

**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 September 19, 2002, in room G28A, U.S.D.A. Building, 6501 Beacon Drive, Kansas City, Missouri. The public was invited to attend.

Meeting  
September 19, 2002

The meeting was called to order at 8:30 a.m., in Executive Session.

Call to Order  
Executive Session

Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.

Present

Also present were Butch May, Farm and Foreign Agricultural Services (FFAS) (via tele-conference); Kim Arrigo and Don Brittenham, Office of the General Counsel (OGC); Joe Glauber, Office of the Chief Economist (OCE); Byron Anderson (via tele-conference), Tim Witt, Tim Hoffmann, Nelson Maurice, Vondie O'Conner, Dave Clauser, Bill Bing, Leiann Nelson, Lesley Schmidt, LeWayne Jansonius, Rich Anderson, Tom Worth, Barry Adkisson, Garland Westmoreland, Heyward Baker, and Marian Jenkins of the Risk Management Agency (RMA); Alan Ker, University of Arizona; and Barry Goodwin, Ohio State University.

Board member Roger Swartz recused himself and left the Executive Session.

Roger Swartz -  
Recusal

At 9:00 a.m., Barry Cleaveland of American Agrisurance (AmAg) was invited into the Executive Session and asked to leave the Executive Session and at 9:02 a.m.

Barry Cleaveland

At 10:00 a.m., Alan Ker, University of Arizona and Barry Goodwin, Ohio State University, were asked to leave the Executive Session.

Alan Ker and  
Barry Goodwin

At 10:05 a.m., Jack Tank, Ag Risk Crop Insurance, L.L.C., was invited into Executive Session via tele-conference and was asked to leave the Executive Session at 10:30 a.m.

Jack Tank

Board member Roger Swartz returned to the Executive Session at 10:07 a.m.

Roger Swartz

Byron Anderson left the Executive Session at 10:55 a.m.

Byron Anderson

The Executive Session adjourned at 11:20 a.m., to reconvene in Open Session.

Adjourn  
Executive Session  
Reconvene  
Open Session

Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.

Present

Also present were Butch May, FFAS (via tele-conference); Kim Arrigo and Don Brittenham, OGC; Joe Glauber, OCE; Larry Andersen and Richard Bradfield of the Office of the Inspector General; Tim Witt, Jackie Blanks, Tim Hoffmann, Nelson Maurice, Vondie O'Conner, Dave Clauser, Bill Bing, Leiann Nelson, Lesley Schmidt, Rich Anderson, Tom Worth, Bob Vollmert, Wade Wipperling, Dave Wright, Mark Alderson, Ron Lundine, Barry Adkisson, Mary Baxley, Ray Eggleston, Ronnie Brown, Dottie Sampley, Garland Westmoreland, Heyward Baker, and Marian Jenkins of the RMA; Barry Cleaveland, Patrick Rock and Cory Bremer, AmAg; Steve Griffin, Crop 1 Insurance Direct, Inc. (Crop 1); James Lee Adams and Claude Geer of the Georgia Pecan Growers Association; Floyd Nierenberger; Mike O'Connell and Clarence Manning of AgriLogic, Inc.; and Bruce Babcock and Dermot Hayes of Iowa State University.

Kim Arrigo read a recitation to all members of the Board.

Recitation

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

Research and  
Development  
Reimbursement –  
Livestock Risk  
Production (Swine)

RESOLVED, That American Agri-Business Insurance Company's request for reimbursement of research and development costs in the amount of \$1,015,489.42 for its Livestock Risk Protection (Swine) plan of insurance, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.

The motion carried. (Board Memorandum No. 667; Exhibit No. 2118.)

<p>A motion was made and seconded to adopt the following resolution:</p> <p>RESOLVED, That Iowa Agricultural Insurance Innovations, L.L.C.'s request for reimbursement of research and development costs in the amount of \$431,780.34 for its Livestock Gross Margin plan of insurance, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.</p>	<p>Research and Development Reimbursement – Livestock Gross Margin</p>
<p>The motion carried. (Board Memorandum No. 668; Exhibit No. 2119.)</p>	
<p>A motion was made and seconded to adopt the following resolution:</p> <p>RESOLVED, That Agricultural Conservation Innovation Center's request for reimbursement of research and development costs in the amount of \$245,017.96 for its Nutrient Best Management Practice plan of insurance, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.</p>	<p>Research and Development Reimbursement – Nutrient Best Management Practice</p>
<p>The motion carried. (Board Memorandum No. 669; Exhibit No. 2120.)</p>	
<p>A motion was made and seconded to adopt the following resolution:</p> <p>RESOLVED, That Ag Risk Crop Insurance, L.L.C.'s request for research and development costs, as amended by the Risk Management Agency to reflect \$11,681.18 as the total amount reimbursable for the Hybrid Seed Price Endorsement and as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.</p>	<p>Research and Development Reimbursement – Hybrid Seed Price Endorsement</p>
<p>The motion carried. (Board Memorandum No. 670; Exhibit No. 2121.)</p>	
<p>A motion was made and seconded to adopt the following resolution:</p> <p>RESOLVED, That American Agrisurance, Inc.'s request for reimbursement of year two maintenance costs in the amount of \$38,131.68 for its Crop Revenue Coverage program, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.</p>	<p>Year Two Maintenance Costs Reimbursement - Crop Revenue Coverage</p>
<p>The motion carried. (Board Memorandum No. 671, Exhibit No. 2122.)</p>	

<p>A motion was made and seconded to adopt the following resolution:</p> <p>RESOLVED, That American Agrisurance, Inc.'s request for reimbursement of year two maintenance costs in the amount of \$758.04 for its Group Risk Income Protection plan of insurance, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.</p>	<p>Year Two Maintenance Costs Reimbursement – Group Risk Income Protection</p>
<p>The motion carried. (Board Memorandum No. 672, Exhibit No. 2123.)</p>	
<p>A motion was made and seconded to adopt the following resolution:</p> <p>RESOLVED, That American Farm Bureau Insurance Services, Inc.'s request for reimbursement of year two maintenance costs in the amount of \$163,113.03 for its Revenue Assurance program, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved.</p>	<p>Year Two Maintenance Costs Reimbursement - Revenue Assurance (includes Cotton and Rice)</p>
<p>The motion carried. (Board Memorandum No. 673, Exhibit No. 2124.) Board member Roger Swartz recused himself from voting.</p>	<p>Roger Swartz - Recusal</p>
<p>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 August 12, 2002.</p>	<p>Dispense with Reading - Minutes Accepted</p>
<p>The motion carried. (Exhibit No. 2117.)</p>	
<p>A motion was made and seconded to adopt the following resolution:</p> <p>RESOLVED, That Docket No. CI-Livestock-Funding-02-1, Exhibit No. 2125, authorizing the Administrator of the Risk Management Agency to make original allocations of funding for the livestock insurance programs at the start of each year or when livestock insurance plans are first authorized by the Board, to make additional allocations of funding during the year, and to rescind and reallocate unused allocations of funding, is hereby approved.</p>	<p>Allocation of Funding; Livestock Insurance Programs – Delegation to the Administrator</p>
<p>The motion carried. (Board Memorandum No. 674, Exhibit No. 2125.)</p>	

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

RESOLVED, That Docket No. CI-Pecan-Revenue-02-2, Exhibit No. 2127, authorizing the Federal Crop Insurance Corporation to convert the pilot Pecan Revenue crop insurance program to a permanent crop insurance program effective for the 2004 and succeeding crop years in all areas where the crop is produced and the risks are acceptable 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 motion carried. (Board Memorandum No. 676, Exhibit No. 2127.)

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

RESOLVED, That Docket No. CI-Pecan-Revenue-02-1, Exhibit No. 2126, authorizing the Federal Crop Insurance Corporation to expand the pilot Pecan Revenue crop insurance program into Appling, Atkinson, Bacon, Baker, Baldwin, Ben Hill, Berrien, Bibb, Bleckley, Brantly, Brooks, Bulloch, Burke, Calhoun, Camden, Candler, Clinch, Coffee, Colquitt, Cook, Crawford, Crisp, Decatur, Dodge, Dooly, Early, Emanuel, Evans, Grady, Hancock, Houston, Irwin, Jasper, Jeff Davis, Jefferson, Jenkins, Johnson, Lamar, Lanier, Laurens, Lowndes, McDuffie, Macon, Marion, Meriwether, Miller, Montgomery, Peach, Pierce, Pike, Pulaski, Putnam, Randolph, Richmond, Schley, Screven, Seminole, Spalding, Stewart, Sumter, Talbot, Tattall, Taylor, Telfair, Terrell, Thomas, Tift, Toombs, Truetlen, Turner, Twiggs, Upson, Ware, Washington, Wayne, Webster, Wheeler, Wilcox and Worth counties, Georgia, effective for the 2003 and succeeding crop years, is hereby approved AND BE IT FURTHER RESOLVED, That the Board delegates authority to the Manager to approve final pilot program policy terms and procedural requirements.

A motion was made and seconded to amend the resolution as follows:

RESOLVED, That given that the Board has approved the pilot Pecan Revenue crop insurance program for conversion to a permanent program, Docket No. CI-Pecan-Revenue-02-1, Exhibit No. 2126, authorizing the Federal Crop Insurance Corporation to expand the pilot Pecan Revenue crop insurance program into Appling, Atkinson, Bacon, Baker, Baldwin, Ben Hill, Berrien, Bibb, Bleckley, Brantly, Brooks, Bulloch, Burke, Calhoun, Camden, Candler, Clinch, Coffee, Colquitt, Cook, Crawford, Crisp, Decatur, Dodge, Dooly, Early, Emanuel, Evans,

Pilot Pecan  
Revenue Crop  
Insurance Program;  
Conversion to a  
Permanent Program  
– 2004 Crop Year

Pilot Pecan  
Revenue Crop  
Insurance Program;  
Expansion into  
Georgia – 2003  
Crop Year

Grady, Hancock, Houston, Irwin, Jasper, Jeff Davis, Jefferson, Jenkins, Johnson, Lamar, Lanier, Laurens, Lowndes, McDuffie, Macon, Marion, Meriwether, Miller, Montgomery, Peach, Pierce, Pike, Pulaski, Putnam, Randolph, Richmond, Schley, Screven, Seminole, Spalding, Stewart, Sumter, Talbot, Tattnall, Taylor, Telfair, Terrell, Thomas, Tift, Toombs, Truetlen, Turner, Twiggs, Upson, Ware, Washington, Wayne, Webster, Wheeler, Wilcox and Worth counties, Georgia, effective for the 2003 and succeeding crop years, is hereby approved AND BE IT FURTHER RESOLVED, That the Board delegates authority to the Manager to approve final pilot program policy terms and procedural requirements.

The motion on the amendment carried.

The motion to adopt the resolution contained in Board Memorandum No. 675, as amended, carried. (Board Memorandum No. 675, Exhibit No. 2126.)

Susan Fitzsimmons left the meeting at 12:30 p.m.

Susan Fitzsimmons

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

Expanded List of Reviewers

WHEREAS, section 505(e) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts 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 by persons experienced as actuaries and in underwriting, NOW THEREFORE BE IT

RESOLVED: That 1) the Manager of the Federal Crop Insurance Corporation be directed to perform the activities necessary to enter into contracts with persons or entities on the attached list of proposed expert reviewers, and 2) the attached general statement of work be used to structure the contracts.

The motion carried. (Board Memorandum No. 679, Exhibit No. 2130.)

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

Approval of Reviewers and Alternates; Task Order Statement of Work for Review of the FCIC's Product Portfolio; and Execution of the Contract

WHEREAS, the Federal Crop Insurance Corporation's (FCIC) Board of Directors (Board) requires assistance in the design and implementation of a comprehensive review of the FCIC existing and anticipated product portfolio to help the Board ensure that: 1) producers needs are being adequately and appropriately addressed; 2) FCIC and insurance company involvement in the assumption of risks for such products meets overall program objectives, guidelines and legal requirements; and 3) the pattern and pace of future product development is

managed in a strategic framework that reflects public policy priorities expressed by Congress and the Secretary of Agriculture, producer needs, and agency and delivery system resource constraints.

NOW THEREFORE BE IT RESOLVED: That: 1) the Manager of the FCIC 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 FCIC product portfolio; and 2) the attached task order statement of work, as amended during the discussion, be used to execute the contracts.

The motion carried. (Board Memorandum No. 678, Exhibit No. 2129.)

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

WHEREAS, the Federal Crop Insurance Corporation's (FCIC) Board of Directors (Board) requires assistance to conduct a comprehensive review of FCIC's policies, plans of insurance, and related materials;

NOW THEREFORE BE IT RESOLVED: That: 1) the Manager of the FCIC 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 conduct a comprehensive review of FCIC's policies, plans of insurance, and related materials; and 2) the attached task order statement of work be used to execute the contracts.

The motion carried. (Board Memorandum No. 680, Exhibit No. 2131.)

The meeting recessed at 1:00 p.m., to reconvene in Open Session at 1:45 p.m.

Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.

Also present were Butch May, FFAS (via tele-conference); Kim Arrigo and Don Brittenham, OGC; Joe Glauber, OCE; Tim Witt, Jackie Blanks, Tim Hoffmann, Nelson Maurice, Vondie O'Conner, Dave Clauser, Bill Bing, Leiann Nelson, Dave Wright; Garland Westmoreland, Heyward Baker, and Marian Jenkins of the RMA; and Steve Griffin, Crop 1.

Approval of Reviewers and Alternates; Task Order Statement of Work for Review of the FCIC's Policies, Plans of Insurance, and Related Materials; and Execution of the Contract

Recess/Reconvene Open Session

Present

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

Committee Charters

RESOLVED, That the attached Charters governing the operations of the Finance and Audit Committee and Governance Committee be, and are hereby, approved and adopted as the written Charters of the committees of the Federal Crop Insurance Corporation Board of Directors.

The motion carried. (Board Memorandum No. 677, Exhibit No. 2128.)

The Open Session adjourned at 1:55 p.m., to reconvene in Executive Session at 1:56 p.m.

Adjourn  
Open Session  
Reconvene  
Executive Session

Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.

Present

Also present were Butch May, FFAS (via tele-conference); Kim Arrigo and Don Brittenham, OGC; Joe Glauber, OCE; Tim Witt, Jackie Blanks, Tim Hoffmann, Nelson Maurice, Vondie O'Conner, Dave Clauser, Bill Bing, Leiann Nelson, Dave Wright; Garland Westmoreland, Heyward Baker, and Marian Jenkins of the RMA; and Steve Griffin, Crop 1.

The Executive Session adjourned at 2:49 p.m., to reconvene in Open Session at 2:50 p.m.

Adjourn  
Executive Session  
Reconvene  
Open Session

Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, John Askew, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.

Present

Also present were Butch May, FFAS (via tele-conference); Kim Arrigo and Don Brittenham, OGC; Joe Glauber, OCE; Tim Witt, Jackie Blanks, Tim Hoffmann, Nelson Maurice, Vondie O'Conner, Dave Clauser, Bill Bing, Leiann Nelson, Dave Wright; Garland Westmoreland, Heyward Baker, and Marian Jenkins of the RMA; and Steve Griffin, Crop 1.



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

RESOLVED, That the 30-day time limit on providing written responses to the questions raised by the Risk Management Agency, contained in Board Memorandum No. 664, is extended until October 15, 2002.

The motion carried. (Exhibit No. 2132.)

There being no further business to come before the Board, the meeting adjourned at 3:00 p.m., to meet again the week of October 13, 2002, if necessary, and October 23-24, 2002, in Washington, D.C.

September 20, 2002

/s/ Diana Moslak  
Diana Moslak, Secretary  
Federal Crop Insurance Corporation

Extension -  
Production Dollar  
Plan of Insurance

Adjourn