



Federal Crop
Insurance
Corporation

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June 5, 2019

TO: Board of Directors
Federal Crop Insurance Corporation

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

SUBJECT: Manager's Report
Exhibit No. 4524

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) meeting on June 5, 2019.

Agriculture Improvement Act of 2018 (2018 Farm Bill)

Since the last Manager's Report, the Risk Management Agency (RMA) has released the following program updates regarding the 2018 Farm Bill:

Recognizing Dual Use of Forage: The Board approved revisions to the Annual Forage Plan of Insurance on April 23, 2019, effective for the 2020 crop year. Pursuant to the 2018 Farm Bill, these changes include adding a new dual use option to allow producers to purchase both an Annual Forage and a Small Grains Policy on a crop that is both grazed and harvested for grain. This option will be available for Growing Season One in counties where the special provisions allow. The dual use option will have a separate county base value.

Veteran Farmer or Rancher (VFR) Benefits: The 2018 Farm Bill added a definition of VFR and provided VFR the same benefits as Beginning Farmers or Ranchers (BFR). These benefits include: Waiver of administrative fees, 10 percent more premium subsidy for buy-up, ability to use another person's production history; and an increase in the yield substitution amount from 60 to 80 percent. RMA released procedures for approved insurance providers making VFR benefits available for the 2019 crop year for crop policies with sales closing dates of December 20, 2018, or later. VFR benefits will be available for all other policies beginning with the 2020 crop year. [Manager's Bulletin](#)

STAX Reporting with respect to SCO and ARC/PLC: RMA Manager's Bulletin addresses Stacked Income Protection Plan reporting and eligibility for the 2019 crop year with respect to Supplemental Coverage Option and Agriculture Risk Coverage/Price Loss Coverage. [Manager's Bulletin](#)

Program Changes

Hybrid Vegetable Seed: RMA Manager's Bulletin announces implementation and released program materials of Hybrid Vegetable Seed Insurance Program approved by Board on March 27, 2019. The program protects against production losses for Hybrid Carrot Seed. [Product Management Bulletin](#)

County Crop Expansion: RMA has expanded the number of counties where fresh market sweet corn and peppers are insurable beginning with the 2020 crop year. These counties are as follows:

- Fresh Market Sweet Corn: Colquitt, Miller, Seminole, Tift, Toombs, and Worth, Georgia.
- Peppers: Hamilton, Florida; Brooks, Colquitt, Cook, Echols, Grady, Lowndes, Thomas, Tift, Ware, and Worth, Georgia; and Clarendon, Colleton, Edgefield, Orangeburg, Saluda, South Carolina.

Guidance for Whole-Farm Revenue Protection (WFRP) Indemnities and North Carolina State Disaster Payments: For the 2018 insurance year, only North Carolina Federal disaster payments will be considered revenue-to-count when completing a WFRP claim for farm operations. State disaster payments will be excluded from revenue-to-count when calculating WFRP indemnities.

Emergency Procedures for 2018 Flooding: Provides emergency loss determination procedures for the 2018 crop to address catastrophic production damage caused by record-level flooding.

Livestock Risk Protection for Feeder Cattle, Fed Cattle, and Swine plans of insurance: RMA Manager's Bulletin announces implementation and released program materials for the 2020 reinsurance year that include revisions to the Livestock Risk Protection for Feeder Cattle, Fed Cattle, and Swine plans of insurance approved by the Board on May 24, 2018. [Product Management Bulletin PM](#)

Research, Contracts, Studies, and Workgroups

Pistachio Pilot Program Evaluation: RMA contracted with Agralytica, Inc. to evaluate the Pistachio Pilot crop insurance program. The draft evaluation report was received on May 14. The primary recommendation from the contractor was the pilot should be converted to a permanent (regulatory) program. RMA is reviewing the draft report. The final report is due June 25, 2019.

Outreach

Production and Revenue History (PRH) Plan of Insurance: RMA staff recently met with industry groups, insurance company representatives, and tomato, pepper, sweet corn, and strawberry growers in Florida to discuss the concept of the PRH Plan of Insurance. Feedback received at these meetings will be used in the development of the program.

Onion Program/Pilot Onion Stage Removal Option Evaluation: RMA recently awarded a contract to Agralytica to review the Onion Crop Insurance Program. Agralytica will be conducting listening sessions with growers, insurance companies, and other interested parties in June 2019, in major growing areas across the United States.

Compliance

RMA Compliance has issued final findings to reinsured companies for the period of March 2019 through May 2019:

- Premium overstatements of \$230,217;
- Indemnity overpayments \$1,468,795;
- Premium understatements of \$959; and
- Indemnity underpayments of \$0.

Improper Payments Elimination and Recovery Improvement Act (IPERIA)

Reviews: The fiscal year (FY) 2019 IPERIA review is complete and the final error rate is being calculated. The final results will be submitted to USDA's Office of the Chief Financial Officer at the end of June. The sample for the FY 2020 IPERIA review has been drawn and consists of 366 policies. RMA issued an Informational Memorandum on May 3, 2019, informing Approved Insurance Providers (AIPs) of the FY 2020 IPERIA reviews. IPERIA Notification letters were sent to all AIPs on May 9, 2019. RMA Regional Compliance Offices (RCOs) are currently sending notification letters to all policyholders included in the FY 2020 sample.

Audits: USDA's Office of Inspector General Audit 05601-0006-31, Annual Forage Insurance Plan and Follow Up on Pasture, Rangeland, and Forage Program Exit Conference, was on May 7, 2019.

AIP Performance Reviews (APRs): RMA is in the final stages of evaluating and assessing five AIP's compliance with the terms and conditions of the Standard Reinsurance Agreement. Compliance submitted Preliminary APR Reports to the AIPs and is scheduling exit conferences to discuss the findings with each of the AIPs. The exit conferences will be completed by the end of May and the AIP responses should be received by the end of June.