



Federal Crop
Insurance
Corporation

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November 17, 2022

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Marcia Bunger */signed/*
Manager

SUBJECT: Manager's Report
Exhibit No. 4678

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) meeting on November 17, 2022.

Program Update

Emergency Procedures for Crops Damaged by Hurricane Ian (Manager's Bulletin MGR-22-008) In response to the catastrophic damaged caused by Hurricane Ian, the Risk Management Agency (RMA) authorized the use of emergency procedures for all crops in Florida, North Carolina, South Carolina, and Virginia.

Pomegranate Crop Insurance Program Effective for the 2023 and Succeeding Crop Years (Product Management Bulletin PM-22-064) RMA announced the release of a new Pomegranate crop insurance program approved by the FCIC Board under section 508(h) of the Federal Crop Insurance Act. Features of the program effective for the 2023 and succeeding crop years in select California counties include:

- Actual Production History (APH) coverage for irrigated fresh and processing pomegranate production in eight counties in California's Central Valley: Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare.
- Coverage for adverse weather, fire, earthquake, volcanic eruption, failure of irrigation water supply, insects, and plant diseases.
- Coverage levels between 50 and 85 percent, and catastrophic (CAT) coverage will be available.
- Quality adjustment for fruit not sold as fresh.
- The sales closing date for the 2023 crop year is December 31, 2022. The sales closing date for the 2024 and subsequent crop years will be November 20, 2023.

Walnut Crop Insurance Changes Effective for the 2023 and Succeeding Crop Years (Product Management Bulletin PM-22-063) RMA announced changes to the Walnut Crop Provisions effective for the 2023 and succeeding crop years that include removing the minimum age requirement and other

changes for clarification and consistency. A Final Rule with these changes published in the Federal Register on October 25, 2022. FCIC invites the public to submit comments on this rule through the close of business on December 27, 2022, at [regulations.gov](https://www.regulations.gov).

Hurricane Insurance Protection - Wind Index (HIP-WI) Payment Indicator and Trigger Event Date for Hurricane Ian (Product Management Bulletin PM-22-061)
RMA announced counties that triggered payment due to Hurricane Ian under the HIP-WI Endorsement.

Research, Contracts, Studies, and Workgroups

Apple Workgroup: RMA issued a proposed rule to revise the Apple Crop Provisions on December 16, 2021, with a public comment period initially ending on February 14, 2022. On January 27, 2022, RMA extended the comment period by an additional 60 days to April 15, 2022. The intended effect of this action is to provide policy changes to better meet the needs of the apple producers. RMA received 1,200 comments from about 200 commenters. Based on the comments received, RMA will conduct additional outreach before finalizing the changes. The outreach would be in-person and virtual listening sessions in Spring 2023.

Controlled Environment Agriculture (CEA): The 2018 Farm Bill required RMA to research feasibility of offering a crop insurance program for CEA. RMA has issued a contract for research and development of a crop insurance program for CEA. To date, the contractor has provided three deliverables: 1) research report outlining how Nursery Value Select can be altered to work for CEA; 2) draft CEA Crop Provisions; and 3) the Insurance Standards Handbook, Loss Adjustment Standards Handbook, Special Provisions, and rating methodology. The next step is to exercise the option for the contractor to provide RMA with a draft and final Board submission package. The draft Board submission package was submitted on October 24, 2022. RMA expects to take the CEA submission to the Board in February 2023.

Compliance

Compliance has issued final findings to reinsured companies for the period of September 13, 2022, through October 25, 2022:

- Premium overstatements of \$995,718;
- Indemnity overpayments \$2,273,502;
- Premium understatements of \$0;
- Indemnity underpayments of \$10,982; and
- A&O Reduction of \$6,577.

Improper Payments Elimination and Recovery Improvement Act (IPERIA) Reviews

RMA Regional Compliance Offices (RCOs) continue to conduct reviews of the documents submitted by the policyholders and Approved Insurance Providers (AIPs) to determine if any improper payments were made. The deadline for RCOs to submit Initial Findings to the AIPs is November 18, 2022. Of the 445 case policies selected in the IPERIA sample, 308 reviews have been completed and the case policies closed.

Indictments, Convictions, and Guilty Pleas

On September 2, 2022, in the U.S. District Court for Nebraska, a producer was sentenced after pleading guilty to crop insurance fraud. The sentence included 4 years of probation, 16 weekends of intermittent confinement, restitution to RMA/FCIC for \$1,000,000, a \$30,000 fine, and a \$100 special assessment.

The U.S. District Court in North Dakota unsealed an indictment. On August 25, 2022, a Federal Grand Jury in North Dakota charged a North Dakota producer with three counts of making false statements to FCIC related to crop insurance claims in crop years 2017 and 2018. The producer allegedly filed claims on potato crops he knew were damaged because of his farming practices rather than an insurable cause of loss.

Personnel Announcements

Dr. Ken Kitur is the new Chief of Reinsurance Accounting and Operations Branch in the Product Analysis and Accounting Division.