

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 May 6- 7, 2009, in Room 6610 of the South Building (May 6<sup>th</sup>), U.S. Department of Agriculture, 1400 Independence Ave SW, Washington, DC and in Room 108-A, of the Jamie Whitten Building (May 7<sup>th</sup>), Washington, DC. The public was invited to attend the open session portion of the meeting.

Meeting  
May 6-7, 2009

The meeting was called to order on May 6, 2009 at 2:00 p.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. May 7, 2009 in room 108-A, Jamie Whitten Building, Washington, DC.

Reconvene Open  
Session

The Chairman requested Board members to introduce themselves. Present were Joe Glauber, Chief Economist, USDA; Jim Miller, Under Secretary Farm and Foreign Agricultural Services (FFAS); Mike Pickens , Curt Sindergard, Luis Monterde, Susan Rogers, James Nickel and Frank Jones Jr., constituting a statutory quorum; and Bill Murphy, Acting Manager, Tim Witt, Acting Deputy Manager and Cindy Spoor, Secretary, FCIC.

Present

Also present were Michael Scuse, Deputy Under Secretary, and Butch May, FFAS; David Grahn, Office of the General Counsel (OGC); Tim Hoffmann, Tom Worth, Velerie Eddleman, Mary Alonzo, Jason Albright, Kimberly Morris, Terri Lagarde, Amy Roeder, and Pat Engel of RMA; Ken Ackerman, Olsen, Frank and Weeda; Don Armstrong, LeWayne Jansonius and Robert Cerda,

Crop Insurance Systems; Jason Schickedanz and Dr. Kerry Shropshire, AgForce; Stephen Frerichs, Rain and Hail; Paul Bleiberg, Crop Insurance Research Bureau; Lance Honig, NASS; Jeff Harrison, Combest, Sell and Assoc.; Clif Parker and David Bossman, AgWin; Reece Langley, USA Rice; Alex Offerdahl, Watts and Assoc.; and Brian Furnish and Roger Quarles, Burley Tobacco Growers Cooperative.

Chairman Glauber asked Bill Murphy for the Manager's Report. Mr. Murphy stated that due to the full agenda before the Board, he would forego detailing the report and indicated the Manager's Report would be available on line at [www.rma.usda.gov](http://www.rma.usda.gov).

Manager's Report

Hearing no objection, Dr. Glauber agreed to dispense with a reading of the Manager's Report. (Exhibit 2989)

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 March 12, 2008.

Dispense with Reading – Minutes

The motion carried. (Exhibit 2990)

Approved

The next agenda item was Docket No. CI- Tobacco Quality – Price Policy 05-07-09-2.

Tobacco Quality-Price

Chairman Glauber noted that some operational and legal issues needed to be worked out and therefore offered the following resolution, which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI- Tobacco Quality – Price Policy 05-07-09-2, Exhibit 2991, as well as other related materials that were submitted to the Board for consideration and discussion on this matter, the Board approves the Tobacco Quality-Price plan of insurance submitted by the Burley Tobacco Growers Cooperative Association, under section 508(h) of the Federal Crop Insurance Act (Act), 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 sections 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 2991)

Approved

Chairman Glauber brought to the attention of the Board two items regarding the Livestock Risk Protection Lamb Policy. The Chair indicated that the submitter had agreed to table the first item, Docket No. CI – Livestock Risk Protection-Lamb Program Modifications 05-07-09-01, Exhibit 2992, in order to resolve issues raised in executive session and would be taken up before the Board as soon as was practicable.

LRP Lamb

The second item, Docket No. CI – Livestock Risk Protection (LRP) Lamb Policy User Fees 05-07-09-01 was then addressed by the Board.

Chairman Glauber offered the following resolution which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI – Livestock Risk Protection (LRP) Lamb Policy User Fees 05-07-09-01, Exhibit 2993, as well as other related materials that were submitted to the Board for consideration and discussion on this matter, the Board approves allowing Sheep Venture Company to charge user fees to Approved Insurance Providers of the AIP's choice of 4.25 percent of total premium or \$130 per Specific Coverage Endorsement sold for the Livestock Risk Protection-Lamb program for the 2010 reinsurance year is hereby approved. AND BE IT FURTHER RESOLVED, that the Board delegates to the Manager the authority to monitor the reasonableness of the user fee to assure that an increase in premium sales is proportional to maintenance expenditures and is not excessive.

There being no discussion the Board voted to approve the resolution. (Exhibit 2993)

Approved

Chairman Glauber then noted that the next items before the Board were submitted under new provisions of section 522(b) of the Federal Crop Insurance Act (Act) (7 U.S.C. 1522(b)). Associate General Counsel, David Grahn indicated that section 522(b) of the Act, as amended by the Food, Conservation, and Energy Act of 2008, provides that the Board may approve an advance payment for research and development costs for a policy that an applicant plans to submit to the Board under section 508(h). In order to be eligible for an advance payment, the applicant is required to submit a concept proposal that is consistent with the procedures approved by the Board in January 2009. The Board may approve review of a concept proposal by experts who will assess the likelihood that the proposed policy will result in a viable and marketable policy.

Docket No. CI – Section 522(b) Concept Proposal 101 05-07-09-01 was the next action item before the Board.

Concept Proposal  
101

Chair Glauber offered the following resolution which was seconded:

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons with qualifications appropriate to review the type of concept proposal submitted for reviews of a concept proposal proposed to be developed under section 508(h) of the Act, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Section 522(b) Concept Proposal 101 05-07-09-01, Exhibit 2994, the Board approves expert review for the Confidential Submission Section 522(b) Concept Proposal 101 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 Section 522(b) Concept Proposal 101 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 2994)

Approved

Action item Docket No. CI – Section 522(b) Concept Proposal 102 05-07-09-01 was then brought to the floor.

Concept Proposal  
102

Chair Glauber offered the following resolution which was seconded:

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons with qualifications appropriate to review the type of concept proposal submitted for reviews of a concept proposal proposed to be developed under section 508(h) of the Act, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Section 522(b) Concept Proposal 102 05-07-09-01, Exhibit 2995, the Board approves expert review for the Confidential Submission Section 522(b) Concept Proposal 102 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 Section 522(b) Concept Proposal 102 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 2995)

Approved

The next item before the Board was Docket No. CI – Section 522(b) Concept Proposal 103 05-07-09-01.

Concept Proposal  
103

Chair Glauber offered the following resolution which was seconded:

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons with qualifications appropriate to review the type of concept proposal submitted for reviews of a concept proposal proposed to be developed under section 508(h) of the Act, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Section 522(b) Concept Proposal 103 05-07-09-01, Exhibit 2996, the Board approves expert review for the Confidential Submission Section 522(b) Concept Proposal 103 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 Section 522(b) Concept Proposal 103 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 2996)

Approved

The chair next introduced Docket No. CI – Section 522(b) Concept Proposal 104 05-07-09-01.

Concept Proposal  
104

Chair Glauber offered the following resolution which was seconded:

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons with qualifications appropriate to review the type of concept proposal submitted for reviews of a concept proposal proposed to be developed under section 508(h) of the Act, NOW THEREFORE BE

IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Section 522(b) Concept Proposal 104 05-07-09-01, Exhibit 2997, the Board approves expert review for the Confidential Submission Section 522(b) Concept Proposal 104 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 Section 522(b) Concept Proposal 104 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 2997)

Approved

Docket No. CI – Section 522(b) Concept Proposal 105 05-07-09-01 was the next action item before the Board.

Concept Proposal 105

Chair Glauber offered the following resolution which was seconded:

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons with qualifications appropriate to review the type of concept proposal submitted for reviews of a concept proposal proposed to be developed under section 508(h) of the Act, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Section 522(b) Concept Proposal 105 05-07-09-01, Exhibit 2998, the Board approves expert review for the Confidential Submission Section 522(b) Concept Proposal 105 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 Section 522(b) Concept Proposal 105 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 2998)

Approved

The next action items before the Board were Docket No. CI-Vegetation Index (VI)-Apiculture Modifications 05-07-09-01, Docket

Apiculture and PRF

No. CI-Rainfall Index (RI)-Apiculture Modifications 05-07-09-01 Docket No. CI- Vegetation Index (VI)-Pasture, Rangeland and Forage (PRF) Modifications 05-07-09-01, and Docket No. CI-Rainfall Index (RI)-Pasture, Rangeland and Forage (PRF) Modifications 05-07-09-01.

The Chair called upon Amy Roeder of RMA to address the Board regarding the proposed modifications to the Apiculture and PRF plans of insurance. She summarized for the Board the proposed changes to the policies to include: changing certain program dates to reduce confusion and better align the products with other plans of insurance, increasing Index Interval flexibility and revising the areas of availability for the VI and RI plans of insurance to better suit growing conditions and availability of data. She stated that the proposal included utilizing the NOAA Climate Prediction Center revised database for the RI products. She also said that for the VI products, the proposal included: removing the temperature constraint to the Normalized Difference Vegetation Index because it adds complexity with minimal benefits, adding a Maximum Indemnity Factor and limiting the insurable Index Intervals to the growing season.

Chair Glauber offered the following resolution which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI-Vegetation Index (VI)-Apiculture Modifications 05-07-09-01, Exhibit 2999, (with the exception of the Maximum Indemnity Factor modification) and in CI-Docket No. Rainfall Index (RI)-Apiculture Modifications 05-07-09-01, Exhibit 3000, as well as other materials that were submitted to the Board on this matter, the VI and RI-Apiculture Plan of Insurance modifications beginning with the 2010 reinsurance year, including reinsurance, administrative and operating subsidy and producer premium 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 through the evaluation period and the Board has determined that these modifications do not require expert review under applicable Board procedures. AND BE IT FURTHER RESOLVED, That the Board approves to submit for expert review the Maximum Indemnity Factor modification for the VI Apiculture Plan of Insurance 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 Maximum Indemnity Factor modification for

VI and RI  
Apiculture

the VI Apiculture Plan of Insurance prior to Board action; and 2) the attached task order statement of work be used to execute the contracts. AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to implement the changes described herein and to make the policy legally sufficient.

There being no discussion the Board voted to approve the resolution. (Exhibits 2999 and 3000)

Approved

Chairman Glauber then offered the following resolution which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI- Vegetation Index (VI)-Pasture, Rangeland and Forage (PRF) Modifications 05-07-09-01, Exhibit 3001 (with the exception of the Maximum Indemnity Factor modification) and in Docket No. Rainfall Index (RI)-Pasture, Rangeland and Forage (PRF) Modifications 05-07-09-01, Exhibit 3002, as well as other materials that were submitted to the Board on this matter, the VI and RI-PRF Pilot Program modifications beginning with the 2010 reinsurance year, including reinsurance, administrative and operating subsidy and producer premium 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 through the evaluation period and the Board has determined that these modifications do not require expert review under applicable Board procedures. AND BE IT FURTHER RESOLVED, That the Board approves to submit for expert review the Maximum Indemnity Factor modification for the VI PRF 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 Maximum Indemnity Factor modification for the VI PRF prior to Board action; and 2) the attached task order statement of work be used to execute the contracts. AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to implement the changes described herein and to make the policy legally sufficient.

VI and RI PRF

There being no discussion the Board voted to approve the resolution. (Exhibits 3001 and 3002)

Approved

Docket No. CI – Actual Revenue History (ARH) Navel Orange Pilot Crop Insurance Program 05-07-09-01 was then brought before the

ARH Navel Orange



Board. The Chair called on Jason Albright of RMA to present the ARH Navel Orange Pilot Crop Insurance Program to the Board.

Mr. Albright stated that in 2005 the Board directed RMA to identify alternatives to the Dollar plans of insurance that would better address producers crop insurance needs and then in 2008 extended the California Citrus Dollar Plan of Insurance to allow time to complete the development of an alternate product. The ARH product was first brought to the Board for consideration for a cherry pilot program. The product design was used to develop the ARH Navel Orange Pilot Program and was approved by the Board for expert review. This program bases the guarantee on the producer's own historical crop revenues and offers protection for yield, price, and quality-based losses. If approved this pilot program would be offered in the same four counties in California as the California Citrus Dollar Plan.

Chair Glauber offered the following resolution which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI – Actual Revenue History (ARH) Navel Orange Pilot Crop Insurance Program 05-07-09-01, Exhibit 3003, as well as other material that were submitted to the Board on this matter, the ARH-Navel Orange Pilot Program beginning with the 2011 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 contingent for funds for Pay-go offset becoming available, and the California Citrus Dollar Pilot Plan of Insurance is terminated. 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 3003)

Approved

Chairman Glauber the brought Docket No. CI – Quarantine Endorsement Crop Insurance Pilot Program 05-07-09-01 to the Board. He called on Mary Alonzo of RMA to brief the Board.

Quarantine  
Endorsement

Ms. Alonzo informed the Board that the proposed pilot Quarantine Endorsement conforms to the Board's directive for development of a pilot program with limited scope and would allow the Board to assess producer interest in coverage for quarantine. She said that the endorsement 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. She, also, noted that the Quarantine program is designed as an endorsement to the existing California-Arizona Citrus and the California Avocado Pilot APH policies.

Chair Glauber offered the following resolution which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI – Quarantine Endorsement Crop Insurance Pilot Program 05-07-09-01, Exhibit 3004, as well as other material that were submitted to the Board on this matter, the Quarantine Endorsement Pilot Program beginning with the 2011 reinsurance year and continuing through the 2014 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.

There being no discussion the Board voted to approve the resolution. (Exhibit 3004)

Approved

Chairman Glauber then brought Docket No. CI - Sugar Beet Pilot Stage Removal Option Crop Insurance Program 09-01 before the Board. He called upon Tim Hoffman of RMA to address the Board.

Sugar Beet Pilot Stage Removal Option

Tim Hoffmann stated the Sugar Beet Pilot Stage Removal Option as is an endorsement to the Sugar Beet Crop Provisions that is designed to render ineffective those provisions in the policy that reduce indemnity payments at early stages because of costs not incurred. RMA made changes to Data Acceptance System and loss adjustment standards for the 2008 and subsequent crop years to collect data at the appropriate stage level in order to be able to better evaluate the pilot program. To better test the pilot program, the American Sugar Beet Growers Association is also requesting that RMA continue and expand the pilot into the states of Colorado, Nebraska, and Wyoming.

Chair Glauber offered the following resolution which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI - Sugar Beet Pilot Stage Removal Option Crop Insurance Program 09-01, Exhibit 3005, 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 Sugar Beet Pilot Stage Removal Option, under section 523(a) of the Federal Crop Insurance Act (Act), with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager in all current sugar beet county crop programs, and approves expansion into the additional States of Colorado, Nebraska, and Wyoming when offsetting funding is available for the purposes of Pay-Go. This will allow the Risk Management Agency to effectively evaluate the pilot based on at least three years of insurance data obtained at the applicable stage level in accordance with the Sugar Beet Crop Provisions. 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 3005)

Approved

The next item before the Board was Docket No. CI – Removal of County Crop Programs 09-01. Chairman Glauber called upon Bill Murphy of RMA to brief the Board.

County Crop Programs

Mr. Murphy indicated that the county crop programs that were being proposed for deletion either had no policies earning premium or had excessive risk associated with the program.

Chair Glauber offered the following resolution which was seconded:

RESOLVED, That Docket No. CI – Removal of County Crop Programs 09-01, Exhibit 3006, authorizing the Federal Crop Insurance Corporation to delete forty four county crop insurance programs for the counties and crops listed in the attachment, effective for the 2010 or 2011 crop year as applicable, since FCIC has determined that these programs have had no participation reported between crop years 2004 and 2008 or had excessive risks.

There being no discussion the Board voted to approve the resolution. (Exhibit 3006)

Approved

There being no further business to come before the Board the meeting adjourned to meet again, July 30, 2009 in Washington, D.C. and if necessary a teleconference in June.

Adjourn

May 7, 2009

          /signed/          

Cindy Spoor, Secretary  
Federal Crop Insurance Corporation