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Senate Leaders Scold USDA Over SRA Draft, Support Expanded Coverage

WASHINGTON (July 7, 2010)—Sixteen U.S. senators, including the Agriculture Committee’s top Democrat and Republican, sent the U.S. Department of Agriculture (USDA) a letter on Friday scolding it for proposing \$6 billion in cuts to crop insurance.

This letter comes the same week that Senate Agriculture Committee Chairman Blanche Lincoln (D-Ark.) voiced support for increasing and improving crop insurance coverage at the Committee’s first 2012 Farm Bill hearing.

“If we could get every farmer in this country to 85 percent revenue insurance that is affordable, we would go a long way in filling the holes of the current safety net,” she said. “I know my rice farmers are working toward this goal, and I suspect farmers from other states are doing the same thing.”

Other lawmakers at the hearing applauded her words, but expanding coverage will prove more difficult if the USDA slashes funding.

“[W]e remain concerned that the \$6 billion in proposed cuts over the next ten years to the program reflected in the third draft of the SRA will severely constrain the CBO baseline for the farm bill,” Senator Saxby Chambliss (R-Ga.) and others wrote in Friday’s letter to the USDA.

The letter noted additional objections to the latest draft of Standard Reinsurance Agreement (SRA), which the USDA released on June 10.

“[Q]uestions also persist about the appropriateness of the provision to cap commissions paid to crop insurance agents, who are a crucial component of the delivery system, particularly since they were not a party to the negotiations and thus should not be bound by any provisions it contains,” the letter continued. “We can think of no precedent for the government restricting how much companies can compensate a specific class of workers, whether they are direct employees or independent contractors, as is the case with most agents.”

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The senators lastly questioned a provision that would essentially prohibit crop insurers from using the court system to address terms of the SRA that may not be permissible under current law.

Crop insurance agents are hopeful that farmer-friendly improvements can still be made to the SRA, a contract between the government and private industry that dictates terms of insurance policies. The Crop Insurance Professionals Association (CIPA) has noted that if the pending SRA goes into effect, the industry cannot withstand any additional funding cuts in the 2012 Farm Bill.

In addition to Lincoln and Chambliss, signers of the bipartisan letter include: Senators Sam Brownback (R-Kan.); Richard Burr (R-N.C.); Robert Casey (D-Pa.); Thad Cochran (R-Miss.); Mike Crapo (R-Idaho); Lindsey Graham (R-S.C.); Charles Grassley (R-Iowa); James Inhofe (R-Okla.); Amy Klobuchar (D-Minn.); Ben Nelson (D-Neb.); Mark Pryor (D-Ark.); Jim Risch (R-Idaho); Pat Roberts (R-Kan.); and Roger Wicker (R-Miss.).

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To learn more about CIPA and to read the Senate letter, visit www.cipatoday.org.