



Crop Insurance Professionals Association LLC.

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

June 16, 2010

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture
200-A Jamie L. Whitten Building
1400 Independence Avenue, SW
Washington, D.C. 20250

Dear Secretary Vilsack:

On behalf of the Crop Insurance Professionals Association (CIPA), I write to convey our grave concern over the third draft of the Standard Reinsurance Agreement (SRA) and respectfully request that the Administration address these concerns in a fourth draft.

First, we reiterate our sincere hope that you will reinvest the savings resulting from the SRA negotiations into federal crop insurance in order to help farmers and ranchers by expanding access to quality coverage. For examples, developing and approving quality policies for all crops and regions and addressing certain problems, such as lagging actual production histories, are vitally important.

Unfortunately, the third draft redeploys only a small fraction of the total savings from the SRA negotiations for this purpose. As a consequence, farm and ranch families are seriously shortchanged in this process, Congress is left in a fiscal lurch as reauthorization of the farm bill approaches, and federal crop insurance is left to somehow deal with combined cuts of more than \$12 billion in a matter of just two years.

The emergence of federal crop insurance as a primary and essential safety net for producers began in earnest in 2000 and the public private partnership has proved a remarkable success. Unfortunately, innovation in aggressively meeting producer risk management needs seems to have taken a back seat to seemingly endless rounds of cuts that show no signs of letting up until the cuts reach the bone and irreparable damage is done. If this occurs, Washington will have cut through the one thread of policy that, to date, has not generally been politicized and which has offered producers a semblance of stability in these uncertain economic and policy times.

For the sake of producers, we hope that this does not occur. As you know, it certainly does not have to. The Administration's stated objectives of deficit reduction and reducing the cost of delivery can be achieved in another way that is not harmful. As we have observed many times, simply bringing down premiums that producers pay in lieu of an SRA renegotiation would achieve both objectives without injury to federal crop insurance.

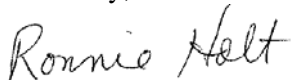
Second, we wish to strongly caution the Department that the unprecedented introduction of caps on agent commissions will, in point of fact, work to undermine the Administration's stated objective of better serving underserved producers. We also strongly caution that as much as a 50% cut on commissions anticipated in some States, including Iowa, is going to expand unemployment lines in many mid-sized and small towns.

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There are other unsettling parts to the third draft. One example is a provision that actually states that if a company or even a third party litigates a provision of the SRA because they believe that it violates the law and they prevail in a court that the costs to the Department stemming from the lawsuit be borne by the companies signing the SRA. The provision raises a serious question about the SRA's compliance with the law and the Department's confidence in its answer to that question.

We sincerely hope that the Department and other parties to the SRA will look before they leap and address these and other serious concerns in a fourth draft.

Sincerely,

A handwritten signature in cursive script that reads "Ronnie Holt".

Ronnie Holt
Chairman