



United States
Department of
Agriculture

Federal Crop
Insurance
Corporation

1400 Independence
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Stop 0801
Washington, DC
20250-0801

TO: Board of Directors
Federal Crop Insurance Corporation

October 18, 2002

FROM: Ross J. Davidson, Jr. /s/ *Ross J. Davidson, Jr.*
Manager

SUBJECT: Board Memorandum No. 681
Docket No. CI-AGR-Lite-02-1
Adjusted Gross Revenue-Lite Plan of Insurance - Submitted by
the Commonwealth of Pennsylvania; Department of Agriculture, Beginning
with the 2003 Crop Year

There is submitted for your consideration the subject docket authorizing or not authorizing the Adjusted Gross Revenue-Lite (AGR-Lite) plan of insurance to offer whole farm protection in all counties in Pennsylvania, except Philadelphia County, beginning with the 2003 crop year as submitted by the Commonwealth of Pennsylvania; Department of Agriculture (PADA), with reinsurance, risk subsidy, and administrative and operating subsidy. Although not an issue requiring approval by the Board of Directors, the submitter is also requesting cost share assistance.

Under section 508(h) of the Federal Crop Insurance Act (Act), the Board shall approve a submission if the interests of producers are protected and the premium rates are actuarially appropriate. While section 508(h) of the Act states that submissions may be prepared without regard to the limitations in the Act, it is not unrestricted. The coverage level and price elections have been specifically referenced as examples of the limitations that do not apply. These provide the guidelines regarding what constitutes a limitation. All other provisions of the Act, such as prohibitions, are applicable to the submission. If the submission violates one of these other provisions, then the Board does not have the authority to approve the submission. Since the Act also requires the agency to take such action to make the program actuarially sound and protect the integrity of the program, the Board does not have the authority to approve submissions that contain program vulnerabilities or adversely affect program integrity.

It is necessary for the Board of Directors to select one of the following options to either approve or disapprove, based on an evaluation of all experts and other reviews, Docket No. CI-AGR-Lite-02-1.

RESOLVED, That Docket No. CI-AGR-Lite-02-1, Exhibit No. 2134, authorizing implementation of the Adjusted Gross Revenue-Lite plan of insurance to offer whole farm protection with reinsurance, risk subsidy, and administrative and operating subsidy in amounts and under such terms and conditions as determined appropriate by the Board

beginning with the 2003 crop year in all counties in Pennsylvania, except Philadelphia County, as authorized under section 508(h) of the Federal Crop Insurance Act, is hereby approved 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.

OR

RESOLVED, that the submitting entity is notified of the Board's intent to disapprove Docket No. CI-AGR-Lite-02-1, Exhibit No. 2134, on the basis that the Board has been unable to make a determination that the submission complies with all applicable provisions of the Federal Crop Insurance Act, the interests of producers are adequately protected, the premium rates are actuarially appropriate, and that program integrity will be protected for the reasons set forth in the expert, Risk Management Agency, and Office of the General Counsel reviews, and the concerns raised by the Board in Executive Session. This notice of intent to disapprove will also be provided to the submitting entity in writing.

"For Official Use Only" and "Secure Storage Required" Provisions Expired on: October 24, 2002

FCIC Docket No. CI-AGR-Lite-02-1

Adjusted Gross Revenue-Lite
Plan of Insurance Beginning
with the 2003 Crop Year

Voted on by the Board of Directors on: October 22, 2002