

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 April 24, 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
April 24, 2008

The meeting was called to order at 8:00 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. 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 Confidential Submissions 0002, 0003 and 0004.

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) of the Federal Crop Insurance Act (FCIA).

Executive Session

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

Reconvene Open
Session

The Chairman requested Board members to introduce themselves. Present were Joe Glauber, Chief Economist, USDA and Chairperson; Mark Keenum, Under Secretary Farm and Foreign Agricultural Services (FFAS), Bill Classen, Tim Kelleher, Mike Pickens, Curt Sindergard, and Frank Jones Jr., constituting a statutory quorum; Eldon Gould, Manager, FCIC; and Cindy Spoor, Interim Secretary, FCIC.

Present

Also present were Floyd Gaibler, Deputy Under Secretary, FFAS; David Grahn and Kim Arrigo, Office of the General Counsel (OGC); Vondie O'Conner, William Murphy, Tim Hoffmann, Tim Witt, Tom Worth, Margo Erny, Shirley Pugh, Michelle Bouchard, Velerie Eddleman (phone), Bridger Roy, Andrew Brandt, Alan Ott, Matt Kamphoefner, Mary Alonzo, Kent Lanclos and Ron Lundine of RMA; Bob Parkerson, NCIS; Ken Ackerman, Olsen, Frank and Weeda; Stephen Frerichs, Rain and Hail; David Graves, American Association of Crop Insurers; Nicholas Piggott, Michelle Marra, Agri-Analytics; Alex Offerdahl, Watts and Associates; David Bossman, Applied Analytics Group; Fritz Schwarz and Erik Richards, American Growers Sesame Association; Tim Hennessy,

Monsanto Co.; Stephanie O'Brien, Stonington Insurance Co.; Art Barnaby, Matt Schertz, CIPA; and Mike Torrey, Crop Insurance Research Bureau.

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 RMA releasing price change limits for revenue products; reporting that Arkansas, Illinois, Missouri, Oklahoma, and Texas were facing planting and or crop damage issues due to flooding or excess moisture; working with the National Association of Insurance Commissioners on rebating issues; and initiating a year-long Leadership Training Program for 24 competitively selected participants, in part, to help prepare for vacancies that are being created due to retiring RMA employees.

Manager's Report

Hearing no objection, Dr. Glauber agreed to dispense with a reading of the Manager's Report. (Exhibit 2933)

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 February 7, 2008.

Dispense with Reading – Minutes

The motion carried. (Exhibit 2934)

Approved

Next, the Board took up Docket No. CI - ARH Cherry Pilot Crop Insurance Program - 08 - 01.

Actual Revenue History Cherry Pilot Program

Matt Kamphoefner representing RMA briefed the board on the Actual Revenue History (ARH) Cherry Pilot Program and the expert reviews of the program. He stated that in 2005 the Board approved the continuation of the Cherry Dollar Plan of Insurance through crop year 2008, while also instructing RMA to examine alternatives. RMA contracted to explore the possibilities that resulted in the ARH Cherry program. The ARH Cherry program incorporates features of the Actual Production History and Dollar plans of insurance. The Cherry Program proposal includes a minor expansion into surrounding counties covered by the Dollar Plan.

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

RESOLVED, that pursuant to the information contained in Docket No. CI-ARH Cherry Pilot Crop Insurance Program - 08 - 01, Exhibit No. 2935, as well as other material that were submitted to the Board on this matter, the Board hereby approves the Actual Revenue History (ARH) Cherry Pilot Crop Insurance Program beginning with the 2009 reinsurance year, with reinsurance, administrative and operating subsidy and producer subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 523 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 to approve the resolution. (Exhibit 2935)

Approved

The Board next considered Docket No. CI – California Avocado APH Pilot Crop Insurance Program - 08-01.

California
Avocado APH
Pilot Program

Ron Lundine of RMA made a presentation to the Board on the California Avocado Actual Production History (APH) Pilot Program. He noted that in November of 2004 RMA contracted for an evaluation of the current California Avocado Revenue (CAR) pilot program. In July 2006, those findings were presented to the Board that resulted in a resolution to continue to operate the CAR pilot program until such time that an APH program could be developed and implemented. This current proposal is the result of an RMA awarded contract for the development of an APH plan of insurance program for avocados.

The Chairman then 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 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 – California Avocado APH Pilot Crop Insurance Program - 08-01, Exhibit 2936, the Board approves expert review for the California Avocado APH Pilot Crop Insurance 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, as determined by the Manager, to review the California Avocado Actual Production History plan of insurance prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

The Board voted to approve the resolution. (Exhibit 2936)

Approved

The next agenda item was Docket No. CI – Pilot Program Extensions - 08 – 01.

Pilot Program
Extensions

Mary Alonzo briefed the board regarding the Strawberry and Citrus Dollar Pilot Plans of Insurance. In April 2005, the Board resolved to extend the Strawberry Dollar Pilot Crop Insurance Program through

the 2008 crop year. In June 2005, the Board resolved to continue Citrus Dollar Pilot Crop Insurance Programs Plans of Insurance through the 2008 crop year. Both actions were predicated on Board instruction to RMA to identify alternatives to the Dollar Plan. RMA is working through contractors to develop revenue-based plans of insurance for strawberries and citrus. The Strawberry Pilot operates in four states and the Citrus Dollar pilot operates in California.

The Chair offered the following resolution for a roll call vote which was seconded for adoption:

Strawberry Dollar
Pilot Program

RESOLVED, that pursuant to the information contained in Docket No. CI- Pilot Program Extensions - 08 - 01, Exhibit No. 2937, as well as other material that were submitted to the Board on this matter, the Board hereby approves the extension of the Strawberry Dollar Pilot Crop Insurance Program beginning with the 2009 reinsurance year, with reinsurance, administrative and operating subsidy and producer subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 523 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.

Upon the Chair asking for any discussion, the Board commented that the Strawberry Dollar Pilot Program had less than 200 producers participating in the program, and a three-year loss ratio of .02. It did not appear to the Board that the program adequately or efficiently provided producers with reasonable risk protection.

The Board voted to disapprove the resolution. (Exhibit 2937)

Disapproved

The Chair then offered the following resolution for a roll call vote which was seconded for adoption:

Citrus Dollar Pilot
Program

RESOLVED, that pursuant to the information contained in Docket No. CI- Pilot Program Extensions - 08 - 01, Exhibit No. 2937, as well as other material that were submitted to the Board on this matter, the Board hereby approves the extension of the Citrus Dollar Pilot Crop Insurance Program beginning with the 2009 reinsurance year, with reinsurance, administrative and operating subsidy and producer subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 523 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 to approve the resolution. (Exhibit 2937)

Approved

Next, the Board took up Docket No. CI – Removal of County Crop Programs 08-01.

County Crop
Program Removal

Bill Murphy representing RMA briefed the Board regarding the participation in 57 county crop programs.

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

RESOLVED, That Docket No. CI – Removal of County Crop Programs 08-01, Exhibit No. 2941, authorizing the Federal Crop Insurance Corporation to delete fifty seven county crop insurance programs for the counties and crops listed in the attachment, effective for the 2009 or 2010 crop year, as applicable, since FCIC has determined that these programs have had no participation reported between crop years 2003 and 2007.

The Board voted to approve the resolution. (Exhibit 2941)

Approved

The Board then took up Docket No. CI-Confidential Submission 0002 04-24-08 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.

Confidential
Submission 0002

The Chair then offered the following resolution for a roll call vote which was seconded for adoption:

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 pursuant to the information contained in Docket No. CI- Confidential Submission 0002 04-24-08 02, Exhibit 2938, the Board approves expert review for the Confidential Submission 0002 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 as determined by the Manager, to review the Confidential Submission 0002 prior to Board action; and 2) the attached task order statement of work be used to execute the contracts once the submitter addresses, to the satisfaction of the Corporation, the issues raised during the Executive Session.

The Board voted to approve the resolution. (Exhibit 2938)

Approved

The Board next considered Docket No. CI-Confidential Submission 0004 04-24-08 01. 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.

Confidential
Submission 0004

Chairman Glauber offered the following resolution for a roll call vote which was seconded for adoption:

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 pursuant to the information contained in Docket No. CI-Confidential Submission 0004 04-24-08 01, Exhibit 2939, the Board approves expert review for the Confidential Submission 0004 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, as determined by the Manager, to review the Confidential Submission 0004 prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

The Board voted to approve the resolution. (Exhibit 2939)

Approved

The next action item before the Board was Docket No. CI-Confidential Submission 0005 04-24-08 01. 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.

Confidential
Submission 0005

The Chairman offered the following resolution for a roll call vote which was seconded for adoption:

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 pursuant to the information contained in Docket No. CI- Confidential Submission 0005 04-24-08 01, Exhibit 2940, the Board approves expert review for the Confidential Submission 0005 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, as determined by the Manager, to review the Confidential Submission 0005 prior to

