

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 24, 2018, in Washington, DC. The public was invited to attend the open session portion of the meeting.

Meeting
May 24, 2018

The meeting was called to order at 10:00 am on May 24, 2018.

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 section 508(h) of the Federal Crop Insurance Act (Act).

Executive Session

Open session of the Board reconvened on May 24, 2018, at 4:00 pm.

Reconvene Open
Session

Kim Arrigo 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

The Chairman requested Board members to introduce themselves. Present were Rob Johansson, Chief Economist, USDA; James Bardenhagen, Iris Saenz, John Finston, Kenneth Sneed, Michael Clemens and Martin Barbre, Manager, FCIC, constituting a statutory quorum, and Robin Anderson, Secretary, FCIC.

Present

Also present were Heather Manzano, Robert Ibarra, Richard Flournoy, Chandra Mason, Chris Aulbur, Ron Lundine, and Jody Bailey from RMA; Kim Arrigo and Maureen James from the Office of the General Counsel; Clif Parks, Keith Shuman and Madilyn Nunez, AgriLogic, LLC; and John Sheeley, ProAg.

Present by phone were; Tara Ponds, Michael Ciliege, Isac Shelton, Wilma Davis, Stefanie Cole, Quintrell Hollis, Angela Conchola, and Anna Parker; RMA; Ken Harrison, Sheer Simplexity; Peter Griffin, Applied Analytics Group; Nicole Gueck, Bill Rodgers, and Kim Harris AgriLogic; Deborah Marsh, Applied Analytics Group; Alex

Offerdahl, Watts and Associates; and Paul Rodgers, American Sheep Institute.

Chairman Johansson asked Administrator Martin Barbre for the Manager's Report. Mr. Barbre stated that the [Manager's Report](#) is available on line.

Manager's Report

Hearing no objection, Dr. Johansson agreed to dispense with a reading of the Manager's Report. (Exhibit 4464)

Dispense with Reading Report

A motion was made and seconded to dispense with the reading of the Minutes and to approve the Minutes (Exhibit 4465) of the meeting of the Board held on February 13, 2018.

Dispense with Reading Minutes

The motion carried. (Exhibit 4465)

Approved

Chairman Johansson offered the following resolution Docket No. CI-Section 508(h) Livestock Risk Protection for Feeder Cattle, Fed Cattle, and Swine Modification 05-24-18 01, which was seconded:

Livestock Risk Protection for Feeder Cattle, Fed Cattle, and Swine Modification

WHEREAS, Section 505(e) of the Federal Crop Insurance Act (Act) requires the Board to enter into contracts with persons experienced as actuaries and in underwriting 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, NOW THEREFORE BE IT RESOLVED:

That pursuant to the information contained in Docket No. CI-Section 508(h) Livestock Risk Protection for Feeder Cattle, Fed Cattle, and Swine Modification 05-24-18 01, Exhibit 4466, the Board approves expert review for Livestock Risk Protection for Feeder Cattle, Fed Cattle, and Swine Modification, those changes as discussed in Executive Session, and directs that the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the Board approved persons or entities, or the alternates in case the proposed persons are not available. NOW THEREFORE BE IT FURTHER RESOLVED:

That pursuant to the information contained in Docket No. CI-Section 508(h) Livestock Risk Protection for Feeder Cattle, Fed Cattle, and Swine Modification 05-24-018 01, Exhibit 4466, as well

as other materials that were submitted to the Board on this matter, the Board hereby approves the proposed expansion and such other changes as discussed in Executive Session beginning with the 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.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4466)

Approved

Chairman Johansson offered the following resolution Docket No CI-Section 508(h) Pulse Crop Revenue Modification 05-24-18 01, Exhibit 4467, which was seconded:

Pulse Crop
Revenue
Modification

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Pulse Crop Revenue Modification 05-24-18 01, Exhibit 4467, as well as other materials that were submitted to the Board on this matter, the Board hereby approves Pulse Crop Revenue Modification, beginning with the 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 4467)

Approved

Chairman Johansson offered the following resolution Docket No. CI-Section 508(h) Confidential Submission 0067 05-24-18 01, Exhibit 4468, which was seconded:

Confidential
Submission 0067

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0067 05-24-18 01, Exhibit 4468, as well as other materials that were submitted to the Board on this matter, the Board hereby approves Confidential Submission 0067, with revisions as discussed in Executive Session, beginning with the 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. NOW THEREFORE 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 4467) One Board member did not vote.

Approved

Chairman Johansson offered the following resolution Docket No. CI-Section 508(h) Confidential Submission 0062 05-24-18 01, Exhibit 4469 which was seconded:

Confidential
Submission 0062

RESOLVED, that pursuant to the information contained in Docket No. CI-Section 508(h) Confidential Submission 0062 05-24-18 01, Exhibit 4469, as well as other materials that were submitted to the Board on this matter, the Board hereby approves Confidential Submission 0062, with revisions as discussed in Executive Session, beginning with the 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. NOW THEREFORE 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 4469) One Board member did not vote.

Approve

Chairman Johansson offered the following resolution Docket No. CI- Section 522(b) Concept Proposal 143 05-24-18 02, Exhibit 4470, which was seconded:

Concept Proposal
143

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 into 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 143 05-24-18 02, Exhibit 4470, the Board approves the advance payment of \$135,000 for Concept Proposal 143 as authorized under section 522(b) of the Federal Crop Insurance Act, the regulations published at 7 C.F.R. part 400, Subpart V, and the Approved Procedures for Reimbursements and Determination of Reasonableness Related to Reimbursement Expenses for Concept Proposals, 508(h) Submissions and User Fee Requests.

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 actual, necessary, and reasonable.

By accepting the advance payment or additional advance payment, the applicant agrees to provide a submission consistent with section 508(h) of the Act to the Board in the October, 2019 submission period.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4467) One Board member did not vote.

Approved

Chairman Johansson offered the following resolution Docket No. CI- Section 522(b) Concept Proposal 144 05-24-18 02, Exhibit 4471, which was seconded:

Concept Proposal
144

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 Docket No. CI-Section 522(b) Concept Proposal 144 05-24-18 01, Exhibit 4471, the Board approves expert review for Concept Proposal 144, and directs that the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the Board approved persons or entities or the alternates in case the proposed persons are not available.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4471) One Board member did not vote.

Approved

Chairman Johansson offered the following resolution Docket No. CI- Section 522(b) Concept Proposal 145 05-24-18 02, Exhibit 4472, which was seconded:

Concept Proposal
145

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 Docket No. CI-Section 522(b) Concept Proposal 145 05-24-18 01, Exhibit 4472, the Board approves expert review for Concept Proposal 145, and directs that the Manager of the Corporation be authorized to take such action as necessary to enter into and execute contracts with the Board approved persons or entities or the alternates in case the proposed persons are not available.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4472) One Board member did not vote.

Approved

Chairman Johansson offered the following resolution Docket No. CI-Section 522(b) Concept Proposal 138 05-24-18 02, Exhibit 4281, which was seconded:

Concept Proposal
138

WHEREAS 7 C.F.R. part 400.706(c)(8) requires the Board, upon receipt of a concept proposal, to provide a date by which the 508(h) submission must be provided in consultation with the applicant; and

WHEREAS the Board approved an advance payment in the amount of \$70,308 on August 12, 2015, for Concept Proposal 138 08-12-15 01, Exhibit 4281, and consulted with the applicant on June 14, 2017, and May 2, 2018, requesting the applicant to propose a deadline for the completed submission; NOW THEREFORE BE IT RESOLVED:

That pursuant to the information contained in Docket No. CI-Section 522(b) Concept Proposal 138 05-24-18 01, Exhibit 4473, the Board is establishing the deadline for providing the complete

508(h) submission to be no later than the January, 2019 submission window.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4473)

Approved

The next item before the Board was a resolution to expand the pool of expert reviewers. The following resolution was offered and 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 actuary reviewer, Mr. Scott Lefkowitz.

There being no discussion, the Board voted to approve the resolution. (Exhibit 4474)

Approved

Chairman Johansson then read the following statement (Exhibit 4475):

Sense of the Board 1

The Board will not allow the Federal Crop Insurance Act, regulations or the Reasonableness Procedures to be circumvented by the use of contractors, consultants or subcontractors.

Chairman Johansson then read the following statement (Exhibit 4476):

Sense of the Board 2

It has come to the attention of the Board that it may have been inconsistent in the manner in which it determines whether the addition of a new commodity to an existing approved 508(h) submission is considered a new submission or an expansion. When approving the livestock products in the early to mid-2000's, the Board considered the addition of new livestock, such as fed cattle to the Livestock Risk Protection (LRP) plan, to be maintenance since it was done by the submitter of the original 508(h) LRP plan. However, the Board applied a different standard with respect to policies such as Actual Revenue History (ARH).

