United States Department of Agriculture

Federal Crop Insurance Corporation

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August 12, 2015

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Brandon C. Willis /signed/
Manager

SUBJECT: Manager's Report
Exhibit No. 4289

This is the Manager's Report to the Federal Crop Insurance Corporation Board of Directors (FCIC) meeting on August 12, 2015.

Research, Contracts, Studies, and Workgroups

Study on Poultry Catastrophic Disease Program: A contract to provide a feasibility study for poultry catastrophic disease losses, as required by the Farm Bill, was awarded to Watts and Associates in October 2014. Due to the outbreak of the highly pathogenic avian flu, the timeline was extended for the contractor to gather as much information as possible from impacted producers by this event. The draft report is expected to be transmitted to Congress in the fall of 2015.

Swine Catastrophic Disease Loss Feasibility Study: A contract was awarded to AgraLytica for a study to determine the feasibility of insuring swine producers for a catastrophic event. The final report is being reviewed by RMA.

Poultry Business Interruption Insurance Policy: A contract was awarded to Watts and Associates to carry out research and development regarding a policy to insure commercial poultry producers against business interruptions caused by the bankruptcy of the poultry integrator. The report is expected to be submitted to Congress in the spring of 2016.

New Plans of Insurance

Margin Protection Plan: The new Margin Protection (MP) plan of insurance was released for sale to producers July 8, 2015. MP was approved by the Federal Crop Insurance Corporation Board of Directors on June 24, 2014. MP provides coverage against an unexpected decrease in operating margin (revenue less input costs). MP is area-based, using county-level estimates of average revenue and input costs to establish the amount of coverage and indemnity payments. MP is available to producers for the 2016 crop year for corn, rice, soybeans and wheat in select states and counties.

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Supplemental Coverage Option (SCO) and Actual Production History (APH) Yield Exclusion Expansion for Fruits and Nuts: SCO will now be available in select counties for almonds, apples, blueberries, grapes, peaches, potatoes, prunes, safflower, tomatoes, and walnuts for the 2016 crop year. Grapefruit, lemons, mandarins/tangerines, oranges, and tangelos will be eligible for coverage beginning with the 2017 crop year. This is in addition to the alfalfa seed, canola, cultivated wild rice, dry peas, forage production, grass seed, mint, oats, onions, potatoes and rye that were recently made available for 2016. The original list was corn, cotton, cottonseed, grain sorghum, rice, soybeans, spring barley, spring wheat, and winter wheat, which were covered by SCO for the 2015 crop year.

Producers of apples, blueberries, grapes, peaches, potatoes, prunes, safflower, tomatoes, and walnuts in select counties will have the option to elect the APH Yield Exclusion for the 2016 crop year. Producers of grapefruit, lemons, mandarins/tangerines, oranges, and tangelos will have the option to elect the APH Yield Exclusion for the 2017 crop year. Alfalfa seed, cultivated wild rice, dry peas, forage production, oats, onions, rye and winter wheat are also eligible in certain counties beginning with the 2016 crop year. These are in addition to barley, canola, corn, cotton, grain sorghum, peanuts, popcorn, rice, soybeans, sunflowers and spring wheat, which were offered beginning in the 2015 crop year.

Data and Systems

Acreage and Crop Reporting Streamlining Initiative (ACRSI): The 2014 Farm Bill incentivized the development and implementation of streamlined acreage reporting processes that support the options of electronic or conventional one-stop reporting of acreage information for producers participating in USDA programs by September 30, 2015. The ACRSI Team is conducting a pilot program for crops with fall 2015 acreage reporting dates. The details of the fall pilot will be announced in the near future.

Program Changes/Issues

Forage Production Policy – Added New Types: The Forage Production Multi-Peril Crop Insurance policy is being expanded for the 2016 crop year to include coverage for timothy and orchard grass types. The new type coverage will be available in Benewah, Boundary, and Kootenai counties in Idaho and in Pend Oreille, Spokane, and Stevens counties in Washington. This is the first time coverage for these types will be available.

Prevented Planting Acreage in Springfield, Illinois Region: Excessive rainfall throughout the spring and summer have created flooding and excessive moisture concerns in Illinois, Indiana and Ohio (Springfield Region). Prevented planting acreage, low spots that have drowned out crops and weed/disease/insect pressure are all possibilities. The July 20 National Agricultural Statistics Service crop report has corn rated from 15 – 25-percent poor to very poor over the three state area. Soybeans could recover significantly if the weather pattern were to return to normal.

Conservation Compliance: On July 1, 2015, U.S. Department of Agriculture (USDA) announced that over 98.2 percent of producers have met the 2014 Farm Bill requirement to certify conservation compliance to qualify for crop insurance premium support payments.

Whole-Farm Revenue Pilot Program (WFRP)

Since November 2014, the Spokane Regional Office has performed 89 training sessions on WFRP that has reached over 6,000 producers. WFRP in the Spokane region compared to the entire program nationwide makes up 73 percent of the policies sold, 76 percent of the policies earning premium, and 82 percent of the total liability.

Legal

April 30, 2015, BOWLING GREEN, Ky. - A Monroe County, Kentucky tobacco farmer pleaded guilty in U.S. District Court in Bowling Green, before District Judge Greg N. Stivers, to charges of crop insurance fraud totaling $711,958 announced the Department of Justice. This case is being prosecuted by Assistant United States Attorney David Weiser and is being investigated by the United States Department of Agriculture Office of Inspector General and the Risk Management Agency, Special Investigation Branch.

Staff Changes

Young Kim is the new Deputy Director for the Risk Management Education Division.

Kenya Ingram is the new Deputy Director for the Reinsurance Services Division.

Francie Tolle is the Director of the Oklahoma City, Oklahoma Regional Office.

Michael Davis is the new Director of the Risk Management Services Division in Washington, D.C.

Gregory Green is the new Associate Deputy Administrator for Compliance in Washington, D.C.