TO: Board of Directors  
Federal Crop Insurance Corporation  

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

SUBJECT: Board Memorandum No. 609  
Resolution to Approve Additional Changes to the Pilot Forage Seed Crop Insurance Program (supplement to Docket No. CI-FS-00-1, Exhibit No. 2022)

There is submitted for your consideration and approval the following resolution authorizing the Federal Crop Insurance Corporation (FCIC) to implement additional changes to the pilot Forage Seed Crop Insurance Program which was conditionally approved by the Board at a previous Board meeting.

On November 17, 2000, via Docket No. CI-FS-00-1 (copy attached), the FCIC Board of Directors (Board) approved a resolution authorizing the FCIC to implement a pilot Forage Seed Crop Insurance Program for forage seed in Kings County, California; Owyhee County, Idaho; Big Horn County, Montana; Humboldt and Pershing Counties, Nevada; Malheur County, Oregon; Grant and Walla Walla Counties, Washington; and Big Horn and Park Counties, Wyoming, effective for the 2002 through 2005 crop years, and delegated to the Manager the authority to make such technical policy changes as are necessary to make the policies legally sufficient and to resolve those problems with policy terms identified by the reviewers but the Board reserved the authority to approve those problems raised by one reviewer.

The Risk Management Agency (RMA) has since met with the reviewer to address the issues. The resolution of these issues involved changes to the policy that include the following:

1) Revised the definition of “base price” in the crop provisions to eliminate vertically integrated entities’ manipulation of the base price through their contracts. The revision specifies that for forage seed producers who are also forage seed companies, the base price is the price contained in the Special Provisions.

2) Revised section 6 Report of Acreage of the crop provisions to clarify that for non-contracted forage seed acreage, a copy of the certification application, not the certification approval, is required at acreage reporting.
3) Revised section 7 of the Crop Provisions to address the reviewer’s concern on
dual use of the forage seed crop (i.e., production of forage as well as seed) by
specifying that any forage seed crop so utilized is not insured.

4) Revised section 7 of the Crop Provisions to address the reviewer’s concern about
vertically integrated entities’ control of the standards through their contracts. The
revision requires all the forage seed grown by the forage seed company to be
enrolled with the appropriate certifying agency.

5) Revised section 9 of the Crop Provisions to address the reviewer’s concern that
the determinations of failure to provide sufficient pollinators, provide adequate
weed control, and follow proper isolation requirements are the insurer’s
determinations.

6) Revised section 9 of the Crop Provisions to address the reviewer’s concern that
any damage or loss caused by failure to follow the certification or contract
requirements, as determined by the insurer, not be insured.

7) Added the age limitation statement to the Special Provisions to address the
reviewer’s concern that the statement referred to in section 7(c)(4) of the Crop
Provisions was not included in the Special Provisions.

Attached is a “Report to the Board of Directors” that outlines RMA’s assessments,
evaluation, and recommendations for program changes, as applicable.

To proceed fully with this pilot program, it is necessary for the Board of Directors to
approve the additional changes to the pilot Forage Seed Crop Insurance Program through
use of the following resolution:

RESOLVED, That Board Memorandum No. 609, Exhibit No. 2040,
authorizing the Federal Crop Insurance Corporation to make the
specific policy changes recommended by the Risk Management
Agency in its Report to the Board of Directors and to implement the
pilot Forage Seed Crop Insurance Program with these changes; and
with those previously approved by the Board in Docket No. CI-FS-00-
1, in Kings County, California; Owyhee County, Idaho; Big Horn
County, Montana; Humboldt and Pershing Counties, Nevada;
Malheur County, Oregon; Grant and Walla Walla Counties,
Washington; and Big Horn and Park Counties, Wyoming effective for
the 2002 through 2005 crop years, is hereby approved.
PASSED

/s/ Diana Moslak  6/14/01
Diana Moslak       Date
Secretary
Federal Crop Insurance Corporation

[SEAL]

Approved by:

/s/ Keith Collins    6/19/01
Keith Collins       Date
Acting Chairman of the Board