DATE: May 7, 2009

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: William J. Murphy /signed/
Manager

SUBJECT: Manager’s Report
Exhibit 2989

This memorandum serves as the Manager’s Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) for the May 7, 2009, meeting.

Program Updates:

Pasture, Rangeland, Forage Pilot Program Update: On March 27, 2009, the Risk Management Agency (RMA) released Index Interval VI results covering the period of December 1, 2008, through January 31, 2009, for the Pasture, Rangeland, Forage Rainfall Index Pilot Program (PRF-RI). The estimated Loss Ratio for Index Interval VI is 2.89 paying estimated indemnities of $29,025,236. Colorado and Texas producers experienced the most significant losses. Texas producers will be receiving the majority of the loss payments with 2,821,813 acres insured. News media outlets have covered the significant losses due to drought the Texas producers have suffered. Stock water remains low and none-existent in some areas. Colorado producers insured 180,170 acres and many areas in that State will receive significant indemnities. This is the final PRF-RI Index Interval for the insurance year. In total for all six Index Intervals there were 23,095,166 acres insured, $310,310,751 in liability and $79,467,193 in indemnities paid resulting in an estimated loss ratio of 1.32. The PRF-RI pilot program is currently available in Alabama, Colorado, Idaho, North Dakota, Pennsylvania, South Carolina and Texas.

Grass Seed Pilot Development – The Food, Conservation, and Energy Act of 2008 required RMA to enter into a contract to develop a pilot program for grass seed, specifically Kentucky bluegrass or perennial ryegrass produced under contract within Minnesota and North Dakota. A contract to do so has been awarded to Watts and Associates, and work commenced on April 2, 2009. A draft of the product is due in October 2009.

Sesame Pilot Development – The Food, Conservation and Energy Act of 2008 required RMA to enter in a contract to develop a pilot program for sesame produced under contract in Texas. A contract was awarded to Promar in January 2009. A draft of the product has been received and is under review by RMA.

Organic Rating and Pricing – The Food, Conservation and Energy Act of 2008 required RMA to enter into a contract to review the underwriting, risk and loss experience of
organic crops covered by crop insurance to crops produced in the same Counties and crop years using non-organic methods. Watts and Associates began work on this project in February 2009. The draft report on pricing is expected in June 2009.

**APH Rating Methodology Review** – A contract to review RMA’s rating methodology was awarded to Sumaria Systems, Inc. on March 26, 2009. RMA has provided the contractor with reports done over the last several years on specific elements of RMA’s rating structure, and plans to make a preliminary report available to the public as part of the contract deliverable schedule. An initial report for this project is due in early Fall 2009, and will also form the basis for an actuarial library on RMA’s Web site that entails various actuarial work and studies performed in recent years.

**Grain Sorghum Price Election Project** – The Food, Conservation and Energy Act of 2008 required RMA to obtain individual expert opinions on a methodology for determining an expected market price for sorghum for both the production and revenue-based plans of insurance to accurately reflect the actual price at harvest. Reports from U.S. Department of Agriculture (USDA) experts, sorghum industry experts and experts from institutions of higher learning have been received and are under review.

**GRIP Payment Yields and Final County Yields** – RMA released payment yields and final county yields for the 2008 crop year for wheat on March 31, 2009 and for corn, grain sorghum and soybeans on April 15, 2009. Payment yields and final county yields are based on National Agricultural Statistics Service (NASS) yield figures, however, for some Counties; the appropriate estimates were not available from NASS at the county level. RMA identified which Counties were based on combined county or district estimates in its memorandum announcing payment yields. In a related issue, 35 producers have either appealed or requested that RMA review yields issued for their Counties. In all cases, producers disagree with the county estimate issued by NASS upon which the payment yield and/or final county yield is based.

**Citrus Greening Study** – RMA contracted with Watts and Associates to determine the feasibility of including citrus greening as a cause of loss within the Florida Fruit Tree Pilot Crop Insurance Program. This action was taken in response to the Board’s request at the time that citrus canker coverage was removed from the policy. Watts presented their findings on April 14, 2009, which indicated that it was not feasible to include this coverage because of rapid progression, high rate of penetration and the lack of management practices available to stem the disease.

**Climate Change Study** – RMA contracted with RTI International to conduct a study on the impact of climate change on crop insurance and the development of a program impact model. An initial deliverable was recently provided to RMA and is under review.

**U. S Attorney Announces Crop Insurance Program Convictions** – On April 27, 2009, United States Attorney for the Middle District of Florida, A. Brian Albritton announced the sentencing of the entity D&K Farms, Inc. to a term of 5 years of probation, $402,471 in restitution, and $402,471 to be forfeited to RMA. D & K Farms is located in Plant City, Florida, and its...
principle owners, Darryl Williams and William Keith Williams, grow, harvest, and pack strawberries and peppers. From July 2001 through June 2003, D & K Farms, through its officers and employees, obtained Federal crop insurance to cover strawberry and pepper crops. During that time period, D & K Farms falsely and fraudulently claimed crop losses under Federal crop insurance program policies when, in fact, D & K Farms had harvested and sold the crops. As a result, D & K Farms fraudulently obtained $402,471 in Federal crop insurance payments.

Darryl Williams and William Keith Williams were previously sentenced for filing false tax returns. William Keith Williams was sentenced on March 17, 2009, to three years of probation and agreed to pay $39,078 in back taxes, interest, and penalties to the Internal Revenue Service (IRS). Darryl Williams was sentenced on April 17, 2009, to three months of home detention and three years of probation and agreed to pay $81,133 in back taxes, interest, and penalties to the IRS. The D&K Farms case is one of many cases resulting from a joint investigation by the U.S. Department of Agriculture’s Office of Inspector General, the IRS, and RMA.

The joint investigation has looked at farms and farmers in the Hillsborough County, FL area engaged in crop insurance fraud and tax evasion. The investigation had produced convictions and sentences for a second farm, Goodson Farms, and its owner, Janet Goodson. Goodson Farms grows peppers and is located in Balm, Florida. From March 2001 through September 2004, Goodson Farms obtained Federal crop insurance to cover pepper crops and fraudulently claimed crop losses. The investigation found that Goodson Farms had harvested and sold the crops said to be lost due to insurable causes. As a result, Goodson Farms falsely and fraudulently obtained more than $1 million in Federal crop insurance payments. On March 18, 2009, the Goodson Farms entity was sentenced to five years of probation and was ordered to pay $1,098,441 in restitution to RMA and $1,098,441 in forfeiture. Goodson Farms' principle owner, Janet Goodson, was sentenced on March 31, 2009, to one month in Federal prison, 60 days in a half-way house, three months of home detention, and 1 year of probation for filing a false tax return for tax year 2004. Goodson agreed to pay $1,564,258 in back taxes, interest, and penalties to the IRS. This investigation also led to the successful administrative recovery of an additional $932,848 from other strawberry and pepper farms covered under the Federal crop insurance program and is ongoing. Persons or entities convicted of crop insurance program violations will also be subject to administrative disqualification or debarment from the program as appropriate.

Update GAO Report on Fraud, Waste, and Abuse – This audit provided recommendations to RMA as to how we could improve compliance efforts. RMA agreed in principle with most of the GAO recommendations and agreed to proceed on the following items:

- Adjusting the producer spot-check list procedures to permit the Farm Service Agency (FSA) to review fall-seeded crops for the following year rather than the current year, which was ineffective. RMA discussed the possibility of separating the data mining algorithms for the fall and spring, but determined that essential data would be excluded in the process. FSA has stated that without additional resources, it will be unable to perform 100 percent of the designated growing season inspections.

Status - Complete.
Distributing to each Approved Insurance Provider (AIP) the listing of its policyholders whose tax identification numbers or shareholders with substantial beneficial interests did not reconcile with FSA’s permitted entity file. RMA will formally require the AIPs to review the discrepancies under Appendix IV and report the results in the future.

**Status – Overdue.** The Farm Service Agency continues to work on adding “Producer Provided Information Data Mining by RMA” to its routine use listing under the Privacy Act. Subsequently, until FSA completes this task, RMA cannot use FSA entity or other reported information to implement the GAO recommendation. FSA released the draft Notice to Office of General Council (OGC) for formal review and concurrence on February 22, 2008, but has held up the notice due to language inserted in the 2008 Farm Bill that restricts the distribution of producer information under the Freedom of Information Act. The 2008 Farm Bill, Section 1619, continues to be under review for its impact on this process. Enacted to ensure producer data was not widely available through the Freedom of Information Act, this section has been interpreted to restrict some distribution and use of certain Personally Identifiable Information data between government entities or their contractors. The legal review and analysis of these new restrictions on the use of producer data is in process and RMA expects that the information will be available for data mining. In any event FSA must publish a Systems of Records Notice to provide constructive public notification that FSA intends to provide producer data to RMA to improve program integrity.

Finalizing a quality control program for the AIPs intended to help RMA assess the effectiveness of the quality controls used by the Companies. In addition, RMA Compliance will continue to test AIP quality control programs during scheduled national operations reviews.

**Status – In Progress.** The work on this recommendation is ongoing. Companies will be able to report review results to RMA until May 30, 2009, in order to complete the consecutive loss adjuster reviews. RMA continues to work on ensuring that AIPs can fully report their quality control results through the Type 57 record and there are additional modifications necessary to make the record itself more user friendly. We continue to show this issue as “in progress” because we continue to modify the Type 57 record. While the project is operational and substantially complete, it remains subject to modification and improvement to meet the initial automated reporting goal.

Finalizing the ARPA-implemented sanctions regulations when OGC has completed its review of the current draft. RMA informed GAO that the lack of these regulations had not hindered RMA from using the statutory authority to sanction some producers; however, getting the regulations in place should help improve the overall sanctions process.

**Status – Complete.**

**Compliance Database Modernization Project** – The Compliance Activity Reporting System (CARS) project continues to be on track with an anticipated completion date of June 2009.
Compliance personnel began the first phase of extensive testing the week of April 27, 2009. As part of the overall Information Technology Modernization (ITM) project, Compliance is in the process of obtaining a replacement database management system. The specifications call for the new system to be compatible with the RMA platform configuration and run with “off the shelf” software to reduce costs and increase electronic interface with the AIPs. Compliance envisions a system in the future that will accommodate an all-electronic exchange of findings and responses to each of the AIPs. Compliance has initiated a pilot program with one company to start testing this concept and develop the processes necessary for paperless interactions.

**National Program Operations Reviews (NPOR)** – The Compliance Offices are completing the final exit conferences with the AIPs for findings associated with the policy reviews and system tests conducted for the **2007** crop year NPOR’s.

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<thead>
<tr>
<th>RO code</th>
<th>AIP Name</th>
<th>Compliance Office</th>
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</thead>
<tbody>
<tr>
<td>AB</td>
<td>ARMtech Insurance Services</td>
<td>WRCO - Davis, CA</td>
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<td>AU</td>
<td>CGB Diversified Services</td>
<td>MRCO – Indianapolis, IN</td>
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<tr>
<td>EF</td>
<td>Rural Community Insurance Services</td>
<td>ERCO – Raleigh, NC</td>
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<tr>
<td>GA</td>
<td>Great American Insurance Company</td>
<td>SRCO – Dallas, TX</td>
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<td>NA</td>
<td>NAU Country Insurance Company</td>
<td>NRCO – Minneapolis, MN</td>
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<tr>
<td>PL</td>
<td>Producers Agriculture Insurance Company</td>
<td>CRCO – Kansas City, MO</td>
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</tbody>
</table>

Compliance has announced the companies that will be reviewed for the **2008** crop year as follows:

<table>
<thead>
<tr>
<th>RO code</th>
<th>AIP Name</th>
<th>Compliance Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>WA</td>
<td>Crop 1 Insurance Direct, Inc.</td>
<td>CRCO – Kansas City, MO</td>
</tr>
<tr>
<td>FA</td>
<td>American Farm Bureau Ins. Services</td>
<td>MRCO – Indianapolis, IN</td>
</tr>
<tr>
<td>*</td>
<td>Nursery Program Reviews</td>
<td>ERCO – Raleigh, NC</td>
</tr>
<tr>
<td>GI</td>
<td>Heartland Crop Insurance, Inc.</td>
<td>SRCO – Dallas, TX</td>
</tr>
<tr>
<td>RH</td>
<td>Rain and Hail Insurance Services</td>
<td>NRCO – Minneapolis, MN</td>
</tr>
<tr>
<td>CM</td>
<td>Country Mutual Insurance Company</td>
<td>WRCO – Davis, CA</td>
</tr>
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</table>

*Due to limited resources and significant OIG findings relative to the Nursery crop insurance program, the ERCO has been assigned to perform targeted Nursery program reviews during 2009 to ascertain the extent of the Nursery problems, issue findings, and recommend sanctions and other corrective actions as indicated.
Entrance conferences for the 2008 crop year reviews between the respective Compliance offices and the selected AIPs will take place in May and June 2009.

**FSA Crop Disaster Program Referrals** – The number of Crop Disaster Program (CDP) referrals for crop years 2005, 2006, and 2007 received as of February 23, 2009, from Farm Service Agency offices nationally is **6,657**. Approximately half of these referrals are due to reported entity discrepancies between FSA and RMA. Producers often structure their operations to maximize FSA benefits, but fail to amend their entity or Substantial Beneficial Interest certifications, as required, on their crop insurance policy. In some cases this can result in policy voidance. RMA’s issuance of Manager’s Bulletin **MGR-08-008, Correction of Named Insureds** (Jun 4, 2008), provided certain relief for the 2006 and 2007 crop years, but does not address those producers who changed entities in 2005 or earlier and failed to correct their crop insurance identification.

**California Drought - Status of Water Allocation and Intended Acreage**

California's water supply has dropped after the third year of drought. The Bureau of Reclamation announced its 2009 allocation for contract water users of the Central Valley Project (CVP). The CVP and the State Water Project (SWP) are two water delivery systems in the state of California that provide irrigation water to over 1.6 million acres of farmland. The water allocation for the SWP was previously announced as 15 percent, but was recently increased to 30 percent. The CVP announced its allocation as 10 percent. The predictions are that most reservoirs will not be able to fill up to its original anticipated capacity.

RMA anticipates that growers may reduce planted acres and/or allow fields to go fallow due to the lack of irrigation water. Although growers may plant crops that require less irrigation water, the intended acres for crops show a decline as follows: cotton, 37 percent; corn, 18 percent; rice, 8 percent; and dry beans, 15 percent. RMA is working with the California/Nevada Regional NCIS Committee on the Water/Drought Task Force to ensure that claims and prevented planting procedures are followed.

**Financial Help for California Farmers in Drought Counties**

 Farmers and ranchers in forty-four designated California Counties with extreme or severe drought conditions may apply for assistance from USDA’s Natural Resources Conservation Service (NRCS) in California until May 8, 2009. NRCS will take applications for $2 million available for practices designed to protect soil and air quality in areas of fallow fields, keep orchard trees alive, and protect natural resources on ranch and pasture land. Due to the extraordinary conditions NRCS will pay a higher-than-normal 75 percent cost-share rate.

**Causes of Interest for Quarantine Coverage - Citrus Psyllid**

Quarantine for the Asian citrus psyllid has expanded and the area now includes portions of San Diego, Imperial and Riverside Counties in California. USDA scientists are working on eradication efforts in all three Counties as well as in northern Mexico where the insects were first discovered. No insects have been found to be carrying citrus greening disease.
Light Brown Apple Moth (LBAM)
Santa Clara and Sonoma are on the list of California Counties where moths have been detected. A new quarantine of approximately 18 square miles is established in the Sebastopol area of Sonoma County while an existing quarantine in the Milpitas area of Santa Clara County increases by approximately 64 square miles. Approximately 2,414 square miles are under quarantine within California. State and Federal quarantine regulations prohibit the movement of all nursery stock, all cut flowers; and all host fruits and vegetables and plant parts within or from the quarantined area unless it is certified as free from the pest by an agricultural official.

North Dakota Delayed Fieldwork
Concerns continue to be raised by North Dakota farmers who anticipate a difficult planting season due to saturated fields which have delayed fieldwork for most producers across the state. Statewide as of April 19, 2009, no crops had been planted. Last year on that date 14 percent of spring wheat had been planted. Besides soil saturation, deteriorated secondary roads have made getting machinery into the fields a challenge. The statewide average starting date for fieldwork is expected to be May 2, 2009, two to three weeks later than normal.

Northwestern Minnesota Delayed Fieldwork
Flooding was a major problem in the Red River Valley in northwestern Minnesota this spring, and farmland in the area continues to be very wet. Planting will be delayed and there may be some prevented planting claims in that area of the state.

Informational Memorandum IS-09-003: Optional Amendment to the SRA Revising Loss Adjuster Licensing Requirements
RMA has been working closely with the National Association of Insurance Commissioners (NAIC) Crop Insurance Working Group and the crop insurance industry on loss adjuster proficiency and certain challenges of State licensing of crop insurance loss adjusters. State licensing requirements vary widely and some states require property and casualty tests that do not relate to crop loss adjustment. NAIC, RMA and the industry have determined that an amendment to the Standard Reinsurance Agreement (SRA) is needed to ensure that loss adjuster proficiency is more consistent across the country while preserving State licensing as the primary, but not sole, basis for determining proficiency. On March 5, 2009, RMA issued Info Memo IS-09-003, which included an Optional SRA Amendment. With support from the NAIC, the amendment allows RMA to approve a crop loss adjuster proficiency testing program operated by a third party in lieu of State licensing requirements if the State’s requirements are not crop specific. It will also require a third-party proficiency-testing program in States that currently have no licensing requirements, thereby raising loss adjuster proficiency and improving program integrity. All AIPs have signed the amendment and it becomes effective for the 2010 reinsurance year.

Plan of Operations Guidance
On March 4, 2009, RMA issued Informational Memorandum IS-09-002, which provided guidance to all insurance providers in preparing and submitting Plans of Operation for the 2010 reinsurance year. Plans of Operation were submitted April 1, for the 2010 reinsurance year beginning July 1, 2009 and are being evaluated by RSD for approval.
Controlled Business
The 2008 Farm Bill included a new requirement that all persons receiving compensation for the sales and service of FCIC policies could not receive more than 30 percent of that compensation as a result of their own or their immediate family’s policies. After the passage of the 2008 Farm Bill, RMA issued a bulletin to the industry (Informational Memorandum IS-08-007) alerting participants to this new provision and the fact that it became effective for the 2009 reinsurance year. RMA has received many inquiries for clarification on the provision. It has also received requests from AIPs for RMA to provide guidance regarding the end-of-year compliance certification requirement. On March 24, 2009, RMA issued a draft Informational Memorandum providing such guidance and requested comments from AIPs by April 10. RMA is evaluating these comments before issuing final guidance.

Winners of RMA FFA Writing Contest
The ten winners of the RMA-sponsored FFA essay-writing contest and their advisors will visit Washington, DC on May 6-8, 2009. A total of 198 essays were submitted by FFA members across the country on the topic “Risk Management Strategies for Supervised Agricultural Experience (SAE) Program.” The 10 national winners are from the states of Oklahoma, Texas, South Dakota, Nebraska (three), Missouri (two), Florida and Georgia. The winners will visit their respective Members of Congress on Thursday, May 7, 2009. They will also take a tour of the Capitol, the Supreme Court, the Library of Congress and possibly the White House. The following day, May 8, will be their awards presentation at USDA with an opportunity to meet with the Secretary of Agriculture and other USDA officials. RMA has sponsored this writing contest for the past 12 years.

Request for Applications/Proposals
The deadline for submission of applications/proposals for the 2009 Targeted States Program and Commodity Partnership Small Sessions Request for Applications (RFAs) will be on May 11, 2009. RFAs for the Targeted States Program and Commodity Partnership Small Sessions were published on the Federal Register on March 27, 2009. The Review Panel will meet in Springfield, Illinois, the week of June 22, 2009 to review and evaluate qualified applications received after the May 11, 2009 deadline. Successful cooperative partnership agreements are effective October 1, 2009 to September 30, 2010.

RMA Partnership Agreements
Completed Partnership Agreements for 2007-2008 are being closed-out. Closeout letters are sent to agreement holders and RMA financial staff advised of de-obligation of award funds. Quarterly reports and conferences for 2008 agreements are being reviewed and conducted. RMA Headquarters staff are working with Regional office staff who have substantial involvement in the projects.

Regulatory Update:
Administrative Remedies for Non-Compliance Provisions
The proposed rule to amend the General Administrative Regulations, Administrative Remedies for Non-Compliance provisions was published in the Federal Register on May 18, 2007, with the comment period ending on June 18, 2007. Compliance reviewed the comments to the proposed
regulation and received OGC clearance on the final rule. Due to language that was placed in the 2008 Farm Bill, the regulation required some modifications that were incorporated and approved by OGC. The final rule was published on December 18, 2008, and became effective on January 20, 2009.

**Common Crop Insurance Policy**
An interim rule was sent to OGC for review and approval on April 13, 2009, that revises enterprise unit provisions affected by the changes mandated by the 2008 Farm Bill. The definition of “enterprise unit” in the Basic Provisions is revised to specify that to qualify for an enterprise unit at least two of the sections, section equivalents, FSA farm serial numbers, or units established by written agreement must each have planted acreage that constitutes at least the lesser of 20 acres or 20 percent of the insured crop acreage in the enterprise unit.

**Common Crop Insurance Policy and Group Risk Protection Basic Provisions**
The interim rule published in the Federal Register on November 12, 2008 implemented several changes mandated by the 2008 Farm Bill. The changes include: a new organic crop definition, enterprise and whole farm unit changes, crop production on native sod, and settlement of claims on farm-stored production. The interim rule is in effect for 2009 spring crops. The final rule responding to public comments is in RMA’s concurrence process.

**Subpart V – Submission Regulation**
The final rule to remove all references to premium reduction plans under Section 508(h) of the Federal Crop Insurance Act was published in the Federal Register on February 26, 2009. The 2008 Farm Bill mandated this change.

**Apple Crop Provisions**
RMA is working with OGC to resolve concerns they OGC has raised regarding the proposed rule. The proposed rule contains changes to the Optional Coverage for Fresh Fruit Quality Adjustment and changes requested by apple producers and the apple industry. RMA worked extensively AIP representatives in preparing the apple regulatory changes. The final rule is now targeted for the 2011 crop year.

**Avocado (Florida)**
RMA is working with OGC to resolve concerns OGC has raised regarding the proposed rule. The proposed rule converts the avocado (Florida) pilot crop insurance program to a permanent program. The final rule is targeted for the 2011 crop year.

**Cabbage Crop Provisions**
The final rule was published in the Federal Register on February 26, 2009. The final rule converts the Cabbage Pilot Program to a permanent program. The final rule is in effect for the 2010 crop year.

**Grape and Table Grape Crop Provisions**
The final rule is in RMA’s concurrence process. The final rule makes several changes requested by grape growers and the grape industry. The final rule is targeted for the 2010 crop year.
**Tobacco**

The final rule was published in the Federal Register on March 26, 2009. The final rule rewrites and renames the current Guaranteed Tobacco Crop Provisions to the Tobacco Crop Provisions reflecting the elimination of tobacco quotas. In addition, the proposed rule eliminates the Quota Tobacco Crop Provisions. The final rule is in effect for the 2010 crop year.

**Comprehensive Information Management System (CIMS) Update**

On February 6, 2009, AIPs were provided access to CIMS information for their insured producers. Currently this information is limited to producer name and address information and 2008 acreage information. When FSA provides 2009 acreage information to CIMS, AIPs will receive weekly reports containing policies where CIMS has identified a difference in the producer entity type or a difference in acreage. These reports will not be available until RMA begins receiving 2009 FSA acreage.

AIPs were provided a version of the FSA digitized Common Land Unit (CLU) files, *without* the Farm Serial Number (FSN), Tract and Field identifiers, for the States in which they are approved to sell and service crop insurance policies. These CLU files allow AIPs to create maps to identify field locations and is used with RMA actuarial information to determine if the field is insurable, the applicable insurance coverage, and to determine the correct premium, as in the case with high risk areas.

**Financial Operations and Review Staff and National Association of Insurance Commissioners (NAIC) Coordinate Efforts**

RMA's Financial Operations and Review Staff (FORS) continues to enhance and foster a strong reciprocal relationship with the National Association of Insurance Commissioners and State Insurance Regulators. RMA continues to receive annual and quarterly financial data as well as detailed regulatory information related to AIPs from the NAIC. In May of 2009, FORS will meet with the NAIC to train and gain access to the NAIC’s ISITE. ISITE is NIAC’s financial data repository of all domestic insurance company information.

**National Financial and Operations Reviews (NFOR)**

The Financial and Oversight Review Staff (FORS) provides financial and operational oversight over AIPs and managing general agencies participating in the Federal crop insurance program. The staff continued to enhance its financial oversight of all 17 companies by conducting 5-6 on-site NFORs per year, more than 17 annual financial analysis reviews, and 68 quarterly financial analysis reviews, in addition to new-company financial analysis reviews, and new-company orientations. The Financial Review Staff continues to be on target with its goal of conducting an on-site review of each AIP at least once every three years. For Fiscal Year 2009, FORS has performed three of the scheduled of six NFOR’s.

FY 2009 scheduled NFOR’s are as follows:

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<tr>
<th>AIP</th>
<th>Review Date</th>
<th>Status</th>
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<tr>
<td>American Agri-Business Ins. Co and MGA Armtech Ins. Services</td>
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<td>Follow-up</td>
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<tr>
<td>Company Name</td>
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<td>Report Details</td>
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<td>------------------------------------------------</td>
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<td>--------------------------------------------------------------------------------</td>
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<td>John Deere Risk Protections</td>
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<tr>
<td>Western Agricultural Ins. Co. and MGA Crop 1</td>
<td>04/06/09</td>
<td>Tentative NFOR report scheduled for release the week of July 8th</td>
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<tr>
<td>Stonington Ins. Co./Agro National</td>
<td>05/18/09</td>
<td>Tentative NFOR report scheduled for release the week of July 24th</td>
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<tr>
<td>Great American Ins. Co.</td>
<td>7/27/09</td>
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<tr>
<td>Austin/CGB</td>
<td>*Sept 09</td>
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* Tentative Dates