



Crop Insurance Professionals Association LLC.

499 South Capitol Street, SW, Suite 408, Washington, DC 20003, (202) 479-4370

USDA Missed Opportunity in SRA; Can do Better by Farmers

WASHINGTON (July 22, 2010)—Crop insurance agents today told Congress that the U.S. Department of Agriculture (USDA) missed the opportunity to strengthen the nation's crop insurance program, which has become an essential piece of the safety net for producers of nearly all crops and regions.

In a hearing before the House Agriculture Committee, California crop insurance agent Jordan Roach, who serves as vice chairman of the Crop Insurance Professionals Association (CIPA), testified about the state of the industry—noting the positive growth and increasing importance—but was critical of the USDA's mishandling of the recent Standard Reinsurance Agreement (SRA) negotiation that shortchanged the agriculture budget and farmers to the tune of \$6 billion.

“The bottom line is that the recently concluded SRA process marked a missed opportunity to strengthen federal crop insurance for producers while saving on delivery costs,” he said. CIPA had offered alternatives to reinvest in crop insurance and improve coverage for producers by expanding policies and lowering rates.

Roach continued: “Instead, spin and cynicism trumped aspiration, and everybody lost in the process. Producers lost the opportunity for better coverage at lower cost. Congress lost funds to write a new Farm Bill. And, yes, companies and agents lost revenue needed to meet employee payrolls and sell and service policies to our farmers and ranchers.”

But Roach did express confidence in the ability of the industry to be dynamic and continue to provide the highest quality service, and he noted the continued opportunity to build upon the successful public-private partnership in advance of the 2012 Farm Bill.

“I would simply ask that you consider what you have in federal crop insurance, which works exceptionally well for so many,” he concluded. “And I would also ask that you consider what it can be—even absent legislative action—if we join together to encourage USDA to use its authorities to expand quality coverage for all crops in all areas and improve the existing policies so that all producers would have viable options to buy-up at the 85 percent [protection] level.”

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Senate Agriculture Committee Chairman Blanche Lincoln (D-Ark.) championed the same message during that committee's first 2012 Farm Bill hearing earlier in the month. Lincoln and numerous other senators have criticized the USDA for its excessive crop insurance budget cuts.

In addition, Congressman Leonard Boswell (D-Iowa), who chaired today's hearing, offered encouraging words, saying, "Budgets are tight, but tight budgets do not mean we must jeopardize the risk management tools that we have today or put in question what improvements we can make in the future."

Added Congressman Frank Lucas (R-Okla), the top Republican on the House Agriculture Committee, "I think this committee needs to take a serious look at the precedent this [SRA] renegotiation has set and whether Congress needs to set stronger parameters of what changes can be made in future agreements."

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