

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 August 17-18, 2011 in Washington, DC. The public was invited to attend the open session portion of the meeting.

Meeting  
August 17-18,  
2011

The meeting was called to order at 1:00 pm, August 17, 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 August 18, 2011, in Room 108A, Jamie Whitten Building, U.S. Department of Agriculture, Washington, DC.

Executive Session

The open session of the Board reconvened on August 18, 2011, at 11:00 am in Room 108A, Jamie Whitten Building, U.S. Department of Agriculture, Washington, DC.

Reconvene Open  
Session

Kim Arrigo 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, Luis Monterde, Mike Pickens and Bill Murphy, Manager, constituting a statutory quorum and Cindy Spoor, Secretary, FCIC.

Present

Also present were Kim Arrigo, Office of the General Counsel (OGC); Barbara Leach, Associate Administrator, Tim Witt, Tim Hoffmann, Margo Erny, Kent Lanclos, Tim Davis, Thomas Worth, Ron Lundine, Matt Kamphoener, Deborah Lancaster, and Terri Lagarde of RMA; Ken Ackerman, Olsen, Frank and Weeda; Alex Offerdahl and C. Randy Landgren, Watts and Associates; Christy Seyfert, Crop Insurance and Reinsurance Bureau; Steven Edwardson, ND Barley Council; David Bossman, AgWin; Feng Qin,

NC State University; Scott Marlow and Carmen Moa-Rivera, Rural Advancement Foundation; Jeff and Kim Donoho, Jeff Donoho Insurance Agency; Tom Zacharias and Mike Sieben, NCIS and James Callan, James Callan Assoc.

Chairman Glauber asked Bill Murphy for the Manager's Report (the Manager's Report is available on line at [www.rma.usda.gov](http://www.rma.usda.gov)). Mr. Murphy noted that many areas of the country are experiencing record loss events. He also stated that the Pasture, Rangeland, and Forage program included \$416 million in total liability and to date the crop insurance program has paid out \$65 billion in losses.

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 May 19, 2011.

Dispense with Reading – Minutes

The motion carried. (Exhibit 4034)

Approved

Chairman Glauber brought Docket No. CI – Section 522(b) Concept Proposal 121 08-18-11 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) provides the Board with the authority to pay an advance payment of up to 50 percent for research and development costs of a concept proposal that will be developed in to a complete and of sufficient quality 508(h) submission, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI – Section 522(b) Concept Proposal 121 08-18-11 02, Exhibit 4035, the Board approves the advance payment of \$83,480. By accepting the advance payment, the applicant agrees to provide a submission consistent with section 508(h) of the Act to the Board in the July 2012 submission period.

By approving the advance payment of estimated research and development expenses, the Board is not approving or endorsing the estimated hours, wage rates, or costs requested by the submitter. The submitter will be required to prove that all costs are necessary and reasonable.

There being no discussion the Board voted to disapprove the resolution. (Exhibit 4035)

Disapproved

Docket No. CI – Section 522(b) Concept Proposal 122 08-18-11 02, Exhibit 4036, was the next action item before the Board.

Concept Proposal  
122

Chair Glauber stated that the submission was tabled until the September meeting to allow further analysis of legal issues.

Tabled

The next action item before the Board was Docket No. CI–Section 522(b) Concept Proposal 123 08-18-11 02.

Concept Proposal  
123

Chair Glauber offered the following resolution, which was seconded:

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) provides the Board with the authority to pay an advance payment of up to 50 percent for research and development costs of a concept proposal that will be developed in to a complete and of sufficient quality 508(h) submission, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI–Section 522(b) Concept Proposal 123 08-18-11 02, Exhibit 4037, the Board approves the advance payment of \$143,896. By accepting the advance payment, the applicant agrees to provide a submission consistent with section 508(h) of the Act to the Board in the April 2012 submission period.

By approving the advance payment of estimated research and development expenses, the Board is not approving or endorsing the estimated hours, wage rates, or costs requested by the submitter. The submitter will be required to prove that all costs are necessary and reasonable.

There being no discussion the Board voted to approve the resolution by a vote of 5 yes and 1 no. (Exhibit 4037)

Approved

Docket No. CI- Section 508(h) Confidential Submission 0031 08-18-11 01 was the next action item brought before the Board.

Confidential  
Submission 0031

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- Section 508(h) Confidential Submission 0031 08-18-11 01, Exhibit 4040, the Board approves expert review for Confidential Submission 0031 and directs that: 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 0031 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 4040)

Approved

The next agenda item before the Board was Docket No. CI- Actual Production History (APH) Pistachio Pilot Crop Insurance Program 08-18-11 02, Exhibit 4041.

APH Pistachio

Chairman Glauber stated that the product was tabled until the next Board meeting to allow time for further analysis of the product.

Tabled

Docket No. CI- Florida Fruit Tree Pilot Crop Insurance Program 08-18-11 01 was the next agenda item before the Board.

Florida Fruit Tree Pilot

Chairman Glauber offered the following resolution which was seconded:

RESOLVED, that pursuant to the information contained in Docket No. CI- Florida Fruit Tree Pilot Crop Insurance Program 08-18-11 01, Exhibit 4042, as well as other related materials that may have been submitted to the Board for consideration and discussion on this matter, the Board approves continuation and conversion of the Florida Fruit Tree Pilot Insurance Program to a permanent program as soon as resources allow 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 4042)

Approved

Chairman Glauber next offered a resolution which was seconded:

Expansion of  
Expert Reviewer  
Pool

Chair Glauber then 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 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 Dr. Bruce J. Sherrick as an underwriter expert reviewer.

There being no discussion the Board voted to approve the resolution. (Exhibit 4043)

Approved

Chairman Glauber next offered a resolution which was seconded:

Expansion of  
Expert Reviewer  
Pool

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 Dr. John R. Anderson as an underwriter expert reviewer.

There being no discussion the Board voted to approve the resolution. (Exhibit 4044)

Approved

There being no further business to come before the Board the meeting adjourned to meet again September 20-22, 2011, in Kansas City, MO.

August 18, 2011

\_\_\_\_\_/signed/  
Cindy Spoor, Secretary  
Federal Crop Insurance Corporation