

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 7-8, 2014, in Washington, DC. The public was invited to attend the open session portion of the meeting.

Meeting
May 7-8, 2014

The meeting was called to order at 1:00 pm, May 7, 2014, in Room 6610, South Agriculture Building, U.S. Department of Agriculture, Washington, DC.

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 8 in Room 108A, Jamie Whitten Building, U.S. Department of Agriculture, Washington, DC.

Executive Session

The open session of the Board reconvened at 2:00 pm, in Room 108A, Jamie Whitten Building, 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; James Bardenhagen, Iris Saenz, John Finston, Margaret Goode, Ellen Linderman, and Kenneth Sneed and Brandon Willis, Manager, FCIC, constituting a statutory quorum and Cindy Spoor, Secretary, FCIC.

Present

Also present were Tim Witt, Thomas Worth, Tim Hoffmann, Leiann Nelson, Pat Engel, and Tammy Jackson of RMA; David Grahn, Kim Arrigo, and Michael Knipe, Office of the General Counsel; Rob Johansson, Deputy Chief Economist; James Callan, JC Associates; Dennis Nuxoll, Western Growers; Ken Ackerman, Olson, Frank and Weeda Assoc.; Clark Willis and David Bossman, Casualty Underwriters Insurance Company; Robert Cerda, Crop Insurance

Systems; Alex Offerdahl, Watts and Assoc.; Mark Macrander, Ingredient; Ken Harrison, and Chad Hart, FarmRisk Inc.

Chairman Glauber asked Brandon Willis for the Manager's Report. Mr. Willis stated that the Manager's Report is available on line at www.rma.usda.gov).

Manager's Report

Hearing no objection, Dr. Glauber agreed to dispense with a reading of the Manager's Report. (Exhibit 4192)

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 5, 2014.

Dispense with Reading – Minutes

The motion carried. (Exhibits 4193)

Approved

Chairman Glauber offered the following resolution for Docket No. CI–Confidential Submission Section 522(b) Concept Proposal 132 05-08-14 02, which was seconded:

Concept Proposal 132

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) requires the Board to consider paying 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–Confidential Submission Section 522(b) Concept Proposal 132 05-08-14 02, Exhibit 4194, the Board approves the advance payment of \$87,861 for Concept Proposal 132 as authorized under section 522(b) of the Federal Crop Insurance Act.

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 submitters. The submitters will be required to prove that all costs are necessary and reasonable.

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 October, 2014 submission period.

There being no discussion the Board voted to approve the resolution. (Exhibit 4194)

Approved

Docket No. CI–Section 522(b) Concept Proposal 133 05-08-14 01 was the next action item before the Board. The Chair offered the following resolution which was seconded:

Concept Proposal
133

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 133 05-08-14 01, Exhibit 4195, the Board approves expert review for Concept Proposal 133 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 133 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 4195)

Approved

The Chair stated that the next action item, Docket No. CI- Section 508(h) Confidential Submission 0034 05-08-14 01, Exhibit 4196 was tabled at the request of the submitter and noted that good progress had been made on the product and hoped to have it before the Board at the June meeting.

Confidential
Submission 0034
Tabled

Chairman Glauber offered the following resolution for Docket No. CI- Section 508(h) Confidential Submission 0046 05-08-14 01, which was seconded:

Confidential
Submission 0046

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 0046 05-08-14 01, Exhibit 4197, the Board approves expert review for

Confidential Submission 0046 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 Confidential Submission 0046 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 4197)

Approved

The next item before the Board was Docket No. CI-Section 508(h) Submission-Modifications to Livestock Risk Protection for Lamb 05-08-14 01. The following resolution was offered and seconded.

Livestock Risk Protection for Lamb

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 Docket No. CI-Section 508(h) Submission-Modifications to Livestock Risk Protection for Lamb 05-08-14 01, Exhibit 4198, the Board approves expert review for the modifications to the Livestock Risk Protection for Lamb 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 508(h) submission 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 4198)

Approved

The Chair noted that it was appreciated that the industry was working to address rating issues for the product.

Chairman Glauber stated that Docket No. CI-Section 508(h) High-Risk Alternate Coverage Endorsement (HR-ACE) 05-08-14 01, Exhibit 4199, was tabled at the request of the submitter to insure that the product was consistent with the provisions of the Farm Bill.

High-Risk Alternate Coverage Tabled

The Chairman offered the following resolution which was seconded for Docket No. CI-Section 508(h) Machine Harvested Cucumbers Modification 05-08-14 01:

Machine
Harvested
Cucumbers

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Machine Harvested Cucumbers Modification 05-08-14 01, Exhibit No. 4200, as well as other material that were submitted to the Board on this matter, the Board hereby approves the Machine Harvested Cucumbers expansion to Pulaski County 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 changes as are necessary to make the expansion legally sufficient.

There being no discussion the Board voted to approve the resolution. (Exhibit 4200)

Approved

Chairman Glauber offered the following resolution for Docket No. CI- Whole Farm Revenue Protection Insurance Program 05-08-14-02, which was seconded:

RESOLVED: That pursuant to the information contained in Docket No. CI- Whole Farm Revenue Protection Insurance Program 05-08-14- 02, Exhibit 4201, the Board approves the implementation of the Whole Farm Revenue Protection plan of insurance beginning in the 2015 insurance year for all states and counties where AGR and AGR-Lite are currently offered, and to: (1) Six additional counties in California (Butte, Yolo, Yuba, Santa Barbara, Sonoma, and Mendocino), (2) Indiana, (3) Iowa, (4) Kentucky, (5) the remainder of Michigan counties, (6) Missouri, (7) Nebraska, (8) the remainder of New York counties, (9) North Dakota, (10) Ohio, (11) the remainder of Pennsylvania counties and (12) South Dakota, with expansion to the remainder of the United States to be made as underwriting can be completed, and an increase in the liability limit to \$8.5 million and directs that the Manager of the Corporation be authorized to take such action as necessary to ensure the implementation of the Whole Farm Revenue Protection plan of insurance.

There being no discussion the Board voted to approve the resolution. (Exhibit 4201)

Approved

Docket No. CI- APH Grass Seed Pilot Crop Insurance Program 05-08-14 01 was the next action item before the Board. The Chair offered the following resolution which was seconded:

APH Grass Seed
Pilot

RESOLVED, that pursuant to the information contained in Docket No. CI- APH Grass Seed Pilot Crop Insurance Program 05-08-14 01, Exhibit 4202, 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 APH Grass Seed Pilot Crop Insurance Program on a pilot basis with expansion to Beltrami, Koochiching, Pennington and Red Lake counties in Minnesota and the changes discussed in the Power Point presentation to the Board for the 2015 and succeeding crop years, 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) and 523(a)(4)(b) 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 4202)

Approved

There being no further business to come before the Board voted to adjourn and to meet again June 24, 2014, in Washington, DC.

Adjourn

May 8, 2014

 /signed/
Cindy Spoor, Secretary
Federal Crop Insurance Corporation