



Federal Crop
Insurance
Corporation

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August 22, 2024

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Marcia Bunger
Manager /signed/

SUBJECT: Manager's Report
Exhibit No. 4783

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) meeting on August 22, 2024.

Program Update

2025 Crop Year County Fall Crop Program Expansion (Manager's Bulletin [MGR-24-004](#)) RMA announced expansion to counties where certain crops are insurable for the 2025 crop year having a June 30 contract change date. See the announcement for a list of expansions.

Amended: Notice to Cease and Desist Agent/Agency Contract Terminations (Manager's Bulletins [MGR-24-003.1](#) and [MGR-24-003.2](#)) RMA lifted the cease-and-desist action and notification/certification requirement in [MGR-24-003](#).

Margin Protection Changes Effective for the 2025 and Succeeding Crop Years (Product Management Bulletin [PM-24-042](#)) RMA announced changes to the Margin Protection program that includes clarifying how first, and second crop rules apply.

Dry Bean and Dry Pea Revenue Endorsement Changes Effective for the 2025 and Succeeding Crop Years (Product Management Bulletin [PM-24-041](#)) RMA announced changes to when the Dry Bean and Dry Pea Revenue Endorsements' additional projected prices are released.

Fresh Market Bean Crop Provisions Changes Effective for the 2025 and Succeeding Crop Years (Product Management Bulletin [PM-24-040](#)) RMA announced changes to the Fresh Market Bean crop insurance program effective for the 2025 crop year that includes:

- In Florida, expand insurance coverage to two counties and add a "winter" type.
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Expanding Options for Specialty and Organic Growers (EOSOG) Final Rule Effective for the 2025 and Succeeding Crop Years (Product Management Bulletin [PM-24-039](#)) On June 27, 2024, RMA published a final rule in the Federal Register that amended Subpart J (Appeal Procedure), Common Crop Insurance Policy (CCIP), Basic Provisions and Area Risk Protection Insurance (ARPI), Basic Provisions, and various Crop Provisions. The changes apply for the 2025 and succeeding crop years for the June 30, 2024, contract change date and for the 2026 crop year for crops with a contract change date prior to June 30, 2024. The changes include authorizing enterprise units for several specialty. See the announcement for more details. Comments on the changes will be accepted through the close of business on August 26, 2024, at [regulations.gov](https://www.regulations.gov).

Camelina Changes Effective for the 2025 and Succeeding Crop Years (Product Management Bulletin [PM-24-037](#)) RMA announced changes to the Camelina pilot crop insurance program effective for the 2025 and succeeding crop years that includes:

- Allowing enterprise units;
- Increasing the maximum allowable coverage level from 65% to 85%, which may be selected in 5% increments; and
- Revising planting dates in the Southern Plains region to match planting dates for winter wheat.

Research, Contracts, Studies, and Workgroups

Turfgrass Research and Development – RMA is researching the potential for development of a turfgrass policy. On July 17, 2024, RMA representatives visited a turfgrass farms near Houston, Texas. RMA attended the Lake Wheeler Turfgrass Field Day in Raleigh, North Carolina on August 14.

Shellfish Outreach - In June, RMA representatives traveled to Washington to meet with on-bottom oyster producers and nearby processors. In July, RMA representatives visited several oyster and catfish producers in Louisiana and Mississippi.

Fire Insurance Protection – Smoke Index Outreach – RMA met with producers and toured vineyards in Oregon on July 30-31, 2024, to gather information and assess the feasibility of expansion of the program to Oregon.

Lamb Feasibility Study – RMA contracted research of the feasibility of insuring production of lambs. The final [Data Gathering Report for Insuring the Production of Lambs](#) has been published on the RMA website.

Insurance Services

Risk Management Education Partnership Program (RMEPP) RMA awarded nearly \$4.1 million to 15 organizations to educate, and train underserved producers, small-scale and organic producers, and others on risk management and climate smart farming practices. This year's Risk Management Education Partnership Program includes six new partners And nine returning or former awardees from non-profit organizations and Land Grant Universities. The projects target a variety of audiences and agency priorities, including underserved producers, beginning and veteran farmers, organic and sustainable practices, urban producers, and livestock.

Among the traditional RMEPP awards that reinforce RMA's commitment to providing training on risk management options in historically underserved communities, our Community & Stakeholder Outreach is enhancing crop insurance as a critical safety net for agricultural producers through several key partnerships this fiscal year. These efforts include renewing the RMA Southeast Ambassador and establishing the RMA Tribal Ambassador. Both initiatives aim to strengthen the agency's outreach, engagement, and impact within the agricultural community by creating channels for two-way communication and feedback. This ensures that programs meet the needs of underserved agricultural communities in the Southeast region and better address the unique agricultural needs of farmers and ranchers within Tribal communities.

Another key investment is the Navigator Learning Platform, in partnership with Custom Ag Solutions, which enhances technical assistance to underserved producers by training specialists (Navigators & Ambassadors) to provide outreach on key crop insurance topics. This same partner is also piloting our Planting Confidence with Crop Insurance initiative in year two of two; aimed at instilling confidence in the next generation by teaching risk management concepts through the Farming is Risky Business (FRB) curriculum. FRB workshops teach risk management concepts through an engaging and competitive farm simulation game. In this game, students make a series of decisions (such as diversification, forward contracting, and crop insurance) to maximize their operation's profitability by managing production and market risks. The expected outreach includes 150,000-200,000 agricultural instructors and over 1 million youth and future farmers, including members of 4-H and FFA.

Press release can be found here: [USDA Invests Nearly 4 Million in RME for Farmers Including Underserved and Organic Producers | RMA](#)

ROE and Written Agreement Update The Regional Office Exceptions (ROE) platform facilitates the processing of policy and procedural exceptions to the crop insurance policies commonly known as written agreements. Written agreements are manually underwritten policies that offer coverage not available in the county or offer specific improved coverage or terms. This process provides significant flexibility to the federal crop insurance program, which covered almost \$1.5 billion in liability in 2023 from approximately 18,000 written agreement offers.

If the fall of 2023, RMA began a project to digitize these records to further streamline processing. This project will save a significant number of resources, reduce duplication of effort for RMA and AIPs and decrease the chance of human error. The project identified several key feature enhancements including in-application document signatures, FSA FN reconstitution automation, denial record publications, and data submission record layouts. Several of the enhancement are already in place and working, but all items from the project should be completed by Sept 2024 for most of the 2025 Reinsurance Year.

Double Cropping Update

On May 11, 2022, USDA announced administrative actions to address global food insecurity and to boost domestic production in the midst challenges related to the pandemic, supply chains, and the war in Ukraine. As a part of the effort, RMA completed an extensive review of current policy and procedures along with over 100 outreach activities to producers and the crop insurance industry with the goal of making it easier for producers to obtain coverage for double cropping.

The 2023 written agreement season was busy for regional offices as RMA provided offers for coverage on approximately 4,120 policies for FAC coverage. Between written agreements and coverage already available, RMA insured approximately 3.3 million acres for FAC soybeans and grain sorghum. Despite significant drought in parts of Kansas and Missouri, loss ratios held up relatively well for FAC acreage. The overall loss ratio was at 1.36 for FAC acres compared to 0.69 for NFAC acreage nationwide. However, a significant number of acres were planted and insured in Kansas during 2023 with almost 825,000 acres (25% of nationwide acreage) and as of July 18th, 2023, 96% of the state was experiencing drought. If KS was subtracted from the national totals the loss ratio for FAC soybeans and grain sorghum was approximately 0.84. A comparison of the top 10 counties by FAC acreage in Kansas is provided below which showed that FAC performance was consistent with NFAC in the same counties despite the tough weather conditions.

Double Crop Acres Kansas - Comparative

State1	County	Double Crop			Non-Double Crop		
		% of Total Net Acres along Table (Down)	Net Acres	LR	% of Total Net Acres along Table (Down)	Net Acres	LR
Kansas	Cherokee	11.95%	60,018	0.60	5.18%	31,981	0.21
	Cowley	7.74%	38,898	2.90	7.60%	46,909	3.65
	Dickinson	8.05%	40,450	5.85	16.63%	102,674	4.71
	Harvey	9.10%	45,697	5.58	8.71%	53,763	4.17
	Labette	8.99%	45,177	1.26	3.77%	23,296	0.44
	Marion	9.03%	45,336	5.85	9.88%	61,009	4.40
	Mcperson	9.66%	48,533	6.14	14.90%	92,025	4.02
	Sedgwick	8.55%	42,961	2.47	10.87%	67,117	2.88
	Sumner	19.22%	96,516	1.57	16.25%	100,341	1.92
	Wilson	7.70%	38,683	2.74	6.22%	38,421	0.69
Grand Total		100.00%	502,268	2.97	100.00%	617,538	3.08

For 2024 RMA has continued to see significant demand for double crop coverage with an estimated 1600 policies requesting a blanket written agreement and approximately 650 traditional requests for written agreement coverage for FAC soybeans and grain sorghum. RMA is currently evaluating 2025 plans for expansion of the FAC practice into additional portions of Kansas and Missouri based on the demand.

Compliance

RMA Compliance has issued final findings to reinsured companies for the period of May 14, 2024, through August 6, 2024:

- Premium overstatements of \$326,724;
- Indemnity overpayments \$2,445,855;
- Premium understatements of \$22,705; and
- Indemnity underpayments of \$393.

Improper Payment Reviews - Payment Integrity Information Act (PIIA)

The Fiscal Year (FY) 2024 IPERIA Review is complete with RMA reporting an error rate 2.43%. The FY2025 Improper Payment Review (IPR) has commenced and consists of 388 policies. In early May, IPR notification letters, policyholder notification letters, and document request lists were sent to the Approved Insurance Providers (AIPs). AIPs were given a deadline of July 8, 2024, to have all requested documents submitted to the Regional Compliance Offices (RCOs) or request an extension. RCOs are currently conducting reviews of the requested documents to determine if any improper payments were made.

AIP Performance Reviews (APRs)

Regional Compliance Offices (RCOs) issued their Final Approved Insurance Provider Performance Review (APR) Reports for the six AIPs subjected to reviews. The Fiscal Year (FY) 2024 AIP Performance Review (APR) is complete.

Criminal Recover, Indictments, Convictions, and Guilty Pleas

Kentucky Tobacco Insured and Daughter Sentenced for Attempting to Circumvent Suspension from Crop Insurance Program - A Kentucky insured who was suspended from the crop insurance program due to a previous conviction for fraud engaged in activities to circumvent his suspension by having his daughter sign up for crop insurance for his farming operation. The producer was sentenced to 42 months in prison and five years of probation, \$3.5 million in restitution, and \$5.5 million to be paid directly to RMA. The daughter was sentenced to two years of probation and a \$4,000 fine.

North Dakota Insured Pleads Guilty to False Statement Charges - A North Dakota insured was sentenced to pay \$379,317 in restitution to the United States Department of Agriculture (USDA) and to serve a three-year period of supervised release on a charge of False Statement to Influence the United States Department of Agriculture – RMA. During the 2019 crop year, the insured severely understated his soybean production yield numbers to his crop insurance providers to falsely increase his crop insurance indemnity payments. The insured pled guilty to this offense. As part of the plea agreement in this case, the insured voluntarily agreed to a five-year exclusion from receiving benefits from any federal procurement transaction authorized or funded by the USDA.

Audits

OIG Audit 50503-0013-12 FY24 Federal Information Security Modernization Act of 2014 (FISMA) Exit Conference was on June 10, 2024. There were no recommendations for RMA.

OIG Audit 50024-0004-24 USDA's Compliance with Improper Payment Requirements for Fiscal Year 2023 Exit Conference was on June 27, 2024. There were no recommendations for RMA.

OIG Audit 50501-0027-0012 USDA's Compliance with the Geospatial Data Act for FY 2024 Closeout Meeting was on July 2, 2024. There were no recommendations for RMA.

GAO Audit 106347 Livestock Feeding Operation Exit Conference was on July 24, 2024. There are no recommendations in the draft report.

Personnel Announcements

Francie Tolle is the new Deputy Administrator for Compliance.