

**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 17, 2003, 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.

Meeting
December 17, 2003

The meeting was called to order at 9:45 a.m.

Present were Keith Collins, Chief Economist, USDA and Chairperson; J. B. Penn, Under Secretary, Roger Swartz, Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; David C. Hatch, Deputy Manager FCIC; Byron Anderson, Secretary; and Vondie O'Conner, Deputy Secretary.

Call to Order

Also present were Floyd Gaibler, and Butch May, Farm and Foreign Agricultural Services (FFAS); David Grahn, Kim Arrigo and Don Brittenham, Office of the General Counsel (OGC); Alan Ott, Tim Witt, Shirley Pugh, Jim Callan, , Brent Doane, Eric Henry, and Tim Hoffman of the Risk Management Agency (RMA), Ken Ackerman, Paul Mathiason and Luther Markwart (American Sugar Beet Growers Association), Jane Shey (CIRB), Elizabeth Haws (AACI), and Linda Vickers (RCIS).

Present

Ross Davidson, FCIC Manager, presented his Manager's Report to the Board that covered a variety of topics, including an update of the Agriculture Management Assistance Program, a summary of recently held crop insurance hearings, a status report on Information Technology funding, a summary on corn silage price elections and an update on indictments issued on producers.

Manager's Report

David Grahn read a recitation to all members of the Board.

The FCIC Board Minutes from the October 29, 2003 meeting were read, a motion to approve the minutes was made and seconded and the Board unanimously approved the minutes.

Recitation

Dispense with
Reading – Minutes
Accepted

A motion was made and seconded to adopt the resolution contained in Docket Number CI-SBSRO-03-01 (see below) regarding the Sugar Beet Stage Removal Option Pilot Plan of Insurance.

RESOLVED, That Docket No. CI-SBSRO-03-01, Exhibit No. 2711, authorizing implementation of the Sugar beet stage removal option pilot with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager beginning with the 2004 crop year and continuing through crop year 2009 in all current sugar beet county crop programs, except for those counties in California, Colorado, Nebraska, and three counties in Wyoming: (Goshen, Laramie, and Platte), as authorized under section 522(c) of the Federal Crop Insurance Act, is hereby approved. This will allow sufficient time to gather data and evaluate the pilot. 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 rating methodology and policy terms identified by the reviewers.

The Board voted unanimously to adopt the resolution.

Resolution on Sugar Beet Stage Removal Option -- Approved

A motion was made and seconded to adopt a Sense of the Board resolution (see below) regarding the Livestock Gross Margin (LGM) plan of insurance.

It is the sense of the Board, that the Risk Management Agency (RMA) shall immediately discontinue new sales of the Livestock Gross Margin (LGM) plan of insurance on the basis that the Board has determined that the plan of insurance presents excess risk for the Federal Crop Insurance Corporation (FCIC). Additionally, it is the sense of the Board that the Manager should work with the submitter of LGM to address the concerns of the Board and RMA for subsequent insurance periods.

The Board voted unanimously to adopt the resolution.

Sense of the Board Resolution on Livestock Gross Margin -- Approved

A motion was made and seconded to adopt a Sense of the Board resolution (see below) regarding whether RMA should proceed to develop options under its plans of coverage levels and plans of insurance for the same crop in the same county beyond what is currently available. FCIC Board Counsel explained that the FCIC Manager would be acting on his own authority and not as a result of the Sense of the Board resolution. Counsel also stated that Board approval of the resolution would not have the affect of terminating existing policies.

The Board of Directors of the Federal Crop Insurance Corporation has discussed whether the Risk Management Agency should proceed to develop options under its plans of insurance that would allow insured producers to elect different insurance coverage levels and plans of insurance for the same crop in the same county beyond what is currently available

It is the sense of the Board that, at this time, it is not in favor of the RMA pursuing this type of option. The Board does not believe that overall it would be in the best interest of producers due to concerns regarding increased complexity, actuarial soundness and increased costs of the program to insured producers and taxpayers.

The Board voted unanimously to adopt the resolution.

Sense of the Board Resolution on Coverage Levels by Plan and Practice -- Approved

Chairman Collins then thanked FCIC Board members for their hard work during 2003 that produced a number of notable achievements, including a significant expansion of new products into the program, consideration of difficult issues such as cost of production for cotton and sweet potatoes, the approval of the Premium Discount Program (PDP), the establishment of two FCIC Board committees, a comprehensive consideration of delegations of authority and review of the portfolio.

Chairman's
Remarks

There being no further business to come before the Board, the meeting adjourned at 10:18 a.m. to meet again in late January or early February, 2004 in Washington, D.C.

Adjourn

December 17, 2003

/signed/
Byron Anderson, Secretary
Federal Crop Insurance Corporation