



Federal Crop
Insurance
Corporation

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September 20, 2019

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Martin R. Barbre */signed/*
Manager

SUBJECT: Manager's Report
Exhibit No. 4556

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) meeting on September 20, 2019.

Program Changes

Whole Farm Modifications (PM Bulletin PM-19-048)

On August 30, 2019, the Risk Management Agency (RMA) published updated program materials for Whole Farm Revenue Protection effective for the 2020 and subsequent crop years. RMA held several stakeholder meetings with agents, producers, and grower groups to solicit recommendations to increase flexibility and effectiveness of the program. As a result of the meetings, RMA proposed several program modifications, which the FCIC Board of Directors approved on June 5, 2019. The modifications include:

- New options to help moderate the impacts of disaster years on historical revenue;
- Increased expected revenue limits for animals, animal products, and nursery commodities from \$1 million to \$2 million; and
- Added language to allow coverage for industrial Hemp production.

ARH Sweet Cherry and Tart Cherry Modifications (PM Bulletin PM-19-047)

On August 30, 2019, RMA published revised crop provisions for the Actual Revenue History Sweet Cherry and Tart Cherry programs, effective for the 2020 and succeeding crop years. The modifications were made in response to industry input and feedback from stakeholders. The modifications include adding provisions allowing for written agreements in certain counties and changes to the definition of unit division.

Research, Contracts, Studies, and Workgroups

Onion Program/Pilot Onion Stage Removal Option Evaluation: RMA recently awarded a contract to Agralytica to review the Onion Crop Insurance Program. The draft program evaluation issues report has been received and is currently under review by RMA.

Hurricane Dorian in North Carolina:

- Hurricane Dorian made landfall at Cape Hatteras, North Carolina at approximately 8:15 am EDT 9/06/2019;
- Rainfall amounts in the 6 to 8 inch range in the majority of Eastern North Carolina in a 24-hour period between September 5 and 6;
- 250,000 lost power in the region between September 5 and 6. Most power is back up as of September 9, 2019;
- No rivers in the region exceeded flood stage; and
- Principal crops potentially affected include: Flue-cured Tobacco, Corn, Cotton, Soybeans, Peanuts, and Sweet Potatoes.

Crop Conditions/Concerns -

- Counties in eastern North Carolina, especially east of US Highway 17 are reporting Flue-Cured Tobacco loss due to sustained winds. The sustained winds primarily affected tobacco that had seen 2 pullings for 2019;
- Per early feedback from the NC Tobacco Growers Association “an estimated 50 million pounds of tobacco were damaged by Dorian”;
- Very few cotton bolls are open in the affected region, but there are concerns with boll lock; and
- Corn in the area will see some damage from sustained winds.

Crops and Liabilities in the Affected NC Counties (as of 09/04/2019)

Commodity	Sum of Policies Earning Premium	Sum of Quantity (acres)	Sum of Liabilities (\$)	Sum of Total Premium (\$)	Sum of Indemnity (\$)
Corn	2,861	637,948	\$236,025,709	\$26,134,137	\$220,023
Soybeans	3,637	950,042	\$225,352,009	\$31,003,252	\$1,504,934
Flue Cured Tobacco	885	72,009	\$219,458,403	\$25,400,598	\$155,859
Cotton	1,532	350,299	\$194,003,858	\$23,987,812	\$85,696
Whole Farm Revenue Protection	77	0	\$106,839,663	\$9,634,352	\$105,937
Peanuts	554	69,543	\$38,308,152	\$3,041,077	\$89,988
Grand Total	9,546	2,079,841	\$1,019,987,794	\$119,201,228	\$2,162,437

Primary NC Counties affected (as of 09/09/2019)



Compliance

RMA Compliance has issued final findings to reinsured companies for the period of July 30, 2019, through September 3, 2019:

- Premium overstatements of \$176,528;
- Indemnity overpayments \$2,139;
- Premium understatements of \$176,042; and
- Indemnity underpayments of \$0

Improper Payments Elimination and Recovery Improvement Act (IPERIA) Reviews

RCOs continue to conduct reviews of the documents submitted by the policyholders and Approved Insurance Providers (AIP) 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)

RMA has identified the five AIPs whose performance will be evaluated for the fiscal year (FY) 2020 APR: Hudson Insurance Company, ACE American Insurance Company (Rain & Hail LLC), NAU Country Insurance Company, Country Mutual Insurance Company and Producers Agriculture Insurance Company (Pro Ag Management Inc). Notice of Review Letters have been submitted to the AIPs subject to review. The FY 2020 APR will begin in October 2019.

Special Investigations

The RMA case originated as a request for assistance by Office of Inspector General (OIG) to identify locations of land farmed by Randy Constant (d/b/a Organic Land Management). OIG's investigation involved the sale of conventional corn and soybeans into the organic market. OIG discovered that several train car loads of grain sold as certified organic were in fact conventional. In October 2018, all four individuals plead guilty to one charge of 18 U.S.C § 1343 (Wire Fraud). On August 16, 2019, Randy Constant, Tom Brennan, James Brennan, and Mike Porter were sentenced. The judgment was filed on August 19, 2019. The results of the sentencing are as follows:

- Randy Constant – 122 months imprisonment, 36 months supervised release, and \$205,604 restitution to RMA;
- Tom Brennan – 3 months imprisonment and 36 months supervised release;
- James Brennan – 20 months imprisonment and 36 months supervised release; and
- Michael Potter – 24 months imprisonment and 36 months supervised release.