To: Board of Directors

Federal Crop Insurance Corporation

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

SUBJECT: Board Memorandum No. 629
Resolution to Approve Reimbursement of Research and Development Costs Submitted Under Section 522(b) of the Federal Crop Insurance Act by Farm Bureau Mutual Insurance Company

There is submitted for your consideration a resolution to approve reimbursement of research and development costs for insurance products approved by the Federal Crop Insurance Board of Directors (Board) for reinsurance prior to the enactment of section 522(b) of the Federal Crop Insurance Act (Act).

Farm Bureau Mutual Insurance Company (FBMIC) has requested the Board to consider reimbursement of research and development costs for Revenue Assurance (RA). RA was initially developed by Farm Bureau Mutual Insurance Company (FBMIC) (with American Farm Bureau Insurance Services, Inc. (AFBIS) continuing further development after the first crop year) and was first approved for sale in the 1997 crop year. RA provides dollar-denominated coverage by the producer selecting a dollar amount of target revenue from a range defined by 65-85 percent of expected revenue.

FBMIC has submitted receipts for reimbursement of research and development costs for the 1997 and 1998 crop years. The Risk Management Agency’s (RMA) review has determined that the costs submitted are verifiable and directly related to research and development of RA. The total reimbursement of research and development costs for RA that we have been able to verify is $513,576.91.

It is necessary for the Board of Directors to select one of the following options to either approve, approve with revisions, or disapprove reimbursement of research and development costs.

RESOLVED, That Farm Bureau Mutual Insurance Company’s request for reimbursement of research and development costs, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.

OR

RESOLVED, That Farm Bureau Mutual Insurance Company’s request for research and development costs, as amended by the Board and as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.

OR

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RESOLVED, That the submitting entity shall be notified that the Board hereby disapproves the request for reimbursement of research and development costs on the basis that the Board has been unable to make a determination that the costs are directly related to or verifiable research and development expenses.

FINAL RESOLUTION

RESOLVED, That Farm Bureau Mutual Insurance Company’s request for reimbursement of research and development costs, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.

Adopted by the Board of Directors on: September 25, 2001

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

[SEAL]

Approved by:

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

9/25/01 Date