

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 April 28, 2005, in Room 104-A of the Jamie L. Whitten Federal Office Building, Jefferson Drive, Washington, D.C. The public was invited to attend the Open Session portions of the meeting.

Meeting  
April 28, 2005

The meeting was called to order at 8:00 a.m. in Open Session.

Call to Order  
Open Session

The Board went into executive session to discuss 508(h) submissions with the submitters.

Executive Session

The Open Session of the Board reconvened at 2:00 p.m. The Chairman then requested Board members and guests to introduce themselves.

Open Session

Present were Keith Collins, Chief Economist, USDA and Chairperson; John Askew, Bill Classen, Tim Kelleher, Frank Jones, Mike Pickens, and Luis Monterde, constituting a statutory quorum; Ross Davidson, Manager, FCIC; David Hatch, Deputy Manager, FCIC, Byron Anderson, Secretary, and Vondie O'Conner, Deputy Secretary, FCIC.

Present

Also present were Floyd Gaibler, Butch May, Farm and Foreign Agricultural Services (FFAS); David Grahn, Kim Arrigo, Don Brittenham, Office of the General Counsel (OGC); Brent Doane, Alan Ott, James Callan, Tim Witt, Tim Hoffman, Steve Hoy, Bob Vollmert, Tom Worth, Cindy Spoor, Marty Wilson of the Risk Management Agency (RMA); DaNita Murray, Office of Congressional Relations (OCR); Paul Horel (Crop Insurance Research Bureau); Tom Earley (PROMAR), Linda Vickers (Rural Community Insurance Service); David Bossman and Pete Griffin (Applied Analytics Group); Margaret S. Hinson and Paul Rodgers (American Sheep Industry); Deborah J. Marsh (Virginia Polytech Institute and State University); Lesa Eldman (California Wool Growers Association); Nicole Pitts (AgriLogic); John Nelson (Washington State University); Russell Redding (Pennsylvania Department of Agriculture); Mike Carlton (Florida Citrus Mutual); Roger Swartz (American Farm Bureau Insurance Services); Patrick O'Brien (Independent Insurance Agents and Brokers of America); David Graves (American Association of Crop Insurers); Ken Ackerman, Counsel, (ARMtech, Inc.); and Karen Williams (Rep. Adam Putnam, FL).

The Manager's Report prepared by FCIC Manager Davidson was submitted for the record. No action was taken on this report. (Board Memorandum No 792; Exhibit No. 2780)

Manager's Report

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 January 13, 2005.

Dispense with Reading – Minutes

The motion carried. (Exhibit No. 2781)

Accepted

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

Motion to Approve LRP Lamb

RESOLVED, that Docket No. CI-Livestock Risk Protection (LRP) Lamb Endorsement - 05-02, Exhibit No. 2782, authorizing implementation of the Livestock Risk Protection Lamb endorsement in all counties of the proposed states of California, Colorado, Idaho, Texas, Utah and Wyoming, with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager for the 2005 and subsequent livestock reinsurance years as authorized under sections 508(h) and 523 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.

The Board voted to disapprove the resolution.

Disapproved

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

Motion to Disapprove LRP Lamb

RESOLVED, that the submitting entity is to be notified of the Board's intent to disapprove Docket No. CI-Livestock Risk Protection (LRP) Lamb Endorsement - 05-02, Exhibit No. 2782, for the Livestock Risk Protection Lamb endorsement on the basis that the Board has been unable to determine that the proposed pilot complies with all applicable provisions of the Federal Crop Insurance Act, the interests of producers are adequately protected, premium rates are actuarially appropriate, and that program integrity will be protected, for the reasons provided during the Executive Session and contained in the expert reviews, which will be set forth in the written notice of intent to disapprove.

The Board voted to approve the resolution.

Approved

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

Motion to Approve LRP Cattle Expansion

RESOLVED, that Docket No. CI-Livestock Risk Protection (LRP)-Cattle-Expansion to Montana - 05-01, Exhibit No. 2785, authorizing expansion of the Livestock Risk Protection Swine, Feeder Cattle and Fed Cattle plans of insurance to the State of Montana with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager for the 2006 and subsequent crop years as authorized under sections 523 and 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.

The Board voted to approve the resolution.

Approved

With regard to expert review of the Livestock Gross Margin Pilot Program for Cattle, Docket: CI- Livestock Gross Margin (LGM) Pilot for Cattle-05-01 (Board Memorandum No. 794, Exhibit 2783), a motion was made and seconded to adopt the following resolution:

Motion to Approve LGM Pilot for Cattle for Expert Review

WHEREAS, The Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons experienced as actuaries and in underwriting for reviews 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 Act, NOW THEREFORE BE IT

RESOLVED: That: 1) the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the persons or entities on the attached list, or the alternates in case the proposed persons are not available, to review the Livestock Gross Margin (LGM) for Cattle Pilot Program prior to Board action; and 2) the attached task order statement of work as modified to reflect concerns of the Board be used to execute the contracts.

The Board voted to approve the resolution.

Approved

A motion was made and seconded to adopt the following resolution to expand AGR-Lite:

Motion to Approve AGR-Lite Expert Review

WHEREAS, The Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons experienced as actuaries and in underwriting for reviews 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 Act, NOW THEREFORE BE IT

RESOLVED: That: 1) the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the persons or entities on the attached list, or the alternates in case the proposed persons are not available, to review the Adjusted Gross Revenue (AGR)-Lite Revision prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

The Board voted to approve the resolution (Exhibit No. 2784).

Approved

Steve Hoy (RMA Kansas City) provided the FCIC Board with a presentation on the Pilot Program for the Nursery Price Endorsement Pilot program. The Board requested that the expert reviewers be instructed to consider a loss assessment mechanism to guard against fraud, particularly in cases where nursery plants may be missing,

With regard to expert review of the Nursery Price Endorsement Pilot, Docket: CI- Nursery Price Endorsement Pilot-05-01 (Board Memorandum No. 979, Exhibit 2786), a motion was made and seconded to adopt the following resolution:

WHEREAS, The Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons experienced as actuaries and in underwriting for reviews 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 Act, NOW THEREFORE BE IT

RESOLVED: That: 1) the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the persons or entities on the attached list, or the alternates in case the proposed persons are not available, to review the Nursery Price Endorsement Pilot prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

The Board voted to approve the resolution.

Bob Vollmert (RMA Kansas City) provided the Board with a presentation on the pilot program for Florida Fruit Trees.

With regard to the expert review of the Florida Fruit Tree Pilot Program Revision, Docket: CI-Florida fruit Tree Pilot Revision-05-01 (Board Memorandum No. 798, Exhibit 2787), a motion was made and seconded to adopt the following resolution:

WHEREAS, The Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons experienced as actuaries and in underwriting for reviews 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 Act, NOW THEREFORE BE IT

RESOLVED: That: 1) the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the persons or entities on the attached list, or the alternates in case the proposed persons are not available, to review the Florida Fruit Tree Pilot Program prior to Board action once the submission has been modified to address the concerns raised by counsel; and 2) the attached task order statement of work be used to execute the contracts.

The Board voted to approve the resolution.

Motion to Approve  
Nursery Pilot for  
Expert Review

Approved

Motion to Approve  
Florida Fruit Tree  
Pilot for Expert  
Review

Approved

Bob Vollmert (RMA Kansas City) provided the Board with a presentation on the pilot program for the Strawberry Dollar Plan Pilot Program.

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

RESOLVED, That Docket No. CI- Strawberry Pilot Extension-05-01, Exhibit No. 2788, authorizing the Federal Crop Insurance Corporation to continue to offer the Strawberry Crop Insurance Program for the 2006, 2007 and 2008 crop years, is hereby approved AND BE IT FURTHER RESOLVED, That the Board delegates authority to the Manager to approve final pilot program procedural requirements.

The Board voted to approve the resolution.

Bob Vollmert (RMA Kansas City) provided the Board with a presentation on the pilot program for extending the Fresh Market Bean Pilot Program. Board members asked questions about the poor performance of the current program in regards to fraud and were assured by RMA staff that changes had been made to the program to address fraud concerns.

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

RESOLVED, That Docket No. CI-Fresh Market Bean Pilot Extension-05-01, Exhibit No. 2789, authorizing the Federal Crop Insurance Corporation to continue to offer the Fresh Market Bean Crop Insurance Program for the 2006 crop year until a final program evaluation is conducted and the results are considered by the Board for conversion, modification, or termination, is hereby approved AND BE IT FURTHER RESOLVED, that the Board delegates authority to the Manager to approve final policy terms and procedural requirements.

The Board voted to approve the resolution.

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

RESOLVED, That the Manager of the Federal Crop Insurance Corporation is delegated the authority to expand the livestock pilot plans of insurance and the Adjusted Gross Revenue – Lite plan of insurance to additional states if the Manager determines sufficient actuarial data exists, program integrity is protected and within the resources of the Risk Management Agency (Exhibit No. 2790).

The Board voted to approve the resolution.

Motion to Approve Strawberry Pilot Extension

Approved

Motion to Approve Extension of Fresh Market Bean Pilot Program

Approved

Motion to Approve Delegation of Authority to the Manager

Approved

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

RESOLVED, That the procedures entitled "Procedures on Handling Dockets Considered by the Board of Directors of the Federal Crop Insurance Corporation" is hereby approved.

The Board voted to approve the resolution (Exhibit No. 2791).

After consideration of the action items on the agenda, Chairman Collins asked if there was any new business to be discussed. David Hatch provided the board with an update on the proposed rule on the Premium Reduction Plan. He stated that the public comment period had closed on April 25, 2005, and more than 550 comments were received. House and Senate Agriculture Committees were briefed by RMA staff on the proposed rule. Drafting of the proposed rule should be completed by mid-May, and it is RMA's intent to have the regulation in place for the 2006 crop year. Chairman Collins then commented on the role of the Board on the PRP rule. He stated that the Board's ad hoc PRP Committee functions as RMA staff and would share the responsibility in developing the final rule, and the Board would have the opportunity to review individual PRP applications.

There being no further business to come before the Board, the meeting adjourned at 2:55 p.m. to meet again in early June, 2005, in Washington, D.C.

April 28, 2005

/signed/  
Byron Anderson, Secretary  
Federal Crop Insurance Corporation

Motion to Approve  
Procedure on  
Dockets

Approved

New Business

Adjourn