



Independent Insurance Agents
& Brokers of America, Inc.



July 5, 2012

The Honorable Frank D. Lucas
Chairman
Committee on Agriculture
U.S. House of Representatives
1301 Longworth House Office Building
Washington, DC 20515

The Honorable Collin C. Peterson
Ranking Member
Committee on Agriculture
U.S. House of Representatives
1305 Longworth House Office Building
Washington, DC 20515

Dear Chairman Lucas and Ranking Member Peterson:

On behalf of the Crop Insurance Professionals Association, the Independent Insurance Agents and Brokers of America, and the National Association of Professional Insurance Agents, we write to thank you for crafting a bipartisan farm bill that honors the request of producers to do no harm to Federal Crop Insurance.

We greatly appreciate that the legislation you have developed acknowledges, alongside the Senate bill, the more than \$12 billion in deficit reduction that Federal Crop Insurance has already contributed over the past five years. While we maintain that Federal Crop Insurance would provide the most cost-effective means for producers and taxpayers to address the risk exposure of high deductibles, we recognize your efforts to avoid duplication and the undermining of crop insurance in your establishment of a revenue program under title I. We also acknowledge that by authorizing a supplemental coverage option to be offered under Federal Crop Insurance, the legislation would ultimately allow producers to vote with their feet in selecting the best risk management tool to address revenue losses.

We are also grateful that your efforts do not include the imposition of first-ever means testing or pay limits on crop insurance, which we are persuaded would bring about the beginning of the end of crop insurance based on what has transpired with respect to the commodity title over the course of the last five years. Even the most remote familiarity with the economic realities of modern farming would make clear that the adjusted gross income means testing adopted by the full Senate and the \$40,000 pay limit which had been proposed but not ultimately voted on in that chamber would strike at the very heart of the farm families proponents of these ideas declare they are defending. These requirements that are commonly tied to

title I farm bill programs have no place in crop insurance policies that are written on private paper and paid for by farmers. A federal contribution to producer premiums does not alter the fact that producers are still paying very large premiums for coverage nor does it negate the inappropriateness of curtailing or denying coverage to producers based on these factors. For similar reasons, we strongly oppose the introduction of conservation compliance rules tied to crop insurance and commend you for rejecting this duplicative regulation.

Your efforts in developing a strong crop insurance title to the farm bill also merit recognition. By authorizing a supplemental coverage option that producers may purchase in addition to underlying revenue or yield coverage, by providing more relevant yield plugs to address multiple years of disasters, and by extension and improvements to enterprise unit coverage, the bill makes considerable strides in working to fill large gaps in coverage for producers. Advanced data collection and the introduction of new policies help to ensure that underserved regions and crops receive risk management tools that better meet their needs. Provisions relating to information sharing, the correction of errors, and rebating also work to ensure producers receive effective coverage while further improving program integrity. Provisions precluding an administration from siphoning yet more scarce resources from crop insurance in order to pay for favored government programs and the grant of equitable relief on specialty crop policies both acknowledge the overreach of the Department of Agriculture in the renegotiation of the current Standard Reinsurance Agreement (SRA).

Finally, while we are disappointed that the SRA-imposed cap on administrative and operating expense reimbursement and the covenant not to sue were not lifted, we understand this is due to the cost assigned by the Congressional Budget Office (CBO). As a result, we understand that unprecedented caps on agent compensation were also left unaddressed. In regard to these issues, we strongly urge you to admonish the Department as to the importance of abiding by the law and respecting private contracts when promulgating regulations to carry out the Federal Crop Insurance Act. Enforcing the law against such agency overreach should be unnecessary.

Thank you once again for developing a farm bill that honors the request of farmers to protect federal crop insurance which has, under years of careful stewardship by Congress, become the cornerstone of U.S. farm policy.

Sincerely,

Crop Insurance Professionals Association
Independent Insurance Agents and Brokers of America
National Association of Professional Insurance Agents