



Federal Crop Insurance Corporation
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TO: Board of Directors
Federal Crop Insurance Corporation
FROM: Richard H. Flournoy /signed/
Acting Manager
SUBJECT: Manager’s Report
Exhibit No. 4853

This is the Manager’s Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) meeting on August 25, 2021.

Program Update

Suspension of Livestock Risk Protection (LRP) Basic Provisions 60 Day Ownership Requirement Due to Severe Drought: (Manager’s Bulletin MGR-21-008) In order to assist producers in managing drought conditions, the Risk Management Agency (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 August 02, 2021, 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 does not affect the actuarial performance of the LRP policy and permits producers to market their livestock as necessary while the policy continues in force. The 60-day ownership requirement waiver is applicable to any state where LRP is available.

2022 Crop Year County Fall Crop Program Expansions: (Manager’s Bulletin MGR-21-007) RMA expanded the number of counties where certain crops are insurable for the 2022 crop year having a June 30 contract change date. This expansion adds Barley as an insurable commodity in Ripley County, Indiana and Medina County, Ohio.

Emergency Drought Relief – Deferral of Interest Charges: (Manager’s Bulletin MGR-21-006) RMA authorized AIPs to provide additional time for policyholders to make payment of premium and administrative fees. Interest accrual on premium payments and administrative fees will be waived to the earliest of an additional 60 days of the scheduled payment due date or the termination date on policies with premium billing dates between August 1, 2021, and September 30, 2021. Interest will begin to accrue after this additional period for unpaid premium and administrative fees. RMA also authorized additional time for policyholders to make payment for Written Payment Agreements due between August 1, 2021, and September 30, 2021. Payments may be extended up to 60 days of the scheduled payment due date and considered a timely payment. Such extension of time will not be considered a modification of the Written

Payment Agreement, and the AIPs may waive any additional interest for the payment during this 60-day period.

Emergency Procedures for Crops Damaged by Drought: (Manager’s Bulletin MGR-21-005) RMA authorized the use of emergency procedures in all states impacted by drought. The application of these emergency procedures is limited to those situations where the catastrophic nature of the loss, due to insured perils, would result in unnecessary delays in processing claims and the ability to make timely policy decisions.

Prevented Planting (PP) Cover Crop Relief: (Manager’s Bulletin MGR-21-004) For the 2021 and succeeding crop years, RMA rescinded the November 1 date in FCIC procedure, as it relates to haying, grazing, or cutting for silage, haylage, or baleage. A cover crop planted on acreage claimed as prevented from being planted can be hayed, grazed, or cut for silage, haylage, or baleage at any time without a reduction to the prevented planting payment, provided the insured meets all other policy provisions. However, a cover crop harvested for grain or seed at any time will result in a prevented planting payment reduction in accordance with section 15(f)(2) of the CCIP Basic Provisions.

COVID-19 Pandemic Cover Crop Program (PCCP): (Manager’s Bulletin MGR-21-003) RMA created the Pandemic Cover Crop Program (PCCP) to help agricultural producers impacted by the effects of the COVID-19 outbreak. This program is part of the Pandemic Assistance for Producers initiative funded by the Consolidated Appropriations Act of 2021, which provides financial support for agricultural producers impacted by the pandemic. PCCP provides premium support to eligible producers who insured their spring crop and planted a qualifying cover crop during the 2021 crop year. The premium support is \$5 per acre but no more than the total premium owed. Over 14 million acres of cover crops were reported to the Farm Service Agency using the Report of Acreage form (FSA-578) by June 15, 2021. The cover crop fields reported on the Report of Acreage form must match what the producer reported to their insurance company for Federal crop insurance policies to receive the benefit.

Prevented Planting “1-in-4” Planted Requirement for the 2021 and Succeeding Crop Years: (Manager’s Bulletin MGR-21-002) RMA clarified that for the purpose of meeting the planting requirement of section 17(f)(8)(i)(E) of the Common Crop Insurance Policy, Basic Provisions, for the 2021 and succeeding crop years, the annual regrowth for the crop year of an insured perennial crop, such as alfalfa, red clover, or mint, is considered planted when determining if the land is available for planting. In addition, the annual regrowth for the crop year of a perennial planted forage insured under Pasture Rangeland and Forage reported with the intended use of haying is considered planted for the purpose of determining if the land is available for planting. Provided the land was planted (including the clarifications stated above), insured, and harvested (or adjusted for a loss excluding excess moisture or drought or other cause of loss specified in the Special Provisions) within the same crop year in one of the last four

crop years, the land would meet the current prevented planting available for planting “1-in-4” requirement.

Hurricane Insurance Protection - Wind Index (HIP-WI) Changes Effective for the 2022 and Succeeding Crop Years for Crops with a Contract Change Date of June 30, 2021, or Later: (Product Management Bulletin PM-21-038) RMA announced changes to the HIP-WI crop insurance program for the 2022 and succeeding crop years. These changes include: revision and addition of definitions; clarification of the impact of changing coverage in subsequent crop years, and the limitations imposed on coverage resulting from said changes; revision to determine eligible acres where a loss is not triggered for the insured county before the insured reports acreage for the underlying policy; clarification that any reduction in liability to the underlying crop policy will apply to the endorsement; clarification that only one administrative fee per crop, per county is owed for HIP-WI; and revisions to the methodology for establishing triggered counties in the Hurricane Data Provisions.

Area Risk Protection Insurance Basic Provisions and Common Crop Insurance Policy Basic Provisions Changes Effective for the 2022 and Succeeding Crop Years: (Product Management Bulletin PM-21-037) RMA announced revisions to the Area Risk Protection Insurance Basic Provisions (ARPI) and Common Crop Insurance Policy Basic Provisions (CCIP) for the 2022 and succeeding crop years for crops with a contract change date on or after June 30, 2021, and for all other crops, the changes are applicable for the 2023 and succeeding crop years. The changes to the CCIP and ARPI Basic Provisions include revisions of the definition of “veteran farmer or rancher” to allow a legal entity, comprised only of the veteran and their spouse, to qualify as a veteran farmer or rancher when a qualifying veteran has a non-veteran spouse.

Revisions to the CCIP Basic Provisions include: clarification that the notice of loss provisions apply for Quality Loss Option eligibility; authorization of enterprise units (EU) if allowed by the Crop Provisions; and allowing insured to report acreage as certified organic, or as acreage in transition to organic, when the insured certifies they have requested, in writing, a written certification or other written documentation from a certifying agent on or before the acreage reporting date. A Final Rule with these changes published in the Federal Register on June 30, 2021. The public is invited to submit comments on this rule through the close of business on August 30, 2021, at [regulations.gov](https://www.regulations.gov).

Small Grains Crop Provisions Changes Effective for the 2022 and Succeeding Crop Years: (Product Management Bulletin PM-21-034) RMA announced changes to the Small Grains Crop Provisions effective for the 2022 and succeeding crop years. These provisions were revised to allow for additional unit divisions for wheat and to make discretionary changes to clarify provisions for counties with spring-planted acreage, fall-planted acreage, or both. A Final Rule with these changes was published in the Federal Register on June 25, 2021. The public is invited to make comments on this rule through the close of business on August 24, 2021, at [regulations.gov](https://www.regulations.gov).

Malting Barley Endorsement Changes Effective for the 2022 and Succeeding Crop Years: (Product Management Bulletin PM-21-033) RMA announced changes to the Malting Barley Endorsement effective for the 2022 and succeeding crop years. These changes include expansion to Decatur and Ripley Counties in Indiana and Medina County in Ohio and clarification and alignment of claim-related date specifications with other procedure and policy.

Dry Bean and Dry Pea Crop Provisions Changes Effective for the 2022 and Succeeding Crop Years: (Product Management Bulletin PM-21-032) RMA announced changes to the Dry Bean and Dry Pea Crop Provisions effective for the 2022 and succeeding crop years. These changes include: allowing enterprise unit division by type; authorization for dry bean types to include crops that are insured by written agreement; and clarification of which sales closing date is applicable in dual counties when insurable fall planted acreage exists.

Triticale Crop Provisions Changes Effective for the 2022 and Succeeding Crop Years: (Product Management Bulletin PM-21-029) RMA announced changes to the Triticale crop insurance program effective for the 2022 and succeeding crop years. These changes include expanding the program to an additional 128 counties in 21 states and revising the maximum contract price factor from 1.4 to 2.27 times the established price for the crop year.

Research, Contracts, Studies, and Workgroups

Apple Workgroup: RMA continues to work with the apple industry and AIPs to evaluate potential changes to the apple program. RMA is targeting the 2023 crop year for implementation of policy revisions.

Aquaculture: RMA awarded a contract to Agrilogic on July 19, 2021, to determine the validity and feasibility of developing a single or limited peril shellfish program or a revenue-based shellfish program with a focus on coverage that recognizes the difference in perils at different phases of growth.

Controlled Environment Agriculture (CEA): The 2018 Farm Bill required RMA to research feasibility of offering a crop insurance program for CEA. Based on a contracted research report, RMA is planning to move forward with the contracted development of a crop insurance program for CEA.

Guar: On March 19, 2020, a request for contractor proposals was issued to gather data, perform analysis, and develop a marketable and viable crop insurance program for guar producers. The focus of the effort will be the top guar producing states. On May 14, 2020, RMA awarded the contract to Agralytica. The contractor delivered a Data Gathering Report in November 2020. Based on the results of the report, RMA is requiring the contractor to develop a crop insurance program submission package for

guar. On July 14, 2021, the contractor delivered to RMA the Final Guar Board Submission Package for review. RMA intends to present the proposed program modification to the FCIC Board of Directors at the September 2021 Board meeting.

Production and Revenue History (PRH) for Fresh Tomatoes, Sweet Corn, and Peppers: RMA has contracted with Agralytica for the development of PRH policy for fresh market tomatoes, fresh market sweet corn, and fresh market peppers. The PRH contract kick off meeting was held with Agralytica on May 13, 2021. The Data Gathering Report is due from the contractor for Fresh Market Tomatoes on September 30, 2021. The contractor is conducting listening sessions for Fresh Market Tomatoes and Fresh Market Peppers in August for Florida and Georgia producers and other stakeholders.

Risk Management Education

RMA invested \$955 million in funding for universities and nonprofits to develop risk management training and educational tools aimed to assist historically underserved farmers and ranchers. Nine projects, one at the national level and eight at the state level, will help producers effectively manage long-term risks and challenges. The projects offer a broad range of risk management training, including education on Federal crop insurance, wildfire preparedness, financial management, record keeping and risk analysis, among other topics. This is a reboot of an effort that invested \$126 million in risk management education for historically underserved communities from 2002 to 2018. The 2018 Farm Bill reduced dedicated funding for RMA's Risk Management Education Program, however RMA identified nearly \$1 million for these important education projects that officially began on July 29, 2021, with a duration of approximately 1 year.

Projects include:

- Educational information about risk management and crop insurance which is respectful and appropriate for Native producers (Intertribal Agriculture Council with the University of Arkansas' Indigenous Food and Agriculture Initiative);
- Wildfire preparedness and response and recovery strategies for California farmers (Farmer Campus with Rhizobia, LL.C.);
- Workshops on practices to mitigate financial and environmental risk for Georgia growers (Seven Rivers Resource Conservation and Development Area Council with Team Agriculture Georgia);
- Training on recordkeeping and financial management for underserved producers in Maryland and Washington (University of Maryland; Washington State University);
- Training on recordkeeping and financial management provided bilingually in Texas and Connecticut (University of Texas Rio Grande; University of Connecticut);
- Training on how to use insurance and non-insurance tools for small-scale specialty crops and livestock for producers in Florida (North-South Institute); and

- Training to increase financial management of local food and urban farming operations in Michigan (Michigan State University).

Compliance

RMA Compliance has issued final findings to reinsured companies for the period of June 1, 2021, through July 27, 2021:

- Premium overstatements of \$478,013;
- Indemnity overpayments \$733,799;
- Premium understatements of \$478,808;
- Indemnity underpayments of \$15.984; and
- A&O Reduction of \$31,429.

Improper Payments Elimination and Recovery Improvement Act (IPERIA)

Reviews: Regional Compliance Offices (RCOs) continue to conduct reviews of the documents submitted by the policyholders and AIPs for the 2020 reinsurance year to determine if any improper payments were made. Closure letters or Initial Findings will be submitted to the AIPs as reviews are completed.

AIP Performance Reviews (APRs): RCOs issued the Preliminary APR Reports in May and the reports' findings were briefed in Exit Conferences held with the AIPs May-June 2021. The AIPs had 30 calendar days to provide their responses to RMA. The Final APR Reports were issued to all AIPs by July 20, 2021.

Audits: OIG Audit 05601-005-31 Data Mining was closed on July 27, 2021.

Investigations, Indictments, & Convictions:

Kentucky Tobacco Case. The following reflects ongoing activity with Kentucky tobacco cases being investigated by RMA's Special Investigation Staff, USDA's Office of Inspector General, and the United States Attorney's Office:

- **Kentucky Insured Pleads Guilty to Multiple Charges.** On June 4, 2021, a Kentucky insured pled guilty to conspiracy to commit crop insurance fraud, false claims, and tax evasion. From at least 2006 until 2016, the defendant made crop insurance applications under nominee names, presented false production evidence, devised schemes to hide production under tobacco contracts, and used other financial schemes to hide production and provide false input records for the sole purpose of causing or influencing a crop insurance indemnity. The insured is scheduled to be sentenced on October 22, 2021.
- **Kentucky Insured Sentenced for Crop Insurance Fraud.** On July 14, 2021, a Kentucky producer was sentenced to 66 months incarceration and given

three years of probation. The producer pled guilty to crop insurance fraud and tax evasion on December 9, 2019. The producer conspired with tobacco warehouse owners to engage in fraudulent schemes and activities resulting in over \$1 million in total crop insurance fraud. The court will determine the insured's restitution amounts at a later date.

- **Kentucky Insured Pleads Guilty to Conspiracy Charges.** On July 2, 2021, a producer pleaded guilty to conspiracy to commit crop insurance fraud. From at least 2012 until 2016, the defendant presented false production evidence and participated in a scheme to hide production under tobacco contracts with the intention of causing or influencing a crop insurance indemnity. The insured is scheduled to be sentenced on September 8, 2021.

Personnel Announcements

Dr. Thomas Worth, RMA's Senior Actuary under the Deputy Administrator for Product Management, has accepted a position with the Economic Research Service.