



United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

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DATE: November 20, 2013

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Brandon C. Willis / signed/
Manager

SUBJECT: Manager's Report
Exhibit No. 4171

This document is the Manager's Report to the Federal Crop Insurance Corporation Board of Directors (FCIC) meeting on November 20.

New and Revised Products

Prevented Planting Provisions: RMA added a new Special Provision of Insurance statement to clarify acreage that is physically available for planting in regions of Iowa, Minnesota, Montana, North Dakota and South Dakota (Prairie Pothole National Priority Area) for the 2014 crop and succeeding crop years.

One of the requirements of the new statement is that acreage must have been planted and harvested (or have incurred an insurable loss other than for excess moisture) in at least one out of the last four years, regardless of whether any of those years was abnormally dry, in order to be eligible for a prevented planting payment. If a producer has been unable to plant and harvest a crop in at least one of the four most recent crop years, the producer must demonstrate that the land is farmable before the land will be eligible for prevented planting coverage. This will require planting and harvesting a crop for two consecutive crop years.

The Oklahoma City Regional Office (RO) has completed over 800 written agreement requests for canola for the 2014 crop year. In response to the high volume of written agreement requests, the Oklahoma City RO plans to request expansion into additional Oklahoma counties and into Texas for the 2015 crop year.

Research, Contracts, Studies, and Workgroups

Hybrid Sweet Corn Seed Insurance Program Development: RMA awarded a contract to develop an insurance product for Hybrid Sweet Corn Seed growers in the Pacific Northwest. The contractor completed the development and the product was sent for independent expert review. The results will be presented at the November FCIC Board of Directors meeting for a determination on whether or not to implement the new program.

Quarantine Endorsement Pilot Program: A contract has been awarded to conduct an evaluation of the Quarantine Endorsement Pilot Program. The Quarantine Endorsement provides protection to citrus and avocado producers in California against losses resulting from a quarantine.

Prevented Planting Payment Amount: A contract has been awarded to determine if prevented planting payments are appropriate but not so excessive that producers benefit by not planting. The prevented planting guarantee for most crops is 60 percent of the production guarantee for timely planted acreage. The contractor will evaluate the existing policy provisions by crop and growing region to determine the reasonableness of the prevented planting payment and the degree that payments provided by the provisions are reasonably adequate or excessive. If the contractor determines current provisions provide inadequate or excessive payments, they will identify the reasons and provide alternatives for RMA consideration

Data and Computer Applications

ACRSI: The Acreage and Crop Reporting Streamlining Initiative (ACRSI) project's web-based pilot acreage reporting application development has now progressed to Phase 2. This phase is utilizing feedback from the pilot test of the web-based acreage reporting application for 2013 spring crops in four Central Kansas counties to make changes and enhancements to the application.

Final Rules

ELS –Cotton: This rule revises the ELS-Cotton plan of insurance revises language to make the policy consistent with language in the Cotton Crop Basic Provisions. The rule also allows a late planting period to be established in the Special Provisions.

Proposed Rules

Forage Seed: The proposed rule has been published in the Federal Register 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.

Oversight

National Financial & Operational Reviews (NFOR): The purpose of the NFOR is to evaluate the financial stability and overall operations of Approved Insurance Providers (AIPs) in accordance with the Standard Reinsurance Agreement. The following will be reviewed in fiscal year 2014:

- Farmers Mutual Hail Insurance Company
- Rural Community Insurance Company/RCIS
- Country Mutual Insurance Company
- Starr Indemnity/International Ag
- American Agri-Business Inc. Company/ARMtech
- John Deere Insurance Company/JDRP

Risk Management Education Division (RMED)

The Risk Management Agency (RMA) announced cooperative agreements to support crop insurance education and outreach in 45 states. The cooperative agreements total nearly \$10 million, and are for the Risk Management Education Partnerships Program and Crop Insurance in Targeted States Program.

Compliance

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

- Premium overstatements of \$337,764;
- Indemnity overpayments of \$732,603;
- Premium understatements of \$516;
- Indemnity underpayments of \$79,452.