



June 8, 2001

United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

1400 Independence
Ave, SW
Stop 0801
Washington, DC
20250-0801

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Phyllis W. Honor /s/ Phyllis W. Honor
Acting Manager

SUBJECT: Board Memorandum No. 609
Resolution to Approve Additional Changes to the Pilot Forage Seed Crop
Insurance Program (supplement to Docket No. CI-FS-00-1, Exhibit No.
2022)

There is submitted for your consideration and approval the following resolution authorizing the Federal Crop Insurance Corporation (FCIC) to implement additional changes to the pilot Forage Seed Crop Insurance Program which was conditionally approved by the Board at a previous Board meeting.

On November 17, 2000, via Docket No. CI-FS-00-1 (copy attached), the FCIC Board of Directors (Board) approved a resolution authorizing the FCIC to implement a pilot Forage Seed Crop Insurance Program for forage seed in Kings County, California; Owyhee County, Idaho; Big Horn County, Montana; Humboldt and Pershing Counties, Nevada; Malheur County, Oregon; Grant and Walla Walla Counties, Washington; and Big Horn and Park Counties, Wyoming, effective for the 2002 through 2005 crop years, and delegated to the Manager the authority to make such technical policy changes as are necessary to make the policies legally sufficient and to resolve those problems with policy terms identified by the reviewers **but** the Board reserved the authority to approve those problems raised by one reviewer.

The Risk Management Agency (RMA) has since met with the reviewer to address the issues. The resolution of these issues involved changes to the policy that include the following:

- 1) Revised the definition of "base price" in the crop provisions to eliminate vertically integrated entities' manipulation of the base price through their contracts. The revision specifies that for forage seed producers who are also forage seed companies, the base price is the price contained in the Special Provisions.
- 2) Revised section 6 Report of Acreage of the crop provisions to clarify that for non-contracted forage seed acreage, a copy of the certification **application**, not the certification approval, is required at acreage reporting.

- 3) Revised section 7 of the Crop Provisions to address the reviewer's concern on dual use of the forage seed crop (i.e., production of forage as well as seed) by specifying that any forage seed crop so utilized is not insured.
- 4) Revised section 7 of the Crop Provisions to address the reviewer's concern about vertically integrated entities' control of the standards through their contracts. The revision requires all the forage seed grown by the forage seed company to be enrolled with the appropriate certifying agency.
- 5) Revised section 9 of the Crop Provisions to address the reviewer's concern that the determinations of failure to provide sufficient pollinators, provide adequate weed control, and follow proper isolation requirements are the insurer's determinations.
- 6) Revised section 9 of the Crop Provisions to address the reviewer's concern that any damage or loss caused by failure to follow the certification or contract requirements, as determined by the insurer, not be insured.
- 7) Added the age limitation statement to the Special Provisions to address the reviewer's concern that the statement referred to in section 7(c)(4) of the Crop Provisions was not included in the Special Provisions.

Attached is a "Report to the Board of Directors" that outlines RMA's assessments, evaluation, and recommendations for program changes, as applicable.

To proceed fully with this pilot program, it is necessary for the Board of Directors to approve the additional changes to the pilot Forage Seed Crop Insurance Program through use of the following resolution:

RESOLVED, That Board Memorandum No. 609, Exhibit No. 2040, authorizing the Federal Crop Insurance Corporation to make the specific policy changes recommended by the Risk Management Agency in its Report to the Board of Directors and to implement the pilot Forage Seed Crop Insurance Program with these changes; and with those previously approved by the Board in Docket No. CI-FS-00-1, in Kings County, California; Owyhee County, Idaho; Big Horn County, Montana; Humboldt and Pershing Counties, Nevada; Malheur County, Oregon; Grant and Walla Walla Counties, Washington; and Big Horn and Park Counties, Wyoming effective for the 2002 through 2005 crop years, is hereby approved.

PASSED

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

6/14/01
Date

[SEAL]

Approved by:

/s/ Keith Collins
Keith Collins
Acting Chairman of the Board

6/19/01
Date