



ISSUES

Crop Insurance

March 2010

PIA supports a Federal Crop Insurance Program that provides much needed insurance coverage to America's farmers in a fair and equitable manner.

PIA:

- Supports just compensation for independent insurance agents, the key sales force for the Federal Crop Insurance Program (FCIP).
- Supports a Standard Reinsurance Agreement (SRA) that ensures continued success of federal crop program and does not undermine this rural America's soundest risk management tool.
- Supports a thorough analysis of the April 2009 Government Accountability Report (GAO).
- Opposes any additional cuts to the FCIP during the budget process.
- Supports comprehensive enforcement of anti-rebating and control of business schemes.

The Federal Crop Insurance Program (FCIP) is a highly technical program that relies on the expertise of independent insurance agents. As the face of the FCIP, crop insurance agents work every day to deliver unprecedented financial protections, service and value to farmers. By navigating through the technicalities inherent within the program, they help agricultural producers make sound risk assessments. This is an extremely time and labor intensive process, and it is essential that crop insurance agents be compensated in a fair and equitable manner.

The Standard Reinsurance Agreement (SRA), the financial and compliance contract between the government and the private insurance companies that operate the crop insurance program, is currently being re-negotiated. The draft SRA includes the largest cuts ever attempted by any Administration in the history of the program. The proposed cuts are in addition to the major cuts that were passed as part of the 2008 Farm Bill. Congress has considered similar sized cuts in the past and after lengthy consideration, rejected them. If a change of this scale is imposed in the SRA, it would result in a significant job loss and hardship on America's independent insurance agencies, all in the middle of an already tough economy.

The FCIP is highly and effectively regulated by both the Risk Management Agency and the Federal Crop Insurance Corporation. PIA supports ongoing efforts to combat anti-rebating and control of business schemes, and will continue lending expertise to the dialogue on this topic.

For additional information on this issue, please contact PIA's federal affairs department.