



**United States  
Department of  
Agriculture**

Federal Crop  
Insurance  
Corporation

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

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

**SUBJECT:** Board Memorandum No. 774  
Docket No.: CI-Coffee Crop and Coffee Tree R&D Cost  
Reimbursement-04-01

**BACKGROUND:**

There is submitted for your consideration a resolution to approve reimbursement of maintenance costs for the Coffee Crop and Coffee Tree (CCCT) plan of insurance previously approved by the Federal Crop Insurance Corporation Board of Directors (Board). The Commonwealth of Puerto Rico Department of Agriculture (PRDA) has requested the Board to consider maintenance costs for CCCT.

Coffee crop and coffee tree insurance has been available in Puerto Rico since 1946. The Federal Crop Insurance Corporation (FCIC) is authorized to insure crops in Puerto Rico under section 508(a)(4) of the Federal Crop Insurance Act (Act) which states "The Corporation may offer plans of insurance or reinsurance for production of agricultural commodities in the Commonwealth of Puerto Rico, in the same manner as provided in this section for production of agricultural commodities in the United States." FCIC began reinsuring the Coffee Crop and Coffee Tree insurance program in 1978 and on October 29, 2003 the Board authorized improves to CCCT.

The PRDA is requesting reimbursement of maintenance costs for CCCT in the amount of \$245,176.46. RMA's review has determined that verifiable maintenance costs for CCCT totaled \$183,882.34.

The Act requires reimbursement of maintenance costs be adjusted for complexity and scope. The complexity and scope score of CCCT was determined to be 0.45, which translates to a reimbursement of 75 percent of adjusted costs per section 400.712(g)(5) of subpart V.

It is necessary for the Board to select one of the following options, to either approve, approve with revisions, or disapprove reimbursement of maintenance costs.

