

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 June 8, 2005, in Room 104-A of the Jamie L. Whitten Federal Office Building, Jefferson Drive, Washington, D.C. The public was invited to attend.

Meeting  
June 8, 2005

The meeting was called to order at 1:05 p.m. in Open Session. The Chairman then requested Board members and guests to introduce themselves. Present were Keith Collins, Chief Economist, USDA and Chairperson; John Askew, Bill Classen, Tim Kelleher, Frank Jones, and Mike Pickens constituting a statutory quorum; J.B. Penn, Under Secretary USDA; Ross Davidson, Manager, FCIC; David Hatch, Deputy Manager, FCIC; Byron Anderson, Secretary, FCIC; and Vondie O'Conner, Deputy Secretary, FCIC.

Call to Order  
Open Session

Present

Also present were Floyd Gaibler, Butch May, Farm and Foreign Agricultural Services (FFAS); David Grahn, Kim Arrigo, Don Brittenham, Office of the General Counsel (OGC); Brent Doane, Alan Ott, James Callan, Tim Witt, Tim Hoffman, Steve Hoy, Bob Vollmert, Cindy Spoor, Marty Wilson, Eric Edgington, Ron Lundine, Kent Landos, Charles Naglich, George Harris, Bridger Roy of the Risk Management Agency (RMA); James Driscoll, Tim Watts, Myles Watts, Watts & Associates; David Bossman, Applied Analytics, Barbara Leach, Crop1; Stephan Frerichs, Rain & Hail; David Graves, American Association of Crop Insurers; Sarah Tyree, AgriLogic.

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 801; Exhibit No. 2800 )

Manager's Report

A motion was made and seconded to dispense with the reading of the Minutes and to approve the Minutes of the meeting of the Board held on April 28, 2005.

Dispense with  
Reading –  
Minutes

The motion carried. (Exhibit No. 2781)

Approved

Tim Hoffmann provided the Board with a presentation on the proposed expansion of Group Risk Income Protection (GRIP) for Wheat, Soybeans, and Corn with a recommendation that the Board approve such expansion.

Expansion of  
GRIP for Wheat,  
Soybeans, and  
Corn

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

RESOLVED, that pursuant to the information contained in Docket No. CI-Group Risk Income Protection (GRIP) Expansion to Wheat-Expert Review - 05-01, Exhibit No. 2793, the Board approves for expert review the Group Risk Income Protection (GRIP) Plan of Insurance for Wheat and directs 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, to review the (GRIP) Expansion to Wheat, beginning with the 2006 Crop Year, prior to Board action; and 2) use to execute the contracts the attached task order statement of work as modified to reflect any concerns of the Board.

The Board voted to approve the resolution.

Approved

Ron Lundine provided the FCIC Board with a presentation on the California Citrus Dollar Pilot Program and recommended that the pilot be continued through 2009 in order for alternatives to be developed. Citing staff and budget limitations, Board Member Kelleher commented that insurance cannot be provided to every producer in the United States, no matter how much the Board and Congress would like to. Recognizing that alternative insurance was available, Mr. Kelleher recommended that the program be terminated. Dr. Penn commented that the Board should be careful in randomly selecting a pilot for termination. Dr. Collins expressed similar concerns. Mr. Kelleher stated that he has raised consistent concerns about carefully examining and removing little used products when available. Manager Davidson stated that the Board should be killing products with high loss ratios, but the difference with this pilot is that there are no alternatives and the pilot has low loss ratios.

California Citrus  
Dollar Pilot

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

RESOLVED, that pursuant to the information contained in Docket No. CI-California Citrus Dollar Pilot Program - 05-01, Exhibit No. 2794, as well as other related materials that were submitted to the Board for consideration and discussion, the Board approves the continuation of the California Citrus Dollar Pilot Program through the 2009 crop year with reinsurance, risk subsidy, and

administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 523(a)(4)(b) 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 make the policy legally sufficient.

The Board voted to approve the resolution.

Approved

Ron Lundine provided the FCIC Board with a presentation on the Cherry Dollar Pilot Crop Insurance Program and recommended that the pilot be continued. There was a discussion among Board members on whether there were alternative products available and RMA staff indicated that Adjusted Gross Revenue was the only alternative available.

Cherry Dollar Pilot  
Crop Insurance  
Program

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

RESOLVED, that pursuant to the information contained in Docket No. CI-Cherry Dollar Pilot Crop Insurance Program - 05-01, Exhibit No. 2795, as well as other related materials that were submitted to the Board for consideration and discussion, the Board approves the continuation of the Cherry Dollar Pilot Crop Insurance Program through the 2008 crop year with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 523(a)(4)(b) 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 make the policy legally sufficient.

The Board voted to approve the resolution.

Approved

Bob Vollmert then provided the Board with a presentation on the Cultivated Clam Pilot Crop Insurance Program and recommended that the pilot be continued through the 2006 – 2007 crop year.

Cultivated Clam  
Pilot

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

RESOLVED, that pursuant to the information contained in Docket No. CI-Cultivated Clam Pilot Crop Insurance Program - 05-01, Exhibit No. 2796, as well as other related materials that were submitted to the Board for consideration and discussion on this matter, the Board approves the continuation of the Cultivated Clam Pilot Crop Insurance Program on a pilot basis through the 2007

crop year, with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 523(a)(4)(b) 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 make the policy legally sufficient.

The Board voted to approve the resolution.

Approved

Chairman Collins announced that the Long Term Revenue product for Dry Peas and Lentils had been withdrawn for Board consideration by RMA.

Dry Peas and Lentils withdrawn

In consideration of new business, Chairman Collins stated that Applied Analytics has notified RMA that it intends to modify its submission of Livestock Risk Protection for Sheep by December 31, 2005, in response to the intent to disapprove letter it received from the FCIC Board.

New Business

Board member Kelleher informed the FCIC Board that the FCIC Board's Finance and Audit Committee Charter has gone through a series of revisions to place attention on a more narrow focus to better serve the FCIC Board.

Revised Finance and Audit Committee Charter

A motion was made, seconded and approved by the Board to adopt the revised Finance and Audit Committee Charter.

Approved

Chairman Collins then thanked the Board members for their participation and special thanks was given to Vondie O'Conner in his service as Deputy Executive Secretary to the Board.

Recognition of Mr. O'Conner

There being no further business to come before the Board the meeting adjourned at 2:15 p.m. to meet again in early August 2005 possibly in Kansas City.

Adjourn Next Meeting

June 8, 2005

/signed/

Byron Anderson, Secretary  
Federal Crop Insurance Corporation

