

Chairman Statement

The Board of Directors of the Federal Crop Insurance Corporation, acknowledges the role of private crop insurance submissions to the success of the Federal crop insurance program over the last 17 years pursuant to section 508(h) of the Federal Crop Insurance Act. These submissions have expanded crop insurance to many specialty crops and introduced a number of insurance options that have helped producers across the country more effectively manage risk. A critical consideration in the development of these privately submitted insurance products is the reimbursement of development costs of the submitters and the payment of submitters' maintenance costs for private submissions that have been approved.

The Board takes its responsibility to account for the taxpayer dollars used by the Federal crop insurance program very seriously, including the amounts paid to provide these cost reimbursements to private submitters, pursuant to section 522(b) of the Federal Crop Insurance Act. Over the past several years, the Board has had many discussions with the submitters about concerns it has with the depth, consistency, and completeness of the reimbursement data provided by private submitters as required by section 522(b), the associated regulations at 7 CFR 400.712, and procedures issued by the Board. The Board's concerns were not with

the statutory or regulatory requirements, but rather with the form and detail of the data provided pursuant to the Board's procedures.

Based on discussions with private submitters at the September 2016 Board meeting, we believed that the type of changes sought in the November procedures were mostly clarifying in nature and consistent with the manner in which many of those submitters already keep track of their expenses. In order to provide sufficient notice to private submitters before the reimbursement submission deadline, and to provide stakeholders advance notice of these procedural changes and clarifications, the Board released these changes in November 2016 and made them immediately effective. Stakeholders were provided 60 days to submit comments. That period ended on January 25, 2017.

The Board and RMA understand that these procedures are raising some questions and concerns with private submitters. The Board appreciated the significant number of constructive comments provided. The Board and RMA are in the process of addressing those comments and incorporating changes to these procedures based on the comments. Revised procedures based on those changes will be released shortly to the public to allow a second opportunity for comment. Those additional changes and comments will be presented to the Board at the May meeting for consideration, well before the time private submitters have

to present their reimbursement claims to the Board for the September Board meeting.

As per normal practice, as these procedures are under review, the Board will apply the procedures in a flexible manner when private submitters demonstrate good faith efforts to provide the Board with complete and consistent information necessary for determining the reasonableness of reimbursement expenses. Again, we appreciate the feedback we have received and look forward to working with stakeholders to ensure that the procedures address the accountability responsibilities of the Board in a way that minimizes unnecessary burdens on private submitters.