

MINUTES
OF THE
MEETING OF THE BOARD OF DIRECTORS
OF THE
FEDERAL CROP INSURANCE CORPORATION

A meeting of the Board of Directors (Board) of the Federal Crop Insurance Corporation (FCIC) was held on May 6-7, 2015 in Washington, DC. The public was invited to attend the open session portion of the meeting.

Meeting
May 6-7, 2015

The meeting was called to order at 2:45 pm, May 6, 2015, in Room 6610, South Agriculture Building, U.S. Department of Agriculture, Washington, DC.

Call to Order
Open Session

The Board immediately went into executive session to discuss confidential matters with Risk Management Agency (RMA) staff and submitters of private products under the Federal Crop Insurance Act (Act).

Executive Session

The open session of the Board reconvened at 9:00 am on May 7.

Reconvene Open
Session

David Grahn read the recitation to all members of the Board to advise the Board of its responsibilities in representing the interests of the FCIC and USDA and advised each member to act accordingly.

Recitation

Chairman Robert Johansson, Acting Chief Economist, USDA requested Board members to introduce themselves. Present were; James Bardenhagen, Iris Saenz (by phone), John Finston, Margaret Goode, Ellen Linderman, and Kenneth Sneed and Brandon Willis, Manager, FCIC, constituting a statutory quorum and Cindy Spoor, Secretary, FCIC.

Present

Also present were Tim Gannon, Tim Witt, Ron Lundine and Thomas Worth, RMA; Kim Arrigo and David Grahn, Office of the General Counsel; Ken Harrison: Brandon McDonald and Rafael, AgriLogic Consulting, LLC: and Rob Cerda; Crop Insurance Systems, Inc. Present by phone were Bill Bing, Staci Wilson and Robert Ebel, RMA.

Chairman Johansson asked Brandon Willis for the Manager's Report. Mr. Willis stated that the Manager's Report is available on line at www.rma.usda.gov) and it reports on several studies required by the Farm Bill.	Manager's Report
Hearing no objection, Dr. Johansson agreed to dispense with a reading of the Manager's Report. (Exhibit 4277)	Dispense with Reading Report
A motion was made and seconded to dispense with the reading of the Minutes and to approve the Minutes of the meeting of the Board held on February 5, 2015.	Dispense with Reading Minutes
The motion carried. (Exhibits 4278)	Approved
Chairman Johansson offered the following resolution Docket No. CI-Section 522(b) Concept Proposal 136 05-07-15 02, which was seconded:	Concept Proposal 136
WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) requires the Board to consider paying an advance payment of up to 50 percent for research and development costs of a concept proposal that will be developed in to a complete and of sufficient quality 508(h) submission, NOW THEREFORE BE IT	
RESOLVED: That pursuant to the information contained in Docket No. CI-Section 522(b) Concept Proposal 136 05-07-15 02, Exhibit 4279, the Board approves the advance payment of \$75,000 for Concept Proposal 136 as authorized under section 522(b) of the Federal Crop Insurance Act.	
By approving the advance payment of estimated research and development expenses, the Board is not approving or endorsing the estimated hours, wage rates, or costs requested by the submitters. The submitters will be required to prove that all costs are necessary and reasonable.	
By accepting the advance payment, the applicant agrees to provide a submission consistent with section 508(h) of the Act to the Board in the April, 2016 submission period.	
There being no discussion the Board voted to approve the resolution. (Exhibit 4279)	Approved

Chairman Johansson offered the following resolution Docket No. CI–Section 522(b) Concept Proposal 137 05-07-15 02, which was seconded:

Concept Proposal
137

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons with qualifications appropriate to review the type of concept proposal submitted for reviews of a concept proposal proposed to be developed under section 508(h) of the Act, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI–Section 522(b) Concept Proposal 137 05-07-15 02, Exhibit 4280, the Board approves expert review for Concept Proposal 137 and directs that:1) the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the persons or entities on the attached list, or the alternates in case the proposed persons are not available, to review Concept Proposal 137 prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

There being no discussion the Board voted to approve the resolution. (Exhibit 4280)

Approved

The Chairman then offered the following resolution for Docket No. CI–Section 522(b) Concept Proposal 138 05-07-15 01which was seconded:

Concept Proposal
138

WHEREAS, Section 522(b) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons with qualifications appropriate to review the type of concept proposal submitted for reviews of a concept proposal proposed to be developed under section 508(h) of the Act, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI–Section 522(b) Concept Proposal 138 05-07-15 01, Exhibit 4281, the Board approves expert review for Concept Proposal 138 and directs that:1) the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the persons or entities on the attached list, or the alternates in case the proposed persons are not available, to review of Concept Proposal 138 prior to Board action; and 2) the attached task order statement of work be used to execute the contracts.

There being no discussion the Board voted to approve the resolution. (Exhibit 4281)

Approved

The Chairman offered the following resolution which was seconded for Docket No. CI-Section 508(h) Confidential Submission 0047 05-07-15 02:

Confidential
Submission 0047

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0047 05-07-15 02, Exhibit 4282, as well as other material that were submitted to the Board on this matter, the Board hereby approves Confidential Submission 0047, subject to the conditions stated in the Executive Session, beginning with the first crop year that the Manager determines is practicable with reinsurance and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 508(h) of the Federal Crop Insurance Act. AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient.

There being no discussion the Board voted to approve the resolution. (Exhibit 4282)

Approved

Confidential Submission 0047 an Actual Production History Clary Sage plan of insurance submitted by Crop Insurance Systems, Inc., Avoca Inc. (a Clary Sage Processor), North Carolina Farm Bureau and the North Carolina Department of Agriculture.

Chairman Johansson offered the following resolution for Docket No. CI-Section 508(h) Confidential Submission 0051 05-07-15 01 which was seconded:

Confidential
Submission 0051

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0051 05-07-15 01, Exhibit 4283, as well as other material that were submitted to the Board on this matter, the Board hereby approves Confidential Submission 0051, as modified by the submitters and presented in Executive Session, beginning with the first crop year the Manager determines is practicable with reinsurance and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager as authorized under section 508(h)

of the Federal Crop Insurance Act. AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient.

There being no discussion the Board voted to approve the resolution. (Exhibit 4283)

Approved

Confidential Submission 0051 refers to a Hybrid Rice Seed plan of insurance submitted by Producers Agriculture Insurance Company and Rice Tec, Inc.

The Chair then stated that Docket No. CI – Section 508(h) Confidential Submission 0052 05-07-15 02, Exhibit 4284 was tabled at the request of the submitters and will be considered at the next Board meeting.

Confidential
Submission 0052
Tabled

The Chair then offered the following resolution for Docket No. CI-Section 508(h) Confidential Submission 0053 05-07-15 02, which was seconded:

Confidential
Submission 0053

WHEREAS, Section 508(h) of the Federal Crop Insurance Act (Act) requires the Board to approve the implementation of any policy or plan of insurance, or any related material or modification of a policy or plan of insurance proposed to be offered under the Act, NOW THEREFORE BE IT

RESOLVED: That pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0053 05-07-15 02, Exhibit 4285, the Board approves Confidential Submission 0053, subject to the resolution of the issue raised in Executive Session beginning in the crop year the Manager determines is practicable. AND BE IT FURTHER RESOLVED: That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient.

There being no discussion the Board voted to approve the resolution. (Exhibit 4285)

Approved

Confidential Submission 0053 refers to the addition of lime trees to the Tree Dollar Amount of Insurance (TDO) Texas Citrus Tree Crop Insurance Program submitted by AgriLogic Consulting, LLC.

Docket No. CI- Rainfall Index/Vegetation Index Pasture, Rangeland, Forage Pilot Crop Insurance Program 05-07-15 02 was the next action item before the Board. The Chair offered the following resolution which was seconded:

Rainfall Index/
Vegetation Index
Pasture,
Rangeland,
Forage Pilot

RESOLVED, that pursuant to the information contained in Docket No. CI- Rainfall Index/Vegetation Index Pasture, Rangeland, Forage Pilot Crop Insurance Program 05-07-15 02, Exhibit 4286, as well as other related materials that may have been submitted to the Board for consideration and discussion on this matter, the Board approves the discontinuance and termination of the VI-PRF program and substituting the RI-PRF program; removing the capping process to the NOAA CPC data set; updating the price level of insurance using the RMA proposed grazing methodology and the non-irrigated and irrigated proposed hay methodology; and expanding the RI-PRF program to all 48 contiguous states with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Manager under the authority contained in section 522(c) and 523(a)(4) of the Federal Crop Insurance Act (7 U.S.C. 1523(a)(4)). AND BE IT FURTHER RESOLVED, That the Board delegates to the Manager the authority to make such technical policy changes as are necessary to make the policy legally sufficient.

There being no discussion the Board voted to approve the resolution. (Exhibit 4286)

Approved

The Chair then offered the following resolution for Docket No. CI – Removal of County Crop Programs 05-07-15 01 which was seconded:

County Crop
Programs

RESOLVED, That Docket No. CI – Removal of County Crop Programs 05-07-15 01, Exhibit 4287, authorizing the Federal Crop Insurance Corporation to delete fifteen county crop insurance programs for the counties and crops listed in the attachment, effective for the 2016 crop year as applicable, since FCIC has determined that these programs have had no participation reported between crop years 2010 and 2014 or had excessive risks.

There being no discussion the Board voted to approve the resolution. (Exhibit 4287)

Approved

The Chair then offered the following resolution, which was seconded:

Expert Reviewer
Expansion

WHEREAS, Section 505(e) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts for reviews of any policy or plan of insurance, or any related material or modification of a policy or plan of insurance proposed to be offered under the Act by persons experienced as actuaries and in underwriting, NOW THEREFORE BE IT
RESOLVED, that the list of approved expert reviewers be amended to add an underwriting reviewer, Robert Dismukes.

There being no discussion the Board voted to approve the resolution. (Exhibit 4288)

Approved

Chairman Johansson then read the following statement:

Periodically the Board conducts reviews of its portfolio of products and when concerns are raised, the Board sends a message to the public that it will not entertain expansions of such products until the concerns have been addressed. One such product is the Actual Revenue History (ARH) policies. Some crops continue to have very low participation and others have questionable performance. Expert reviewers have questioned whether the concept and performance are appropriate. Until RMA completes its rate review and the Board receives a briefing by the Agency addressing the basis for the poor participation and questionable performance, the Board will no longer accept any new concepts or submissions for new ARH policies.

There being no further business to come before the Board voted to adjourn and to meet again August 11-12, 2015, in Washington, DC.

Adjourn

May 7, 2015

/signed/
Cindy Spoor, Secretary
Federal Crop Insurance Corporation