

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 18-19, 2011 in Washington, DC. The public was invited to attend the open session portion of the meeting.

Meeting
May 18-19,
2011

The meeting was called to order at 2:30 pm, May 18, 2011, in Room 6610 of the South Building, U.S. Department of Agriculture, Washington, DC, in open session.

Call to Order
Open Session

The Board 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 (Act). The executive session continued on May 19, 2011.

Executive Session

The open session of the Board reconvened on May 19, 2011, at 1:00 pm in Room 6610 of the South Building, U.S. Department of Agriculture, Washington, DC.

Reconvene 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 Chairman requested Board members to introduce themselves. Present were Joe Glauber, Chief Economist, USDA; Susan Rogers, James Nickel, Ellen Linderman, Maggie Goode, and Bill Murphy, Manager, constituting a statutory quorum and Cindy Spoor, Secretary, FCIC.

Present

Also present were David Grahn and Kim Arrigo, Office of the General Counsel (OGC); Barbara Leach, Associate Administrator, Tim Witt, Tim Hoffmann (phone), Mary Alonzo, Thomas Worth, Ron Lundine, Matt Kamphoener, Sara Buettner-Connelly, Cara McCarthy and Terri Lagarde of RMA; Ken Ackerman, Olsen, Frank and Weeda; Alex Offerdahl and C. Randy Landgren, Watts and Associates; Clif Parks, Keith Schumann and Bill Smith, Agrilogic; Christy Seyfert, Crop Insurance and Reinsurance Bureau; Robert

Cerda, CIS; Steven Edwardson, ND Barley Council; and James Callan, South Dakota Corn Growers and Kansas Corn Growers.

Chairman Glauber asked Bill Murphy for the Manager's Report (the Manager's Report is available on line at www.rma.usda.gov). Mr. Murphy noted that many areas of the country are experiencing loss events due to heat, fire, rain and flooding. He also stated that RMA recently solicited contracts for feasibility studies regarding the viability of insuring advanced biofuel feed-stocks.

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 February 17, 2011.

Dispense with Reading – Minutes

The motion carried. (Exhibit 4021)

Approved

Chairman Glauber brought Docket No. CI – Section 522(b) Concept Proposal 121 05-19-2011 02 to the floor.

Concept Proposal 121

Chair Glauber then 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 121 05-19-2011 02, Exhibit 4022, the Board approves expert review for Concept Proposal 121 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 Concept Proposal 121 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 4022)

Approved

Docket No. CI – Section 522(b) Concept Proposal 122 05-19-2011 01 was the next action item before the Board.

Concept Proposal 122

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 122 05-19-2011 01, Exhibit 4023, the Board approves expert review for Concept Proposal 122 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 Concept Proposal 122 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 4023)

Approved

The next action item before the Board was Docket No. CI–Section 522(b) Concept Proposal 123 05-19-11 01.

Concept Proposal
123

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 123 05-19-11 01, Exhibit 4024, the Board approves expert review for Concept Proposal 123 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 Concept Proposal 123 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 4024)

Approved

Docket No. CI - Section 508(h) Confidential Submission 0021 05-19-11 02 was the next action item brought before the Board.

Confidential
Submission 0021

Chairman Glauber offered the following resolution which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI - Section 508(h) Confidential Submission 0021 05-19-11 02, Exhibit 4025, as well as other materials that were submitted to the Board on this matter, the Board hereby approves the revisions of Confidential Submission 0021 beginning with the first crop year the Manager determines is practicable 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. This Board approval is contingent upon the following terms:

The submitter agrees to work with RMA to make such changes as necessary to ensure the premium charged is consistent with RMA's rating methodology and to ensure that program integrity is protected.

There being no discussion the Board voted to approve the resolution. (Exhibit 4025)

Approved

Confidential Submission 0021 refers to an insurance endorsement product that would modify the APH coverage program to incorporate the effects of crop yield trends. The product was submitted by the Illinois Corn Marketing Board and integrated Financial Analytics & Research, L.L.P.

The next agenda item before the Board was Docket No. CI-Section 508(h) Confidential Submission 0026 05-19-11 02.

Confidential
Submission 0026

Chairman Glauber offered the following resolution which was seconded:

RESOLVED, that pursuant to the information contained in

Docket No. CI-Section 508(h) Confidential Submission 0026 05-19-11 02, Exhibit 4027, as well as other material that were submitted to the Board on this matter, the Board hereby approves Confidential Submission 0026 beginning with the first crop year the Manager determines is practicable 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 directs the submitter to work with RMA related to those issues regarding incorporation of the submission into the portfolio of crop insurance products as discussed in Executive Session. 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 4027)

Approved

Confidential Submission 0026 refers to the Specialty Trait Soybean Endorsement 508(h) submission that provides price protection for specialty trait soybeans. Currently, commodity type soybean insurance coverage does not adequately insure the value of specialty trait soybeans, which typically command a premium price. Only producers in select counties of Minnesota, North Dakota and South Dakota that grow specialty type soybeans under contract are eligible for the endorsement. This product was submitted by Watts and Associates, Inc., on behalf of the United Soybean Board and the Northern Food Grade Soybeans Association.

Docket No. CI-Section 508(h) Confidential Submission 0027 05-19-11 02 was the next item addressed by the Board.

Confidential
Submission 0027

Chair Glauber offered the following resolution which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0027 05-19-11 02, Exhibit 4028, as well as other material that were submitted to the Board on this matter, the Board hereby approves Confidential Submission 0027 beginning with the first crop year that the Manager determines is practicable 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.

There being no discussion the Board voted to approve the resolution. (Exhibit 4028)

Approved

Confidential Submission 0027 refers to a Texas Citrus Tree plan of insurance that would add to or modify certain aspects of the current Texas Citrus Tree program. This product was submitted by Texas Citrus Mutual and Agrilogic, Inc.

Chairman Glauber next offered a resolution for Docket No. CI-Section 508(h) Confidential Submission 0030 05-19-11 01 which was seconded:

Confidential
Submission 0030

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-Section 508(h) Confidential Submission 0030 05-19-11 01, Exhibit 4030, the Board approves expert review for Confidential Submission 0030 and directs that as soon as the submitter provides sufficient additional price information to conduct a meaningful review of the price methodology: 1) the Manager of the Corporation be authorized to take such action as necessary to enter in to 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 0030 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 4030)

Approved

Docket No. CI-Section 508(h) Livestock Gross Margin for Swine Modifications 05-19-11 01 was the next item addressed by the Board.

LGM Swine

Chair Glauber offered the following resolution which was seconded:

RESOLVED, that Docket No. CI-Section 508(h) Livestock Gross Margin for Swine Modifications 05-19-11 01, Exhibit 4029,

authorizing the non-significant modification of the Livestock Gross Margin for Swine plan of insurance is hereby approved beginning after October 1, 2011, or beginning with the first crop year the Manager determines is practicable, as approved by the Manager of the Federal Crop Insurance Corporation 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 consider and approve any other requests to expand a livestock plan of insurance to additional states and move the premium billing date to the end of the insurance period.

There being no discussion the Board voted to approve the resolution. (Exhibit 4029)

Approved

Docket No. CI- Actual Production History Pistachio Pilot Program 05-19-11 01 was then addressed by the Board.

APH Pistachio Pilot Program

Chair 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- Actual Production History Pistachio Pilot Program 05-19-11 01, Exhibit 4031, the Board approves expert review for the Actual Production History Pistachio 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 Actual Production History Pistachio 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 4031)

Approved

Chairman Glauber then offered the following resolution for Docket No. CI- Cultivated Clam Pilot Program 05-19-11 which was seconded:

Cultivated Clam Pilot Program

RESOLVED, that pursuant to the information contained in

Docket No. CI- Cultivated Clam Pilot Program 05-19-11 01, Exhibit 4032, as well as other related materials that may have been submitted to the Board for consideration and discussion on this matter, the Board approves the continuation of the Cultivated Clam Pilot Program for the 2012 crop year with the procedural modifications recommended by the Manager, 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 522(c) 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 4032)

Approved

Docket No. CI – Removal of County Crop Programs 05-19-11 01 was the next action item brought to the floor.

County Crop
Program
Deletions

Chairman Glauber then offered the following resolution which was seconded:

RESOLVED: That pursuant to the information contained in Docket No. CI – Removal of County Crop Programs 05-19-11 01, Exhibit 4033, the Board approves the deletion of six-hundred twenty nine county crop insurance programs for the counties and crops listed in the attachment, effective for the 2012 or 2013 crop year as applicable, since FCIC has determined that these programs have had no participation reported between crop years 2006 and 2010.

There being no discussion the Board voted to approve the resolution. (Exhibit 4033)

Approved

There being no further business to come before the Board the meeting adjourned to meet again August 9-11, 2011, in Washington, DC.

Note: FCIC Board meeting postponed to August 16-18, 2011.

May 19, 2011

/signed/
Cindy Spoor, Secretary
Federal Crop Insurance Corporation