



Federal Crop
Insurance
Corporation

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September 17, 2020

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Martin R. Barbre /signed/
Manager

SUBJECT: Manager's Report
Exhibit No. 4633

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) meeting on September 17, 2020.

Program Update

Rainfall and Vegetation Index – Pasture, Rangeland, Forage and Apiculture Modifications Effective for 2021 and Succeeding Crop Years: (PM Bulletin PM-20-056) the Risk Management Agency (RMA) revised the Rainfall and Vegetation Index Basic Provisions to allow insurance on grids that cross the U.S. border or that border the ocean and made other minor edits. RMA revised the Apiculture Crop Provisions to address records and lease requirements.

Florida Citrus Actual Production History (APH) Crop Insurance Program Effective for the 2022 and Succeeding Crop Years: (PM Bulletin PM-20-057) RMA implemented the Florida Citrus APH program that was approved by the FCIC Board of Directors on May 21, 2020. The program will offer yield-based coverage the 2022 crop year in the same counties where the existing Florida Citrus Fruit Dollar Plan is available.

Whole-Farm Revenue Protection (WFRP) Pilot Plan of Insurance Modifications for the 2021 and Subsequent Policy Years: (PM Bulletin PM-20-059) RMA updated the WFRP policy for the 2021 and succeeding crop years. These changes were approved by the FCIC Board of Directors on August 20, 2020. Changes include: allowing direct market producers to report two or more direct marketed commodities using a new combined direct marketing commodity code; allowing current policy year's premium to only be offset with the current policy year's indemnity payment; changing the expected yield 3-year record requirement to a 4-year record requirement; excluding price decline as a carryover insured cause of loss; and other clarifications.

California Citrus Tree Crop Insurance Program Effective for the 2021 and Succeeding Crop Years: (PM Bulletin PM-20-060) RMA implemented the California Citrus Tree program that was approved by the FCIC Board of

Directors on August 15, 2019. This new program provides tree dollar coverage for California citrus trees that are 4 years of age or younger. The program includes and Occurrence Loss Option and a Freeze Protection Option.

Hurricane Insurance Protection – Wind Index (HIP-WI) Effective for the 2021 and Succeeding Crop Years: (PM Bulletin PM-20-061) RMA released updated program materials for HIP-WI for the 2021 and succeeding crop years. For 2021 and succeeding crop years, the sales closing date for the HIP-WI will be the same as the sales closing date for the underlying crop policy. The 2021 HIP-WI materials will apply to the HIP-WI Endorsement for crops with a contract change date of August 31, 2020, or later.

COVID-19 Additional Deferral of Interest Charges: (Manager’s Bulletin MGR-20-021) RMA authorized Approved Insurance Providers (AIP) to provide additional time for policyholders to make payment of premium and administrative fees. RMA waived interest accrual on premium payments and administrative fees to the earliest of an additional 60 days of the scheduled payment due date or the termination date on policies with premium billing dates between August 1, 2020, and September 30, 2020. RMA deferred collection of any unpaid producer premium and administrative fees and waive all associated interest from AIPs accordingly beginning with the September monthly accounting reports.

Prevented Planting Cover Crop Relief: (Manager’s Bulletin MGR-20-022) For the 2020 crop year only, RMA replaced the November 1 date in procedure, as it relates to haying, grazing, or cut for silage, haylage, or baleage with September 1 for specified counties in North Dakota and South Dakota.

2021 Crop Year County Perennial Crop Program Expansions: (Manager’s Bulletin MGR-20-023) Expands blueberry coverage to Polk County, Oregon and grape coverage to Yoakum County, Texas.

Emergency Procedures for Crops Damaged by the Derecho Storm System: (Manager’s Bulletin MGR-20-024) RMA authorized the use of emergency procedures in Illinois, Indiana, Iowa, Michigan, Missouri, Nebraska, and Wisconsin counties impacted by the derecho event. The application of these emergency procedures is limited to those situations where the catastrophic nature of the losses, due to insured perils, would result in unnecessary delays in processing claims and the ability to make timely policy decisions.

Conversion of the Pistachio Program to Permanent Status and Other Changes Effective for the 2021 and Succeeding Crop Years: (Manager’s Bulletin MGR-20-025) RMA implemented changes to the Pistachio program for the 2021 crop year, including the FCIC Board approved conversion of the program from pilot to permanent status.

Extending COVID-19 Relief: (Manager’s Bulletin MGR-20-026) RMA extended COVID-19 relief authorized by Manager’s Bulletins: MGR 20-005, MGR 20-008, MGR 20-009 and MGR 20-013. This relief includes: electronic notification and signature relief for sales closing, production reporting and acreage reporting deadlines; producer and AIP deadline extension for written agreements; organic reporting; replant self-certification; witness signature waiver for assignment of indemnity; and nursery value select inspection waiver.

Sales Closing Date for Production and Revenue History (PRH) – Strawberries: (Manager’s Bulletin MGR-20-027) RMA changed the sales closing date for PRH strawberries to September 10.

Research, Contracts, Studies, and Workgroups

Apple Workgroup: RMA conducted virtual listening sessions in all major apple growing regions to solicit feedback from the insurance and apple industries on potential changes to the Apple policy. RMA is taking the feedback into consideration in refining proposed program changes.

Guar: On March 19, 2020, a request for contractor proposals was issued to gather data, perform analysis, and develop a marketable and viable crop insurance program for guar producers. The focus of the effort will be the top guar producing states. On May 14, 2020, RMA awarded the contract to Agralytica. The first deliverable report is due in November 2020.

Local Foods: The 2018 Farm Bill mandated that RMA research the feasibility of insuring local food and/or the products of local foods. In June 2020, RMA entered a contract with Agralytica to conduct the feasibility study in coordination with RMA. The results of this study will assist RMA in determining if changes are needed to existing risk management products and/or potential new risk management products, which might be used to provide protection to meet the needs of local food producers. Results of this feasibility study could lead to the creation of a new or modified insurance program(s) to meet the needs of producers of local foods. The initial results from the contracted study are expected to be delivered later this year.

Compliance

RMA Compliance has issued final findings to reinsured companies for the period of August 11, 2020 through September 1, 2020:

- Premium overstatements of \$688,880;
- Indemnity overpayments \$1,336,977;
- Premium understatements of \$29;
- Indemnity underpayments of \$0; and
- A&O Reduction of \$2,014.

Improper Payments Elimination and Recovery Improvement Act (IPERIA)

Reviews: Regional Compliance Offices continue to conduct reviews of the documents submitted by the policyholders and AIPs for Reinsurance Year 2019 to determine if improper payments were made. Closure letters or Initial Findings will be submitted to the AIPs as reviews are completed.

AIP Performance Reviews (APRs): Compliance has finalized the schedule for the FY 2021 AIP Performance Reviews. There are five AIPs scheduled for review: Church Mutual (Precision Risk Management, LLC) Insurance Company, CGB Insurance Company, Inc., Stratford Insurance Company/Crop Risk Services, Hudson Insurance Company and NAU Country Insurance Company. The Notification of Review letters will be sent out to the AIPs by September 23, 2020.

Personnel Announcements

Ryan Seely is the new Senior Economist in the Actuarial, Prices, and Filing Division of Product Management.

Scott Merryman is the new Senior Statistician in the Actuarial, Prices, and Filing Division of Product Management.