



Federal Crop  
Insurance  
Corporation

March 5, 2020

1400 Independence  
Avenue, S.W.  
Stop 0801  
Washington, DC  
20250-0801

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

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

**SUBJECT:** Manager's Report  
Exhibit No. 4588

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) meeting on March 5, 2020.

### **Disaster Bill**

**Prevented Planting Supplemental Disaster Payments:** Approved Insurance Providers (AIPs) distributed prevented planting 'top-up' payments to qualifying producers. The program pays an additional 10 percent or 15 percent to producers with a qualifying prevented planting indemnity in 2019. The program has paid out more than \$593 million at this juncture and will continue as additional insurance claims are finalized.

### **Program Updates**

**Sugar Beets:** (Manager's Bulletin MGR 19-026). The Risk Management Agency (RMA) authorized insurance coverage for harvested sugar beets stored in clamps, when the processor agrees to accept such beets.

**Sugar Beets:** (Manager's Bulletin MGR 19-027). RMA authorized the use of "Bypassed Acreage" procedure, found in the LAM for sugar beets in all regions for the 2019 crop year.

**Prevented Planting Eligible Acre History When Contracted Crop Acres are Reduced:** (Manager's Bulletin MGR 19-029). The Common Crop Insurance Policy Basic Provisions provide that if the insured has exhausted eligible acres to provide prevented planting coverage for all insured cropland acres in the farming operation due to a reduced contract in the current crop year, the previous crop year's contract may be used for the remaining acres. Additionally, if the applicable crop provisions require that the price election be based on a contract price, and a contract is not in force for the current year, the price election will be based on the contract price in place for the previous crop year.

**Rice:** (PM Bulletin 19-063). RMA revised the Rice crop provisions to allow for new irrigation methods to implement the changes contained in the Agriculture Improvement Act of 2018 (2018 Farm Bill). RMA also changed cancellation and termination dates in certain states to align with other row crops. The changes will be effective for the 2020 and succeeding crop years.

**Peanuts:** (PM Bulletin 19-064). In response to stakeholder requests, on November 19, 2019, the FCIC Board approved the following increases to the maximum contract price factors for peanuts:

- 1.45 for conventional (non-organic) and transitional organic practices;
- 3.50 for certified organic Valencia; and
- 2.50 for all other certified organic types.

**Hybrid Sweet Corn Seed:** (PM Bulletin 19-066). RMA revised the Hybrid Sweet Corn Seed crop provisions to clarify the definitions of hybrid sweet corn seed processor contract and amount of insurance per acre. The changes are applicable for the 2020 and succeeding crop years.

**Sweet Potato:** (PM Bulletin 19-067). On September 20, 2019, the FCIC Board approved changes to the Sweet Potato crop insurance program, under section 508(h) of the Federal Crop Insurance Act. Changes applicable for the 2020 and succeeding crop years include allowance of optional units and removal of the 4-year production requirement for insurance.

**Hybrid Seed Rice:** (PM Bulletin 19-068). RMA revised the Hybrid Seed Rice Crop Provisions to remove the definition of “adjusted yield” and clarify definitions for “amount of insurance per acre” and “county yield.” The changes are applicable for the 2020 and succeeding crop years.

**Coarse Grains/HR-ACE:** (PM Bulletin 19-070). RMA revised the Coarse Grains Crop Provisions to allow separate enterprise or optional units by following another crop and not following another crop cropping practices for grain sorghum and soybeans when allowed by the actuarial documents. RMA also revised the High-Risk Alternate Coverage Endorsement standards handbook to incorporate the changes made in the Coarse Grains Crop Provisions. The changes will be effective for the 2020 and succeeding crop years. A Final Rule with these changes was published in the Federal Register on November 27, 2019.

**Sugar Beets:** (PM Bulletin 19-071). RMA amended the Sugar Beet Crop Provisions for the 2020 and succeeding crop years in all counties with a November 30 contract change date and 2021 and succeeding crop years for all other counties. The changes include revision of the production agreement deadline to the acreage reporting date and added procedures allowing third parties to test raw sugar content. A Final Rule with these changes was published in the Federal Register on November 29, 2019.

**Extension of Time to Obtain Samples for Quality Adjustment on Unharvested Production:** (Manager’s Bulletin MGR 20-002). Due to prolonged and extreme winter conditions, RMA extended the deadline to collect crop sample(s) that are intended for quality adjustment determinations for 2019 only.

**Florida Fruit Tree:** (PM Bulletin 20-004). RMA revised the Florida Fruit Tree Crop Provisions and Insurance Standards Handbook for the 2021 and succeeding crop years. The materials were revised to clarify the optional unit structure provisions and procedure.

**Pecan Tree:** (PM Bulletin 20-005). On August 15, 2019, the FCIC Board approved modifications to the Pecan Tree Crop Insurance Program, developed under section 508(h) of the Federal Crop Insurance Act. The modifications are effective for the 2021 and succeeding crop years and include increasing the Occurrence Loss Option trigger to 10 percent and allowing a different coverage level and percentage of price election to be elected for each type.

**Apple Tree 508(h):** (PM Bulletin PM 20-006). The Apple Tree Insurance Program was developed under Section 508(h) of the Federal Crop Insurance Act by AgriLogic, Inc. On June 5, 2019, the FCIC Board of Directors approved the product which is available beginning with the 2021 crop year in Idaho, Michigan, New York, Oregon, Pennsylvania, and Washington.

**Hemp 508(h):** (PM Bulletin PM 20-009). The Hemp APH Insurance Program was developed under Section 508(h) of the Federal Crop Insurance Act by AgriLogic, Inc. On December 19, 2019, the FCIC Board of Directors approved the product for implementation. It is available for the 2020 crop year for producers in several states.

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

**Onion Program/Pilot Onion Stage Removal Option Evaluation:** RMA awarded a contract to Agralytica to review the Onion Crop Insurance Program. The contractor provided RMA a draft Onion Recommendations Report for review. RMA provided the contractor comments to the report. The final Onion Recommendations Report is due from the contractor by February 21.

**Citrus:** RMA awarded a contract to Agralytica to evaluate revenue coverage for citrus in accordance with the 2018 Farm Bill. The Contract was completed in December 2020. Information from the contract was used to draft a report to Congress.

**Apple:** RMA has an ongoing contract with Agralytica for apples. Currently, Agralytica is working on the second task order. As part of this task order RMA has received a data analysis report in which the contractor did additional analysis on potential changes to the apple program recommended in the first task order. The next part of this task order is data gathering, which will consist of listening sessions to gather feedback on a potential new pilot program for apples. RMA also intends to hold separate listening sessions on the same day and location to gather feedback on potential changes to the current apple program. The listening sessions are expected to take place in March and April 2020.

## **Compliance**

RMA Compliance has issued final findings to reinsured companies for the period of November 5, 2019 through February 11, 2020:

- Premium overstatements of \$198,745;
- Indemnity overpayments \$301,383;
- Premium understatements of \$249,780; and
- Indemnity underpayments of \$19,062

**Audits:** Office of the Inspector General (OIG) Audit 05601-0004-22 Controls over Multiple Peril Crop Insurance (MPCI) Policies with Additional Coverage for Hail - OIG sent a closure letter on January 29, 2020, stating that OIG determined that additional audit coverage at this time is not warranted. OIG will terminate the engagement and not issue an audit report.

OIG Audit 50024-0015-11, U.S. Department of Agriculture's Fiscal Year 2019 Compliance with Improper Payment Requirements Entrance Conference was on January 22, 2020.

Government Accountability Office (GAO) Audit 103893 Farm Program Payments - The entrance conference was held on January 16, 2020. The audit includes Farm Production and Conservation agencies and the Office of the Chief Economist. The audit is currently in the field work stage. GAO sent a data request to RMA on policies, procedures, data sharing, and systems. RMA is working with GAO on any follow-up questions from the data request.

**Improper Payments Elimination and Recovery Improvement Act (IPERIA) Reviews:** Regional Compliance Offices (RCOs) are currently issuing Final Findings for any IPERIA policy in which an Initial Finding was submitted to the AIPs. Of the 366 policies sampled, approximately 327 reviews have been completed and the case policies closed. The Final Findings process will continue through March 2020.

**AIP Performance Reviews (APRs):** RCOs are performing onsite reviews with the AIPs through end of March 2020, after which time they will move on to complete their post onsite reviews through the month of April 2020. The Preliminary APR Reports are due on May 4, 2020.

## **Personnel Announcements**

Shaun Collins is the New Products Coordinator in Product Management.

Pam Bollinger is the Senior Policy Advisor in Product Management.