

January 14, 2010

To: Mr. William Murphy, Administrator, USDA-RMA

Fr: North Dakota Grain Growers Association
North Dakota Soybean Growers Association
Northern Canola Growers Association
Red River Valley Sugar Beet Growers Association
North Dakota Corn Growers Association
Northharvest Bean Growers Association

Re: **Supporting Effective Crop Insurance for Agricultural Risk Protection**

In 2010, USDA-RMA will be renegotiating the Standard Reinsurance Agreement with the crop insurance industry. As negotiations proceed, the organizations herein request careful evaluation of the SRA to prevent negative impact to production agriculture. Issues within the SRA renegotiation that need careful attention include but are not limited to the following:

- Program Integrity.
 - The integrity of the Federal crop insurance program must be maintained. Redirection of risk from government to private insurance industry can increase costs without increasing coverage levels.
 - We are concerned that a “reference price” option (which is being considered in lieu of the current percentage system) would result in severe unintended consequences to production agriculture.
 - Partial payment of crop insurance indemnities on claims subject to audit should be considered to assist producers in alleviating cash flow constraints.
 - Savings proposed in the SRA that will not injure crop insurance should be reinvested in crop insurance to better address risk management needs.
 - Zero yield due to mechanical fires and chemical drift should be reviewed, with consideration given to insertion of an appropriate yield value if such events occur.
 - Adjust APH yield trends to reflect new crop varieties that have improved yield characteristics.
 - Provide flexibility to RMA in administration of crop insurance programs.
- Audits.
 - Audit procedures need to be refined to be reflective of current conditions in the commodity marketplace. Indexing is a potential solution to refining audit procedures.
 - Audits should be limited to the specific year in question unless irregularities arise.
 - Extraordinary events should be considered when triggering audits due to production fluctuation.
- Farmer Paid Premiums.
 - Payment of premiums should be maintained at its current position of invoicing on October 1, with payment due on November 1.
 - Interest on premiums owed by producers who have unsettled claims should be held in abeyance.
- Insurance Development.
 - Development of new risk management products needs to expedited to continue enhancement of crop insurance.

Thank you for your consideration of these matters. We look forward to working with you to enhance risk management.