



## Washington Report February 19, 2010

### CIRB News...

**Thanks for a Great Annual Meeting!** We would like to thank all of our members for their attendance and support at CIRB's 2010 "Meeting of the Year!" We had a terrific, informative conference in San Diego, with over 80 attendees from CIRB and the broader crop insurance community. CIRB Members enjoyed a variety of presentations on issues of importance to crop insurance, including a discussion with Jim Wiesemeyer on the impact of the political landscape on agriculture; a talk with Dr. Dennis Todey on climate patterns; panel discussions on federal affairs and reinsurance issues; and an insightful legal update from CIRB Legal Counsel Kurt Henke. Given the uncooperative weather back east, CIRB conversed by phone with several DC-based speakers, including RMA Administrator Bill Murphy, American Farm Bureau Federation Director of Public Policy Mary Kay Thatcher, and USDA Chief Economist Joe Glauber. **Presentations from the meeting will be posted [here](#) in the coming days.** Finally, mark your calendars for next year's meeting, which will occur from February 2-5, 2011 at the Renaissance Esmeralda Resort and Spa in Palm Springs, CA.

**CIRB Coordinates Reinsurance Meeting on SRA, Planning Follow-Up Call.** During our Annual Meeting last week, Risk Management Agency Administrator Bill Murphy indicated a willingness to engage with the reinsurance community on the Standard Reinsurance Agreement, despite their not being a party to the contract. CIRB facilitated the meeting, which was very well-attended, and is planning to arrange a follow-up call in the coming weeks. Any CIRB reinsurance members who did not attend the meeting but would like to participate in the call are encouraged to contact Mike Torrey at (202) 544-0067.

### SRA News...

**RMA Slated to Release Second Draft of SRA.** RMA Administrator Bill Murphy announced that the second draft of the Standard Reinsurance Agreement will be released early next week. The new draft anticipates savings totaling roughly \$6.9 billion over 10 years, down from \$8.4 billion in the first draft. In a news release, Agriculture Secretary Tom Vilsack noted that the new proposal will respond to the companies' concerns while still meeting USDA's original objectives. In a discussion with industry, Murphy highlighted some of the changes, including an increase in the reasonable rate of return from 12 percent to 14 percent; a transition period for companies to adapt to the new A&O subsidy structure; and an increase in the quota share from five percent to 7.5 percent. With regard to risk sharing, RMA has reduced the number of state groups from four to three in the second draft,

and has modified the terms for all states from the initial draft. The presentation that RMA delivered to the industry is attached to this report. For more information, click [here](#).

## Congressional News...

**Peterson Discusses Upcoming Farm Bill, Vows to Stop Crop Insurance Cuts.** House Agriculture Chairman Collin Peterson indicated this week that the 2012 Farm Bill could be passed one year early as part of a broader budget reconciliation effort to reduce the deficit. While he does not support that approach, Peterson recognizes that budget pressures may force Congress down that path, and he therefore plans to hold hearings in Washington this spring, followed by field hearings in July. Barring the use of reconciliation, Peterson plans to begin writing the measure early next year, with a mark up that fall. He also promised to fight “tooth and nail” to defeat the Obama Administration’s plans to cut billions from crop insurance over ten years, in part to preserve as high a baseline as possible for the upcoming Farm Bill. Peterson commented that although the 2008 Farm Bill authorized USDA to renegotiate the SRA for the 2011 crop year, he did not intend for them to make large-scale cuts to the federal crop insurance program.

**Vilsack Considers New Insurance Products.** In a discussion with organic farmers at the University of Vermont, Agriculture Secretary Vilsack suggested possibly creating new insurance products in order to mitigate the risk of contamination posed by genetically modified seeds. For more information, click [here](#).

**Congress Continues to Focus on Jobs and Healthcare.** Next week, the Senate is expected to begin consideration of legislation intended to spur **job creation**. Although Senate Finance Chairman Max Baucus and Ranking Member Charles Grassley had developed a bipartisan package, Majority Leader Harry Reid opted to scrap their bill in favor a slimmer proposal designed to attract support from liberal Democrats. Republicans are largely expected to oppose Reid’s measure. Meanwhile, the House is preparing next week to take part in a **healthcare** summit with President Obama. Health and Human Services Secretary Kathleen Sebelius said today that Obama will come to the summit with a single reform proposal combining the best elements of the House and Senate measures.

**Lincoln Continues to Fight for Disaster Aid in Jobs Bill.** Senate Agriculture Chairwoman Blanche Lincoln recently criticized Majority Leader Reid for rejecting a bipartisan “jobs” bill. Lincoln was further incensed because the bipartisan measure developed in the Finance Committee included \$1.5 billion agriculture disaster aid funding, which Lincoln previously introduced as a stand-alone measure. For more information, click [here](#).

## Industry News...

**Farm and Agribusiness Lobbying Expenses Top \$100 Million in 2009.** Agri-Pulse Communications, Inc. reported this week that farm and commodity lobbying costs reached \$103.6 million last year, an increase of 4.6 percent over 2008. The top spenders in the agriculture and food world were Coca-Cola Co. at roughly \$9.4 million, PepsiCo Inc. at roughly \$9.15 million, and Monsanto Co. at roughly \$8.7 million. However, the industry’s affiliated Political Action Committee contributions only totaled nearly \$6.8 million, significantly below its lobbying totals. Overall, PACs within the industry favored Democrats by 57-43 percent, a 14 percent margin. In crop insurance,

the American Association of Crop Insurers PAC contributed \$121,500 in 2009, with roughly 68 percent of its donations going to Democratic candidates.

### **USDA News...**

**Addendum to 2010 Crop Year Actuarial Document.** For more information, click [here](#).

### **Member News...**

**FMH Hires Biehl in Information Services.** Farmers Mutual Hail Insurance Company of Iowa recently announced the hiring of Wayne Biehl as Senior Application Administrator for the Information Services Department. Biehl had previously worked for Principal Financial Group.