



Federal Crop
Insurance
Corporation

November 15, 2018

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TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Martin R. Barbre */signed/*
Manager

SUBJECT: Manager's Report
Exhibit No. 4507

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors meeting on November 15, 2018.

Program Changes

Macadamia Tree Program Release - On September 27, 2018, the Risk Management Agency (RMA) released the Macadamia Tree Crop Insurance Program (19-MT) and Comprehensive Tree Value Endorsement (19-MT-A), submitted under Section 508(h) of the Federal Crop Insurance Act. To avoid the redundancy of administering two policies with generally similar coverage, RMA will not offer the existing Macadamia Tree Crop Provisions (16-0024) for the 2019 crop year.

Caneberry Pilot Program Release - On September 27, 2018, RMA released the Actual Production History (APH) Caneberry Pilot Program. This insurance program protects against production losses for fresh raspberry varieties. It is available for the 2019 crop year for producers in the following California Counties: Monterey, Santa Barbara, Santa Cruz, and Ventura.

Hurricane Response

Issued Emergency Procedures for Crops Damaged by Hurricanes Florence and Michael - RMA issued MGR-18-011, MGR-18,013, and MGR-18-014 to provide relief to insured's for crops damaged by Hurricane Florence and Hurricane Michael. These bulletins authorize emergency procedures streamlining certain loss determinations on specific crops, accelerating the adjustment of losses and issuance of indemnity payments to crop insurance policyholders in impacted areas.

Additionally, these Bulletins provide relief for premium billing notices and payment for Federally reinsured policies regarding their applicable termination date.

Hawaii Tropical Fruit and Tree Pilot to Permanent Conversion - On September 21, 2018, RMA converted the Hawaii Tropical Fruit and Tree Crop Insurance Programs from pilot to permanent status based on a favorable pilot program experience. Hawaii Tropical Fruit is an APH plan of insurance. Hawaii Tropical Tree is a Tree Based Dollar plan of insurance. These plans are available for bananas, coffee, and papayas in Hawaii, Honolulu, Kauai, and Maui Counties in Hawaii.

Risk Management Education and Targeted States Partnership Programs

On October 19th, RMA announced the 2018 Risk Management Education and Targeted States Partnerships program awards. RMA awarded 80 projects for a total of \$10.8 million. This includes \$6.1 million for 56 RMEP awards that will develop general nationwide crop insurance education as well as other risk management training programs for producers; and \$4.7 million for 24 targeted states awards to develop crop insurance education programs where there is a low level of Federal crop insurance participation and availability. The targeted states are Alaska, Connecticut, Delaware, Hawaii, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming.

Hurricane Florence – North Carolina and South Carolina

Hurricane Florence made landfall on the morning of Friday, September 14, 2018, between 7 and 8 am just north of Wilmington, North Carolina. At landfall, Florence was a Category 1 Hurricane with sustained winds of 90 mph. The storm inundated southeastern North Carolina and northeastern South Carolina with torrential rains.

Parts of eastern North Carolina received greater than 30 inches of rain. In the ensuing 5 days, North Carolina rivers including the Cape Fear, Neuse, Lumber, and Tar rose above flood level, and the associated watersheds and tributaries ran out of their banks as well. Producers of multiple crops were at risk due to both high winds and excessive rain/flooding in the Florence affected region; this report has concentrated primarily on corn, flue-cured tobacco, soybeans, cotton, and peanuts.

Flue-cured tobacco: about 65 percent of tobacco had been harvested, however harvested tobacco already in curing barns risked potential structural damage as well as interruptions to the curing process. Tobacco that was still in the field suffered significantly due to excessive rainfall. We would expect most losses to the crop insurance program to be associated with tobacco.

Corn: harvest began around September 1st in North Carolina and was approximately 30 percent complete as the Hurricane made landfall. Corn in the field was especially susceptible to high wind shears and soaking rains.

Cotton and Soybeans: Harvest had not started in the area. However, both crops were susceptible to heavy rains and excessive moisture, and any crops that were adulterated by flood waters cannot be marketed due to contamination.

Florence has not shown a serious impact on peanuts to date and harvest, yield, and quality may be less affected than other field crops.

North Carolina - Policies with Hurricane Florence Related Losses as of 10/29/2018

Crop	Policies	Net Acres	Liability	Indemnity
Corn	46	5128.4	\$ 1,657,938	\$ 764,135
Cotton	7	462.1	\$ 271,744	\$ 247,599
Flue Cured Tobacco	70	3738.7	\$ 12,088,382	\$ 6,563,255
Grapes	5	38.7	\$ 80,175	\$ 60,712
Peanuts	1	213.3	\$ 110,693	\$ 58,117
Soybeans	21	2046.2	\$ 543,556	\$ 530,475
Totals	150	11627.6	\$ 14,752,488	\$ 8,224,292

South Carolina - Policies with Hurricane Florence Related Losses as of 10/29/2018

Crop	Policies	Net Acres	Liability	Indemnity
Corn	9	600.416	\$ 146,518	\$ 102,394
Cotton	1	62	\$ 24,779	\$ 24,779
Flue Cured Tobacco	5	99.546	\$ 283,899	\$ 166,745
Grain Sorghum*	0	56.365	\$ 6,073	\$ 5,035
Soybeans	3	202.53	\$ 34,857	\$ 34,857
Totals	18	1020.9	\$ 496,125	\$ 333,809

*Acres are impacted as part of a separate policy.

Hurricane Michael

Hurricane Michael made landfall in the afternoon of October 10th near Mexico Beach, Florida. The storm was a very strong category 4 hurricane with maximum sustained winds of 155 mph, however, Michael was a relatively fast-moving tropical system which helped lessen the amount of precipitation received in the region. Some isolated areas in the Florida Panhandle received over 10 inches of rain and the central portion of the Florida Panhandle, extreme Southeast Alabama, and Southwest Georgia still received moderate precipitation.

Crops that faced significant damage from the storm include Cotton, peanuts, pecans, and soybeans which had just entered their main period of harvest when Michael hit. Corn harvest was not yet finished in Alabama 94 percent, but was finished in Florida, and Georgia. Fall-planted vegetable crops include sweet corn, tomatoes, cabbage, and peppers which had all passed their final planting date. Most vegetable acres lay within or near the center of Michael's forecasted track. Planting had begun for winter crops and included barley, canola, oats, rye, and wheat. There was still significant time remaining in the winter crop planting window, however, fields already planted may now receive replant payments.

Policies with Hurricane Michael Related Losses as of 10/29/2018

State	Crop	Acres	Liability	Indemnity
<i>Alabama</i>	Corn	68.5	\$ 9,974	\$ 9,783
	Cotton	49.0	\$ 14,301	\$ 14,301
	Peanuts	46.8	\$ 14,419	\$ 6,409
<i>Florida</i>				
	Corn	57.3	\$ 5,633	\$ 5,596
	Cotton	71.9	\$ 33,422	\$ 33,422
	Fresh Market Tomatoes	91.1	\$ 527,806	\$ 524,669
<i>Georgia</i>				
	Corn	116.8	\$ 35,948	\$ 10,697
	Cotton	573.2	\$ 310,431	\$ 202,141
	Grain Sorghum	13.2	\$ 1,163	\$ 1,034
	Peanuts	87.0	\$ 48,684	\$ 8,140
	Pecans	106.9	\$ 92,695	\$ 92,695
<i>North Carolina</i>				
	Corn	370.8	\$ 123,287	\$ 56,853
	Soybeans	2.3	\$ 335	\$ 293
<i>Virginia</i>				
	Fire Cured Tobacco	0.7	\$ 1,609	\$ 1,609
	Flue Cured Tobacco	0.7	\$ 1,979	\$ 1,124
	Soybeans	22.4	\$ 5,348	\$ 4,691
Grand Total		1842.7	\$ 1,265,726	\$ 1,003,951

Outreach

Soybean Quality Adjustment - On October 10, 2018, in response to industry questions, RMA released a revised Fact Sheet regarding the quality adjustment procedures for soybean kernel damage.

Compliance

RMA Compliance has issued final findings to reinsured companies for the period of September through October 2018:

- Premium overstatements of \$67,834;
- Indemnity overpayments of \$656,862;
- Premium understatements of \$132,488; and
- Indemnity underpayments of \$423.

Improper Payment Elimination and Recovery Improvement Act (IPERIA) Reviews:

RMA Regional Compliance Offices are currently conducting IPERIA reviews. Approximately 266 of the 412 policies sampled have been closed with no IPERIA errors identified. The review process will continue through November 16, 2018, which is the deadline to have all Initial Findings issued to the approved insurance providers.