



Federal Crop
Insurance
Corporation

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September 22, 2022

TO: Board of Directors
Federal Crop Insurance Corporation

FROM: Marcia Bunger */signed/*
Manager

SUBJECT: Manager's Report
Exhibit No. 4664

This is the Manager's Report to the Federal Crop Insurance Corporation (FCIC) Board of Directors (Board) meeting on September 22, 2022.

Program Update

2023 Crop Year County Perennial Crop Program Expansions (Manager's Bulletin MGR-22-007) The Risk Management Agency (RMA) announced the expansion of the availability of coverage for the 2023 crop year in select counties for several perennial crop policies, including: apples; blueberries; grapes; peaches; and pecans.

Actual Revenue History (ARH) Cherry Insurance Program Changes Effective for the 2023 and Succeeding Crop Years (Product Management Bulletin PM-22-053) RMA announced changes to the ARH Sweet and Tart Cherry crop insurance programs effective for the 2023 and succeeding crop years. The changes will expand coverage to more producers by removing restrictions on written agreement. Other changes were made to clarify policy provisions.

Caneberry Changes Effective for the 2023 and Succeeding Crop Years (Product Management Bulletin PM-22-052) RMA announced changes to the Caneberry crop insurance program effective for the 2023 and succeeding crop years. The changes simplify the program by removing growing practices and revises the minimum number of plants per acre for container practices.

Whole-Farm Revenue Protection (WFRP) Pilot Plan of Insurance and Micro Farm Changes Effective for the 2023 and Succeeding Policy Years (Product Management Bulletin PM-22-051) The Agricultural Improvement Act of 2018 (Farm Bill) included provisions to improve the effectiveness of WFRP. Per the Farm Bill, RMA has continued to solicit stakeholder recommendations. In response to stakeholder feedback from approved insurance providers, agent organizations, and producer groups, RMA announced changes to the WFRP crop insurance program effective for the 2023 and succeeding crop years. The changes include:

- Increase the maximum insurable revenue for WFRP from \$8.5 million to \$17 million, allowing more producers to participate in the program;
- Replace existing expense reporting procedures with a 40% reduction in expected revenue for commodities which cannot be planted due to insurable causes. This reduction results in a similar value to prevented planting payments for other FCIC reinsured programs while reducing the total amount of paperwork required for the policy;
- Adjust yield reporting requirements at the sales closing date to streamline record keeping and reduce overall paperwork; and
- Increase the maximum approved revenue for the Micro Farm program from \$100,000 to \$350,000, addressing stakeholder concerns that the low maximum approved revenue was limiting access to Micro Farm for local foods producers.

Rainfall Index – Pasture, Rangeland, Forage Changes Effective for the 2023 and Succeeding Crop Years (Product Management Bulletin PM-22-050) RMA announced revisions to the Rainfall Index (RI) Common Policy and the Pasture, Rangeland, Forage (PRF) Crop Provisions. The following changes are effective for 2023 and succeeding crop years:

- Add certified organic and transitional organic irrigated hay practices to PRF;
- Revise and add several definitions to match definitions in the Common Crop Insurance Policy (CCIP) Basic Provisions;
- Clarify definitions of “expected grid index,” “final grid index,” and “index interval” to state the index intervals are based on a 24-hour period determined by the data;
- Add language to allow corrections to insurance applications with missing social security numbers or employer identification numbers of a person with a substantial beneficial interest to match CCIP Basic Provisions;
- Include the 30-day appeal deadline for good farming practice determinations;
- Clarify the consequences of not providing acceptable records for policies with the intended use of haying or grazing; and
- Clarify livestock records must be maintained.

Transitional and Organic Grower Assistance Program for the 2023 Reinsurance Year (Product Management Bulletin PM-22-048) RMA is offering a Transitional and Organic Grower Assistance (TOGA) Program to agricultural producers who have crop insurance coverage on crops in transition to organic or certified organic grain and feed crops. TOGA is part of the USDA's Organic Transition Initiative, a bundle of programs to build more and better markets for American producers and consumers, to improve the resilience of the food supply chain, and to address the economic challenges that arose due to the COVID-19 pandemic. TOGA provides premium assistance to producers who insure their crop during the 2023 reinsurance year. Eligible producers will receive a discount on their premium billing statement:

- For crops in transition to certified organic, producers can receive 10 percentage points of premium subsidy;
- For certified organic grain and feed crops, producers can receive \$5 premium assistance per insured acre; and
- For Whole-Farm Revenue Protection (WFRP) policies with crops in transition or certified organic crops, producers can receive 10 percentage points of premium subsidy. In addition to the WFRP benefit, producers who have additional individual crop insurance policies will also receive the applicable premium benefit on those policies.

Research, Contracts, Studies, and Workgroups

Apple Workgroup: RMA issued a proposed rule to revise the Apple Crop Provisions on December 16, 2021, with a public comment period initially ending on February 14, 2022. On January 27, 2022, RMA extended the comment period by an additional 60 days to April 15, 2022. The intended effect of this action is to provide policy changes to better meet the needs of the apple producers. RMA received 1,200 comments from about 200 commenters. Based on the comments received, RMA will conduct additional outreach before finalizing the changes. The outreach would likely be in-person and virtual listening sessions in Spring 2023.

Aquaculture: RMA awarded a contract on July 19, 2021, to determine the validity and feasibility of developing a shellfish program with a focus on coverage that recognizes the difference in perils at different phases of growth. The contractor has delivered research results and RMA has decided to move forward with development of a policy for oysters. The contractor submitted the draft oyster Board submission package on September 3rd, 2022. RMA expects to take the oyster submission to the Board in November 2022.

Controlled Environment Agriculture (CEA): The 2018 Farm Bill required RMA to research feasibility of offering a crop insurance program for CEA. RMA has issued a contract for research and development of a crop insurance program for CEA. To date, the contractor has provided three deliverables: 1) research report outlining how Nursery Value Select can be altered to work for CEA; 2) draft CEA Crop Provisions; and 3) the Insurance Standards Handbook, Loss Adjustment Standards Handbook, Special Provisions, and rating methodology. The next step is to exercise the option for the contractor to provide RMA with a draft and final Board submission package. It is estimated that the draft Board submission package will be submitted in October. RMA expects to take the CEA submission to the Board in February 2023.

Production and Revenue History (PRH) for Fresh Tomatoes, Sweet Corn, and Peppers: RMA has contracted for the development of PRH policy for fresh market tomatoes, fresh market sweet corn, and fresh market peppers. A final Board submission package for Fresh Market Tomatoes and a draft Board submission package for Fresh Market Peppers was received in June 2022. A draft Board submission package for Fresh

Market Sweet Corn is expected in September 2022. RMA expects to take the PRH submissions to the Board in November 2022.

Compliance

RMA Compliance has issued final findings to reinsured companies for the period of August 1, 2022, through September 6, 2022:

- Premium overstatements of \$2,623;
- Indemnity overpayments \$16,772;
- Premium understatements of \$939;
- Indemnity underpayments of \$0; and
- A&O Reduction of \$0.

Improper Payments Elimination and Recovery Improvement Act (IPERIA) Reviews

Regional Compliance Offices (RCOs) continue to conduct IPERIA reviews to determine if any improper payments were made. Of the 445 policies included in the Reinsurance Year (RY) 2021 IPERIA sample 175 have been closed with no improper payments identified. RCOs will continue conducting reviews through the end of October.

AIP Performance Review (APRs)

The following Approved Insurance Providers (AIPs) have been identified for review of their compliance with the RY2021 Standard Reinsurance Agreement (SRA): ACE American Insurance Company (Rain and Hail LLC), Farmers Mutual Hail Insurance Company and Greenwich Insurance Company (Global Ag Services, LLC). All AIPs will be notified via a Notice of Review letter by September 13, 2022.

Personnel Announcements

None.