

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 February 20-22, 2024, via videoconference. The public was invited to attend the open session portion of the meeting.

Meeting
February 20-22,
2024

The meeting was called to order at 9:30 am on February 21, 2024.

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 section 508(h) of the Federal Crop Insurance Act (Act).

Executive Session

Open session of the Board reconvened on February 22, 2024, at 5:00 pm.

Reconvene Open
Session

Colby Duren 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 Seth Meyer, Chief Economist; Marcia Bunger, Manager; Nicole Berg, Ken Selzer, Scott Silveus, Pat Swanson, Howard James, and Chris Bardenhagen constituting a statutory quorum, and Robin Anderson, Secretary, FCIC.

Present

Also present were Richard Flournoy, Toby Cain, France Tolle, David Zaroni, Xuan Pham, Shaun Collins, Zachary White, Mike Ciliege, RMA; Maureen James and Colby Duren, Office of the General Counsel; Clif Parks and Kim Harris, AgriLogic; Marin Bozic, Bozic LLC; Alex Offerdahl, Watts and Associates; Ian O'Connell and Mike Schmitt, Southern Minnesota Beet Sugar; and Lucas Peters, Professional AG Marketing.

Chairman Meyer asked Administrator Bunger for the Manager's Report. Ms. Bunger stated that the [Manager's Report](#) is available on-line.

Manager's Report

Hearing no objection, Dr. Meyer agreed to dispense with a reading of the Manager's Report. (Exhibit 4767)

A motion was made and seconded to dispense with the reading of the November 2023 Minutes and to approve the Minutes of the meeting of the Board held on November, motion carried. (Exhibit 4768)

Minutes

Chairman Meyer offered the following resolution for Docket No. CI-Section 508(h) Submission - LRP for Fed Cattle, Feeder Cattle and Swine Modification 02-22-24 01, which was seconded.

LRP for Fed Cattle, Feeder Cattle and Swine Modification

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Submission Livestock Risk Protection for Fed Cattle, Feeder Cattle, and Swine Modification 02-22-24 01, Exhibit 4769, as well as other material submitted to the Board on this matter, the Board hereby approves 508(h) Submission Livestock Risk Protection for Fed Cattle, Feeder Cattle, and Swine Modification, with revisions as discussed in Executive Session, beginning with the crop year the Manager determines is practicable with actuarially appropriate rates, 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.

NOW THEREFORE BE IT FURTHER RESOLVED that the Board delegates to the Manager the authority to take the actions necessary to implement the product for the appropriate crop year. This delegation includes the authority to implement changes, including those discussed in executive session, and to make other revisions to conform the product to RMA standards, ensure compliance with the law, and other revisions to efficiently implement the product.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4769)

Approved

Chairman Meyer offered the following resolution for Docket No. CI-Section 508(h) Submission LGM for Cattle, Dairy Cattle and Swine Modification 02-22-24 01, which was seconded.

LGM for Cattle, Dairy Cattle and

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Submission Livestock Gross Margin for Cattle, Dairy Cattle, and Swine Modification 02-22-24 01, Exhibit 4770, as well as other material submitted to the Board on this matter, the Board hereby approves 508(h) Submission Livestock Gross Margin for Cattle, Dairy Cattle, and Swine Modification, with revisions as discussed in Executive Session, beginning with the crop year the Manager determines is practicable with actuarially appropriate rates, 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.

Swine
Modification

NOW THEREFORE BE IT FURTHER RESOLVED that the Board delegates to the Manager the authority to take the actions necessary to implement the product for the appropriate crop year. This delegation includes the authority to implement changes, including those discussed in executive session, and to make other revisions to conform the product to RMA standards, ensure compliance with the law, and other revisions to efficiently implement the product.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4770)

Approved

Chairman Meyer offered the following resolution for Docket No. CI-Section 508(h) Submission Margin Coverage Option 02-22-24 01, which was seconded.

Margin Coverage
Option

WHEREAS, Section 505(e) of the Federal Crop Insurance Act (FCIA) 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 FCIA;

NOW THEREFORE BE IT RESOLVED that pursuant to the information contained in Docket No. CI-Section 508(h) Submission Margin Coverage Option 02-22-24 01, Exhibit 4771, as well as other material submitted to the Board on this matter, the Board approves expert review for 508(h) Submission Margin Coverage Option as authorized under section 505(e) of the FCIA.

NOW THEREFORE BE IT FURTHER RESOLVED that the Board delegates to the Manager the authority to take such actions as necessary to enter into and execute contracts with the Board

approved persons or entities, or the alternates in case the proposed persons are not available.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4771)

Approved

Chairman Meyer offered the following resolution for Docket No. CI-Section 522(b) Concept Proposal 171 02-22-24 01, which was seconded.

Concept Proposal
171

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (FCIA) authorizes 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 that meets the applicable requirements proposed to be developed under section 508(h) of the FCIA;

NOW THEREFORE BE IT RESOLVED that pursuant to the information contained in Docket No. CI-Section 522(b) Concept Proposal 171 02-22-24 01, Exhibit 4772, as well as other material submitted to the Board on this matter, the Board approves expert review of Concept Proposal 171 as authorized under section 522(b) of the FCIA.

NOW THEREFORE BE IT FURTHER RESOLVED that the Board delegates to the Manager the authority to take the actions necessary to enter into and execute contracts with the Board approved persons or entities, or the alternates in case the proposed persons are not available.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4772)

Approved

Chairman Meyer offered the following resolution for Docket No. CI-Section 522(b) Concept Proposal 169 02-22-24 01, which was seconded.

Concept Proposal
169

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 522(b) Concept Proposal 169 02-22-24 01, Exhibit 4773, as well as other material submitted to the Board on this matter, the Board approves the adjusted advance payment of \$193,430 for Concept Proposal 169 with revisions as discussed in Executive Session as authorized under section 522(b) of the Federal Crop Insurance Act (FCIA).

NOW THEREFORE BE IT FURTHER RESOLVED, that the Board delegates to the Manager authority to obligate funds and administer the approved advance payment. By accepting the advance payment or additional advance payment, the applicant agrees to provide a submission consistent with section 508(h) of the FCIA to the Board in the July 2025, submission period. If the applicant fails to meet this deadline, the applicant shall return to the Board the amount of the advance payment plus interest.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4773)

Approved

Chairman Meyer offered the following resolution for Docket No. CI-508 (h) Confidential Submission 0127 02-22-24 01, which was seconded.

Confidential
Submission 0127

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0127 02-22-24 01, Exhibit 4774, as well as other material submitted to the Board on this matter, the Board hereby approves Confidential Submission 0127, beginning with the crop year the Manager determines is practicable with actuarially appropriate rates, 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.

NOW THEREFORE BE IT FURTHER RESOLVED that the Board delegates to the Manager the authority to take the actions necessary to implement the product for the appropriate crop year. This delegation includes the authority to implement changes, including those discussed in executive session, and to make other revisions to conform the product to RMA standards, ensure compliance with the law, and other revisions to efficiently implement the product.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4774)

Approved

Chairman Meyer offered the following resolution for Docket No. CI Section 508(h) Submission Apple Tree User Fee Request 02-22-24 01, which was seconded.

Apple Tree User
Fee Request

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Submission Apple Tree User Fee Request 02-22-24 01 Exhibit 4775, as well as other material submitted to the

Board on this matter, the Board hereby approves the user fee of 5.0 percent per premium dollar earned up to an annual maximum of \$50,000, as submitted for Apple Tree submission beginning with the 2025 reinsurance year, which was determined by the Board to be reasonable and to not inhibit the use of the policy as authorized under section 522(b) of the Federal Crop Insurance Act.

NOW THEREFORE BE IT FURTHER RESOLVED that the Board delegates to the Manager the authority to take such actions necessary to facilitate communication with the affected parties regarding roles and responsibilities in the charging and collection of the user fee.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4775)

Approved

Chairman Meyer offered the following resolution for Docket No. CI Section 508(h) Submission Actual Production History Hemp User Fee Request 02-22-24 01, which was seconded.

APH Hemp User Fee Request

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Submission Actual Production History Hemp User Fee Request 02-22-24 01, Exhibit 4776, as well as other material submitted to the Board on this matter, the Board hereby approves the user fee of 5 percent, per premium dollar, earned up to an annual maximum of \$200,000, as submitted for Actual Production History Hemp beginning with the 2025 reinsurance year, which was determined by the Board to be reasonable and to not inhibit the use of the policy as authorized under section 522(b) of the Federal Crop Insurance Act.

NOW THEREFORE BE IT FURTHER RESOLVED that the Board delegates to the Manager the authority to take such actions necessary to facilitate communication with the affected parties regarding roles and responsibilities in the charging and collection of the user fee.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4776)

Approved

Chairman Meyer offered the following resolution Docket No. CI-Section 508(h) Submission Dairy Revenue Protection Modification 11-16-23 01, which was seconded.

Dairy Revenue Protection Modification

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Submission Dairy Revenue Protection Modification 11-16-23 01, Exhibit 4757, as well as other material submitted to the Board on this matter, the Board gives notice of intent to disapprove the Dairy Revenue Protection Modification and will provide the applicant with an explanation of the reasons for its decision.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4757)

Approved

Chairman Meyer offered the following resolution Docket No. CI Submission Shellfish Crop Insurance Pilot Program Modification 02-22-24 01, which was seconded.

Shellfish Crop Insurance Pilot Program Modification

WHEREAS, Section 505(e) of the Federal Crop Insurance Act (FCIA) 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 FCIA;

NOW THEREFORE BE IT RESOLVED that pursuant to the information contained in Docket No. CI-Submission Shellfish Crop Insurance Pilot Program Modification 02-22-24 01, Exhibit 4777, as well as other material submitted to the Board on this matter, the Board approves expert review for Shellfish Crop Insurance Pilot Program Modification as authorized under section 505(e) of the FCIA.

NOW THEREFORE BE IT FURTHER RESOLVED that the Board delegates to the Manager the authority to take the action necessary to enter into and execute contracts with the Board approved persons or entities, or the alternates in case the proposed persons are not available.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4777)

Approved

Chairman Meyer offered the following resolution Docket No. CI Submission Fire Insurance Protection – Smoke Index 02-22-24 01, which was seconded.

Fire Insurance Protection – Smoke Index

WHEREAS, Section 505(e) of the Federal Crop Insurance Act (FCIA) 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 FCIA;

NOW THEREFORE BE IT RESOLVED that pursuant to the information contained in Docket No. CI-Submission Fire Insurance Protection – Smoke Index 02-22-24 01 , Exhibit 4778, the Board approves expert review for the Fire Insurance Protection – Smoke Index submission, and directs that the Manager be authorized to take the actions necessary to enter into and execute contracts with the Board approved persons or entities, or the alternates in case the proposed persons are not available.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4778)

Approved

Chairman Meyer offered the following resolution Docket No. CI Submission PRF-Hawaii 02-22-24 01, which was seconded.

PRF Hawaii

RESOLVED, that pursuant to the information contained Docket No. CI-Submission PRF-Hawaii 02-22-24 01, Exhibit 4779, as well as other material submitted to the Board on this matter, the Board hereby approves the PRF-Hawaii submission, beginning with the crop year the Manager determines is practicable with actuarially appropriate rates, reinsurance, administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under the authority contained in section 522(c) and 523(a) of the Federal Crop Insurance Act.

NOW THEREFORE BE IT FURTHER RESOLVED that the Board delegates to the Manager the authority to take the actions necessary to implement the product for the appropriate crop year. This delegation includes the authority to implement changes, including those discussed in executive session, and to make other revisions to conform the product to RMA standards, ensure compliance with the law, and other revisions to efficiently implement the product.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4779)

Approved

Chairman Meyer offered the following resolution Docket No. CI Submission Nursery Value Select Insurance Program Modification 02-22-24 01, which was seconded.

Nursery Value
Select Insurance
Program

RESOLVED, that pursuant to the information contained in Docket No. CI-Submission Nursery Value Select Insurance Program Modification 02-22-24 01, Exhibit 4780, as well as other material submitted to the Board on this matter, the Board hereby approves the Nursery Value Select Insurance Program Modification, beginning with the crop year the Manager determines is practicable 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 522(c) and 523(a) of the Federal Crop Insurance Act.

NOW THEREFORE BE IT FURTHER RESOLVED that the Board delegates to the Manager the authority to take the actions necessary to implement the product for the appropriate crop year. This delegation includes the authority to implement changes, including those discussed in executive session, and to make other revisions to conform the product to RMA standards, ensure compliance with the law, and other revisions to efficiently implement the product.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4780)

Approved

Chairman Meyer offered the following resolution to expand the list of expert reviewers 02-22-24 01, which was seconded.

Expand List of Expert Reviewers

WHEREAS, Section 505(e) of the Federal Crop Insurance Act requires the Board to enter into contracts 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 by persons experienced as actuaries and in underwriting, NOW THEREFORE BE IT RESOLVED:

That the list of approved expert reviewers be amended to add underwriter reviewer, Dr. Jisang Yu.

There being no discussion, the Board voted to approve the resolution.

Approved

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Submission Livestock Gross Margin for Dairy Cattle, Cattle, and Swine Modification 08-17-23 01, Exhibit 4729, as well as other material submitted to the Board on this matter, the Board hereby approves Livestock Gross Margin for Dairy Cattle, Cattle, and Swine Modification, with revisions as discussed in Executive Session, beginning with the crop year the Manager

LGM for Dairy Cattle, Cattle and Swine Modification

determines is practicable with actuarially appropriate rates, 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.

NOW THEREFORE BE IT FURTHER RESOLVED that the Board delegates to the Manager the authority to take the actions necessary to implement the product for the appropriate crop year. This delegation includes the authority to implement changes, including those discussed in executive session, and to make other revisions to conform the product to RMA standards, ensure compliance with the law, and other revisions to efficiently implement the product.

There being no discussion, the Board voted 4 members to approve and 3 opposed to approve the resolution.

Approved

Chairman Meyer read the following Sense of the Board.

Sense of the Board

The Board wishes to affirm its commitment to providing risk management tools for livestock producers. The Federal Crop Insurance Program acknowledges allegations of “Subsidy Harvesting,” also known as “Subsidy Capture” or “Subsidy Arbitrage” among other names. Producers who purchase insurance products should be doing so to manage their risk, not to make potential gains on the transaction. The Board is also concerned that such a practice includes risks to producers such as margin calls and other associated costs. Thus, such activities are counterproductive to the mission of the Federal Crop Insurance Program, detrimental to U.S. taxpayers, and threaten the protection producers seek through the crop insurance program.

Therefore, the Board is actively working with appropriate public and private partners and stakeholders to:

1. Investigate these allegations and gather data on the full methods and scale of these issues;
2. Consider modifications to insurance products to reduce and/or eliminate the ability to engage in subsidy harvesting while maintaining the viability of the product for livestock producers; and
3. Educate producers on effective risk management techniques and the risks in engaging in subsidy harvesting.

