of the Inspector General (OIG); Sharon Hestvik, Mary Slay, Marian Jenkins, Cynthia Spoor, Bill Bing, Vondie O'Conner, Tim Witt, Tim Hoffmann, and Suzanne Lazarus of the Risk Management Agency (RMA); Jim Staiert of the Office of Budget and Program Analysis (OBPA); Stephen Frerichs of American Agrisurance (AmAg); David Bickerstaff of Bickerstaff, Whatley, Ryan and Burkhalter; Kevin Scally of Crop Hail Management (CHM); Mike Duff of Agriservices, L.L.C. (ALLC); Joe Conner of the American Association of Crop Insurers (AACI); Ken Ackerman of Olsson, Frank and Weeda, P.C.; James Cubie and Brian Brandt of Agricultural Conservation Innovation Center and AgFlex (ACIC/AgFlex); Linda Vickers of Rural Community Insurance Services (RCIS); and Sarah Tyree of AgriLogic.

The meeting recessed at 1:40 p.m., and reconvened in Executive Session at 1:42 p.m.

Present were J.B. Penn, Under Secretary, FFAS; Keith Collins, Chief Economist, USDA and Acting Chairperson; Michael Keating and Bobby Webster, constituting a statutory quorum; Phyllis W. Honor, Acting Manager, FCIC; and Diana Moslak, Secretary.

Also present were Hunt Shipman and Butch May, FFAS;

Meeting
December 12, 2001

Call to Order
Open Session

Present

Recess/Reconvene
Executive Session

Present

Kim Arrigo and Don Brittenham, OGC; Darrell Swanson, OIG; Sharon Hestvik, Mary Slay, Marian Jenkins, Cynthia Spoor, Bill Bing, Vondie O’Conner, Tim Witt, Tim Hoffmann and Suzanne Lazarus, RMA; Jim Staiert, OBPA; Ken Ackerman of Olsson, Frank and Weeda, P.C.; and James Cubie and Brian Brandt, ACIC/AgFlex.

Joe Glauber, Office of the Chief Economist (OCE) arrived at the meeting at 1:47 p.m., and left the meeting at 2:00 p.m.

Joe Glauber

At 2:20 p.m., James Cubie, Ken Ackerman, and Brian Brandt were asked to leave the meeting and Mike Duff, ALLC; Kevin Scally, CHM; and David Bickerstaff, Bickerstaff, Whatley, Ryan and Burkhaite, were invited into Executive Session.

Phyllis W. Honor, FCIC, and Mary Slay, RMA, left the meeting at 2:21 p.m., and returned to the meeting at 2:23 p.m.

Phyllis Honor
Mary Slay

Joe Glauber, OCE, returned to the meeting at 2:28 p.m.

Joe Glauber

The Executive Session adjourned at 2:55 p.m., to reconvene in Open Session.

Adjourn
Executive Session

The meeting was called to order in Open Session at 2:56 p.m.

Call to Order
Open Session

Present were J.B. Penn, Under Secretary, FFAS; Keith Collins, Chief Economist, USDA and Acting Chairperson; Michael Keating and Bobby Webster, constituting a statutory quorum; Phyllis W. Honor, Acting Manager, FCIC; and Diana Moslak, Secretary.

Present

Also present were Hunt Shipman and Butch May, FFAS; Joe Glauber, OCE; Kim Arrigo and Don Brittenham, OGC; Darrell Swanson, OIG; Sharon Hestvik, Mary Slay, Marian Jenkins, Cynthia Spoor, Bill Bing, Vondie O’Conner, Tim Witt, Tim Hoffmann and Suzanne Lazarus, RMA; Jim Staiert, OBPA; Stephen Frerichs, AmAg; David Bickerstaff of Bickerstaff, Whatley, Ryan and Burkhalter, Kevin Scally, CHM; Mike Duff, ALLC; Joe Conner, AACI; Ken Ackerman of Olsson, Frank and Weeda, P.C.; James Cubie and Brian Brandt, ACIC/AgFlex; Linda Vickers, RCIS; and Sarah Tyree of AgriLogic.

A motion was made and seconded to dispense with the reading of the Minutes and to approve the Minutes of the meeting of the Board held on November 15, 2001.

Dispense with Reading
Minutes Accepted

The motion carried. (Exhibit No. 2079.)

Hunt Shipman left the meeting at 2:58 p.m.

A motion was made and seconded to adopt the following resolution:

RESOLVED, That Docket No. CI-NUTRIENT-BMP-01-2, Exhibit No. 2080, authorizing implementation of the pilot Nutrient Management/Best Management Practice Insurance Endorsement with reinsurance, risk subsidy, and administrative and operating subsidy beginning in 2003 in the states of Iowa, Minnesota, Pennsylvania and Wisconsin, as authorized under section 508(h) of the Federal Crop Insurance Act, is hereby approved AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient and to resolve those problems with policy terms identified by the reviewers.

The motion carried. (Board Memorandum No. 637; Docket No. CI-NUTRIENT-BMP-01-2; Exhibit No. 2080.)

A motion was made and seconded to adopt the following resolution:

RESOLVED, That the submitting entity shall be notified of the Board's disapproval of Docket No. CI-WFRP-01-2, Exhibit No. 2081, on the basis that the submission has changed so significantly, such as: 1) revised policy terms and conditions; 2) revised price/price discovery mechanisms; 3) revised rates and rating methodology; and 4) revised available coverage levels, that the expert reviews are no longer applicable and the Board is unable to make a determination that the interests of producers are adequately protected and that the policy is actuarially sound.

The motion carried. (Board Memorandum No. 638; Docket No. CI-WFRP-01-2; Exhibit No. 2081.)

A motion was made and seconded to adopt the following resolution:

RESOLVED, That the final procedures for use in the expert review by independent reviewers of any policy or plan of insurance, or any related material or modification of a policy or plan of insurance, proposed to be offered under the Federal Crop Insurance Act, are hereby approved by the Board, and replace those interim procedures previously

Hunt Shipman

Pilot Nutrient Management/ Best Management Practice Insurance Endorsement - 2003 Crop Year

Disapproval – Pilot Whole-Farm Revenue Protection Plan of Insurance

Final Procedures for Independent Reviews of Policies, Plans of Insurance, and Related Materials

approved by the Board on September 18, 2000.

The motion carried. (Board Memorandum No. 639; Exhibit No. 2082.)

A motion was made and seconded to adopt the following resolution:

RESOLVED, That the 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 or for review by experts.

The motion carried. (Board Memorandum No. 640; Exhibit No. 2083.)

A motion was made and seconded to acknowledge the retirement of Arnold Grundeman on January 3, 2002, and to commend him for his long and outstanding service as General Counsel to the Board and RMA.

The motion carried.

There being no further business to come before the Board, the meeting adjourned at 3:21 p.m., to meet again in January or February 2002 in Washington, D.C.

December 12, 2001

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

Internal Procedures
for Approval of
Policies, Changes to
Policies, and Certain
Other Actions

Arnold Grundeman,
General Counsel to
the Board -
Resolution of
Appreciation and
Acknowledgement of
Retirement

Adjourn