

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 November 20, 2008, 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
November 20,
2008

The meeting was called to order at 9:00 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 and advised each member to act accordingly.

Recitation

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

Executive Session

The open session of the Board reconvened at 1:00 p.m.

Reconvene Open
Session

The Chairman requested Board members to introduce themselves. Present were Joe Glauber, Chief Economist, USDA and Chairperson; Mike Pickens (by phone), Curt Sindergard, Luis Monterde, James Nickel, Susan Rogers and Frank Jones Jr., constituting a statutory quorum; and Eldon Gould, Manager, James Callan, Deputy Manager and Cindy Spoor, Secretary, FCIC.

Present

Also present were Floyd Gaibler, Deputy Under Secretary, and Butch May, Farm and Foreign Agricultural Service; David Grahn, Office of the General Counsel (OGC); Tim Hoffmann, Tim Witt, Tom Worth, Bill Murphy, Margo Erny, Matt Kamphoefner, Bridger Roy, Andrew Brandt, Alan Ott, Tom Worth, and Mary Alonzo of RMA; Ken Ackerman, Olsen, Frank and Weeda; LeWayne Jansonius and Rob Cerda, Crop Insurance Systems; Ralph Pausina, Louisiana Farm Bureau; David Graves, American Association of Crop Insurers; and Dennis Judd, Kent Wanamaker, Pioneer Hi-Bred International, Inc.

Chairman Glauber asked Eldon Gould for the Manager's Report (the Manager's Report is available on line at www.rma.usda.gov). Mr. Gould's specific comments included reporting that RMA is working to implement Farm Bill provisions by: working with FSA to

Manager's Report

implement the SURE program, filing interim rules regarding farm stored production, definition of “organic” and the sod saver provisions and modernizing RMA’s IT systems. Administrator Gould expressed that it was his honor and privilege to serve as the Manager to the FCIC Board. He also stated that he appreciated the dedicated service of the Board members and RMA personnel to the FCIC and to agricultural producers.

Hearing no objection, Dr. Glauber agreed to dispense with a reading of the Manager’s Report. (Exhibit 2971)

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 September 25, 2008.

Dispense with Reading – Minutes

The motion carried. (Exhibit 2972)

Approved

The next agenda item was Docket No. CI- Confidential Submission 0006 11-20-08-02. 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.

Private Submission 0006

The Chairman offered the following resolution which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI- Confidential Submission 0006 11-20-08-02, Exhibit 2973, as well as other material that were submitted to the Board on this matter, the Board hereby approves the Confidential Submission 0006 plan of insurance beginning with the first reinsurance year the manager determines is practicable 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, 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.

There being no discussion the Board voted to approve the resolution. (Exhibit 2973)

Approved

Confidential Submission 0006 11-20-08-02 refers to the approval for the Group Risk Plan for Oysters plan of insurance submitted by the Louisiana Farm Bureau, the Louisiana Oyster Task Force and Crop Insurance Systems, Inc.

Docket No. CI- Confidential Submission 0010 11-20-08-01, Exhibit 2974 was the next action item before the Board. 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.

Private
Submission 0010

Chairman Glauber offered the following resolution, which was seconded:

WHEREAS, Section 505(e) of 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 pursuant to the information contained in Docket No. CI- Confidential Submission 0010 11-20-08-01, Exhibit 2974, the Board approves expert review for the - Confidential Submission 0010 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 Confidential Submission 0010 prior to Board action; 2) the attached task order statement of work be used to execute the contracts; 3) the submitter has agreed to allow the FCIC consideration of this submission to extend beyond 90 days; and 4) the submitter plans to address questions raised by the Board prior to the expert review of the submission.

There being no discussion the Board voted to approve the resolution. (Exhibit 2974)

Approved

Docket No. CI- Confidential Submission 0011 11-20-08-01, Exhibit 2975, was then brought before the Board.

Private
Submission 0011

Before offering the resolution, Chairman Glauber asked David Grahn to remind the Board of the procedures for approval of policies and changes to policies. Mr. Grahn advised the Board that expansion of existing pilot policies or existing policies submitted under section 508(h) of the Act must be sent for expert review except under certain conditions. He stated that if a submission was found to be a modification to a previously approved traited seed and would be offered only in those areas where the previously approved traited seed had undergone expert review and the data related to the modified traited seed demonstrated that it would provide a reduction in risk at least as great as the previously approved traited seed, the submission need not go to expert review.

There being no further discussion, Chairman Glauber then offered the following resolution, which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI- Confidential Submission 0011 11-20-08-01, Exhibit 2975, as well as other material that were submitted to the Board on this matter, the Board hereby approves, under section 523(d) of the Federal Crop Insurance Act, Confidential Submission 0011 beginning with the 2009 crop year 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 policy changes as are necessary to make the policy legally sufficient.

There being no discussion the Board voted to approve the resolution. (Exhibit 2975) Mr. Sindergard recused himself and did not vote on the resolution.

Approved

Confidential Submission 0011 11-20-08-01 refers to approval for a premium rate reduction for producers who plant Pioneer and Dow AgroSciences Herculex® Xtra and Herculex® Xtra RR2® hybrids for irrigated and non-irrigated corn for grain in Kansas and Nebraska, submitted by Stonington Insurance Company and Agro National, LLC, in conjunction with Dow AgroSciences, LLC, and Pioneer Hi-Bred International, Inc.

The Board then considered Docket No. CI – Quarantine Endorsement Crop Insurance Pilot Program – 08-01.

Quarantine Endorsement

Chair Glauber called on Mary Alonzo of RMA to brief the Board regarding the Quarantine Endorsement Program. She informed the Board that the proposed program was targeted for California citrus and California avocados to work in conjunction with existing policies as an endorsement. The quarantine program would insure unavoidable physical deterioration during a quarantine period or plants or crops that are ordered to be destroyed pursuant to terms of quarantine.

Chairman Glauber asked David Grahn to address the legal authorities regarding the Quarantine Endorsement Program. He stated that the FCIA currently limits insurance coverage to the loss of production along with adverse price movements in the case of revenue policies attributable to natural perils. RMA's authority to cover quarantine losses outside of the actual infected area, e.g., a buffer zone, is limited to developing and operating a pilot program

to test whether such a program can work and how it would be best designed. The Quarantine Endorsement Program is the result of RMA and OGC working under the direction of the Board to develop a pilot quarantine insurance program that is consistent with the FCIA.

The Chairman offered the following resolution which was seconded:

WHEREAS, Section 505(e) of 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 pursuant to the information contained in Docket No. CI – Quarantine Endorsement Crop Insurance Pilot Program – 08-01, Exhibit 2976, the Board approves expert review for the Quarantine Endorsement Crop Insurance Pilot Program 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 Quarantine Endorsement Crop Insurance Pilot Program prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

There being no discussion the Board voted to approve the resolution. (Exhibit 2976)

Approved

The next agenda item was Docket No. CI – Actual Revenue History Navel Orange Pilot Crop Insurance Program - 08 - 01.

ARH Navel Orange Pilot Program

Matt Kamphoefner, of RMA, reported that the Actual Revenue History (ARH) program was the result of an examination to discover alternative programs to the Navel Orange Dollar Plan of Insurance that had been found to have certain weaknesses. The new ARH Navel Orange Plan would be based on the producer's own historical crop revenues and would offer protection for yield, price, and quality-based losses.

Chairman Glauber offered the following resolution, which was seconded:

WHEREAS, Section 505(e) of 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

