

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 October 28, 2004, 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 portions of the meeting.

Meeting
October 28, 2004

The meeting was called to order at 12:20 p.m. in Open Session at which time the Chairman called for an Executive Session of the Board. The Open Session of the Board reconvened at 2:05 p.m.

Call to Order
Open Session
Executive Session

Present were Keith Collins, Chief Economist, USDA and Chairperson; John Askew, Bill Classen, Tim Kelleher and Frank Jones, constituting a statutory quorum; Ross Davidson, Manager, FCIC; David Hatch, Deputy Manager, FCIC; Byron Anderson, Secretary, and Vondie O’Conner, Deputy Secretary.

Present

Also present were Floyd Gaibler and Butch May, Farm and Foreign Agricultural Services (FFAS); David Grahn, Kim Arrigo, and Don Brittenham, Office of the General Counsel (OGC); Tim Witt, Tim Hoffmann, Nelson Maurice, Craig Witt, Alan Ott, James Callan, Brent Doane, Shirley Pugh, George Harris, Mike Alston, Tom Worth, David Brunson, Gayle Wentling, Brian Frieden, Bob Vollmert, Virginia Guzman, and Cindy Spoor of the Risk Management Agency (RMA); Dan Rosenstein, Rural Community Insurance Services; Barbara Leach, Crop 1; David Graves, American Association of Crop Insurers; John Riley, United States House Committee on Agriculture; Peter Orwick, American Sheep Industry; Rob Heyen, Farmer; Kyle Nogurny, Pennsylvania Department of Agriculture; Donald Ayers, Virginia Department of Agriculture; Stephen Frerichs, Rain and Hail, LLC; James Driscoll, Watts and Associates, Sarah Tyree, Agrilogic Inc.; Mark Rohala, National Grain Sorghum Producers; and Kara Heideman, staff of Senator Ben Nelson.

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

Recitation

The Manager’s Report prepared by FCIC Manager Davidson was submitted for the record. No action was taken on this report. (Board Memorandum No. 775; Exhibit No. 2758).

Manager’s Report

A motion was made and seconded to dispense with the reading of

the Minutes and to approve the Minutes of the Board meeting held on September 2, 2004.

Dispense with
Reading – Minutes
Accepted

The motion carried. (Exhibit No. 2759)

RMA's Bob Volmert provided the Board with a presentation on a new Sweetpotato Pilot Program. At the conclusion of the presentation, a motion was made and seconded to adopt the following resolution:

New Sweetpotato
Pilot Program

RESOLVED, That Docket No. CI-New Sweetpotato Pilot Program-04-02, Exhibit No. 2760 , authorizing the Federal Crop Insurance Corporation to terminate the existing Sweetpotato Pilot Program and implement the new Sweetpotato Pilot Program in the following states and parishes/counties: Louisiana parishes - Acadia, Avoyelles, Evangeline, Franklin, Morehouse, Richland, St. Landry, and West Carroll; North Carolina counties - Columbus, Cumberland, Duplin, Nash, Edgecombe, Greene, Harnett, Johnston, Lenoir, Sampson, Wake, Wayne, and Wilson; and Horry County, South Carolina effective for the 2005 and succeeding crop years is hereby approved AND BE IT FURTHER RESOLVED, That the Board delegates authority to the Manager to approve final policy terms and procedural requirements.

The Board voted unanimously to adopt the resolution.

Approved

RMA's Virginia Guzman provided the Board with a presentation on a new Group Risk Protection plan for Rangeland. At the conclusion of the presentation, a motion was made and seconded to adopt the following resolution:

New Group Risk
Plan (GRP)
Rangeland Pilot
Program

RESOLVED, that Docket No. CI-New Group Risk Plan (GRP) Rangeland Pilot Program-04-02, Exhibit No. 2761, authorizing termination of the existing Pilot Group Risk Plan Rangeland Program and replacing it with a New Pilot Group Risk Plan Rangeland Program which has a new index for the 2005 and succeeding crop years is hereby approved AND BE IT FURTHER RESOLVED, That the Board delegates authority to the Manager to make such technical policy and procedural changes as are necessary to make the policy legally sufficient.

Approved

The Board voted unanimously to adopt the resolution.

RMA's Mike Alston provided the Board with a presentation on a new Written Agreement Handbook. At the conclusion of the presentation, a motion was made and seconded to adopt the following resolution:

Written Agreement
Handbook

RESOLVED, That Docket No. CI-2005 Written Agreement Handbook-04-02, Exhibit No. 2762, authorizing the Federal Crop Insurance

Corporation (FCIC), to: 1) use the 2005 Written Agreement Handbook as provided to the FCIC Board to administer written agreements beginning with crops having a contract change date of November 30, 2004, and 2) develop the systems and software necessary to implement written agreements in accordance with the Written Agreement Handbook because the current system is not adequate, is hereby approved AND BE IT FURTHER RESOLVED, that the Board delegates authority to the Manager to approve minor technical changes in the handbook, as necessary, after Board approval.

Approved

The Board voted unanimously to adopt the resolution.

Group Risk Income
Protection
Expansion

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

RESOLVED, That Docket No. CI - Group Risk Income Protection Expansion -04-02, Exhibit No. 2763, authorizing implementation of the Group Risk Income Protection (GRIP) expansion for corn and soybeans to all states and counties currently approved for the Group Risk Plan (GRP) for corn and soybeans for the 2005 and subsequent crop years, and for any additional counties in which GRP corn and soybeans is offered in the future, as authorized under section 508(a) 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.

Approved

The Board voted unanimously to adopt the resolution.

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

RESOLVED, That Docket No. CI-Income Protection Extension-04-01, Exhibit No. 2764, authorizing the Federal Crop Insurance Corporation to continue to offer the Income Protection pilot program for the 2005 and subsequent crop years until such a time that the Board takes further action on this pilot program, is hereby approved, AND BE IT FURTHER RESOLVED, That the Board delegates authority to the Manager to make such policy and procedural changes as are necessary to make the policy legally sufficient.

Income Protection
Extension

The Board voted unanimously to adopt the resolution.

Approved

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

Expert Review of the Livestock Risk Protection Program for Lamb
Docket: CI- Livestock Risk Protection (LRP) Program for Lamb -04-03

Expert Review of
the Livestock Risk

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, the Livestock Risk Protection Program for Lamb 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 unanimously to adopt the resolution.

Approved

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

RESOLVED, that Docket No. CI-AGR-Lite Expansion to VA-04-02 (Exhibit No. 2766), authorizing the expansion of the Adjusted Gross Revenue-Lite (AGR-Lite) Plan of Insurance to all counties and independent cities in Virginia is hereby approved beginning with the 2006 crop year, provided that actuarially appropriate premium rates, as approved by the Manager of the Federal Crop Insurance Corporation (FCIC), are provided by the Pennsylvania Department of Agriculture and the Virginia Department of Agriculture and Consumer Services, as authorized under section 508(h) of the Federal Crop Insurance Act, AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to implement the changes described herein and to make the policy legally sufficient.

Virginia Expansion
of AGR-Lite

The Board voted unanimously to adopt the resolution.

Approved

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

Resolution to Approve an Expanded List of Reviewers and to Enter into Contracts for Reviews by Persons Experienced as Actuaries and in Underwriting Docket No. CI-Expansion of Expert Reviewers-04-02.

Expanded List of
Reviewers

(Exhibit No. 2767)

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 Vernon R. Eidman as an underwriting reviewer.

The Board voted unanimously to adopt the resolution.

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

RESOLVED, That Docket No. CI-Group Risk Income Protection Expansion to Grain Sorghum-04-03, Exhibit No. 2768, authorizing implementation of the Group Risk Income Protection (GRIP) for grain sorghum to all states and counties currently approved under the Group Risk Plan (GRP) for grain sorghum for the 2005 crop year and subsequent crop years, and any additional counties in which GRP grain sorghum is offered in the future, as authorized under section 508(a) 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 Board voted unanimously to adopt the resolution.

After a brief discussion by the Board on issues related to proposed Premium Reduction Plans, a motion was made and seconded to adopt the following resolution:

WHEREAS, Issues have been raised regarding the legality of the current Premium Reduction Plan procedures;

WHEREAS, Issues have been raised regarding the effect of the Premium Reduction Plan on the crop insurance delivery system;

WHEREAS, Issues have been raised regarding the effect of the Premium Reduction Plan on all farmers including small, minority, and limited resource farmers;

Approved

Group Risk Income
Protection
Expansion to Grain
Sorghum

Approved

Premium Reduction
Plans

WHEREAS, Issues have been raised regarding the equity of the Premium Reduction Plan procedures as they apply to small and large approved insurance providers; and

WHEREAS, Implementation issues have been raised by the new submissions that were not contemplated when the procedures were drafted;

THEREFORE, RESOLVED THAT the Board is directing the Federal Crop Insurance Corporation (FCIC) to publish an advanced notice of proposed rulemaking seeking the advice of the public on the above stated and other issues as identified by FCIC as expeditiously as possible.

The Board voted unanimously to adopt the resolution.

There being no further business to come before the Board, the meeting adjourned at 3:30 p.m. to meet again in late November or early December 2004 in Washington, D.C.

October 28, 2004

 /signed/
Byron Anderson, Secretary
Federal Crop Insurance Corporation

Approved

Adjourn