

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 November 10, 2005, in Room 104-A of the Jamie L. Whitten Federal Office Building, Jefferson Drive, Washington, D.C. The public was invited to attend the open session portion of the meeting.

Meeting
November 10,
2005

The meeting was called to order at 10:00 a.m. in open session.

Call to Order
Open Session

David Grahn read the recitation to all members of the Board to advise the Board of its responsibilities in representing the interests of the FCIC and USDA. No issues were identified that would require recusal of any members of the Board for this meeting.

Recitation

The Board then immediately went into executive session to discuss confidential matters with RMA staff and submitters.

Executive Session

The open session of the Board reconvened at 11:30 a.m.

Dr. Collins then asked James Callan, Acting FCIC Manager for the Manager's Report. Mr. Callan noted that the report was contained in materials distributed to each Board member and that the reading of the report be dispensed. Hearing no objection, Dr. Collins agreed to dispense with a reading of the Manager's Report (Board Exhibit No. 2825)

Manager's Report

Mr. Callan went on to note that the RMA's financial and information technology staff were to be recognized and congratulated for their efforts in securing a clean audit for the agency in which no material weaknesses were found. Mr. Kelleher, Chairman of the Finance and Audit Subcommittee, commented further that the subcommittee was extremely pleased with this news as reported by Patricia Kelly, Chief Financial Officer of RMA.

The Chairman then requested Board members and guests to introduce themselves. Present were Keith Collins, Chief Economist, USDA and Chairperson; Floyd Gaibler, Deputy Under Secretary USDA, John Askew, Bill Classen, Tim Kelleher, Frank Jones, Mike Pickens and Luis Monterde constituting a statutory quorum; James Callan, Acting Manager, FCIC; Brent Doane, Secretary, FCIC; and Marty Wilson, Deputy Secretary, FCIC.

Present

Also present were Butch May, Farm and Foreign Agricultural Services (FFAS); David Grahn, Kim Arrigo, Office of the General

Counsel (OGC); Alan Ott, Kent Lanclose, Leiann Nelson, Cindy Spoor, Eric Edgington, Tim Hoffmann, William Murphy, and Bridger Roy of the Risk Management Agency (RMA); Russell Redding, Pennsylvania Department of Agriculture; David Graves, American Association of Crop Insurers; Sarah Tyree, AgriLogic; and Jeff Harrison, Combest and Sell.

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 June 8, 2005.

Dispense with Reading – Minutes

The motion carried. (Exhibit No. 2824)

Approved

The Chair offered the following resolution, which was seconded, for adoption:

Expand Pool of Expert 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 the list of approved expert reviewers be amended to add Dominic A. Weber as an actuarial reviewer and Lewis and Ellis Inc. as an actuarial/underwriting reviewer (Gregory S. Wilson and Glenn A. Tobleman (actuarial reviewers) and J.H. Garner (underwriting reviewer)).

The Board voted to approve the resolution. (Exhibit 2829)

Approved

In addressing the Nutrient Best Management Practices Endorsement, the Chairman read from a letter which had been received from Brian Brandt, Director of Risk Management Programs for the American Farmland Trust. Specifically, the Chairman read the following from Mr. Brandt's letter: "Due to new potential alternatives to manage BMP risks for farmers we withdraw our request for a 90-day time delay and proposed revisions to the Nutrient BMP endorsement. Furthermore, we will not be responding to the Board's intent to withdraw reinsurance, A&O subsidy and risk subsidy for Nutrient BMP endorsements."

Nutrient Best Management Practices Endorsement

The Chair offered the following resolution, which was seconded, for adoption:

RESOLVED, that pursuant to the information contained in Docket No. CI –Withdrawal of Reinsurance, Administrative and Operating Subsidy and Risk Subsidy to the Nutrient Best Management Practice Endorsement – 05-02, Exhibit No. 2827, as well as other materials that were submitted to the Board on this matter, the Board hereby withdraws reinsurance, administrative and operating

subsidy, and risk subsidy from the Nutrient Best Management Practice endorsement beginning with the 2006 crop year on the basis that the Board can no longer determine the interests of producers are protected and that the rates are actuarially sound.

The Board voted to approve the resolution.

Approved

Before offering a resolution regarding AGR-Lite Revisions, Chairman Collins provided an overview of the proposed resolution and the reasoning behind changes incorporated into the resolution. Next, Chairman Collins commented that he would be offering a second resolution which would make changes to coverage levels and diversification requirements for the AGR plan of insurance thus allowing for conformity between AGR and AGR-Lite. After briefly discussing this with the Board, the Chair offered the following resolution, which was seconded, for adoption:

AGR-Lite
Revisions

RESOLVED, that pursuant to the information contained in Docket No. CI-AGR-Lite Revisions-05-03, Exhibit No. 2826, as well as other related materials that were submitted to the Board for consideration and discussion on this matter, the Board approves the following revisions to the AGR-Lite Plan of Insurance: (1) Reduce the number of commodities required for certain higher coverage levels, beginning with the 2006 crop year, (2) Discontinue the 75 percent coverage level/65 percent payment rate, and (3) Change the Sales Closing Date to January 31 for those producers who insured with AGR-Lite the previous year and require that a preliminary farm report be due by that day and a final farm report due by March 15 (new applicants would keep a March 15 Sales Closing Date with a final farm report due the same day), with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under sections 508(h) of the Federal Crop Insurance Act. AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make technical changes to the policy and related materials as are necessary to make the policy legally and operationally sufficient.

Prior to voting on the resolution, the Chair conferred with legal counsel and was assured that the resolution was legally sufficient to accomplish the Board's intent.

The Board voted to approve the resolution.

Approved

The Chair offered the following resolution, which was seconded, for adoption:

AGR Revisions

RESOLVED, the Board approves the following revision to the AGR Plan of Insurance: (1) Reduce the number of commodities required

for certain higher coverage levels, beginning with the 2006 crop year, with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 508 of the Federal Crop Insurance Act, AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make technical changes to the policy and policy materials as are necessary to make the policy legally and operationally sufficient.

The Board voted to approve the resolution.

Tim Hoffmann provided the Board with a presentation on the proposed North Dakota Personal Transitional Yield Pilot Program with a recommendation that the Board approve the program for expert review.

The Chair offered the following resolution, which was seconded, for adoption:

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 Personal Transitional Yield Pilot Program prior to Board action; and 2) the attached task order statement of work as modified to reflect concerns of the Board be used to execute the contracts.

The Board voted to approve the resolution.

In reviewing the topics covered during the previous days briefing sessions, Chairman Collins noted that there would be a Risk Management Agency sponsored session at the upcoming Agricultural Outlook Conference (February 16 & 17, 2006). One of the presentations would be from Dr. Joe Glauber regarding an assessment of the performance of the Agricultural Risk Protection Act. Additionally, Russell Redding from the Pennsylvania Department of Insurance will make a presentation on whole farm insurance.

Lastly, Chairman Collins noted that during a future retreat, the Board would consider ways to organize periodic meetings with people involved with the industry regulated by FCIC and RMA

Approved

North Dakota
Personal
Transitional Yield
Pilot Program

Approved

Other Business

(agents, insurance companies, farmers).

Mr. Askew, as a soybean producer, publicly recognized and thanked RMA for its involvement with the North Carolina State University's soybean rust monitoring program and associated risk management tools.

Chairman Collins then thanked the Board members and staff for their participation and efforts.

There being no further business to come before the Board the meeting adjourned at noon to meet again in January 2006.

Approved Adjourn
Next Meeting

November 10, 2005

/signed/
Brent Doane, Secretary
Federal Crop Insurance Corporation