

**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 July 31, 2003 in Room 221-A, and August 1, 2003, in room 104-A, Jamie L. Whitten Federal Office Building, U.S. Department of Agriculture, Washington, D.C. The public was invited to attend the Open Session portions of the meeting.

Meeting  
July 31, 2003 -  
August 1, 2003

The meeting was called to order at 1:19 p.m., in Open Session.

Call to Order  
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; David Hatch, Deputy Manager, FCIC; and Byron Anderson, Secretary.

Present

Also present were Butch May, Farm and Foreign Agricultural Services (FFAS); David Grahn, and Kim Arrigo, Office of the General Counsel (OGC); Joe Glauber; Office of Chief Economist (OCE); Darrell Swanson; Office of the Inspector General (OIG); Alan Ott, Tim Witt, Nelson Maurice, Eric Henry, Leiann Nelson, Raegan Weber, Tom Worth, Vondie O'Conner, Bill Zillman, Bob Vollmert, Anjie Minnick, and Shannon Persetic of the Risk Management Agency (RMA).

The Open Session adjourned at 1:20 p.m., to reconvene in Executive Session at 1:21 p.m.

Adjourn  
Open Session  
Reconvene  
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 Byron Anderson, Secretary.

Present

Also present were Butch May and Floyd Gaibler, FFAS; David Grahn, and Kim Arrigo, OGC; Joe Glauber, OCE; Darrell Swanson, OIG; Alan Ott, Tim Witt, Nelson Maurice, Raegan Weber, Tom Worth, Vondie O'Conner, Eric Henry, Leiann Nelson, Bob Vollmert, Bill Zillman, Anjie Minnick, and Shannon Persetic, RMA.

At 1:21 p.m., Bruce Babcock representing American Farm Bureau Insurance Services, Inc., (AFBIS) was invited into Executive Session and asked to leave the Executive Session at 2:15 p.m.

Bruce Babcock

Byron Anderson left Executive Session at 2:00 p.m. and returned at 2:08 p.m.

Byron Anderson

At 2:19 p.m., David Bossman, Peter Griffin and Barbara Leach representing American Agri-Business Company (AABIC) were invited into Executive Session and asked to leave at 3:37 p.m.

David Bossman,  
Peter Griffin and  
Barbara Leach

The Executive Session adjourned at 3:37 p.m., to reconvene in Executive Session at 4:00 p.m.

Adjourn  
Executive Session  
Reconvene  
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 Byron Anderson, Secretary.

Present

Also present were Butch May and Floyd Gaibler, FFAS; David Grahn, and Kim Arrigo, OGC; Joe Glauber, OCE; Darrell Swanson, OIG; Alan Ott, Tim Witt, Nelson Maurice, Jim Callan, Raegan Weber, Tom Worth, Vondie O'Conner, Eric Henry, Leiann Nelson, Bob Vollmert, Bill Zillman, Anjie Minnick, and Shannon Persetic, RMA.

At 5:12 p.m., Michael Duff and David Bickerstaff representing AgriServices, L.L.C. were invited into Executive Session and asked to leave at 5:53 p.m.

Michael Duff and  
David Bickerstaff

The Executive Session adjourned at 6:04 p.m., to reconvene on August 1, 2003.

Adjourn

The meeting was called to order at 10:05 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; David Hatch, Deputy Manager, FCIC; and Byron Anderson, Secretary.

Present

Also present were Floyd Gaibler and Butch May, FFAS; David Grahn, Don Brittenham and Kim Arrigo, OGC; Joe Glauber, OCE;

Jim Staiert, OBPA; Martha Schober; Alan Ott, Tim Witt, Nelson Maurice, Eric Henry, Leiann Nelson, Raegan Weber, Shirley Pugh, Jim Callan, Tom Worth, Vondie O’Conner, Bill Zillman, Bob Vollmert, Anjie Minnick, and Shannon Persetic, RMA; Steve Hannah and Tom McConnell, West Virginia Dept. of Agriculture; Don Tilmon and Bruce Walton, Delaware Dept. of Agriculture; Patrick McMillan, Maryland Dept. of Agriculture; Kyle Nagurny, Pennsylvania Dept. of Agriculture; Robert Burch, New Jersey Dept. of Agriculture; Robert Parsons, Vermont Dept. of Agriculture; and Bill Jordan, New York Dept. of Agriculture.

At 10:05 a.m., Russell Redding representing Pennsylvania Department of Agriculture was invited into Executive Session and asked to leave at 12:15 p.m.

Russell Redding

J.B. Penn, Under Secretary FFAS, and Board member arrived at the meeting at 10:55 a.m. left at 11:45 a.m.

J.B. Penn

Byron Anderson left meeting at 11:47 a.m. returned at 11:50 a.m.

Byron Anderson

The Executive Session adjourned at 12:30 p.m.

Adjourn  
Executive Session

The meeting was called to order in Open Session at 1:13 p.m.

Call to Order  
Open Session

Present were Keith Collins, Chief Economist, USDA and Chairperson; J.B. Penn, Under Secretary FFAS; Roger Swartz, Susan Fitzsimmons, John Askew, Frank Jones, Tim Kelleher, and Chris Watt constituting a statutory quorum; Ross Davidson, Manager, FCIC; David Hatch, Deputy Manager, FCIC; and Byron Anderson, Secretary.

Present

Also present were Floyd Gaibler, FFAS; David Grahn, Kim Arrigo, and Don Brittenham, OGC; Joe Glauber, OCE; Jim Staiert, OBPA; Anne Jenkins, Ann Jorgensen, Alan Ott, Tim Witt, Tim Hoffmann, Nelson Maurice, Raegan Weber, Jim Callan, Eric Edgington, Diana Moslak, Tom Worth, Vondie O’Conner, Craig Witt, Lee Ziegler, Bill Zillman, Anjie Minnick, Shannon Persetic and Michael Hand, RMA; Sarah Tyree, AgriLogic; Tom Zacharias, Dallas R. Smith, and F. Schnapp, NCIS; Jane Shey, CIRB; Lynn Daft, Promar International; Barbara Leach, Government Relations Policy Advisor; and Ken Ackerman, Olsson, Frank and Weeda, P.C.

David Grahn read a recitation to all members of the Board.

Recitation

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 July 1, 2003.

Dispense with Reading – Minutes Accepted

The motion carried. (Exhibit No. 2169)

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

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 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.

Approve an Expanded List of Reviewers and to Enter into Contracts for Reviews by Persons Experienced as Actuaries and in Underwriting

The motion carried. (Board Memorandum No. 720; Exhibit No.2185.)

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

RESOLVED, That Docket No. CI-AGR-Lite-03-01, Exhibit No. 2173, authorizing expansion of the Adjusted Gross Revenue-Lite (AGR-Lite) plan of insurance to: (1) Connecticut-all counties; (2) Delaware-all counties; (3) Maine-all counties; (4) Maryland (except Baltimore City), Vermont, West Virginia, and New York (52 out of 62 counties) in the proposed counties provided that an appropriate reference county has been identified, as approved by the Manager of the Federal Crop Insurance Corporation (FCIC) or premium rates are provided by the Pennsylvania Department of Agriculture for such counties that FCIC has determined are actuarially appropriate; (5) Massachusetts-all counties; (6) New Hampshire-all counties; (7) New Jersey-all counties except Hudson County; and (8) Rhode Island-all counties; and the following policy changes to be applicable to all of AGR-Lite: (a) allowing revenue from commodities to be grouped to qualify for higher coverage levels, under procedures determined acceptable to FCIC; (b) allowing a 75/65 coverage level/payment rate option for one commodity farms; (c) adding language pertaining to organic practices using Common Crop Insurance Policy Basic Provision language; and (d) move from a \$100,000 liability limit to \$250,000, with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined

Adjusted Gross Revenue (AGR)-Lite Plan of Insurance Expansion and Program Changes

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.

The motion carried. (Board Memorandum No. 708; Exhibit No. 2173.)

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

RESOLVED, That Docket No. CI-LGM-03-01, Exhibit No. 2174, authorizing changes to the Livestock Gross Margin plan of insurance of: (1) to offer LGM sales monthly instead of bi-annually; (2) change the insurance period from six months after sales closing date to a five-month period that begins one calendar month and one day after the sales closing date; (3) move the price discovery period such that it ends three business days before the sales closing date and the sales period is reduced to the two business days after the price discovery period; (4) to add a management practice for Segregated Early Weaned (SEW) pigs, with reinsurance, risk subsidy with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Board beginning not earlier than February 2004, as authorized under sections 508(h) and 523(b) 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. 709; Exhibit No. 2174.)

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

RESOLVED, That Docket No. CI-BL-03-01, authorizing the Federal Crop Insurance Corporation to expand the pilot Blueberry Crop Insurance Program into the following Michigan counties: Allegan, Berrien, Muskegon; Oregon: Benton, Clackamas, Columbia, Marion, Washington, Yamhill; and Washington counties: Clark, Lewis, Pierce, Skagit, Thurston, Whatcom, effective for the 2004 and succeeding crop years, this expansion 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.

Livestock Gross Margin Proposed Changes

Expansion of the Blueberry Crop Insurance Program Effective for the 2004 and Succeeding Crop Years

The motion carried. (Board Memorandum No. 710; Exhibit No. 2175.)

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

RESOLVED, That Docket No. CI-PECAN-03-01, authorizing the Federal Crop Insurance Corporation to expand the pilot Pecan Revenue crop insurance program into Baldwin and Mobile counties in Alabama effective for the 2004 and succeeding crop years, is hereby approved.

Expansion of the Pilot Pecan Revenue Crop Insurance Program in Georgia, Alabama, Arizona, Florida, South Carolina, Texas, New Mexico, and Mississippi Effective for the 2004 and Succeeding Crop Years

The motion carried. (Board Memorandum No. 711; Exhibit No. 2176.)

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 amendments to the Coffee Production and Tree Plan of Insurance prior to Board action; 2) the amount of reimbursement authorized under section 522(b) of the Act will be limited to the costs related to the amendments proposed or required by the Corporation; and 3) the attached task order statement of work, as amended by the Risk Management Agency in response to the concerns of the Board, be used to execute the contracts.

Resolution to Approve Reviewers and Alternates, Approve the Task Order Statement of Work for Review of the Coffee Production and Tree Plan of Insurance, and Approve Execution of the Contract

The motion was defeated.

A motion was made to adopt resolution to provide the submitter notice of intent to disapprove the submission.

The Open Session adjourned at 2:00 p.m., to reconvene in Executive Session at 2:02 p.m.

J.B. Penn, Under Secretary FFAS and Board member arrived at 2:30 p.m.

The Executive Session adjourned at 2:48 p.m. to reconvene in Open Session at 2:54 p.m.

A motion was made and seconded to withdraw the motion to provide the submitter notice of intent to disapprove the submission.

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 Coffee Production and Tree Plan of Insurance prior to Board action; 2) the amount of reimbursement authorized under section 522(b) of the Act will be limited to the costs related to the amendments proposed or required by the Corporation; and 3) the attached task order statement of work, as amended by the Risk Management Agency in response to the concerns of the Board, be used to execute the contracts.

The motion carried. (Board Memorandum No. 712; Exhibit No. 2177.)

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

Adjourn  
Open Session  
Reconvene  
Executive Session

J.B. Penn

Adjourn  
Executive Session  
Reconvene  
Open Session

Resolution to  
Approve Reviewers  
and Alternates,  
Approve the Task  
Order Statement of  
Work for Review of  
the Coffee  
Production and Tree  
Plan of Insurance,  
and Approve  
Execution of the  
Contract

Resolution to  
Approve Reviewers  
and Alternates,

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 Corn Silage Price Election Enhancement Endorsement Option prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

Approve the Task Order Statement of Work for Review of the Corn Silage Price Election Enhancement Endorsement Option, and Approve Execution of the Contract

The motion carried. (Board Memorandum No. 713; Exhibit No. 2178.)

Chairman Keith Collins informed the Board of Department of Agriculture, Pennsylvania's withdrawal of the Fresh Market Sweet Corn Coverage Enhancement Endorsement Option submitted to the Board on August 1, 2003. (Exhibit No. 2179.) No action was required by the Board.

Withdrawn 508(h) Submission – Fresh Market Sweet Corn Coverage Enhancement Endorsement Option

Chairman Keith Collins informed the Board of Applied Analytics Group's withdrawal of the Livestock Disease Coverage Plan of Insurance submitted to the Board on August 1, 2003. (Exhibit No. 2180.) No action was required by the Board.

Withdrawn 508(h) Submission – Livestock Disease Coverage Plan of Insurance

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

RESOLVED, That Docket No. CI-LRP-Swine-03-2, Exhibit No. 2181, authorizing implementation of the expansion of the Livestock Risk Protection plan of insurance for Swine into Illinois, Indiana, Kansas, Minnesota, Nebraska, Nevada, Oklahoma, Texas, Utah, and Wyoming, beginning in the 2004 crop year, with reinsurance, risk subsidy in an amount equal to 13 percent of the net book premium, and administrative and operating subsidy in an amount equal to 24.5 percent of the net book premium, 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.

Expansion of the Livestock Risk Protection Plan of Insurance for Swine



The motion carried. (Board Memorandum No. 716; Exhibit No. 2181.)

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 Revised Livestock Risk Protection Plans of Insurance prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

Resolution to  
Approve Reviewers  
and Alternates,  
Approve the Task  
Order Statement of  
Work for Review of  
the Revised  
Livestock Risk  
Protection Plans of  
Insurance, and  
Approve Execution  
of the Contract

The motion carried. (Board Memorandum No. 717; Exhibit No. 2182.)

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 Group Risk Income Protection – Harvest Revenue Option prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

Resolution to  
Approve Reviewers  
and Alternates,  
Approve the Task  
Order Statement of  
Work for Review of  
the Group Risk  
Income Protection –  
Harvest Revenue  
Option, and  
Approve Execution  
of the Contract

The motion carried. (Board Memorandum No. 718; Exhibit No. 2183.)

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 Whole Farm Revenue 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. 719; Exhibit No. 2184.)

There being no further business to come before the Board, the meeting adjourned at 2:10 p.m., to meet again in September, 2003 in Washington, D.C.

August 29, 2003

/signed/  
Byron Anderson, Secretary  
Federal Crop Insurance Corporation

Resolution to  
Approve Reviewers  
and Alternates,  
Approve the Task  
Order Statement of  
Work for Review of  
the Whole Farm  
Revenue Plan of  
Insurance, and  
Approve Execution  
of the Contract