



Federal Crop  
Insurance  
Corporation

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November 16, 2023

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

**FROM:** Marcia Bunger */signed/*  
Manager

**SUBJECT:** Manager's Report  
Exhibit No. 4754

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) meeting on November 16, 2023.

### **Program Update**

**Olive Crop Provisions Changes Effective for the 2024 and Succeeding Crop Years** (Product Management Bulletin [PM-23-066](#)) The Risk Management Agency (RMA) announced changes to the Olive Crop Provisions effective for the 2024 and succeeding crop years. The changes include allowing contract pricing on oil type olives, expanding coverage to oil type olives to three new counties in California, and updating the oil conversion factors.

**Transparency in Policy Cancellations Final Rule Effective for the 2024 and Succeeding Crop Years** (Product Management Bulletin [PM-23-064](#)) RMA announced amendments to the Common Crop Insurance Policy (CCIP) Basic Provisions and Area Risk Protection Insurance (ARPI) Basic Provisions. The changes apply for the 2024 and succeeding crop years for the November 30, 2023, contract change date and for the 2025 crop year for crops with a contract change date prior to November 30, 2023. The changes in the CCIP and ARPI Basic Provisions clarify that an Approved Insurance Provider (AIP) may only cancel a policy with express written consent from RMA in the CCIP and ARPI Basic Provisions. A Final Rule with these changes was published in the Federal Register on October 18, 2023. Interested parties may submit comments on this rule through the close of business on December 13, 2023, at [regulations.gov](#) .

**Weaned Calf Risk Protection Program Effective for the 2024 and Succeeding Crop Years** (Product Management Bulletin [PM-23-059](#)) RMA announced the implementation of a new program for Weaned Calf effective for the 2024 and succeeding crop years. The program provides actual production history coverage for beef cow-calf producers in Colorado, Nebraska, South Dakota, and Texas. Covered causes of loss include adverse weather, fire, wildlife, earthquake, volcanic eruption, disease (but not damage due to insufficient or improper application of disease control measures), other causes directly damaging pastures and other forms of grazing, calf death due to

covered peril occurring during the insurance period, and for revenue protection a change in harvest price from projected price. The sales closing date for the 2024 crop year is January 31, 2024.

**Shellfish Pilot Insurance Program Effective for the 2024 and Succeeding Crop Years** (Product Management Bulletin [PM-23-058](#)) RMA announced the implementation of a new Shellfish program effective for 2024 and succeeding crop years. The program provides actual production history-price component coverage for container-grown oysters commercially cultivated for the fresh half shell market. Coverage is provided for yield losses due to named storms, excessive heat, freeze, and low salinity due to excessive rainfall. A county loss trigger, as established in the Shellfish Data Provisions available on RMA's website, is required to confirm a cause of loss has occurred. Coverage levels are available from 50 to 75 percent. Producers may increase their price election with prior sales records. Policy requires a minimum of 4 years of production records and a minimum seed size of 4mm. The program will be available in select counties in Alabama, California, Florida, Maine, Maryland, Massachusetts, Mississippi, New York, North Carolina, Rhode Island, South Carolina, and Virginia. The first sales closing date is November 30, 2023, for the 2024 crop year.

**Controlled Environment Program Materials Effective for the 2024 and Succeeding Crop Years** (Product Management Bulletin [PM-23-055](#)) RMA announced the implementation of a new Controlled Environment program effective for the 2024 and succeeding crop years. The program provides coverage for plants grown in a controlled environment that are impacted by a disease and are required to be destroyed under a destruction order. The program will be available in select counties in Alabama, California, Colorado, Delaware, Florida, Hawaii, Iowa, Kentucky, Maine, Maryland, Michigan, Minnesota, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and West Virginia beginning with the 2024 crop year. The sales closing date for the 2024 crop year in all counties is December 1, 2023. For the 2025 and succeeding crop years, the sales closing date is May 1 for counties in Alabama, Delaware, Florida, Maine, Maryland, New Jersey, New York, North Carolina, Pennsylvania, Texas, Virginia, and West Virginia; and September 1 for counties in California, Colorado, Hawaii, Iowa, Kentucky, Michigan, Minnesota, Ohio, Oregon, Tennessee, Utah, Washington, and Wisconsin.

**Dairy Revenue Protection Changes Effective for the 2024 and Succeeding Crop Years** (Product Management Bulletin [PM-23-053](#)) RMA announced changes to the Dairy Revenue Protection (DRP) Commodity Exchange Endorsement (CEE) for the 2024 crop year for all endorsements that have an effective date on or after September 16, 2023, and for the 2025 and succeeding crop years. The changes include revising the commodity exchange endorsement to state that Class III and Class IV actual prices will be determined based on the AMS, Market Information Branch, *Announcement of Class and Component Prices* report.

**Extended Comment Period - Public Feedback on Prevented Planting** (Product Management Bulletin [PM-23-024.1](#)) RMA reopened the comment period deadline contained in the Request for Information soliciting public comments on possible changes to the prevented planting provisions. RMA originally announced the publication of a Request for Information in the Federal Register on May 23, 2023, soliciting public comments on possible changes to the prevented planting provisions of the Common Crop Insurance Policy (CCIP), Basic Provisions. The comment period for the original notice closed on September 1, 2023. However, based on requests received during the initial comment period, RMA reopened the comment period for an additional 30 days (from September 12, 2023, through October 12, 2023) to allow the public to comment on the prevented planting provisions.

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

**Notice of Intent for Research and Development of a Date Palm Federal Crop Insurance Program** (Product Management Bulletin [PM-23-061](#)) RMA announced plans to research and potentially develop of a date palm Federal crop insurance program. The notice seeks preparatory input from interested parties by October 27, 2023.

### **Compliance**

RMA Compliance has issued final findings to reinsured companies for the period of September 1, 2023, through October 31, 2023:

- Premium overstatements of \$511,157;
- Indemnity overpayments \$1,059,868;
- Premium understatements of \$93,895; and
- Indemnity underpayments of \$21,805.

### **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 to determine if any improper payments were made in Reinsurance Year 2022. The deadline for RCOs to submit Initial Findings to the AIPs is December 13, 2023. Of the 326 case policies selected in the 2024 (Reinsurance Year 2022) IPERIA sample, 224 reviews have been completed and the case policies closed.

### **Criminal Recover, Indictments, Convictions, and Guilty Pleas**

- A plaintiff, of Herkimer County, New York, was sentenced to 2 years supervised release; 100 hours of community service; and ordered to pay \$179,051 in restitution for their guilty plea. In pleading guilty, the plaintiff admitted that they fraudulently obtained \$179,051 in crop insurance benefits. As part of their fraud scheme, the plaintiff claimed to lease and organically plant crops on three separate parcels totaling over 500 acres in Herkimer County that they did not in

fact lease and plant. The plaintiff then falsely claimed to suffer losses on the three parcels totaling \$179,051.

- A Kentucky insured was sentenced to 30 months of incarceration and 24 months of probation for crop insurance fraud. The plaintiff pleaded guilty to two counts of crop insurance fraud. The insured admitted that from at least 2013 through 2016, he made and submitted false claims and crop reports, submitted false receipts, and engaged in other schemes that resulted in false indemnity payments. The plaintiff is a former county magistrate in Kentucky. The plaintiff is jointly and severally liable to pay \$458,104 restitution to RMA and \$260,680 to an AIP for false private hail claims.
- A Kentucky insured was sentenced to probation for 6 months and 200 hours of community service for their role in a crop insurance fraud scheme. The insured pleaded guilty to one count of crop insurance fraud, admitting that from at least 2015 through 2016, he knowingly made and submitted false applications and reports without having an insurable interest in the crop. The plaintiff returned the indemnity payments to their relatives claiming they had cattle related expenses. The plaintiff is jointly and severally liable to pay \$166,602 restitution to RMA and \$97,012 to an AIP for false private hail claims.
- A Kentucky insured was sentenced to 6 months incarceration and 24 months of probation for crop insurance fraud. The insured plead guilty to two counts of crop insurance fraud, admitting that from at least 2013 through 2016, he made and submitted false claims and crop reports, submitted false receipts, and other schemes causing false indemnity payments. The plaintiff is jointly and severally liable to pay \$458,104 restitution to RMA and \$260,680 to an AIP for false private hail claims.

### **Audits**

GAO audit 106086 Crop Insurance Update on Opportunities to Reduce Program Costs Statement of Facts was sent to the U.S. Department of Agriculture (USDA) on October 10, 2023. There are no recommendations for USDA.

- OIG Audit 05601-0005-22 Whole-Farm Revenue Protection Pilot Program Agency Closeout Meeting was on October 31, 2023.
- OIG audit 05601-0009-31 Hemp Crop Provisions report was issued on October 16, 2023. There are no recommendations for RMA.

### **Personnel Announcements**

Scott Paschen is the new Filing Branch Chief in the Actuarial, Pricing, and Filing Division