



Federal Crop  
Insurance  
Corporation

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May 20, 2025

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

**FROM:** Patricia Swanson */signed/*  
Manager

**SUBJECT:** Manager's Report  
Exhibit No. 4850

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) on May 20, 2025.

### **Program Update**

**Stacked Income Protection Plan (STAX) and Supplemental Coverage Option (SCO) Reporting Requirements for the 2025 Crop Year** (Manager's Bulletin [MGR-25-001](#)) For STAX in the 2025 crop year, the Risk Management Agency (RMA) announced that it is extending the date when insurability based on enrollment status is determined to be April 15 in order to align with the election/enrollment period announced by the Farm Service Agency (FSA).

**Margin Coverage Option (MCO) - Effective for the 2026 and Succeeding Crop Years** (Product Management Bulletin [PM-25-029](#)) RMA announced the availability of the new MCO program. MCO provides a band of insurance from 86 percent up to 95 percent of expected crop value to cover producers' operating margins. MCO will be available as an endorsement for corn, cotton, grain sorghum, soybeans, rice, and spring wheat for the 2026 and succeeding crop years.

**Livestock Risk Protection (LRP), Livestock Gross Margin (LGM), and Dairy Revenue Protection (DRP) - Modifications Effective for 2026 and Succeeding Crop Years** (Product Management Bulletin [PM-25-028](#)) RMA announced modification to the LRP, LGM, and DRP programs effective for the 2026 crop year. Changes include modifying the termination date, adding language to address subsidy capture, updating correction of errors language, and other changes.

**Hurricane Insurance Protection-Wind Index (HIP-WI) Changes Effective for the 2026 and Succeeding Crop Years** (Product Management Bulletin [PM-25-023](#)) RMA announced changes to the HIP-WI Endorsement effective for the 2026 and succeeding crop years in all counties with an April 30, 2025, contract change date, or later. Changes include: clarifying that the criteria necessary to meet the County Loss Trigger for a tropical storm includes Weather Events that

occur before the insurance attachment date if such events extend into the Insurance Period; adding that a Final Rainfall Amount for a tropical storm includes all days during which the tropical storm is present within the county; and other clarifications.

**Accommodations for Producers Applying for Nursery Value Select (NVS) Coverage for the 2026 Crop Year in Counties with a September 1 Sales Closing Date (SCD)** (Product Management Bulletin [PM-25-002](#)) RMA reminded producers that beginning with the 2026 crop year, NVS will replace the Nursery Field Grown and Container (FG&C) crop insurance program. For the 2025 crop year, producers may purchase pro-rated NVS coverage for the remainder of the 2025 crop year to avoid a lapse in coverage between the end of the 2025 Nursery FG&C crop year and the beginning of the 2026 NVS crop year.

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

**On-Bottom Shellfish** RMA is researching potential for insuring oysters grown “on bottom.” Oysters grown “on-bottom” are currently not insurable under the existing shellfish program.

### **Insurance Services**

**Written Agreement Processing** As of May 7, 2025, RMA has reviewed and processed 10,935 requests for actuarial change for the 2025 reinsurance year. This number includes rollover multi-year written agreements as well as determined yield requests for both the Fall and Spring seasons. The significant portion of the annual written agreement workload has just passed, as more than 50 percent of requests are received between February 15<sup>th</sup> and April 15<sup>th</sup>.

Written agreement processing has improved drastically in just a few short years due to system enhancements and other RMA process improvement efforts. RMA is better able to track the accuracy of Approved Insurance Provider (AIP) submissions and shorten processing turnaround times. Since 2023, AIP error rates have decreased from about 11 percent (2023) to 7.5 percent (2025) and RMA’s turnaround time for processing written agreements has decreased from 9.5 days (2023) to 4.8 days (2025).

**Crop Expansion** As detailed in Manager’s Bulletin MGR-25-002 2026 Crop Year County 4-30 Crop Program Expansion, the Federal Crop Insurance Corporation expanded cabbage in Cook and Mitchell counties Georgia for the 2026 crop year. Additional crop expansions will be released for June 30, August 31, and November 30 contract change dates.

**Crop Deletion** FCIC plans to delete grapes in Runnels County Texas for the 2026 crop year. This decision was based on results of a program performance review. No policies have been sold since 2017 and the last policy earning premium was for 2 acres. The last acreage reported to FSA was 4.5 acres in 2017. Texas A&M AgriLife Extension Service,

County Extension agent in Runnels County Texas indicated the last vineyard was taken out sometime around 2018 and Texas A&M Assistant Professor and Extension Viticulture Specialist are not aware of any vineyards in the county. Runnels County is not in proximity to counties with active participation. External notification of this change will be included in an 8-31 related Manager's Bulletin later this summer.

**Education** Nursery Value Select (NVS) Webinar – On April 9, 2025, RMA hosted the NVS webinar for stakeholders across the nation. NVS is a pilot program that allows nursery producers to select the dollar amount of coverage that best fits their risk management needs. Beginning with crop year 2026, NVS will replace the Nursery Field Grown and Container (FG&C) crop insurance program, offering comparable and improved risk management options. The sales closing date for all Gulf Coast states, East Coast states, and West Virginia was May 1, 2025. The sales closing date for all other states is September 1, 2025.

Hurricane and Tropical Storm Insurance (HIP-WI) Webinar – On May 14, 2025, RMA hosted the HIP-WI webinar for producers that have their operations in hurricane prone regions of the nation. The HIP-WI and Tropical Storm products are tools to help deliver prompt assistance to producers in hurricane prone areas. These innovative options for coverage add to a farmer's underlying policy with no additional paperwork or loss adjustment needed. HIP-WI and TS generally pay within weeks following a hurricane or tropical storm.

### **Compliance**

RMA Compliance issued final findings to reinsured companies for the period of February 4, 2025, through May 6, 2025:

- Premium overstatements of \$2,779,500;
- Indemnity overpayments \$4,396,487;
- Premium understatements of \$45,717; and
- Indemnity underpayments of \$193,949.

**Improper Payment Reviews- PIIA ( Payment Integrity Information Act)** The fiscal year (FY) 2025 Improper Payment Review (IPR) is complete, and the final error rate is being calculated. The final results will be submitted to OCFO at the end of May. The FY2026 IPR has commenced and consists of 356 policies. On May 1, 2025, IPR notification letters and document request lists were sent to the AIPs. AIPs were given a deadline of July 8, 2025 to have all requested documents submitted to the Regional Compliance Offices (RCOs) or request an extension.

**AIP Performance Reviews (APRs)** RCOs completed their onsite reviews at the headquarters and field offices of the AIPs as of March 14, 2025. Post onsite review activities began and continued through the month of April. The Preliminary APR Reports will be issued to the AIPs by May 15, 2025.

## **Audits**

- Office of Inspector General (OIG) Audit 50503-0014-12 FY 2025 Federal Information Security Modernization Act of 2014 (FISMA) performance audit systems kick-off/entrance conference was on February 20, 2025.
- OIG Audit 05403-002-11 Combined Entrance Conference for Commodity Credit Corporation, FCIC/RMA & NRCS FY2025 Financial Statement Audits was on February 26, 2025.
- OIG Audit 05601-0003-41 Assessment of RMA's Oversight of High Dollar Indemnities-Close Out Meeting was on March 6, 2025.
- OIG Audit 05801-0001-24 Accessibility of Crop Insurance Policies-Close Out Meeting was on April 9, 2025.

## **Prosecutions and Investigations**

**California Insured Sentenced to Prison for Crop Insurance Fraud** A California insured was sentenced to 1 year in prison for conspiring with another individual to commit crop insurance fraud. The individuals altered records that underreported the amount of crops the farming operation sold through the fruit packing company to be provided to the insurance company to make it appear as though the farming operation had suffered significant crop losses when that was not true. The other individual was charged separately and has pleaded guilty for his role in the fraud. He is scheduled to be sentenced on May 27, 2025.

**Michigan Farmer To Settle Allegations He Wrongfully Obtained Crop Insurance and Farm Benefits** A Michigan insured has agreed to pay \$87,500 to resolve allegations that he violated the False Claims Act by obtaining Federal crop insurance coverage and FSA benefit payments for crops he did not farm. The resolution obtained in this matter was the result of a coordinated effort between the U.S. Attorney's Office for the Western District of Michigan and USDA-OIG and USDA's RMA.

**Kentucky Tobacco Warehouse & Tobacco Insureds OIG/RMA Joint Investigations** RMA's Special Investigation Staff joint investigative efforts with USDA's OIG has yielded the following indictments and plea agreements for a tobacco warehouse employee and multiple Kentucky tobacco insureds. Sentencing and final restitution judgments are forthcoming:

- **Kentucky Tobacco Warehouse Employee Indicted for Conspiracy to Commit Crop Insurance Fraud** A Federal grand jury indicted a tobacco warehouse employee on four counts of conspiracy to commit crop insurance fraud and one count of money laundering for the purpose of defrauding USDA from 2014 through 2020. The indictment alleges the employee produced false documents including but not limited to false organic contracts, purchase statements, and checks. The employee engaged in a check swapping scheme that involved the policyholder writing a check to the tobacco warehouse claiming they purchased

- tobacco to sell under their contract, when in fact it is their own tobacco. The producer's check would be deposited and on or near the same day the warehouse employee would issue a tobacco warehouse check back to the policyholder often for a lesser amount.
- **Kentucky Tobacco Insured Pleads Guilty to Crop Insurance Fraud** Kentucky insured pled guilty to crop insurance fraud from 2014 through 2022 crop years. The subjects engaged in various crop insurance schemes through the tobacco warehouse and other individuals to hide tobacco production. The insured has agreed to pay not less than \$1,941,007 in restitution.
  - **Kentucky Insured Pleads Guilty to Conspiracy to Commit Money Laundering** A Kentucky policyholder pled guilty to conspiracy to commit money laundering for the purpose of committing crop insurance fraud from 2014 through 2020 crop years. The insured along with other individuals engaged in various crop insurance schemes with other individuals and tobacco warehouses to obtain and present false organic contracts and hide tobacco production.
  - **Two Kentucky Tobacco Insured Pleads Guilty to Crop Insurance Fraud** Two Kentucky insureds pled guilty to conspiracy to commit crop insurance fraud from 2014 through 2016 crop years. With the assistance of a tobacco warehouse employee, the insured engaged in a check swapping scheme to make it appear as if he had purchased tobacco from the warehouse to sell under his own contract, when in fact, the tobacco sold on the contract was his own. The insured has agreed to pay at least \$699,000 for the monies received through fraud.

**Michigan Insured Sentenced for Theft of Public Money** As part of criminal/civil parallel proceedings, a Michigan insured was sentenced in the Eastern District of Michigan to 1 day and 12 months supervised release (probation) for Theft of Public Money, 18 U.S.C 641. The insured was assessed a \$25 special assessment and no other fines. A consent judgement order was entered on February 13, 2025, in favor of the United States for \$1,089,896.64. The insured previously paid \$910,103.36 of the \$1,089,896.64. As a condition of the insured's sentence, he must cooperate and pay the remaining balance of his civil settlement.

**Kentucky Insured Pleads Guilty Plea to Crop Insurance Fraud** A Kentucky insured pled guilty to crop insurance fraud from 2014 through 2021 crop years. The insured failed to disclose thousands of bushels of his corn, soybeans and wheat crops he sold under family members' names.

### **Personnel Announcements**

Patricia Swanson is the new RMA Administrator.

Ken Selzer is the new RMA Associate Administrator.