



Federal Crop  
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May 21, 2021

**TO:** Board of Directors  
Federal Crop Insurance Corporation

**FROM:** Richard H. Flournoy /signed/  
Acting Manager

**SUBJECT:** Manager's Report  
Exhibit No. 4856

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) meeting on May 21, 2021.

**Program Update**

**Flue Cured Tobacco 2021 Clarifications:** (Manager's Bulletin MGR-21-001) The Risk Management Agency (RMA) issued four clarifications to the flue cured tobacco policy for the 2021 crop year. First, production agreements are due to the Approved Insurance Provider (AIP) by the acreage reporting date. Second, when determining a weighted average price election, the production guarantee is used to determine the ratio of contracted vs. non-contracted pounds of tobacco. Third, the "maximum over established price" is used when determining the calculated discount factor for quality adjustment. Fourth, for a policy that meets the definition of "Individual-Married" contained in RMA's FCIC 18190 General Standards Handbook, a production agreement issued in either spouse's name will be considered sufficient for a married individual's insurance policy.

**Northern Potato Crop Insurance Endorsements – Quality Endorsement; Processing Quality Endorsement; Certified Seed Endorsement; Storage Coverage Endorsement Changes Effective for the 2022 and Succeeding Crop Years:** (Product Management Bulletin PM-21-023) RMA issued a final rule to amend the Northern Potato Crop Insurance – Quality Endorsement; Processing Quality Endorsement; Certified Seed Endorsement; Storage Coverage Endorsement. For the 2022 and succeeding crop years, premium for these endorsements will no longer be charged on acres prevented from planting. The Final Rule with this change was published in the Federal Register on April 30, 2021. Comments will be accepted through the close of business on June 29, 2021.

**Forage Seeding Crop Provisions Changes Effective for the 2022 and Succeeding Crop Years:** (Product Management Bulletin PM-21-023) RMA amended the Forage Seeding Crop Provisions for the 2022 and succeeding crop years in response to comments received on the Final Rule published in the Federal Register on April 30, 2020, to clarify the later spring sales closing date

applies in counties with both fall and spring-planted practices if a producer does not plant any “insurable” fall planted acreage. This change provides producers who plant an uninsurable forage crop in the fall an opportunity to purchase a policy for an insurable and timely planted forage crop in the spring.

**Hybrid Vegetable Seed (HVS) Crop Insurance Changes Effective for the 2022 and Succeeding Crop Years:** (Product Management Bulletin PM-21-022)

RMA made clarifications to the HVS crop insurance program for the 2022 and succeeding crop years to address approved insurance provider and producer questions. Revisions to the HVS crop insurance program include: clarified the “minimum guaranteed payment” will be the highest payment amount stated in the processor contract if the contract payment amounts increase based on the insured crop’s development; and modified stand reduction procedures to determine reduced yield potential due to male and female stand reduction.

**Dairy Revenue Protection (DRP) and Livestock Gross Margin (LGM)**

**Revisions for the 2022 and Succeeding Crop Years:** (Product Management Bulletin PM-21-021) RMA made revisions to the DRP plan of insurance and the LGM plans of insurance for the 2022 and succeeding crop years. The revisions were approved by the FCIC Board of Directors under section 508(h) of the Federal Crop Insurance Act. Revisions the DRP plan of insurance include: added a Class Price Weighting Factor Restricted Value; provided more precise state level production and milk yields for Georgia by no longer grouping it with nearby states; relaxed records requirements by allowing monthly (instead of daily) total pounds of milk and milk components (butterfat and protein) to be acceptable records; incorporated Manager Bulletin MGR-20-017 into the policy and handbook to cutoff the weekend sales period on Sunday at 9:00 a.m. Central Time; clarified when the policy will terminate for unpaid premium or other amounts due; and clarified when the producer may seek arbitration. Revisions to the LGM plan of insurance include: modified the “expected price measurement period” definition and the “sales period” definition to allow for weekly sales; and clarified when the producer may seek arbitration.

**Production and Revenue History (PRH) Strawberry Pilot Crop Insurance Program Changes Effective for the 2022 and Succeeding Crop Years:**

(Product Management Bulletin PM-21-020) RMA expanded the PRH Strawberry Pilot crop insurance program to California for the 2022 and succeeding crop years as approved by the Federal Crop Insurance Corporation Board of Directors. RMA also made RMA clarifying revisions for the 2022 and succeeding crop years, including: adding “Relay Crop” definition to clarify approved production practices in Florida; clarified how the revenue report history is determined; and clarified the price computation when an election is made but no sales were made to the buyer type.

## **Research, Contracts, Studies, and Workgroups**

**Pasture Rangeland and Forage (PRF):** RMA contracted for an independent evaluation of the PRF Rainfall Index Crop Insurance Program. The primary purpose of this contract was to conduct a comprehensive review of the methodology and calculations along with the County Base Values to determine if this was an effective risk management tool for livestock producers. RMA requested comments from the industry on the recommendations made by the contractor and some alternative recommendations to improve the PRF program. The comment period ended December 21, 2020. RMA received comments from over 200 individuals or organizations. The contractor is currently reviewing the comments and preparing responses.

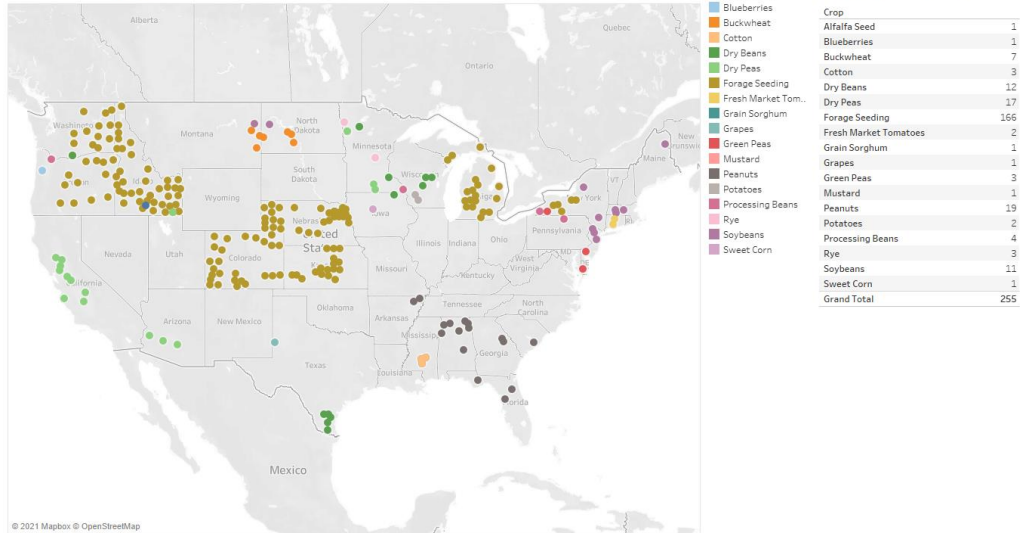
**Apple Workgroup:** RMA continues to work with the apple industry and approved insurance providers to evaluate potential changes to the apple program. RMA is targeting the 2023 crop year for implementation of policy revisions.

**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. The deliverable is due in May 2021.

## **2021 Program Expansion**

RMA's Regional Offices (RO) often work proactively on the expansion of permanent policies as part of their normal course of work by examining written agreement requests and by working with agents, AIPs, other U.S. Department of Agriculture agencies, and other stakeholders to identify changes to cropping practices. As these trends emerge and RMA gains experience for the new crop in an area, ROs work closely with Product Management to expand policy availability by gauging demand and data and then prioritize based on available funding. For 2021, RMA expanded policies for 17 different crops across 255 counties nationwide. Below is a map and chart totals by crop of the expansion.

2021 - Crop Expansion Map



## Compliance

RMA Compliance has issued final findings to reinsured companies for the period of February 2, 2021 through April 27, 2021:

- Premium overstatements of \$314,359;
- Indemnity overpayments \$389,241;
- Premium understatements of \$48,318;
- Indemnity underpayments of \$33,997; and
- A&O Reduction of \$588,486.

## Improper Payments Elimination and Recovery Improvement Act (IPERIA)

**Reviews:** FY 2021 IPERIA review is complete and the final error rate is being calculated. The results will be submitted to the Office of the Chief Financial Officer at the end of May. The FY 2022 IPERIA review has commenced and consists of 372 policies. In April, IPERIA notification letters and document request lists were sent to the AIPs and policyholders. AIPs were given a deadline of June 8, 2021, to have all requested documents submitted to RMA's Regional Compliance Offices (RCO) or request an extension.

**AIP Performance Reviews (APRs):** RCOs conducted virtual site reviews with the AIPs February through March 2021. The post virtual review assessments and report writing were completed March through April 2021. The Preliminary APR Reports will be completed and submitted to the AIPs for review by May 12, 2021.

## Personnel Announcements

None.