



Crop Insurance Professionals Association LLC.

499 South Capitol Street SW · Suite 408 · Washington, DC 20003 · 202.479.4370

www.cipatoday.org

May 17, 2010

Crop Insurance Cuts Subject of Lubbock Farm Bill Hearing

LUBBOCK, Texas—The Farm Bill hearings that have been taking place in rural communities from coast to coast hit Lubbock today, where Ronnie Holt, chairman of the Crop Insurance Professionals Association (CIPA), testified before the House Agriculture Committee.

A key theme of Holt's testimony was a plea to strengthen federal crop insurance, a particularly timely request in the wake of the USDA's efforts to slash crop insurance investments by billions—a proposal that has been widely criticized by Congress and the agricultural community.

“I do not know of a crop insurance company or an agent who did not enter into this Standard Reinsurance Agreement (SRA) renegotiation expecting and accepting cuts,” Holt testified. “But nobody in the private sector expected USDA to propose between \$6.9 billion and \$8.4 billion in cuts when Congress made clear in 2008 that it thought \$2 billion in additional cuts was too much.”

Holt believes the crippling cuts the USDA is pushing are without merit, and he fears farmers are being unfairly punished by the government's attempts to use the safety net as a budget offset for other federal programs. Many rural lawmakers seem to share this concern.

“To propose massive cuts to programs of vital importance to our producers, such as crop insurance, under the guise of fiscal responsibility is misleading at best,” Congressman Mike Conaway (R-TX) told the Secretary of Agriculture during an April 21 Farm Bill hearing in Washington.

Holt also noted that the proposed SRA—the contract between crop insurers and the federal government—is going to cost people their jobs, stating, “The SRA, at least as it stands, threatens serious injury to federal crop insurance, to the farmers crop insurance serves, and to the men and women who work hard every day to deliver a product that farmers need and their lenders require. It represents a serious setback for the agriculture budget, for crop insurance, the farmer, and jobs in rural communities. It is a setback that I hope never materializes.”

Similar messages have been already been delivered by leading agricultural organizations representing a wide variety of industries. The American Farm Bureau Federation and nine other leading organizations that represent the corn, soybean, wheat, rice, dairy, peanut, sugar, and barley industries submitted a letter on April 9 that urged the Administration to back off its proposed cuts and let Congress decide the best way to utilize crop insurance in the upcoming Farm Bill. CIPA supports this suggestion, Holt said.

CIPA is a national organization representing crop insurance agents in every state. Crop insurance leveraged \$6 billion in government investment into more than \$80 billion in protection for U.S. farmers last year.

###