



United States  
Department of  
Agriculture

To: Board of Directors  
Federal Crop Insurance Corporation

September 25, 2001

Federal Crop  
Insurance  
Corporation

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

1400 Independence  
Ave, SW  
Stop 0801  
Washington, DC  
20250-0801

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**

**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