



United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

1400 Independence
Avenue, SW
Stop 0801
Washington, DC
20250-0801

DATE: May 9, 2013
TO: Board of Directors
Federal Crop Insurance Corporation
FROM: Brandon C. Willis /signed/
Manager
SUBJECT: Manager's Report
Exhibit No. 4125

This document is the Manager's Report to the Federal Crop Insurance Corporation Board of Directors meeting on May 9, 2013.

New/Revised Products

Annual Forage Update: The Rainfall Index Annual Forage policy and materials were released on April 24. This policy will insure annually planted crops used for feed or fodder. The policy will be available for the 2014 crop year for producers in Kansas, Nebraska, North Dakota, Oklahoma, South Dakota, and Texas. The first sales closing date is July 15, for fall planted crops.

Research/Contracts/Studies/Workgroups

Hybrid Sweet Corn Seed Insurance Program Development: RMA has initiated work to develop an insurance product for Hybrid Sweet Corn Seed growers in the Pacific Northwest. The contractor has completed an initial Data Gathering Report and will begin work on developing an insurance product in May.

Interagency Cover Crop Work: RMA, the National Resource Conservation Service (NRCS), the Farm Service Agency (FSA) and cover crop experts are involved in an interagency cover crop workgroup to develop cover crop management guidelines across the U.S. These guidelines will form what are considered "good farming practices" for a given crop production area. NRCS will use information gleaned from the workgroup, technical literature available and experts' knowledge of national and local cover crop systems to develop cover crop management guidelines. Current interest about cover crops in the farming community is due to the recognition of the improvement possible to soil quality, nutrient cycling, nitrogen production, erosion control, weed management, and soil water availability that can be achieved by the use of cover crops. Federal crop insurance policies will reference the NRCS guidelines for cover crop farming practices.

Limited Irrigation Research Study: RMA issued a solicitation for a contract to conduct research and analysis regarding irrigation policy for potential crop insurance program development. This effort involves several phases accomplished with task orders issued under a contract awarded to Watts and Associates on January 23. The first

deliverable, received in February, documents and outlines where current policy and procedure are adequate or inadequate for handling reduced irrigation practices. The second deliverable due late May will be an evaluation of whether limited irrigation practices would be feasible to insure.

Data and Computer Applications

Acreage Crop and Reporting Streamlining Initiative: The Acreage and Crop Reporting Streamlining Initiative (ACRSI) project has launched a pilot acreage reporting web application. The application is available in four Central Kansas counties, and will be tested by specified USDA employee-producers. The limited pilot will provide a controlled environment for testing and evaluation of the web application and the underlying systems that share data across multiple USDA agencies.

Regulations:

Final Rules

Area Risk Protection Insurance Plan (ARPI): The final rule is currently in Departmental review and will combine the area based insurance plans (Group Risk Plan, Group Risk Income Plan and Group Risk Income Plan Harvest Revenue option) into one policy offering both yield and revenue coverage on an area basis. The new policy is targeted to be in place for the 2014 crop year.

Catastrophic Risk Protection Endorsement: The proposed rule is with the Office of General Counsel for concurrence. The changes clarify existing policy provisions and incorporate changes that are consistent with those made in the Common Crop Insurance Policy Basic Provisions and the Area Risk Protection Insurance Basic Provisions. The changes will be effective for the 2014 and succeeding crop years for all crops with a contract change date on or after the effective date of the rule, and for the 2015 and succeeding crop years for all crops with a contract change date prior to the effective date of the rule.

Pecan Revenue: The final rule was published in the Federal Register February 28. The changes amend the Pecan Revenue Crop Insurance Provisions to clarify and strengthen existing policy provisions, add provisions to improve the integrity of the program, add provisions that benefit the insured, and remove provisions that are no longer necessary. The new policy is in place for the 2014 and succeeding crop years.

Processing Sweet Corn: The final rule is pending publication and will amend the Processing Sweet Corn Provisions to utilize the base contract price as the price election. This will allow producers the ability to establish a more accurate insurance guarantee that reflects the producer's expected market price for processing sweet corn. The new policy is targeted to be in place for the 2014 crop year.

Proposed Rules

Arizona-California Citrus: The proposed rule was published in the *Federal Register* on March 22. The changes amend the Arizona-California Citrus Crop Insurance Provisions to clarify existing policy provisions to better meet the needs of policyholder, and to reduce vulnerability to program fraud, waste, and abuse. The proposed changes are

targeted for the 2015 and succeeding crop years. The comment period ended April 22 and Product Management is reviewing the comments.

Forage Seed: The proposed rule is being prepared for publication and proposes to make the Forage Seed Pilot program into a permanent program. The Forage Seed Crop Provisions provide insurance protection for forage seed that is contracted or grown as certified forage seed.

REGIONAL OFFICES

The Valdosta Regional Office (RO) has seen an increase in Pecan Determined Yield requests for the 2013 crop year. The increase has been about 20 more than in previous years. The primary reason for the requests is because they are changing from a non-irrigated to irrigated practice.

The Valdosta RO received several requests for written agreements for new breaking coverage on forestland being converted to cropland. Before FSA can assign the newly broken out land a farm number, which is needed for written agreements, the land has to go through the NRCS approval process. NRCS has been backlogged because of considerable amounts of acres are being converted. As a work around, the RO has worked with the Alabama and Georgia State FSA offices to issue policyholders in this situation a temporary field number.

Prevented Planting, Final Planting, and Acreage Reporting Dates

On March 5, a Billings RO Senior Risk Management Specialist attended the National Crop Insurance Services' (NCIS) Montana State Committee meeting held in Missoula. The committee submitted recommendations for addressing prevented planting issues which include reducing coverage and buy-up levels, and adjusting rates in affected counties.

On April 17, the Billings RO Director was interviewed by Keith Norman, reporter for the Jamestown Sun in Jamestown, ND. Mr. Norman had questions regarding the recent heavy snowfall delaying spring planting and the impact it will have on farmer's crop insurance coverage in North Dakota. Mr. Norman was informed that the crop insurance policy and provisions will address most issues the producers may encounter in their efforts to plant a crop while experiencing a cold wet spring. He was also informed that all crops have late planting provisions that allow the producers to plant and insure their crop after the final planting date deadline if planting is delayed. Crop insurance allows them to declare prevented planting if due to an insured cause of loss they were unable to plant their intended crop by the final planting date. It also allows them to plant a second crop on acreage they were prevented from planting after the late planting period for the intended crop if they are willing to have their prevented planting indemnity reduced by 65 percent. Producers should work with their agent to fully understand prevented planting procedure and document weather and field conditions.

The Valdosta RO reviewed acreage reporting dates and planting periods for fresh market tomatoes, Peppers, fresh market sweet corn and potatoes in Florida in support of the common acreage reporting initiative between FSA and RMA.

Meetings

January 9, The Missouri River Flood Task Force held the first teleconference of the 2013 season to provide a status report of conditions in the Missouri River watershed. A St. Paul RO Risk Management Specialist serves on the Missouri river Flood Task Force.

January 29, the Springfield RO will present at the Illinois and Wisconsin NCIS Annual Meeting. The St. Paul RO provided a presentation to the Springfield RO to present on Wisconsin Updates. The two offices coordinated together to save travel funds and improve efficiency.

February 5, the Topeka RO presented at NCIS' Nebraska and Iowa Annual Meeting. The St. Paul RO provided the Topeka RO with a presentation on Iowa updates. The two offices coordinated together to save travel funds and improve efficiency.

On February 13, a Billings RO Risk Management Specialist attended and presented at the North Central Montana Pulse Workshop in Conrad, MT. The specialist presented on the Basics of Insuring Dry Peas in Montana and the New Revenue Protection Pilot Program for Dry Peas. About 250 were in attendance.

On February 15, the Outreach Coordinator from the Valdosta RO attended the Federation of Southern Cooperatives/Land Assistance Fund 30th Annual Small Farmers Conference in Albany, Georgia. Workshop sessions included Food Safety Certification, Good Agricultural and Good Handling Practices, Value Added Production, Estate Planning, Agroforestry and USDA Programs.

On February 17, the Davis RO Risk Management Specialist attended the California Canning Peach Association (CCPA) annual meeting. CCPA is the nation's oldest farm bargaining association and provides leadership for the success of California's processing peach industry. A risk management specialist attended the meeting to answer questions regarding the stonefruit crop insurance program. As a result of the RMA information including price election update process, the association encouraged canners to do a better job in publishing prices sooner to ensure the crop insurance price election is accurately reflected.

February 20, the St. Paul RO Director gave an overview of crop insurance to the Wisconsin FSA leadership which consisted of approximately 25 FSA managers. The training included specific insurance programs offered, an overview of the website, a review of the Cover Crop Fact Sheet and an overview of Compliance.

On February 21, two Billings RO Risk Management Specialists attended the Maddock Ag Day in Maddock, ND, and provided an overview of local and national crop insurance, 2013 filing changes, and clarified prevented planting policies and procedures.

On February 26, the Davis RO attended a bell pepper grower meeting in Five Points, CA. The processing bell pepper industry is demonstrating a growing interest in crop insurance. A Risk Management Specialist explained the current risk management tools available for processing pepper growers including the Adjusted Gross Revenue crop

insurance program and the Non-Insured Assistance Program. Currently RMA only insures processing chili peppers and fresh market bell peppers. The Davis RO is researching alternatives that could provide a product for these growers, including modifications to the current chili pepper crop insurance program.

On February 26, the Davis RO Director met with the district staff of Congressman John Garamendi (D-10th CA) in Davis, CA. Congressman Garamendi was named to the House Agriculture Committee, and to the General Farm Commodities and Risk Management Subcommittee. The congressman has asked that his district staff become well-informed on USDA's many programs, especially activity in the Third District. The Davis RO director provided information on crop insurance programs and funded cooperative agreement partnerships in California.

On February 28, the Billings RO Director and Deputy Director attended the South Dakota Independent Insurance Agents SDIIA Big I Conference in Chamberlain, SD, and provided an overview of the crop insurance program, filing changes, and an in-depth presentation addressing prevented planting procedure. The conference was well attended with approximately 45 agents participating.

On March 5 - 6, the Valdosta RO Director participated in the NCIS Annual East, Southeast Regional, State Committees' Meeting in Mt. Pleasant, SC. The director provided regional program updates for the 2013 and 2014 crop years.

On March 6, a Congressional Aide from the office of Congresswoman Martha Roby (R-2nd AL) contacted the Valdosta RO on behalf of a constituent who had been placed in the Ineligible Tracking System (ITS). The policyholder's payment was date stamped the day after it was due which caused his crop insurance policy to be cancelled and the policyholder be placed in ITS. The Valdosta RO provided information to the aide from the ITS handbook and the Reinsurance Accounting & Eligibility Tracking Branch.

On March 6, the Billings RO Director along with Montana State Executive Directors from FSA, NRCS and Rural Development meet with the Fort Peck Tribal Executive Board at Popular, MT and the Fort Belknap Community Council at Fort Belknap, MT on March 7. The purpose of the meetings was to determine how USDA could best serve the agricultural needs of the tribes in the future and develop a strategic plan to accomplish that goal. In general, tribal members participating in the Pasture, Rangeland and Forage (PRF) and Livestock Risk Protection programs are pleased with their performance and did not voice any concerns with either program.

On March 8, the Davis RO attended two olive grower meetings in Stockton and Chico California. A Risk Management Specialist provided information on the new Olive Crop Insurance Program and listened to grower concerns and areas of vulnerability. The Davis RO has taken some of the underwriting issues discussed at the meetings and submitted some corrections to the contractor in charge of the product, Agrilogic.

On March 13, the Davis RO Director met with representatives from the Western Growers Association (WGA) in Davis, California. Western Growers requested to meet with the Davis RO to discuss their growing interest in crop insurance, the regional office role in

the RMA structure, and current pilot programs in California. The Davis RO director provided statistical information on the current California and Arizona crop insurance participation, pilot programs and their structures, and the 508(h) procedures for developing their own products.

March 18, the Wisconsin Organic Advisory Council had an all-day meeting at the Wisconsin Department of Agriculture. The St. Paul RO and Sharon Hestvik with Risk Management Services Division in DC teleconferenced in for a Q&A session concerning organic crop insurance and organic program changes.

On March 19, two Billings RO Risk Management Specialists attended the 2nd Annual Little Big Horn College Agriculture and Science Fair. The goal of the event was to introduce area school children to different aspects of science and agriculture. Each agency/business provided a hands-on demonstration, and visited with the children about how they use science on a day to day basis. The RMA booth included a seed identification demonstration. The event took place on the Crow Indian Reservation, and there were approximately 300 school children in attendance.

On March 21, the South Florida Subcommittee Meeting was held in Kissimmee, Florida. During the meeting, there were discussions concerning the new Citrus policy, Loss Adjustment Standards Handbook, and the Crop Insurance Handbook Section 20. A member of the Subcommittee prepared a scenario to send to the National Crop Insurance Services Southern Committee for their review. Once they have reviewed it, the scenario will be forwarded to Kansas City for consideration. The Subcommittee has concerns about implementation of the procedures and need clarification using the scenario.

On March 26, the Oklahoma City RO participated in the No-Till Tribal Training in Ponca City, OK. The Oklahoma City RO provided a brief update and answered questions at the training.

On March 27, a Valdosta RO Senior Risk Management Specialist gave a presentation at the Georgia Pecan Growers Association Educational Conference held at the Georgia National Fairgrounds in Perry, GA. The presentation was about the primary changes to the Pecan Revenue Crop Provisions for the 2014 crop year. The primary changes are the availability of optional units, a reduction in the actual revenue database years from 10 to 6, and a change in insurability requirement from age to production level. The meeting was well attended by over 700 producers and allied industry representatives. Renewed interest in pecan production in the southeast has been spurred by increasing revenue returns per acre. Improved production methods and irrigation use have resulted in higher yields and, at the same time, farm level prices have increased due to export competition. In addition to Federal Crop Insurance, educational sessions were presented on applicable programs for the USDA Natural Resource and Conservation Service and Rural Development agencies.

On March 28, the Oklahoma City RO participated in the Canola University in Enid, OK. The Oklahoma City RO met briefly with the Great Plains Canola Executive Director and was available to answer producer questions.

On March 28, the Oklahoma City RO participated in the American Indian Alaskan Native Climate Change Working Group in Norman, OK. Good contacts were made for future collaboration.

On April 9, the Oklahoma City RO participated in a specialty crops workshop hosted by Otoe-Missouria and Ponca Tribes in Red Rock, OK. The RO was available to answer questions for those in attendance.

On April 18, the Oklahoma City RO participated in the Oklahoma Food and Agriculture Council Meeting in Stillwater, OK. The Oklahoma City RO collaborates with other USDA agencies to meet producer needs.

On April 25, the South Florida National Crop Insurance Services Subcommittee will meet at the Osceola Heritage Park, Kissimmee, FL, to discuss nursery and citrus issues.

On April 25, the Valdosta RO is hosting a Pecan meeting for AIPs serving in the Valdosta region to hear concerns regarding the implementation and administration of the new 2014 Pecan policy.

Drought Conditions, Deep Freeze, Large Claims, and Flooding

On April 8, the news reported that melting snow will cause major flooding along the Red River in North Dakota and Minnesota. This will mostly impact residential areas.

On April 16, according to the US Drought Monitor, all of Minnesota, most of Iowa and the northern half of Wisconsin conditions were rated abnormally dry, moderate drought, or severe drought. The conditions are similar to this time last year.

The Oklahoma City RO has received inquiries regarding wheat freeze damage. Policyholders and AIPs have asked about the options they have to appraise and release freeze-damaged wheat.

Temperatures on April 9-10, reached as low as the teens in the Texas and Oklahoma Panhandles. Other areas throughout the Texas, Oklahoma, and New Mexico region had sustained temperatures in the 20's potentially causing injury to the wheat plants. This is the second round of freeze damage for some of these areas.

The Oklahoma City RO has developed a freeze claims advisory for AIPs and other interested parties covering freeze-damage appraisal procedure, options policyholders have to destroy freeze-damaged crops if the crop is substantially damaged, and research about second tillers that may develop in freeze-damaged wheat. This document is currently in the concurrence process.

Outreach

On January 11-12, a St. Paul RO Risk Management Specialist presented and participated in the Minnesota Organic Conference in St. Cloud, MN as a member of the Minnesota Organic Advisory Task Force. The three day conference of workshops, keynote speakers and organizational meetings had about 500 organic farmers and industry representatives attend the conference.

On February 20, a St. Paul RO Risk Management Specialist presented via telephone to the Wild Rice Council, a Risk Management Education partner, at their annual meeting.

On February 21-23, a St. Paul RO Risk Management Specialist attended the MOSES Organic Farming Conference in La Crosse, WI. The conference had 3,000 pre-registrants and 200 more registered at the door, setting a new attendance record. The day started with a choice of 12 workshops to attend, including “Best Practices for High Quality Pastures and Forages,” “Weed Control Equipment for Vegetable Farms,” and “Message Matters: How to Talk (& Think) Organic.” The Organic Farmer of the Year Award was presented to Johnson Farms of Madison, South Dakota and the Keynote Speakers, Jeremy Seifert and Joshua Kunau, discussed their new film *GMO OMG* and what they learned about genetically modified food issues. The afternoon portion of the conference continued with two more workshop sessions on varying topics and evening activities. The exhibit hall was also a busy place with over 160 exhibitors. RMA provided organic and crop insurance materials. The risk management specialist also attended the MOSES Organic University. This program consisted of 10 different day long workshops. The workshops topics ranged from “Adding Meat to Your Potatoes” to “Increase Crop Yields by 10%” to “Catch the Buzz: Organic Beekeeping.” The Organic University had approximately 600 attendants.

Crop Expansion

The Valdosta RO responded to requests for expansion of corn for grain insurance in south Florida. Currently, fresh market sweet corn is insurable in this area.

Irrigation

On April 4, the Davis RO published a 2013 Regional Irrigation Assessment to inform stakeholders of the current irrigation water availability in certain California counties. California continues to see reduced water availability due to the unique environmental issues and dry conditions.

In the Oklahoma City RO, the drought situation continues to drastically affect irrigation supplies, both surface and ground water. Producers are at or reaching the spring final planting dates for November 30 filing crops.

In response to the drought and questions received from both producers and AIPs, the Oklahoma City RO has issued several helpful guides on the RMA public web site. This information includes: several frequently asked question guides dealing with crop insurance and drought damaged crops and irrigated prevented planting. Also, published are an irrigation documentation tool in Excel and a list of resources for AIP and policyholder decisions regarding irrigation water availability.

Cover Crops

On April 2, a Marketing Rep for one of the AIPs contacted the St. Paul RO to inquire if there had been any discussion by RMA to extend the May 10 date for haying and grazing of cover crops. The marketing Representative was informed that currently no changes are planned and that those changes would come from the Secretary of Agriculture's office.

On April 2, NRCS staff met at the St. Paul RO to discuss the NRCS Soil Health Initiative, cover crop provisions, new breaking and collaboration between NRCS and RMA. The meeting was very informative for both NRCS and RMA. We all agreed one USDA message was the goal and we will continue to keep communication open. We also discussed concerns for livestock producers, especially in drought impacted areas, where forage supplies are running very low. Some of these areas are still in winter, with snow on the ground, so the cover crop has not greened up for haying and grazing. These livestock producers are considering haying and grazing after May 10 which is established in the Special Provisions. They are aware that they will not be eligible for crop insurance on the succeeding crop. The need for cattle feed for some is urgent enough, that they will make this difficult business decision. We also learned that NRCS is promoting the modification of High Boy sprayers to air plant cover crops into standing corn and beans. The goal is to establish the cover crop well before fall, prior to corn or bean harvest, without impacting the corn or bean yield. We discussed that this practice would have crop insurance implications that would need to be worked out. NRCS has already distributed the RMA Regional Cover Crop Fact sheet and will continue to relay the message to producers "Talk to your crop insurance agent" before implementing any new conservation practice.

On April 5, the St. Paul RO was contacted via email by the Iowa Corn Growers Association seeking clarification on the cover crop rules in Iowa. They were also interested in pushing the May 10 date back because of the lack of crop development due to the cold spring. The St. Paul RO explained the nature of the insurance contracts, provided them the Cover Crop Fact Sheet and explained the purpose of the statement is to allow haying or grazing of cover crops without impacting the insurability of planted 2013 spring crops. We invited them to meet and discuss a date change for the 2014 crop year.

On April 8, the St. Paul RO was contacted by the Iowa Soybean Association seeking information on cover crops and offering to distribute it. We provided the Cover Crop Fact Sheet as well as some additional information and offered to meet and discuss the May 10 date for the 2014 crop year.

On April 12, Iowa Department of Agricultural and Land Stewardship (IDALS) Division of Soil Conservation (DSC) contacted the St. Paul RO regarding cover crop issues and concerns from livestock producers about the May 10 date to stop haying and grazing. The concern is that May 10 may be too early this year, due to cool wet conditions, for the livestock producers to use the growth for livestock operation feed. The St. Paul RO Director contacted IDALS, DSC on April 15, and learned IDALS is promoting cover crops primarily to improve water quality in the Mississippi watershed. The St. Paul RO assured IDALS that RMA supports conservation and water quality practices, however, RMA needs to ensure spring planted insured crops are not negatively impacted by the cover crop. The RO agreed to continue sharing information as this new practice emerges.

Risk Management Education Division (RMED)

The 2013 Fiscal Year Requests for Applications will be published in early May. This is an opportunity for qualified applicants to partner with RMA to provide crop insurance education and risk management training to U.S. producers and ranchers. Topics for

training include the five areas of risk:

- ✓ Production;
- ✓ Financial;
- ✓ Marketing;
- ✓ Legal; and
- ✓ Human.

Producers targeted for training include the underserved, small, limited resource or socially disadvantaged as well as traditional farmers, specialty crop producers, livestock producers and ranchers, women, veterans, new and beginning farmers, and minority producers including:

- ✓ African American;
- ✓ Native American;
- ✓ Hispanic; and
- ✓ Asian American Pacific Islander.

Final Findings Issued Since the February 2013 Board Meeting

Since the February 2013 Board meeting, Compliance has issued final findings to reinsured companies for:

- Premium overstatements of \$710,000;
- Indemnity overpayments of \$3,054,893;
- Premium understatements of \$16,878;
- Indemnity underpayments of \$44,245.

Compliance also reported \$87,372 in indemnity cost avoidance.

The 2013 Spring Spot Check List

On April 1, the 2013 Spring Spot Check List (SCL) was provided FSA offices nationwide through the Comprehensive Information Management System (CIMS). Similar to last year, AIPs have taken on the responsibility to review a portion of these policies identified by data mining as part of their internal control requirements. The AIP portion of the upper limit SCL (policies with indemnities greater than \$10,000), the lower limit SCL (policies with indemnities under \$10,000) and policies identified with abnormal yield data were provided at the same time. FSA and AIPs will notify and monitor the identified farming operations throughout the 2013 growing season. The Agricultural Risk Protection Act of 2000, as amended, expanded and strengthened the antifraud authorities for RMA. As part of the legislation, data mining was authorized as a means to identify and review program participants whose insurance experience is anomalous when compared to their peers.

2012 Drought Monitoring

\$200,000 Claim Monitoring –To ensure timely servicing of policies during the expected high volume of drought-related claims for 2012, Compliance monitored the number of claims processed on a weekly basis throughout the harvest season. Claims in excess of \$200,000 are required by the Standard Reinsurance Agreement to have a second level review for quality control. As of April 29, AIPs had processed more than 14,000 claims exceeding \$200,000. Nationally, these high dollar claims represented 2.61 percent of all claims processed for the 2012 crop year. Illinois had the greatest number of claims

exceeding \$200,000 with more than 3,800 (27.1 percent) of the total high dollar claims processed being paid to policyholders in the State.

National Program Operations Review (NPOR)

In early April, Compliance announced the Companies who will be reviewed for the 2012 crop year and the assigned Compliance offices and companies are:

CRCO- Hudson Insurance Company (HU)
ERCO- Farmers Mutual Hail Company (FH)
MRCO- Agrinational Insurance Company (AN)
NRCO- Rain and Hail, LLC (RH)
SRCO- John Deere Risk Protection (PE)
WRCO- CGB Diversified (AU Closeout)

The regional Compliance Offices are also wrapping up the final findings and reports for the 2011 crop year NPOR reviews. The Companies reviewed for the 2011 crop year were:

CRCO- Occidental Fire and Casualty (Agrilogic - OX)
ERCO- XL Reinsurance (Heartland - GI)
MRCO- Country Mutual (CM)
NRCO- Prevented Planting
SRCO- Rural Community Insurance Services (EF)
WRCO- American Agricultural Insurance Company (FA)

On April 4, Compliance advised the Board Chairman that adverse findings from the 2011 crop year review sample will likely cause the program error rate to rise approximately 1 percent for the Improper Payments Information Act reporting period ending May 30. Compliance has provided documentation to Insurance Services regarding the root cause of the errors and corrective actions are underway. Compliance has also provided recommendations to Insurance Services to preclude potential future reportable conditions relative to the annual Federal Managers Financial Integrity Act.

Supplemental Revenue Assistance Program (SURE) Referrals

For the week ending May 3, the regional Compliance Offices had received 8,067 SURE referrals from FSA or nearly 700 more than was reported to the Board last February. Since FSA relies on crop insurance program data to calculate payments under SURE, FSA is in a position to discover reporting discrepancies while reviewing producer applications. Compliance is currently receiving referrals for the 2008, 2009, 2010, and 2011 crop year from FSA. The majority of the new referrals since February are from the 2011 crop year.

Tobacco Program Abuse

The U.S. Attorney for the Eastern District of North Carolina had several additional successful prosecutions of persons abusing the crop insurance program in the past few months. Compliance continues to provide investigative support to the Office of Inspector General and continues to revoke program eligibility using debarment or disqualification for persons found to have committed offenses warranting their exclusion from program

participation. Similar efforts are ongoing in other tobacco producing States. To date, court ordered restitution to RMA, FSA, and AIPs is more than \$55.4 million. In addition, nearly \$1 million in miscellaneous forfeiture, fines, and assessments have been levied against persons found to have abused the crop insurance program.