



Federal Crop
Insurance
Corporation

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August 17, 2023

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Marcia Bunger */signed/*
Manager

SUBJECT: Manager's Report
Exhibit No. 4727

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) meeting on August 17, 2023.

Program Update

Emergency Drought Relief – Deferral of Interest Charges (Manager's Bulletin [MGR-23-004](#)) In response to catastrophic damage to crops arising from natural disasters in many parts of the nation, the Risk Management Agency (RMA) authorized emergency procedures to allow policyholders additional time to make payment of premium and administrative fees.

2024 Crop Year County Fall Crop Program Expansion (Manager's Bulletin [MGR-23-003](#)) RMA announced the expansion of the number of counties where certain crops are insurable for the 2024 crop year having a June 30 contract change date.

Emergency Procedures for Crops Damaged by Excessive Rainfall and Catastrophic Flooding (Manager's Bulletin [MGR-23-002](#)) RMA authorized the use of emergency procedure for all counties in Connecticut, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont in response to catastrophic flooding in the Northeast United States. Application of these emergency procedures is limited to those situations where the catastrophic nature of the losses due to excessive rainfall or flooding is such that not authorizing these emergency procedures will result in unnecessary delays in administering the crop insurance program.

Suspension of Livestock Risk Protection (LRP) 60-Day Ownership Requirement Due to Severe Drought (Manager's Bulletin [MGR-23-001](#)) To assist producers in managing drought conditions, RMA authorized Approved Insurance Providers (AIP), at their sole discretion, to waive the 60-day ownership requirement for LRP Specific Coverage Endorsements (SCE) currently in effect as of June 9, 2023, subject to verification of proof of

ownership. Proof of ownership can include sales receipts, kill sheets, or other documentation that verifies ownership during the insurance period, showing the date the livestock were sold or slaughtered. The waiver allows producers to market their livestock as necessary while the policy continues in force.

Margin Protection Changes Effective for the 2024 and Succeeding Crop Years

(Product Management Bulletin [PM-23-037](#)) RMA announced expansion of the Margin Protection crop insurance program (added corn and soybeans to all counties where Supplemental Coverage Option is available). Additionally, revisions were made to the Crop Provisions, including clarifying that a producer with a Margin Protection policy cannot transfer their base policy to another insurance provider or cancel their base policy to obtain insurance from another insurance provider.

Hurricane Insurance Protection-Wind Index (HIP-WI) Changes Effective for the 2024 and Succeeding Crop Years for Crops with a HIP-WI Contract Change Date of June 30, 2023, or Later (Product Management Bulletin [PM-23-036](#)) RMA announced changes to HIP-WI policies with a contract change date of June 30, 2023, or later. The following changes are applicable for the 2024 and succeeding crop years:

- Added that for the initial year the Tropical Storm option is elected, coverage will not begin until the later of 14 days after the sales closing date or the end of the waiting period for the Underlying Policy when the Underlying Policy also requires a similar waiting period.
- Clarified definition of “Weather Event” to indicate the conditions necessary to qualify as a hurricane or tropical storm.

Actual Production History (APH) and Other Crop Insurance Transparency Final Rule Effective for the 2024 and Succeeding Crop Years (Product Management Bulletin [PM-23-035](#)) RMA announced changes to the Common Crop Insurance Policy (CCIP) Basic Provisions, Area Risk Protection Insurance (ARPI) Basic Provisions, and the General Administrative Regulations Subpart G – Actual Production History. The changes apply for the 2024 and succeeding crop years for the June 30, 2023, contract change date and for the 2025 crop year for crops with a contract change date prior to June 30, 2023. A Final Rule with these changes was published in the Federal Register on June 29, 2023. FCIC invites public comments on this rule through the close of business on August 28, 2023, at [regulations.gov](https://www.regulations.gov).

Grass Seed Changes Effective for the 2024 and Succeeding Crop Years (Product Management Bulletin [PM-23-033](#)) RMA announced changes to the Grass Seed Crop Provisions to allow enterprise units and optional units by type beginning with the 2024 crop year. RMA also clarified that a grass seed production contract must be provided by the acreage reporting date.

Camelina Crop Provisions Changes Effective for the 2024 and Succeeding Crop Years (Product Management Bulletin [PM-23-032](#)) RMA announced changes to the Camelina pilot crop insurance program, including expanding coverage by allowing

written agreements in select counties in Colorado, Idaho, Kansas, Montana, Nebraska, North Dakota, Oklahoma, Oregon, Texas, and Washington. In addition, to assist expansion by written agreement into the Great Plains, the fall planted practice will be offered in Harper County, Kansas.

Connecticut Planning Regions Changes (Product Management Bulletin [PM-23-030](#)) RMA announced that beginning with the 2024 reinsurance year, county-equivalent planning regions will be used to identify Connecticut counties for Federal crop insurance purposes.

Public Feedback on Prevented Planting (Product Management Bulletin [PM-23-024](#)) Prevented planting is a feature of many crop insurance plans that provides a payment to cover certain pre-plant costs for a crop that was prevented from being planted due to an insurable cause of loss. The FCIC published a Request for Information in the Federal Register on May 23, 2023, soliciting public comments on possible changes to the prevented planting provisions of the (CCIP), Basic Provisions. As part of the Request for Information, FCIC will host in-person and virtual listening sessions for public feedback on prevented planting. FCIC invites all stakeholders to respond to this Request for Information by:

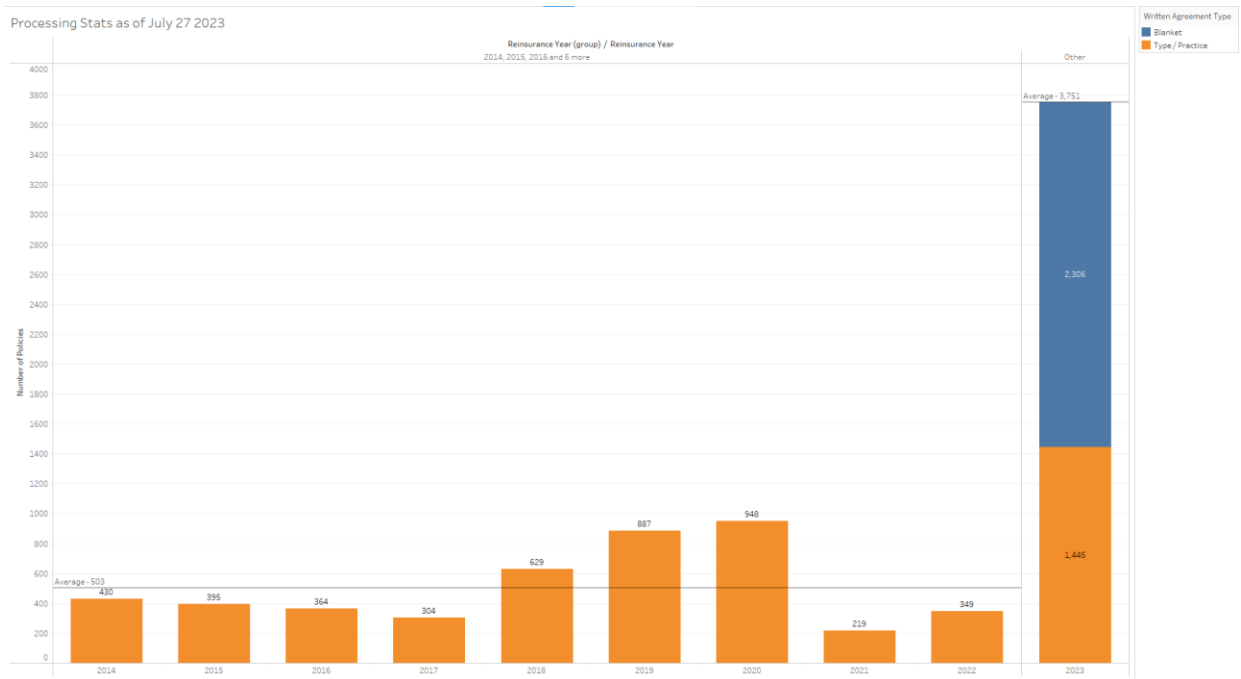
- Submitting written comments through the close of business on September 1, 2023, at [Federal Register: Request for Information and Stakeholder Listening Sessions](#) on Prevented Planting; or
- Attending an in-person and/or virtual listening session to provide verbal comments. In-person listening sessions will be held in Arkansas, Arizona, California, Colorado, Indiana, Iowa, Michigan, New Mexico, North Dakota, Pennsylvania, South Carolina, and Texas. Listening sessions will occur June through August 2023. More information about the listening sessions is available on the RMA website at www.rma.usda.gov.

Insurance Services

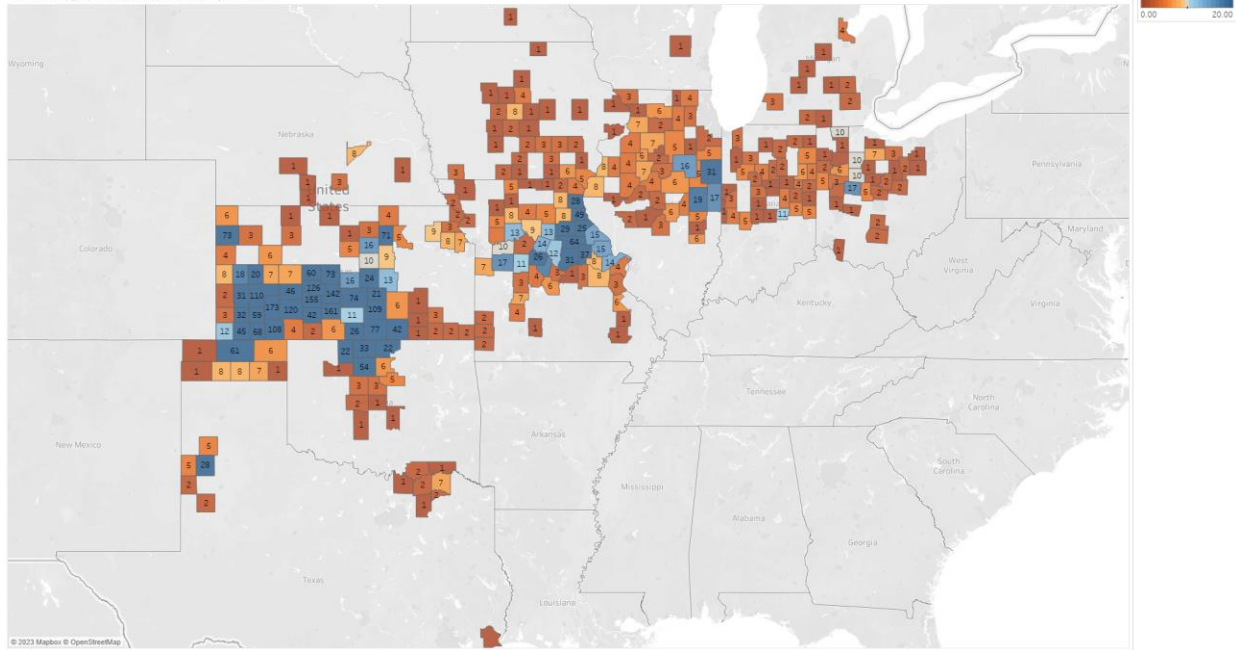
Double cropping expansion and flexibility progress update On May 11, 2022, USDA announced administrative actions to address global food insecurity and to boost domestic production in the midst challenges related to the pandemic, supply chains, and the war in Ukraine. As a part of the effort, RMA completed 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.

These reforms, which are for the 2023 crop year, provide administrative flexibilities and expansion impacting almost 1500 crop/counties for grain sorghum and soybean double cropping when compared to 2022. Some of these flexibilities include the permanent expansion of counties that allow soybeans or grain sorghum to be planted following a crop such as winter wheat, as well as the expansion of where written agreements are available, and simplifying requirements to qualify for a written agreement to obtain coverage.

The 2023 written agreement season has been very busy for regional offices and producers have expressed a lot of interest in obtaining coverage for their FAC (following another crop / second crop) soybeans and grain sorghum. Producers had up until July 15th to complete an application for coverage via written agreement and AIPs have up until August 4th to submit to RMA for review and evaluation, leaving approximately 10 days left before the final application numbers will be known. As of July 27th, RMA has provided offers for coverage on over 3,750 policies across the country with close to 300 requests that have been submitted and are being reviewed and evaluated for potential approval. This would be a seven-to-eight-fold increase over the historical processing average for coverage. Acreage is starting to flow into RMA systems but will likely not be known for another 45-60 days. Attached below are the historical processing stats and locations of where RMA has been receiving applications for coverage for 2023.



Written Agreement Maps as of July 27 2023



Compliance

RMA Compliance has issued final findings to reinsured companies for the period of May 2, 2023, through July 25, 2023:

- Premium overstatements of \$374,201;
- Indemnity overpayments \$789,151;
- Premium understatements of \$5,926; and
- Indemnity underpayments of \$0.

Improper Payments Elimination and Recovery Improvement Act (IPERIA) Reviews

Fiscal year (FY) 2023 IPERIA review is complete with RMA reporting an error rate 2.64 percent. The FY2024 IPERIA review has commenced and consists of 326 policies. In April, IPERIA notification letters and document request lists were sent to the AIPs and policyholders. AIPs were given a deadline of June 29, 2023, 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 RCOs completed the on-site review activities at the AIPs field/headquarter offices on schedule. Following the on-site reviews, RCOs completed and issued the Preliminary APR Reports, and conducted Exit Conferences with the AIPs in May. All Final APR Reports were completed as of June 27, 2023.

Indictments, Convictions, and guilty pleas:

- A Kentucky Tobacco/Corn Policyholder plead guilty to conspiracy for crop insurance fraud for falsifying acreage reports, providing false input reports, hiding corn production in a family member's name, and insuring tobacco in a family member's name. Sentencing is scheduled for September 18, 2023.
- A Minnesota policyholder plead guilty to one count of making a false statement (Title 18 USC 1014) and agreed to pay a restitution to reimburse FCIC for premium subsidies and the Administrative and Operating expenses. The false statement charge was for falsifying production history and claiming an organic practice for non-organic corn. Sentencing for the false statement charge is to be scheduled later.
- A Minnesota producer pleaded guilty in Federal court to wire fraud. The defendant admitted to growing and purchasing conventional grain, marketing it as organic, and receiving about \$19.7 million because of the fraud scheme.
- A New York producer pled guilty to three counts of Federal crop insurance fraud. He claimed losses on crops for which he did not plant. He further claimed the crops were planted on land he did not own or own or have access. In pleading guilty, he agreed to pay restitution in the amount of \$179,051.

FPAC Business Center Referrals

RMA recommended a letter of admonishment sanction against a Sales Agent for SRA violations involving impermissible signature practices. The sales agent forged the policyholder's signature on an acreage report in 2018.

Audits

- OIG Audit 05601-0008-31 Prevented Planting Follow-up Closeout meeting was on July 25, 2023.
- OIG audit 05601-0009-31 Hemp Closeout meeting was on July 27, 2023.

Research, Contracts, Studies, and Workgroups

None.

Personnel Announcements

None.