



United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

1400 Independence
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Stop 0801
Washington, DC
20250-0801

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Ross J. Davidson, Jr.
Manager

SUBJECT: Board Memorandum No. 731
Docket No. CI-GRIP-HRO-03-01
Group Risk Income Protection – Harvest Revenue Option Submitted Under
508(h) by the NAU Country Insurance Companies

There is submitted for your consideration the subject docket authorizing or not authorizing approval of the Group Risk Income Protection – Harvest Revenue Option (GRIP-HRO) endorsement that offers protection by valuing lost bushels at the harvest price, beginning in the 2004 crop year for all corn and soybean counties in Iowa, Illinois, Indiana, Michigan, and Ohio where GRIP crop insurance is currently available, and in any other states and counties where GRIP corn and soybean insurance is offered by the Federal Crop Insurance Corporation (FCIC) in succeeding years, as submitted by NAU Country Insurance Companies with reinsurance, risk subsidy, and administrative and operating subsidies.

Under section 508(h) of the Federal Crop Insurance Act (Act), the Board shall approve a submission if the interests of producers are protected and the premium rates are actuarially appropriate. While section 508(h) of the Act states that submissions may be prepared without regard to the limitations in the Act, it is not unrestricted. The coverage level and price elections have been specifically referenced as examples of the limitations that do not apply. These provide the guidelines regarding what constitutes a limitation. All other provisions of the Act, such as prohibitions, are applicable to the submission. If the submission violates one of these other provisions, then the Board does not have the authority to approve the submission. Since the Act also requires the agency to take such action to make the program actuarially sound and protect the integrity of the program, the Board does not have the authority to approve submissions that contain program vulnerabilities or adversely affect program integrity.

It is necessary for the Board of Directors to select one of the following options to either approve, or disapprove, based on an evaluation of all experts and other reviews, Docket No. CI-GRIP-HRO-03-01.

GRIP-HRO- Proposed Changes
Beginning in the 2004 Crop Year
Docket No. CI-GRIP-HRO-03-01

FINAL RESOLUTION

RESOLVED, That Docket No. CI-GRIP-HRO-03-01, Exhibit No. 2201, authorizing approval of the Group Risk Income Protection – Harvest Revenue Option (GRIP-HRO) that offers protection by valuing lost bushels at the harvest price, in the states of Iowa, Illinois, Indiana, Michigan, and Ohio, where GRIP corn and soybean crop insurance is currently available, and in any other states and counties where GRIP corn and soybean insurance is offered by the Federal Crop Insurance Corporation (FCIC), 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 2004 crop year, 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.

Adopted by the Board of Directors on: October 29, 2003

/signed/
Byron Anderson, Secretary
Federal Crop Insurance Corporation

[SEAL]

Approved by:

Keith Collins /signed/
Chairman of the Board

Date 11-03-2003