

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 September 12, 2007, in Room 108-A of the Jamie L. Whitten Federal Office Building, Jefferson Drive, Washington, D.C. The public was invited to attend the open session portion of the meeting.

Meeting
September 12,
2007

The meeting was called to order at 9:30 a.m. in open session.

Call to Order
Open Session

David Grahn read the recitation to all members of the Board to advise the Board of its responsibilities in representing the interests of the FCIC and USDA. One issue was identified that would require recusal of a member of the Board for this meeting. Mr. Sindergard agreed to recuse himself during discussions of the 508(h) Submission No. 001.

Recitation

The Board then immediately went into executive session to discuss confidential matters with Risk Management Agency (RMA) staff and submitters of products under section 508(h) and 523(d) of the Federal Crop Insurance Act (FCIA).

Executive Session

The open session of the Board reconvened at 1:45 p.m.

Reconvene Open
Session

The Chairman requested Board members to introduce themselves. Present were Keith Collins, Chief Economist USDA and Chairperson; Mark Keenum, Under Secretary Farm and Foreign Agricultural Services (FFAS); Bill Classen; Tim Kelleher; Mike Pickens; Curt Sindergard, Frank Jones Jr., and Luis Monterde, constituting a statutory quorum; Eldon Gould, Manager, FCIC; Brent Doane, Secretary, FCIC and James Callan, Deputy Manager, FCIC.

Present

Also present were Floyd Gaibler, Deputy Under Secretary, FFAS; Butch May, FFAS; David Grahn, Kim Arrigo and Don Brittenham, Office of the General Counsel (OGC); Alan Ott, Tim Witt, William Murphy, Tim Hoffman, Tom Worth, Kent Lanclos, Cindy Spoor, Leiann Nelson, Margo Erny, Mary Alonzo, Velerie Eddelman (phone) and Bridger Roy of RMA; Barry Goodwin, Nicholas Piggott, and Michele Marra, Agri-Analytics, Inc.; Jack Pettus and Jim Simon, American Sugarcane League; David Bossman, American Sheep and Goat Center; Paul Rodgers, American Sheep Industry

Association; Michael Robichaux and Brian Breaux, Louisiana Farm Bureau; Kerry Shropshire (phone), AgForce; Kent Wilson (phone), Crop Insurance Research Bureau; Don Armstrong (phone) and Rob Cerda, Crop Insurance Services; Ken Ackerman, Olsen, Frank and Weeda; Stephen Frerichs, Rain and Hail; Louie Perry, Farm Bureau Mutual; Rick Gibson, AgroNational Inc., and David Graves, American Association of Crop Insurers

Chairman Collins asked Eldon Gould, FCIC Manager for the Manager's Report (the Manager's Report is available on line at www.rma.usda.gov). Mr. Gould commented specifically on the Pasture Rangeland Forage policy expansion being limited by Pay-Go requirements, the effects of the freeze in California, the floods in Texas, Kansas, Oklahoma and Missouri, an update on RMA's efforts to work with the National Association of Insurance Commissioners and National Crop Insurance Services on adjuster licensing issues, and the electronic written agreement project.

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 July 26, 2007.

Dispense with Reading – Minutes

The motion carried. (Exhibit No. 2912)

Approved

Next the Board took up Docket No. CI-Section 508(h) Submission 001-07-02. Due to the proprietary nature of this submission, no presentations were made in the public session of the meeting nor were the names of the product or submitter mentioned.

508(h)
Submission 001-07-02

Prior to voting, Dr. Collins noted that while the agenda referenced the submission as a 508(h) submission under FCIA, it had be determined that in fact the submission was a 523(d) submission under FCIA.

The Chair offered the following resolution, which was seconded, for adoption:

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Submission 001-07-02, Exhibit No. 2914, as well as other materials that were submitted to the Board on this matter, the Board hereby approves Submission 001 in the states of Illinois, Indiana, Iowa, and Minnesota, with reinsurance, producer subsidy and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager 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 changes as are necessary to make the submission legally sufficient.

The Board voted to approve the resolution with one individual voting to disapprove. (Exhibit 2914) Mr. Sindergard recused himself and did not vote on the resolution.

Approved

[FCIC Board Secretary Note Inserted Upon Approval of the Submission: Submission 001-07-02 refers to the Biotech Yield Endorsement (BYE). BYE allows the producer to receive a premium rate reduction on non-irrigated corn for grain planted to hybrid varieties of corn that contain Monsanto 'triple-stack' genetics. When implemented, the endorsement will be available in all counties in Illinois, Indiana, Iowa, and Minnesota.

In reaching its decision, the Board determined that: 1) the interests of producers were adequately protected within the pilot area; 2) the proposed rates of premium were actuarially sound; 3) the size of the proposed pilot was adequate; 4) the BYE pilot program would not unfairly discriminate among producers in the pilot area; and 5) if the pilot area were expanded, the BYE pilot program would not adversely impact the crop insurance delivery system, not reduce program integrity, still be actuarially appropriate, and not place an additional financial burden on the Federal government.

The submission was presented by the Western Agricultural Insurance Company and the Monsanto Corporation.]

Next, the Board took up Docket No. CI-Section 508(h) Submission 002-07-03. Due to the proprietary nature of this submission, no presentations were made in the public session of the meeting nor were the names of the product or submitter mentioned.

Docket No. CI-
Section 508(h)
Submission 002-
07-03

The Chair offered the following resolution, which was seconded, for adoption:

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Submission 002-07-03, Exhibit No. 2915, as well as other materials that were submitted to the Board on this matter, the Board hereby approves the plan of insurance in Louisiana, with reinsurance and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager 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 make the policy legally sufficient.

Prior to voting on the submission, the Board emphasized the need to monitor the sales of this product in conjunction with yearly requests for maintenance to determine if the product was effectively being utilized by producers.

Approved

The Board voted to approve the resolution. (Exhibit 2915)

[FCIC Board Secretary Note Inserted Upon Approval of the Submission: Submission 002-07-03 refers to the GRP Sugar Cane Plan of Insurance which provides coverage to sugar cane producers against substantive reduction in sugar cane yields occurring as a result of unavoidable natural causes. The program is designed to provide insurance benefits comparable to other group risk crop insurance.

The submission was presented by the Louisiana Farm Bureau Federation, the American Sugar Cane League and Crop Insurance Systems, Inc.]

Next the Board prepared to take up reimbursement requests. Prior to addressing each of the requests, Mr. Kelleher asked if a motion to approve all four requests could be made. In light of this request, the following motion was offered by the Chair:

Reimbursement Requests

RESOLVED, that the 508(h) reimbursement requests submitted and considered by the Board for Processing Pumpkins, LGM Dairy, LRP Livestock and AGR Lite are hereby approved.

The Board voted to approve the resolution. (Exhibit 2921)

Approved

[FCIC Board Secretary Note: Since this is a blanket resolution authorizing reimbursement for the four 508(h) products identified above. The individual resolutions, as if acted upon separately, and indicating the reimbursement amounts appear below in italics.]

RESOLVED, that pursuant to the information contained in Docket No. CI Reimbursement Request – Processing Pumpkins - 07-01, Exhibit No. 2916, as well as other materials that were submitted to the Board on this matter, the Board hereby approves the adjusted reimbursement of research and development costs in the amount of \$97,356.79 for the Processing Pumpkins Program as authorized under section 522(b) of the Federal Crop Insurance Act. (Exhibit 2916)

Processing Pumpkins Reimbursement

RESOLVED, that pursuant to the information contained in Docket No. CI Reimbursement Request – LGM Dairy - 07-01, Exhibit No. 2917, as well as other materials that were

LGM Dairy Reimbursement

submitted to the Board on this matter, the Board hereby approves reimbursement of maintenance costs in the amount of \$719,744 for the Livestock Gross Margin Pilot Program as authorized under section 522(b) of the Federal Crop Insurance Act. (Exhibit 2917)

RESOLVED, that pursuant to the information contained in Docket No. CI Reimbursement Request – LRP Lamb - 07-01, Exhibit No. 2918, as well as other materials that were submitted to the Board on this matter, the Board hereby approves reimbursement of maintenance costs in the amount of \$522,158.29 for the Livestock Risk Protection Pilot Program as authorized under section 522(b) of the Federal Crop Insurance Act. (Exhibit 2918)

LRP Livestock
Reimbursement

RESOLVED, that pursuant to the information contained in Docket No. CI Reimbursement Request – AGR-Lite - 07-01, Exhibit No. 2919, as well as other materials that were submitted to the Board on this matter, the Board hereby approves reimbursement of adjusted fourth year maintenance costs in the amount of \$359,060.43 for the Adjusted Gross Revenue-Lite plan of insurance as authorized under section 522(b) of the Federal Crop Insurance Act. (Exhibit 2919)

AGR Lite
Reimbursement

Cindy Spoor provided the Board with information regarding individuals interested in serving in the pool of expert reviewers.

Expansion of
Expert Reviewers

The Chair offered the following resolution, which was seconded, for adoption:

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 Clifton Parker as an underwriter reviewer.

The Board voted to approve the resolution. (Exhibit 2920)

Approved

Chairman Collins then thanked the Board members and staff for their participation and efforts.

Adjournment

There being no further business to come before the Board the meeting adjourned to meet again in November in Kansas City.

September 12, 2007

/signed/
Brent Doane, Secretary
Federal Crop Insurance Corporation