

**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 October 21-22, 2002, in rooms 221-A and 104-A, respectively, Jamie L. Whitten Federal Office Building, U.S. Department of Agriculture, Washington, D.C. The public was invited to attend the Open Session portion of the meeting which began on October 22, 2002.

Meeting  
October 21-22,  
2002

The meeting was called to order on October 21, 2002, at 5:15 p.m., in Executive Session.

Call to Order  
Executive Session  
October 21, 2002

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

Present

Also present were Kim Arrigo, Office of the General Counsel (OGC); Joe Glauber, Office of the Chief Economist (OCE); Jim Staiert of the Office of Budget and Program Analysis (OBPA); Byron Anderson, David Hatch, Tim Witt, Tim Hoffmann, Nelson Maurice, Vondie O'Conner, Dave Clauser, Ron Lundine, Leiann Nelson, LeWayne Jansonius, Matt Kamphoefner, and Bob Vollmert of the Risk Management Agency (RMA); RMA/Research and Development Contractors Alan Ker, Keith Coble and Barry Goodwin; and Bruce Babcock representing American Farm Bureau Insurance Services, Inc. (AFBIS).

Jim Staiert left the Executive Session at 5:26 p.m.

Jim Staiert

Byron Anderson left the Executive Session at 5:45 p.m.

Byron Anderson

At 6:05 p.m., Bruce Babcock, AFBIS, was asked to leave the Executive Session and John Martin, Barry Cleaveland, Stephen Frerichs, and Cory Bremer of American Agrisurance, Inc. (AmAg) were invited into the Executive Session.

Bruce Babcock

Barry Goodwin left the Executive Session at 6:15 p.m.

Barry Goodwin

<p>At 7:10 p.m., John Martin, Barry Cleaveland, Stephen Frerichs, and Cory Bremer of AmAg were asked to leave the Executive Session.</p>	<p>John Martin, Barry Cleaveland, Stephen Frerichs, and Cory Bremer</p>
<p>At 7:15 p.m., Board member Roger Swartz recused himself and left the Executive Session.</p>	<p>Roger Swartz - Recusal</p>
<p>The Executive Session adjourned at 7:45 p.m., to reconvene in Executive Session on October 22, 2002.</p>	<p>Adjourn Executive Session</p>
<p>The meeting was called to order at 9:10 a.m., on October 22, 2002, in Executive Session.</p>	<p>Call to Order Executive Session October 22, 2002</p>
<p>Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, Susan Fitzsimmons, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.</p>	<p>Present</p>
<p>Also present were Butch May, Farm and Foreign Agricultural Services (FFAS); Kim Arrigo and Don Brittenham, OGC; Joe Glauber, OCE; Jim Staiert, OBPA; Darrell Swanson, Office of the Inspector General (OIG); Byron Anderson, David Hatch, Tim Witt, Tim Hoffmann, Nelson Maurice, Vondie O'Conner, Dave Clauser, Ron Lundine, Leiann Nelson, Matt Kamphoefner, Larry Piatz and Alex Christensen of the RMA; and Bruce Babcock, AFBIS.</p>	
<p>Kim Arrigo read a recitation to all members of the Board.</p>	<p>Recitation</p>
<p>At 9:12 a.m., Board member Roger Swartz recused himself and left the Executive Session.</p>	<p>Roger Swartz - Recusal</p>
<p>At 9:16 a.m., Bruce Babcock and Tim Witt left the Executive Session.</p>	<p>Bruce Babcock and Tim Witt</p>
<p>At 9:34 p.m., Michael Duff and Dan Sheldon, Agriservices, L.L.C. (ALLC) and Kevin Scally of Crop Hail Management (CHM) were invited into the Executive Session.</p>	<p>Michael Duff, Dan Sheldon and Kevin Scally</p>
<p>Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, Susan Fitzsimmons, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.</p>	<p>Present</p>

Also present were Butch May, FFAS; Kim Arrigo and Don Brittenham, OGC; Joe Glauber, OCE; Jim Staiert, OBPA; Darrell Swanson, OIG; and Byron Anderson, David Hatch, Tim Hoffmann, Nelson Maurice, Vondie O'Conner, Dave Clauser, Ron Lundine, Leiann Nelson, Matt Kamphoefner, Larry Piatz and Alex Christensen of the RMA.

Byron Anderson left the Executive Session at 10:02 a.m.

Byron Anderson

At 10:10 a.m., David Bickerstaff of Bickerstaff, Whatley, Ryan and Burkhalter was invited into the Executive Session via tele-conference.

David Bickerstaff

Anjie Minnick, RMA, arrived in the Executive Session at 10:15 a.m.

Anjie Minnick

At 10:35 a.m., Larry Piatz left the Executive Session.

Larry Piatz

At 10:40 a.m., Byron Anderson arrived in the Executive Session.

Byron Anderson

At 10:43 a.m., Michael Duff and Dan Sheldon, ALLC; Kevin Scally, CHM; and David Bickerstaff of Bickerstaff, Whatley, Ryan and Burkhalter were asked to leave the Executive Session and Russell Redding, Pennsylvania Department of Agriculture (PADA) and Eugene Gantz of Ag Risk Strategies, Inc. (AgRisk) were invited into the Executive Session.

Michael Duff, Dan Sheldon and David Bickerstaff. Russell Redding and Eugene Gantz

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

Present

Also present were Kim Arrigo and Don Brittenham, OGC; Darrell Swanson, OIG; and Byron Anderson, David Hatch, Tim Hoffmann, Nelson Maurice, Vondie O'Conner, Ron Lundine, Leiann Nelson, Matt Kamphoefner, Alex Christensen and Anjie Minnick of the RMA.

Dave Clauser arrived in the Executive Session at 10:47 a.m.

Dave Clauser

Butch May arrived in the Executive Session at 10:48 a.m.

Butch May

David Hatch left the Executive Session at 11:09 a.m., and returned to the Executive Session at 11:11 a.m.

David Hatch

Ron Lundine left the Executive Session at 11:30 a.m.

Ron Lundine

Jim Staiert arrived in the Executive Session at 11:50 a.m.

Jim Staiert

<p>The Executive Session recessed at 12:00 p.m., to reconvene in Executive Session at 12:45 p.m.</p>	<p>Recess/Reconvene Executive Session</p>
<p>The meeting was called to order in Executive Session at 12:46 p.m.</p>	<p>Call to Order Executive Session</p>
<p>Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, Susan Fitzsimmons, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.</p>	<p>Present</p>
<p>Also present were Butch May, FFAS; Kim Arrigo, OGC; Jim Staiert, OBPA; Darrell Swanson, OIG; David Hatch, Tim Hoffmann, Nelson Maurice, Dave Clauser, Vondie O'Conner, Leiann Nelson, Matt Kamphoefner, Alex Christensen and Anjie Minnick of the RMA; and John Martin, Barry Cleaveland, Stephen Frerichs and Cory Bremer of AmAg.</p>	
<p>Nelson Maurice left the Executive Session at 12:56 p.m., and returned to the Executive Session at 1:05 p.m.</p>	<p>Nelson Maurice</p>
<p>Don Brittenham arrived in the Executive Session at 1:06 p.m.</p>	<p>Don Brittenham</p>
<p>At 1:15 p.m., John Martin, Barry Cleaveland, Stephen Frerichs and Cory Bremer of AmAg were asked to leave the Executive Session and Peter Griffin and Barbara Leach of American Agri-Business Insurance Company (AABIC) and Ken Ackerman of Olsson, Frank and Weeda, P.C., were invited into the Executive Session.</p>	<p>John Martin, Barry Cleaveland, Stephen Frerichs and Cory Bremer</p>
<p>Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, Susan Fitzsimmons, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary.</p>	<p>Present</p>
<p>Also present were Butch May, FFAS; Kim Arrigo, OGC; Jim Staiert, OBPA; Darrell Swanson, OIG; Byron Anderson, David Hatch, Alan Ott, Tim Hoffmann, Nelson Maurice, Dave Clauser, Vondie O'Conner, Matt Kamphoefner, Ron Lundine, Larry Piatz, Alex Christensen and Anjie Minnick of the RMA</p>	
<p>Alan Ott left the Executive Session at 1:20 p.m.</p>	<p>Alan Ott</p>
<p>Joe Glauber arrived in the Executive Session at 1:25 p.m.</p>	<p>Joe Glauber</p>
<p>Tim Witt arrived in the Executive Session at 1:43 p.m.</p>	<p>Tim Witt</p>
<p>Butch May left the Executive Session at 1:45 p.m.</p>	<p>Butch May</p>

<p>At 1:50 p.m., Peter Griffin and Barbara Leach, AABIC and Ken Ackerman of Olsson, Frank and Weeda, P.C., were asked to leave the Executive Session.</p>	<p>Peter Griffin, Barbara Leach, and Ken Ackerman</p>
<p>Present were Keith Collins, Chief Economist, USDA and Chairperson; Susan Fitzsimmons, Frank Jones, Tim Kelleher, and Chris Watt, constituting a statutory quorum; Ross Davidson, Manager, FCIC; and Diana Moslak, Secretary. Board member Roger Swartz recused himself and left the Executive Session.</p>	<p>Present Executive Session Roger Swartz - Recusal</p>
<p>Also present were Kim Arrigo and Don Brittenham, OGC; Joe Glauber, OCE, Jim Staiert, OBPA; Darrell Swanson, OIG; Byron Anderson, David Hatch, Tim Witt, Tim Hoffmann, Nelson Maurice, Dave Clauser, Vondie O'Conner, Matt Kamphoefner, Ron Lundine, Leiann Nelson, Bob Vollmert, LeWayne Jansonius, Larry Piatz, and Alex Christensen of the RMA; and RMA Contractor Alan Ker.</p>	
<p>Butch May arrived in the Executive Session at 1:55 p.m.</p>	<p>Butch May</p>
<p>At 2:15 p.m., John Martin, Barry Cleaveland, Stephen Frerichs, and Cory Bremer, AmAg, were invited into the Executive Session.</p>	<p>John Martin, Barry Cleaveland, Stephen Frerichs, and Cory Bremer</p>
<p>David Hatch left the Executive Session at 2:16 p.m., and returned to the Executive Session at 2:17 p.m.</p>	<p>David Hatch</p>
<p>Byron Anderson left the Executive Session at 2:18 p.m., and returned to the Executive Session at 2:20 p.m.</p>	<p>Byron Anderson</p>
<p>Alan Ott arrived in the Executive Session at 2:20 p.m.</p>	<p>Alan Ott</p>
<p>Nelson Maurice left the Executive Session at 2:24 p.m., and returned to the Executive Session at 2:30 p.m.</p>	<p>Nelson Maurice</p>
<p>Joe Glauber left the Executive Session at 2:26 p.m., and returned to the Executive Session at 2:27 p.m.</p>	<p>Joe Glauber</p>
<p>At 2:40 p.m., John Martin, Barry Cleaveland, Stephen Frerichs, and Cory Bremer, AmAg, were asked to leave the Executive Session.</p>	<p>John Martin, Barry Cleaveland, Stephen Frerichs, and Cory Bremer</p>
<p>Tim Witt and RMA Contractor Alan Ker left the Executive Session at 2:41 p.m.</p>	<p>Tim Witt and Alan Ker</p>

Tim Witt returned to the Executive Session at 2:47 p.m.	Tim Witt
At 2:52 p.m., John Martin, Barry Cleaveland, Stephen Frerichs, and Cory Bremer of AmAg, and Bruce Babcock, AFBIS, were invited into the Executive Session.	John Martin, Barry Cleaveland, Stephen Frerichs, Cory Bremer and Bruce Babcock
At 2:53 p.m., Board member Roger Swartz returned to the Executive Session.	Roger Swartz
The Executive Session adjourned at 3:15 p.m., to reconvene in Open Session.	Adjourn Executive Session Reconvene Open Session
The meeting was called to order in Open Session at 3:21 p.m.	Call to Order Open Session
Present were Keith Collins, Chief Economist, USDA and Chairperson; Roger Swartz, Susan Fitzsimmons, 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, Kim Arrigo and Don Brittenham, OGC; Joe Glauber, OCE, Jim Staiert, OBPA; Darrell Swanson, OIG; Byron Anderson, David Hatch, Alan Ott, Tim Witt, Tim Hoffmann, Nelson Maurice, Dave Clauser, Vondie O'Conner, Matt Kamphoefner, Ron Lundine, Leiann Nelson, Bob Vollmert, LeWayne Jansonius, Larry Piatz, Marian Jenkins and Alex Christensen of the RMA; Elizabeth Haws, American Association of Crop Insurers; Joe Davis and Sarah Tyree, AgriLogic; Peter Griffin and Barbara Leach, AABIC; Ken Ackerman, Olsson, Frank and Weeda, P.C.; Bob Parkerson and Tom Zacharias, National Crop Insurance Services; Linda Vickers of Wells Fargo; Dan Sheldon, Consultant for ALLC; Kevin Scally, CHM; Michael Duff, ALLC; Bruce Babcock representing AFBIS; John Martin, Barry Cleaveland, Stephen Frerichs and Cory Bremer, AmAg; Russell Redding, PADA; and Eugene Gantz, AgRisk.	
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 September 19, 2002.	Dispense with Reading - Minutes Accepted
The motion carried. (Exhibit No. 2133.)	

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

RESOLVED, That American Agrisurance, Inc.'s and American Farm Bureau Insurance Services, Inc.'s request for the Board to accept changes to the Crop Revenue Coverage and Revenue Assurance plans of insurance according to the document presented to and discussed with the Board during the October 22, 2002, Executive Session portion of the meeting is hereby approved.

The motion carried. (Exhibit No. 2142.) Board member Roger Swartz recused himself from voting.

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

RESOLVED, That Docket No. CI-AGR-Lite-02-1, Exhibit No. 2134, as agreed to in Executive Session, authorizing implementation of the Adjusted Gross Revenue-Lite plan of insurance to offer whole farm protection with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Board beginning with the 2003 crop year in all counties in Pennsylvania, except Philadelphia County, as authorized under section 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 motion carried. (Board Memorandum No. 681; Exhibit No. 2134.)

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

RESOLVED, That Docket No. CI-RA-MaltBarley-02-2, Exhibit No. 2135, authorizing implementation of the expansion of the Revenue Assurance plan of insurance to cover malting barley with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Board beginning with the 2003 crop year in all counties in Idaho, except Shoshone County, as authorized under section 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 motion carried. (Board Memorandum No. 682; Exhibit No. 2135.) Board member Roger Swartz recused himself from voting.

Approved - Corn and Soybean Rate Changes to the Crop Revenue Coverage and Revenue Assurance Plans of Insurance Beginning with the 2003 Crop Year

Roger Swartz - Recusal

Approved - Adjusted Gross Revenue-Lite Plan of Insurance Beginning with the 2003 Crop Year

Approved - Expansion of the Revenue Assurance Plan of Insurance to Cover Malting Barley Beginning with the 2003 Crop Year

Roger Swartz - Recusal

Chairman Keith Collins informed the Board of Agriservices, L.L.C.'s withdrawal of its Whole-Farm Revenue Protection (WFRP) plan of insurance from the Agenda. No action was required by the Board.

Submitter's  
Withdrawal of  
WFRP

(Board Memorandum No. 683; Exhibit No. 2136 withdrawn.)

Bruce Babcock left the meeting at 3:35 p.m.

Bruce Babcock

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

Tabled - FCIC's  
Cotton Cost of  
Production Pilot  
Revenue Plan of  
Insurance

RESOLVED, That Docket No. CI-CCOP-02-1, Exhibit No. 2137, authorizing implementation of the Cotton Cost of Production Pilot Crop-Revenue plan of insurance is hereby tabled pending resolution of issues raised by the expert reviewers, Risk Management Agency, Office of the General Counsel, and the Board.

The motion carried. (Board Memorandum No. 684; Exhibit No. 2137.)

Larry Piatz left the meeting at 3:50 p.m., and returned to the meeting at 3:52 p.m.

Larry Piatz

Alan Ott left the meeting at 3:55 p.m.

Alan Ott

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

Revision - Section  
4.C of the FCIC's  
Internal Procedures  
for Approval of  
Policies, Changes to  
Policies, and  
Certain Other  
Actions

RESOVLED, That a revision to section 4.C of the internal procedures for approval of policies, changes to policies, and certain other actions, to read as follows: Expansion of existing pilot policies or existing policies submitted under section 508(h) of the Federal Crop Insurance Act, unless the Board determines that the policy has been operating in such a manner that the premium rates have proven to be actuarially appropriate, the interests of producers are protected and served, no program vulnerability problems have been identified, and the new premium rates and related materials are appropriate for the expanded area, is hereby approved.

The motion carried. (Exhibit No. 2143.)

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

Approved -  
Expansion of the  
Group Risk Income  
Protection Plan of  
Insurance Corn and

RESOLVED, That Docket No. CI-GRIP-02-1, Exhibit No. 2138, authorizing implementation of the expansion of the Group Risk Income



Protection plan of insurance corn and soybeans programs in Michigan and Ohio, with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Board beginning with the 2003 crop year in all counties that are currently approved for the Federal Crop Insurance Corporation's Group Risk Plan of Insurance for corn and soybeans in the states of Michigan and Ohio, as authorized under section 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.

Soybean Programs in Michigan and Ohio Beginning with the 2003 Crop Year

The motion carried. (Board Memorandum No. 685; Exhibit No. 2138.)

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

WHEREAS, The Federal Crop Insurance 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

Revisions to the Crop Revenue Coverage Plan of Insurance - Approval of Reviewers and Alternates; Task Order Statement of Work; and Execution of the Contract

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 proposed revisions to the Crop Revenue Coverage plan of insurance prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

The motion carried. (Board Memorandum No. 686; Exhibit No. 2139.)

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

RESOLVED, That American Agri-Business Insurance Company's (AABIC) request to the Board to table the submission until such time that AABIC can review it with the other submitted livestock risk protection products, be it the next Board meeting or the one thereafter, is hereby approved.

Tabled - Expert Review of the Submission for the Livestock Risk Protection Plan of Insurance for Swine

The motion carried. (Board Memorandum No. 687; Exhibit No. 2140.)

<p>A motion was made and seconded to adopt the following resolution:</p>	<p>Approved - Modified List of Reviewers and Alternates for the Review of Crop 1's Private Product Submission</p>
<p>WHEREAS, Due to conflicts, not all of the recommended and alternate reviewers approved by the Board of Directors on August 12, 2002, are available to conduct the review of Crop 1's private product submission, NOW THEREFORE BE IT</p>	
<p>RESOLVED, That, the attached modified list of recommended and alternate reviewers be approved to review Crop 1's private product submission.</p>	
<p>The motion carried. (Board Memorandum No. 688; Exhibit No. 2141.)</p>	
<p>Chairman Keith Collins informed the Board of AmAg's withdrawal of the Timber Coverage™ plan of insurance submitted to the Board on February 7, 2002. (Exhibit No. 2144.) The Chairman also informed the Board of the Agricultural Conservation Innovation Center's withdrawal of the modifications to the Nutrient Best Management Practice Endorsement submitted to the Board on August 12, 2002. (Exhibit No. 2145.) No action was required by the Board.</p>	<p>Withdrawn 508(h) Submissions - Timber Coverage™ and Modifications to the Nutrient Best Management Practice Endorsement</p>
<p>Nelson Maurice updated the Board on Administrator Ross Davidson's allocation of fiscal year 2003 underwriting capacity for livestock insurance.</p>	<p>Update - Livestock Insurance Alloca- tions for FY-03</p>
<p>Chairman Keith Collins on behalf of the Board directed RMA to obtain signed confidentiality agreements with the people who receive copies of draft contracted reports or other draft internal documents submitted to the Board.</p>	<p>Confidentiality Agreements for Draft Contracted Reports and Draft Internal Documents</p>
<p>The Chairman updated the Board on the status of constituting the Committees for the Finance and Audit Committee and Governance Committee.</p>	<p>Update - Board Committees</p>
<p>Ross Davidson introduced his two new Associate Administrators: Byron Anderson and David Hatch.</p>	<p>Introductions - Byron Anderson and David Hatch</p>
<p>There being no further business to come before the Board in Open Session, the meeting adjourned at 4:30 p.m., to meet again in December 2002, in Washington, D.C. At 4:40 p.m., the meeting reconvened in Executive Session.</p>	<p>Adjourn Open Session Reconvene Executive Session</p>

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

Present

Also present were Kim Arrigo and Don Brittenham, OGC; Jim Staiert, OBPA; and Byron Anderson, David Hatch, Larry Piatz, and Vondie O'Conner of the RMA.

The Executive Session adjourned at 4:45 p.m.

Adjourn  
Executive Session

October 31, 2002

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