

**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 May 7, 2002, in room 108-A, Jamie L. Whitten Federal Office Building, U.S. Department of Agriculture, Washington, D.C. The public was invited to attend.

Meeting  
May 7, 2002

The meeting was called to order at 2:05 p.m., in Open Session.

Call to Order  
Open Session

Present were J.B. Penn, Under Secretary, Farm and Foreign Agricultural Services (FFAS); 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 and Beth Bechdol, FFAS; Kim Arrigo and Don Brittenham, 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); Darrell Swanson, Office of the Inspector General (OIG); Alan Ott, Garland Westmoreland, Craig Witt, Michael Hand, Mary Slay, Tim Witt, Nelson Maurice, Tim Hoffmann, Leiann Nelson, Dave Clauser, Vondie O'Conner, Lee Ziegler, and Heyward Baker of the Risk Management Agency (RMA); David Bossman, Peter Griffin, Ken Ackerman, and Barbara Leach of American Agri-Business Insurance Company (AABIC); Stephen Frerichs of American Agrisurance (AmAg); and Linda Vickers of Wells Fargo.

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

Recitation

The Open Session adjourned at 2:06 p.m., to reconvene in Executive Session at 2:07 p.m.

Adjourn  
Open Session  
Reconvene  
Executive Session

Present were J.B. Penn, Under Secretary, FFAS; 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; Kim Arrigo and Don Brittenham, OGC; Joe Glauber, OCE; Jim Staiert, OBPA; Darrell Swanson, OIG; Alan Ott, Garland Westmoreland, Craig Witt, Michael Hand, Mary Slay, Tim Witt, Nelson Maurice, Tim Hoffmann, Leiann Nelson, Dave Clauser, Vondie O'Conner, Lee Ziegler, and Heyward Baker, RMA; and David Bossman, Peter Griffin, Ken Ackerman, and Barbara Leach, AABIC.

J.B. Penn and Hunt Shipman left the Executive Session at 3:25 p.m.

J. B. Penn  
Hunt Shipman

At 3:35 p.m., David Bossman, Peter Griffin, Ken Ackerman, and Barbara Leach, AABIC, were asked to leave the Executive Session and at 4:20 p.m., Stephen Frerichs, Cory Bremer, and Patrick Rock, Am Ag, were invited into the Executive Session.

Heyward Baker left the Executive Session at 4:20 p.m.

Heyward Baker

At 4:30 p.m., J. P. Penn and Hunt Shipman arrived in the Executive Session.

J. B. Penn  
Hunt Shipman

At 5:00 p.m., Stephen Frerichs, Cory Bremer, and Patrick Rock, Am Ag, were asked to leave the Executive Session and John Bednarik, American Farm Bureau Insurance Services (AFBIS) and Bruce Babcock of Iowa State University were invited into the Executive Session. Board member Roger Swartz recused himself and left the Executive Session.

Garland Westmoreland left the Executive Session at 5:00 p.m.

Garland  
Westmoreland

Craig Witt left the Executive Session at 5:02 p.m.

Craig Witt

J. B. Penn left the Executive Session at 5:05 p.m.

J. B. Penn

Jim Staiert left the Executive Session at 5:12 p.m.

Jim Staiert

The Executive Session adjourned at 5:25 p.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; Kim Arrigo and Don Brittenham, OGC; Joe Glauber, OCE; Darrell Swanson, OIG; Alan Ott, Michael Hand, Mary Slay, Tim Witt, Nelson Maurice, Tim Hoffmann, Leiann Nelson, Dave Clauser, Vondie O'Conner, and Lee Ziegler, RMA; David Bossman, Peter Griffin, Ken Ackerman, and Barbara Leach, AABIC; Stephen Frerichs, AmAg; John Bednarik, AFBIS; Bruce Babcock, Iowa State University; Linda Vickers of Wells Fargo; and Elizabeth Haws of McLeod, Watkinson and Miller.

It was the consensus of the Board to put together one or more committees such as an Executive Committee and an Audit or Finance Committee. The Board charged RMA to perform the research and preparatory work and provide the Board with some options for such committees. The Board directed that the committee proposals contain the name of the committee, scope of operations of the committee, areas of responsibilities and how the by-laws would be amended to give the committees their charge.

Establishment of Committees

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 April 11, 2002.

Dispense with Reading - Minutes Accepted

The motion carried. (Exhibit No. 2098.)

J. B. Penn returned to the meeting at 5:30 p.m.

J. B. Penn

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

Tabled - Expert Review of the Livestock Risk Protection Plans of Insurance for Feeder Cattle and Dairy

RESOLVED, That at the request of the submitter the Board agrees to table the issue of whether to send the Livestock Risk Protection Feeder Cattle and Dairy plans of insurance out for expert review for six months to allow the submitter to provide additional information and experience to be gained from the Livestock Risk Protection Swine plan of insurance. The Board will again consider the Livestock Risk Protection Feeder Cattle and Dairy plans of insurance for expert review at the next Board meeting scheduled after the expiration of the six-month period. The submitter and the Board agree that the Board will have 79 days to either approve or give notice to disapprove the Livestock Risk Protection Feeder Cattle and Dairy plans of insurance from the date of the Board meeting where the decision whether expert reviews would be sought would be made.

The motion carried. (Board Memorandum Nos. 652 and 653; Exhibit Nos. 2099 and 2100.)

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

WHEREAS, The Federal Crop Insurance Act (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

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 Cost of Production Insurance Plan for Cotton prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

A motion was made and seconded to amend Board Memorandum No. 654 to include in the task order statement of work the three questions raised by the Board in the Executive Session.

The amendment carried.

The motion to adopt the resolution contained in Board Memorandum No. 654, as amended, carried. (Board Memorandum No. 654; Exhibit No. 2101.)

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

WHEREAS, The Federal Crop Insurance Act (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

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 expansion of the Revenue Assurance Plan of Insurance to cover cotton and rice prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

The motion carried. Board member Roger Swartz recused himself from voting. (Board Memorandum No. 655; Exhibit No. 2102.)

Cost of Production Insurance Plan for Cotton - Approval of Reviewers and Alternates; Task Order Statement of Work; and Execution of the Contract

Revenue Assurance; Expansion to Cotton and Rice - Approval of Reviewers and Alternates; Task Order Statement of Work; and Execution of the Contract

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

RESOLVED, That Docket No. CI-FCIC-Deletions-Various-02-1, Exhibit No. 2103, authorizing the Federal Crop Insurance Corporation to delete, effective for the 2003 crop year, the county crop programs listed in Board Memorandum No. 656 is hereby approved.

The motion carried. (Board Memorandum No. 656; Exhibit No. 2103.)

There being no further business to come before the Board, the meeting adjourned at 5:40 p.m., sine die.

May 8, 2002

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

Deletion of Selected  
County Crop  
Programs

Adjourn