



**United States
Department of
Agriculture**

Federal Crop
Insurance
Corporation

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FROM: Ross J. Davidson, Jr.
Manager

SUBJECT: Board Memorandum No. 774
Docket No.: CI-Coffee Crop and Coffee Tree R&D Cost
Reimbursement-04-01

BACKGROUND:

There is submitted for your consideration a resolution to approve reimbursement of maintenance costs for the Coffee Crop and Coffee Tree (CCCT) plan of insurance previously approved by the Federal Crop Insurance Corporation Board of Directors (Board). The Commonwealth of Puerto Rico Department of Agriculture (PRDA) has requested the Board to consider maintenance costs for CCCT.

Coffee crop and coffee tree insurance has been available in Puerto Rico since 1946. The Federal Crop Insurance Corporation (FCIC) is authorized to insure crops in Puerto Rico under section 508(a)(4) of the Federal Crop Insurance Act (Act) which states "The Corporation may offer plans of insurance or reinsurance for production of agricultural commodities in the Commonwealth of Puerto Rico, in the same manner as provided in this section for production of agricultural commodities in the United States." FCIC began reinsuring the Coffee Crop and Coffee Tree insurance program in 1978 and on October 29, 2003 the Board authorized improves to CCCT.

The PRDA is requesting reimbursement of maintenance costs for CCCT in the amount of \$245,176.46. RMA's review has determined that verifiable maintenance costs for CCCT totaled \$183,882.34.

The Act requires reimbursement of maintenance costs be adjusted for complexity and scope. The complexity and scope score of CCCT was determined to be 0.45, which translates to a reimbursement of 75 percent of adjusted costs per section 400.712(g)(5) of subpart V.

It is necessary for the Board to select one of the following options, to either approve, approve with revisions, or disapprove reimbursement of maintenance costs.

FINAL RESOLUTION

Reimbursement of Maintenance Costs for Coffee Crop and Coffee Tree Plan of Insurance

Docket No.: CI-Coffee Crop and Coffee Tree R&D Cost Reimbursement-04-01

RESOLVED, that Docket No.: CI-Coffee Crop and Coffee Tree R&D Cost Reimbursement-04-01 (Exhibit No. 2757), Commonwealth of Puerto Rico Department of Agriculture's request for reimbursement of maintenance costs, as amended by the Risk Management Agency to reflect \$183,882.34 as the total amount reimbursable for the Coffee Crop and Coffee Tree plan of insurance, as authorized under section 522(b) of the Federal Crop Insurance Act, is hereby approved

Adopted by the Board of Directors on: 9/2/04

/signed/
Byron Anderson, Secretary
Federal Crop Insurance Corporation

[SEAL]

Approved by:

/signed/
Keith Collins
Chairman of the Board

9/7/04
Date