



United States  
Department of  
Agriculture

Federal Crop  
Insurance  
Corporation

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Ave, SW  
Stop 0801  
Washington, DC  
20250-0801

**TO:** Board of Directors  
Federal Crop Insurance Corporation

**FROM:** Ross J. Davidson, Jr.  
Manager

**SUBJECT:** Board Memorandum No. 729  
Docket No. CI-Coffee Crop and Coffee Trees-03-01  
Coffee Crop and Coffee Trees- Submitted by the Puerto Rico Corporacion  
de Seguros Agricolas; Policy and Rate Changes.

There is submitted for your consideration the subject docket authorizing or not authorizing Coffee Crop and Coffee Trees policy provisions and rate changes beginning with the 2004 crop year, as submitted by the Corporacion De Seguros Agricolas (CSA). The submission seeks the following changes: (1) approval of a new rating methodology; (2) addition of an 85 percent coverage level for the Puerto Rican Coffee Crop (CCROP) and Coffee Tree (CTREE) plans of insurance; and (3) approval of policy changes. CSA is requesting the continuance of reinsurance, risk subsidy, and administrative and operating subsidy for CCROP and CTREE.

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. 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.

The following resolution was adopted by the board.

Coffee Crop and Coffee Trees Plans of Insurance Program Changes  
Beginning with the 2004 Crop Year  
Authorization for Approval or Disapproval  
Docket No. CI-Coffee Crop and Coffee Trees-03-01

FINAL RESOLUTION

**RESOLVED, That Docket No. CI-Coffee Crop and Coffee Trees-03-01, Exhibit No. 2199, authorizing the following changes for the Puerto Rican Coffee Crop (CCROP) and Coffee Trees (CTREE) plans of insurance: (1) approval of the proposed rating methodology and rate increase, as authorized by the Federal Crop Insurance Act, including the addition of a reasonable reserve; (2) addition of an 85 percent coverage level for the Puerto Rican CCROP and CTREE plans of insurance; (3) approval of proposed policy changes, and to make such policy changes as are necessary to make the CCROP and CTREE policies conform to the Act, applicable regulations and other program requirements, and ensure that the interests of producers are protected and to protect program integrity; (4) develop and implement the data collection, storage and transmission systems on an individual producer basis and develop and implement a rating system based on such regional risk, as soon as practicable; (5) include in the policy a provision that specifies that Federal preemption applies to the administration of the policy; and (6) CSA will provide a report within 90 days and semi-annual thereafter regarding the implementation of the requirements contained in this resolution and the April 2001 letter from RMA to CSA concerning the CSA plans of insurance, with reinsurance, risk subsidy, and administrative and operating subsidy for CCROP and CTREE 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:

/signed/  
Keith Collins  
Chairman of the Board

11-04-2003  
Date