

**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 15, 2001 in room 104-A, Jamie L. Whitten Federal Office Building, U.S. Department of Agriculture, Washington, D.C. The public was invited to attend.

Meeting  
November 15, 2001

The meeting was called to order at 9:20 a.m., in Open Session.

Call to Order  
Open Session

Present were Keith Collins, Chief Economist, USDA; Michael Keating and Bobby Webster; Phyllis W. Honor, Acting Manager, FCIC; and Diana Moslak, Secretary. A statutory quorum was not present.

Present

Also present were Kim Arrigo and Don Brittenham, Office of the General Counsel (OGC); Butch May, Farm and Foreign Agricultural Services (FFAS); Joe Glauber, Office of the Chief Economist (OCE); Jim Staiert of the Office of Management and Budget (OBPA); Darrel Swanson, Office of the Inspector General (OIG); Garland Westmoreland, Mark Huber, Mary Slay, Sharon Hestvik, Marian Jenkins, Leiann Nelson, Bill Bing, Eric Edgington, Vondie O'Conner, Tim Witt, Nelson Maurice, Tim Hoffmann, Dave Miller, Heyward Baker, Zandra Pendarvis and Suzanne Lazarus of the Risk Management Agency (RMA); Paul Peterson of the Chicago Mercantile Exchange (CME); James Cubie and Brian Brandt of Agricultural Conservation Innovation Center and AgFlex (ACIC/AgFlex); Dan Carlisle, David Bossman, Phil Olson, Peter Griffin and Barbara Leach of American Agri-Business Insurance Company (AABIC); Sarah Tyree of AgriLogic, Tom Zacharias, Robert Parkerson and Dallas Smith of National Crop Insurance Services (NCIS); Stephen Frerichs and Barry Cleaveland of American Agrisure (AmAg); Jack Tank, AgRisk Insurance; Ken Ackerman of Olsson, Frank and Weeda, P.C.; and Roger Swartz of American Farm Bureau Insurance Services (AFBIS).

A Manager's Report was presented to the Board. (Board Memorandum No. 632; Exhibit No. 2074).

Acting Manager's Report

Robert Houton of Independent Insurance Agents of America arrived at the meeting at 9:52 a.m.

Robert Houton

Jim Cubie, ACIC/AgFlex, left the meeting at 10:00 a.m., and returned to the meeting at 10:16 a.m.

Jim Cubie

Marie Buchanan, RMA, and Jane Shey of the Crop Insurance Research Bureau arrived at the meeting at 10:12 a.m.

Marie Buchanan  
Jane Shey

The meeting recessed at 10:40 a.m., and reconvened in Executive Session at 10:55 a.m.

Recess/Reconvene  
Executive Session

Present were Keith Collins, Chief Economist, USDA; Michael Keating and Bobby Webster; Phyllis W. Honor, Acting Manager, FCIC; and Diana Moslak, Secretary. A statutory quorum was not present.

Present

Also present were Kim Arrigo and Don Brittenham, OGC; Butch May, FFAS; Mary Slay, Sharon Hestvik, Marian Jenkins, Leiann Nelson, Bill Bing, Eric Edgington, Vondie O'Conner, Tim Witt, Nelson Maurice, Tim Hoffmann, Dave Miller, Heyward Baker, Zandra Pendarvis and Suzanne Lazarus, RMA; Jim Staiert, OBPA; and Stephen Frerichs and Barry Cleaveland, AmAg.

Joe Glauber, OCE, arrived in Executive Session at 11:05 a.m.

Joe Glauber

J.B. Penn, Under Secretary, FFAS, arrived in Executive Session at 11:10 a.m.

J.B. Penn

At 11:21 a.m., Barry Cleaveland and Stephen Frerichs were asked to leave the meeting and David Bossman, Phil Olson, Dan Carlisle, Peter Griffin and Barbara Leach of AABIC and Paul Peterson of CME were invited into Executive Session.

At 11:48 a.m., Dan Carlisle, David Bossman, Phil Olson, Peter Griffin, Barbara Leach and Paul Peterson were asked to leave the meeting and Jack Tank of Ag Risk Insurance was invited into Executive Session.

At 11:55 a.m., Jack Tank was asked to leave the meeting and Jim Cubie, Brian Brandt and Ken Ackerman of ACIC/AgFlex were invited into Executive Session.

Hunt Shipman, FFAS, arrived in Executive Session at 12:15 p.m.

Hunt Shipman

The Executive Session adjourned at 12:20 p.m., to reconvene in Open Session.

Adjourn  
Executive Session

The meeting was called to order in Open Session at 12:22 p.m.

Call to Order  
Open Session

Present were J.B. Penn, Under Secretary, FFAS; Keith Collins, Chief Economist, USDA; Michael Keating and Bobby Webster,

Present

constituting a statutory quorum; Phyllis W. Honor, Acting Manager, FCIC; and Diana Moslak, Secretary.

Also present were Hunt Shipman and Butch May, FFAS; Kim Arrigo and Don Brittenham, OGC; Joe Glauber, OCE; Jim Staiert, OBPA; Darrel Swanson, OIG; Garland Westmoreland, Mark Huber, Mary Slay, Sharon Hestvik, Marian Jenkins, Leiann Nelson, Bill Bing, Eric Edgington, Vondie O’Conner, Tim Witt, Nelson Maurice, Tim Hoffmann, Dave Miller, Heyward Baker, Marie Buchanan, Zandra Pendarvis and Suzanne Lazarus, RMA; Paul Peterson, CME; James Cubie and Brian Brandt, ACIC/AgFlex; Dan Carlisle, David Bossman, Phil Olson, Peter Griffin and Barbara Leach, AABIC; Sarah Tyree of AgriLogic; Tom Zacharias, Robert Parkerson and Dallas Smith, NCIS; Stephen Frerichs and Barry Cleaveland, AmAg; Jack Tank, AgRisk Insurance; Ken Ackerman of Olsson, Frank and Weeda, P.C.; Roger Swartz, AFBIS; Jane Shey of the Crop Insurance Research Bureau, Joe Connor of the American Association of Crop Insurers; and Linda Vickers of Rural Community Insurance Services.

A motion was made and seconded to dispense with the reading of the Minutes of the meeting of the Board held on October 10, 2001.

Dispense with Reading  
Minutes Accepted

The motion carried. (Exhibit No. 2073.)

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

Pilot Livestock Gross  
Margin Insurance Policy –  
2002 Crop Year

RESOLVED, That Docket No. CI-LGM-01-2, Exhibit No. 2075, authorizing implementation of the pilot Livestock Gross Margin insurance policy with reinsurance and administrative and operating subsidy in the amount equal to 24.5 percent of the net book premium beginning with the 2002 crop year as authorized under section 508(h) of the Federal Crop Insurance Act, is hereby approved with an amount up to \$3.0 million to be allocated for the operation of this program AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make such technical policy changes as necessary to make the policy legally sufficient and to resolve those problems with policy terms identified by the reviewers; to develop an appropriate reinsurance agreement before sale can begin; and allocate funds to or from the amount of funds originally allocated to this submission depending on the amount of sales of this and other livestock policies.

The motion carried. (Board Memorandum No. 633; Docket No. CI-LGM-01-2; Exhibit No. 2075.)

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

RESOLVED, That Docket No. CI-LRP-01-3, Exhibit No. 2076, authorizing implementation of the pilot Livestock Risk Protection Program 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 beginning in 2002 as authorized under section 508(h) of the Federal Crop Insurance Act, is hereby approved with an amount up to \$3.0 million to be allocated for the operation of this program 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 and to resolve those problems with policy terms identified by the reviewers; to develop an appropriate reinsurance agreement before sale can begin; and allocate funds to or from the amount of funds originally allocated to this submission depending on the amount of sales of this and other livestock policies.

The motion carried. (Board Memorandum No. 634; Docket No. CI-LRP-01-3; Exhibit No. 2076.)

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

RESOLVED, That Docket No. CI-HSPE-01-1, Exhibit No. 2077, authorizing implementation of the pilot Hybrid Seed Price Endorsement with reinsurance, risk subsidy, and administrative and operating subsidy beginning with the 2002 crop year in the states of Illinois, Indiana, Iowa, Michigan, Minnesota, Nebraska, South Dakota and Wisconsin 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 and to resolve those problems with the policy terms identified by the reviewers.

The motion carried. (Board Memorandum No. 635; Docket No. CI-HSPE-01-1; Exhibit No. 2077.)

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

RESOLVED, That since the pilot Nutrient Management/Best Management Practice Insurance Program submission was not received by the Risk Management Agency (RMA) until the afternoon of November 8, 2001, and, therefore, neither the Board nor RMA has had an adequate opportunity to review the submission prior to the November 15, 2001,

Pilot Livestock Risk Protection Program - 2002 Crop Year

Pilot Hybrid Seed Price Endorsement – 2002 Crop Year

Suspension of Action - Pilot Nutrient Management/ Best Management Practice Insurance Program

Board meeting, the pilot Nutrient Management/Best Management Practice Insurance Program submission remains tabled until the December Board meeting to allow the Board and RMA to evaluate the submission to determine whether the interests of producers are protected, the rates are actuarially appropriate, and the concerns raised by the expert reviewers, RMA and the Office of the General Counsel have all been addressed.

The motion carried. (Board Memorandum No. 636; Exhibit No. 2078.)

There being no further business to come before the Board, the meeting adjourned at 12:40 p.m., to meet again in December 2001, in Washington, D.C.

Adjourn

November 15, 2001

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