



United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

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September 16, 2015

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Brandon C. Willis /signed/
Manager

SUBJECT: Manager's Report
Exhibit No. 4299

This is the Manager's Report to the Federal Crop Insurance Corporation Board of Directors (FCIC) meeting on September 16, 2015.

Research, Contracts, Studies, and Workgroups

Poultry Business Interruption Insurance Policy: A contract was awarded to Watts and Associates to carry out research and development regarding a policy to insure commercial poultry producers against business interruptions caused by the bankruptcy of the poultry integrator. The report is expected to be submitted to Congress in the spring of 2016.

Data and Systems

Acreage and Crop Reporting Streamlining Initiative (ACRSI): The 2014 Farm Bill incentivized the development and implementation of streamlined acreage reporting processes that supports the options of electronic or conventional one-stop reporting of acreage information for producers participating in USDA programs by September 30, 2015. The ACRSI Team conducted a limited pilot program for spring 2015 crops in Illinois and Iowa. The pilot allowed participating producers to complete their acreage report with either their insurance agent, their FSA County Office, or a specified third party, and to share that information, as appropriate, to satisfy USDA program reporting requirements. Lessons learned are being used to improve the process, procedures, and resulting IT changes for the next phase of the pilot. The ACRSI Team is conducting a pilot program for crops with fall 2015 acreage reporting dates. The details of the fall pilot will be announced in the near future.

Program Changes/Issues

Whole-Farm Revenue Protection (WFRP): WFRP was modified for the 2016 insurance year to include changes approved by the Board on August 12, 2015. New policy materials were released August 27, 2015. WFRP will be available in every county in the United States.

Pasture, Rangeland, Forage: RMA released changes to the Rainfall and Vegetation Index Pasture, Rangeland, Forage program the week of August 31 for the 2016 crop year. FCIC Board approved changes include:

- The Vegetation Index Pasture, Rangeland, Forage (VI-PRF) will be replaced with the Rainfall Index Pasture, Rangeland, Forage (RI-PRF) program;
- The RI-PRF program will be expanded to an additional 19 states providing coverage to all 48 contiguous states;

- Added an irrigated and non-irrigated practice reporting requirement to the policy;
- Revised the pricing methodology for both haying and grazing practice; and
- Removal of the RI capping process.

New Organic Price Elections/ Updates to Contract Price Option: For 2016, new organic price elections are available for barley, cabbage, cranberries, cultivated wild rice, dry peas, forage production (alfalfa in select states), grass seed, onions (fresh onions in select states), potatoes, processing clingstone peaches, rye, sugarcane, safflower and wheat. Organic price elections for avocados, blueberries and pears have been expanded to additional counties and states. For 2017, in Arizona and California, organic price elections are available for grapefruit, lemons, mandarins, oranges, and tangelos. These additions bring the total number of organic crops with organic premium price elections to 47 crops (up from 4 crops in 2011).

The contract price option which allows organic producers to insure their crops at the contract price specified in a guaranteed contract, is now available for 73 different crop types covering the majority of insurable crops. Producers who are transitioning to certified organic will also have the ability to use the contract price option beginning in 2016.

Tropical Storm Erika: The Valdosta Regional Office (RO) reports that damage from Tropical Storm Erika in August 2015 is still being assessed in Puerto Rico with bananas and plantains receiving the most damage from winds.

California Fires and Drought in California: As of August 30, 2015, reservoir levels continue to be low, ranging from 12 percent to 36 percent of capacities. Fire activity across California remains high with nearly 300 wildfires reported. CAL FIRE has responded to over 5,857 wildfires across the state, burning 342,698 acres. On September 8, 2015, the U.S. Drought Monitor reported 92.36 percent of the state in a severe drought status.

Legal

On Tuesday, August 4, 2015, in U.S. District Court in Raleigh, NC, Milton Russ Barnhill pleaded guilty to charges of conspiracy to defraud two federal agencies, nine counts of falsifying federal crop insurance claims and aiding and abetting others falsifying those claims, mail fraud, and five counts of using proceeds from those frauds to fund transactions of more than \$10,000 in value, according to a news release from U.S. Attorney Tomas G. Walker's office said. Barnhill faces up to 355 years in prison.

Barnhill's wife, Sharon Barnhill, entered a guilty plea on May 20 to making false statements to federal investigators. She has not been sentenced, and could serve up to five years in prison and be fined up to \$250,000 on the felony charge of making false statements in a matter within the executive branch of the federal government.

Both were charged in a 19-count indictment handed up by a federal grand jury on February 27, 2014. That indictment alleged that the couple reaped more than \$2.7 million through various frauds beginning in 2007.