



Federal Crop  
Insurance  
Corporation

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August 18, 2022

**TO:** Board of Directors  
Federal Crop Insurance Corporation

**FROM:** Marcia Bunger */signed/*  
Manager

**SUBJECT:** Manager's Report  
Exhibit No. 4654

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) meeting on August 18, 2022.

### **Program Update**

**2023 Crop Year County Fall Crop Program Expansion:** (Manager's Bulletin MGR-22-006) The Risk Management Agency (RMA) announced expansion of the availability of wheat coverage to Cortland County, New York.

**Emergency Drought Relief – Deferral of Interest Charges:** (Manager's Bulletin MGR-22-005) Farmers and ranchers are facing widespread drought conditions along with other considerations in many parts of the nation, causing catastrophic damage to crops. Concerns have been expressed about the requirement to pay crop insurance premiums timely to avoid accrual of interest. To address these concerns, RMA authorized insurance providers to provide additional time for policyholders to make payment of premium and administrative fees. Interest accrual on premium payments and administrative fees will be waived 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, 2022, and September 30, 2022.

**Suspension of Livestock Risk Protection Basic Provisions 60-Day Ownership Requirement Due to Severe Drought:** (Manager's Bulletin MGR-22-004) Due to the continuing severe drought conditions impacting many parts of the nation, producers are struggling to find adequate supplies of feed or forage, causing them to market their livestock sooner than anticipated. To assist producers in managing drought conditions, RMA authorized insurance providers the discretion to waive the 60-day ownership requirement for Livestock Risk Protection Specific Coverage Endorsements currently in effect as of May 19, 2022, subject to verification of proof of ownership. Proof of ownership can include sales receipts, kill sheets, or other documentation that verifies ownership during the insurance period showing the date the livestock were sold or slaughtered. The waiver does not affect actuarial performance of the Livestock

Risk Protection policy and permits producers to market their livestock as necessary while the policy continues in force.

**2022 Freeze Damage to Blueberries in Alabama, Georgia, and North Carolina:** (Manager's Bulletin MGR-22-003) Severe freeze events throughout the Southeastern United States in March 2022 resulted in significant damage to blueberry crops in Alabama, Georgia, and North Carolina. RMA authorized the release of acreage with zero production to count for any acreage impacted by freeze that the insurance provider determines will not produce harvestable fruit.

**Crop Insurance Reporting and Other Changes (CIROC) Final Rule Effective for the 2023 and Succeeding Crop Years:** (Product Management Bulletin PM-22-042) The Federal Crop Insurance Corporation (FCIC) amended the Common Crop Insurance Provisions Basic Provisions, Area Risk Protection Insurance Basic Provisions, and 20 individual Crop Provisions for the 2023 and succeeding crop years for the June 30, 2022, contract change date and for the 2024 crop year for crops with a contract change date prior to June 30, 2022. Changes include: a new marketing certification that allows producers to self-identify if they will not have disinterested third party records and enables them to use their own supporting production records; a new mid-season type for Florida Avocado Crop Provisions; and changes for consistency other clarifications throughout the Crop Provisions. A Final Rule with these changes was published in the Federal Register on June 30, 2022.

**2023 Appendix III - Standard Reinsurance Agreement and Livestock Price Reinsurance Agreement:** (Product Management Bulletin PM-22-041) The 2023 Appendix III to the Standard Reinsurance Agreement and the Livestock Price Reinsurance Agreement (Appendix III) has been updated with approved modifications. The modifications include: updated Policy Acceptance and Storage System records insurance providers use to submit information for Livestock Gross Margin and Livestock Risk Protection policies; added a new exhibit to provide insurance providers with a list of map data layers; and other revisions to the instructions insurance providers use for submitting policyholder information to RMA.

**Commodity Exchange Price Provisions for the 2023 and Succeeding Crop Years:** (Product Management Bulletin PM-22-040) RMA updated language in Commodity Exchange Price Provisions documents for the 2023 and succeeding crop years. The updated language streamlines text, provides clarification, and updates document formatting to resemble other policy documents.

**Grass Seed Changes Effective for the 2023 and Succeeding Crop Years:** (Product Management Bulletin PM-22-039) RMA revised the Grass Seed Crop Provisions to clarify how producers can use prices from their production contracts for crop insurance purposes. Specifically, the clarifications illustrate how to calculate a weighted average price if producers have multiple contracts with different prices. RMA also increased the

maximum contract price factor from 1.20 to 1.60 and moved the factor to the actuarial documents so that it can be updated more easily in the future.

**Hurricane Insurance Protection - Wind Index (HIP-WI) Changes Effective for the 2023 and Succeeding Crop Years for Crops with a Contract Change Date of June 30, 2022, or Later:** (Product Management Bulletin PM-22-038) RMA announced changes to the HIP-WI program effective for the 2023 and succeeding crop years for crops with a contract change date of June 30, 2022, or later. These changes include: revision of the definition of “hurricane coverage range”; clarification that the coverage provided by the HIP-WI endorsement may be combined with other endorsements that do not duplicate the coverage of HIP-WI, and is not limited to the Supplemental Coverage Option (SCO) endorsement and the Stacked Income Protection Plan (STAX); and clarification that other endorsements not limited to SCO and STAX may be used to calculate the Hurricane Protection Amount.

**Malting Barley Endorsement Changes Effective for the 2023 and Succeeding Crop Years:** (Product Management Bulletin PM-22-035) RMA revised the Malting Barley Endorsement effective for the 2023 and succeeding crop years. The changes include changing “fall” to “winter” throughout the Endorsement to be consistent with the Small Grains Crop Provisions and other clarifications to ensure the endorsement operates as intended.

### **Research, Contracts, Studies, and Workgroups**

**Apple Workgroup:** RMA issued a proposed rule to revise the Apple Crop Provisions on December 16, 2021, with a public comment period initially ending on February 14, 2022. On January 27, 2022, RMA extended the comment period by an additional 60 days to April 15, 2022. The intended effect of this action is to provide policy changes to better meet the needs of the apple producers. RMA received 1,200 comments from about 200 commenters. Based on the comments received, RMA will conduct additional outreach before finalizing the changes. The outreach would likely be in-person and virtual listening sessions in Winter 2022/Spring 2023.

**Aquaculture:** RMA awarded a contract on July 19, 2021, to determine the validity and feasibility of developing a shellfish program with a focus on coverage that recognizes the difference in perils at different phases of growth. The contractor has delivered research results and RMA has decided to move forward with development of a policy for oysters. A draft Board submission package is due August 30, 2022.

**Controlled Environment Agriculture (CEA):** The 2018 Farm Bill required RMA to research feasibility of offering a crop insurance program for CEA. RMA has issued a contract for research and development of a crop insurance program for CEA. To date, the contractor has provided three deliverables: 1) research report outlining how Nursery Value Select can be altered to work for CEA; 2) draft CEA Crop Provisions; and 3) the Insurance Standards Handbook, Loss Adjustment Standards Handbook, Special

Provisions, and rating methodology. The next step is to exercise the option for the contractor to provide RMA with a draft and final Board submission package. It is estimated that the draft Board submission package will be submitted in September.

**Production and Revenue History (PRH) for Fresh Tomatoes, Sweet Corn, and Peppers:** RMA has contracted for the development of PRH policy for fresh market tomatoes, fresh market sweet corn, and fresh market peppers. A final Board submission package for Fresh Market Tomatoes and a draft Board submission package for Fresh Market Peppers was received in June 2022. A draft Board submission package for Fresh Market Sweet Corn is expected in September 2022. RMA expects to take the PRH submissions to the Board in November 2022.

### **Insurance Services**

**Risk Management Education Cooperative Agreements:** RMA entered into 16 new risk management education cooperative agreements, totaling about \$2.2 million, on August 1, 2022. The Administrator made a public announcement of the partnerships at the University of Arkansas at Pine Bluff, one of the funding recipients and a Historically Black College and University, on August 11. This funding and these partnerships help RMA reach communities that historically lacked access to training and resources. These new cooperative agreements serve all regions of the country and traditional, as well as specialty, organic, and livestock producers. Audiences served include Native farmers, African American producers, Hispanic growers, Veterans, Women, and Alaskan farmers among others. Partners include nonprofits, HBCUs, and previously funded organizations.

**Double cropping expansion and flexibility:** On May 11, 2022, RMA announced an administrative action that intends to liberalize the insurability of double cropping acres. Producers who plant a crop such as winter wheat and follow with soybeans the next spring would have easier options to obtain coverage in certain areas. RMA is also exploring similar options with grain sorghum following wheat as well as other double cropping combinations. These reforms for the 2023 crop year include the permanent expansion of counties that allow soybeans or grain sorghum to be planted following a crop such as winter wheat, as well as the expansion of where written agreements are available. In addition, RMA is considering flexibilities such as creating blanket written agreements (pre-constructed offers that require less paperwork), reducing history requirements for producers requesting a written agreement, allowing relay cropping, and providing greater education to producers who are already eligible for these options.

To date, RMA regional offices have met with over 80 grower groups covering 28 states. Feedback to date has been mostly positive, groups have expressed excitement and appreciation for the opportunity to discuss potential enhancements for coverage. See [USDA Makes It Easier for American Farmers to Grow Food Ease Burdens for American Families Next Year | RMA](#) for press release and [Expanded Opportunities for Soybeans and Sorghum Maps | RMA \(usda.gov\)](#) for maps.

## **Compliance**

RMA Compliance has issued final findings to reinsured companies for the period of May 2 through July 26, 2022:

- Premium overstatements of \$410,469;
- Indemnity overpayments \$1,336,327;
- Premium understatements of \$10,621;
- Indemnity underpayments of \$20,460; and
- A&O Reduction of \$6,926.

### **Improper Payments Elimination and Recovery Improvement Act (IPERIA)**

**Reviews:** Regional Compliance Offices continue to conduct reviews of the documents submitted by the policyholders and Approved Insurance Providers (AIP) to determine if any improper payments were made. Closure letters or Initial Findings will be submitted to the Approved Insurance Providers as reviews are completed.

**Audits:** OIG Audit 50024-0002-24 USDA's Compliance with Improper Payment Requirements for fiscal year (FY) 2021 Close out meeting was on May 19, 2022, and the exit conference was on June 22, 2022.

**AIP Performance Reviews (APRs):** All Final APR Reports for FY 2022 (Reinsurance Year 2020) were issued to the AIP as of July 12, 2022.

**Indictments, Convictions, Guilty Pleas, and Sanctions:** On May 2, 2022, a Kentucky Judge issued the restitution order for a defendant's crop insurance and tax fraud. The defendant was ordered to pay \$1,083,605.19 of which \$929,367 is payable to RMA for crop insurance fraud and \$154,238.19 is payable to the IRS for tax fraud. He began his 66-month sentence in February 2022 and is part of the Eastern Kentucky tobacco warehouse investigation.

**Personnel Announcements:** Dr. Xuan Pham is the new Senior Actuary under the Deputy Administrator for Product Management.