



## Washington Report October 23, 2009

### CIRB News...

**Executive Committee to Meet November 5.** The CIRB Executive Committee will hold its fall meeting on Thursday, November 5 at the Westin O'Hare in Chicago, IL. The Committee plans to discuss preparations for the 2010 Annual Meeting; the selection of officers for the upcoming year; developments pertaining to the Standard Reinsurance Agreement and other federal and legal issues; and the completion of the transition to Washington, DC.

**Membership and Dues Update.** We are pleased to announce that James River Insurance Company and Totsch Enterprises, Inc. have recently chosen to upgrade to full membership. Additionally, we would like to remind all members to submit their 2009-10 dues as soon as possible, and we appreciate all those that we have received so far. We look forward to working with everyone over the coming year.

### USDA News...

**RMA Likely to Roll Out Combo Policy in January.** The Risk Management Agency is planning to unveil the Common Crop Insurance Policy (COMBO) through an announcement in the Federal Register in January 2010. The program will take effect beginning in the 2011 crop year, with the first sales closing date falling on September 30, 2010 for the winter wheat crop. RMA is currently working through the regulatory process.

**ACRE Enrollment Low for First Year.** USDA reported this week that fewer than eight percent of farmers signed up for the Average Crop Revenue Election (ACRE) program for its first year. The program, which provides subsidies when statewide agricultural revenues fall, was created in the 2008 Farm Bill as an alternative to the existing price-based program. According to USDA data, 32.5 million out of 254.6 million acres, merely 13 percent of U.S. cropland, were entered into the program for the 2009 crop year. These totals account for 128,620 farms being enrolled out of 1.7 million in the country.

**Merrigan to Continue Running USDA Budget.** USDA Deputy Secretary Kathleen Merrigan stated this week that she will continue to direct the budget process at the Department, despite organizational changes that have placed the budget office under the supervision of Assistant Secretary for Administration Pearlle Reed. Merrigan also noted that she had presented USDA's

budget for the 2011 Fiscal Year to the Office of Management and Budget, and will make similar presentations for future budgets.

**RMA Posts 2009 Crop Indemnity Map.** RMA has posted the October 13, 2009 Indemnity Map and the County-Level Table for the 2009 crop year. For more information, click [here](#).

## Congressional News...

**Feingold Bill Includes Cuts to Crop Insurance.** Senator Russ Feingold (D-WI) has introduced the Control Spending Now Act (S. 1808), which requires considerable cuts to agriculture programs, including crop insurance. According to Feingold's website, the bill calls for "reforming crop insurance subsidies" by saving \$2.1 billion over 10 years. Feingold sits on the Senate Budget Committee, but not on the Agriculture Committee. For more information, click [here](#).

**House Outlook.** The House is poised to vote next week on a **Continuing Resolution to fund the federal government** through mid-December, while Congress works to finish the Fiscal Year 2010 Appropriations process. Additionally, Leadership continues to prepare **healthcare legislation** for floor consideration; Speaker Pelosi believes that she has amassed the 218 votes needed to pass the bill. Finally, the House Agriculture and Financial Services Committees are likely to begin discussions on bringing **financial regulatory reform proposals** to the floor later this fall.

**Senate Outlook.** The Senate is planning to take up **the same Continuing Resolution as the House** next week. Additionally, Senators continue to discuss **healthcare reform legislation**, but Majority Leader Reid has indicated that a bill will not reach the floor next week. Finally, the Environment and Public Works Committee will hold hearings next week on a **draft climate change bill**.

## Industry News...

**Crop Insurance Industry May Benefit from Climate Legislation.** According to a recent article in AgWeek Online, Cole Gustafson, a member of North Dakota State University's Department of Agribusiness and Applied Economics, has suggested that a carbon cap-and-trade policy may open up new business opportunities for crop insurers. Under proposed climate change legislation, companies that emit more greenhouse gases than allowed by the cap will be required to purchase offsets from those who can store carbon. However, the government will want to see proof that carbon is being properly stored in the soil, and crop insurance adjustors may be well-matched for this work. Gustafson pointed out that crop insurance agents already work with producers and track activity on farms in order to ensure compliance with farm program requirements. For more information, click [here](#).

**AACI Holds Fall Washington Conference.** The American Association of Crop Insurers' Agent Advisory Committee held its Fall Washington Conference from October 6-8. The Committee met with a range of agricultural and crop insurance policy leaders, including USDA Undersecretary Jim Miller, RMA Administrator Bill Murphy, and several Members of Congress, such as House Agriculture Ranking Member Frank Lucas and Risk Management Subcommittee Chairman Leonard Boswell. In these meetings, the Committee discussed the effectiveness of the federal crop insurance

program; reductions made to the program in the 2008 Farm Bill; the 2009 Milliman Reports; and Grant Thornton's 2009 report, "Profitability and Effectiveness Analysis."

**Milk Producers' Dairy Reform Proposal to Include Insurance Component.** With the current Farm Bill slated to expire in 2012, Congress has indicated that it will begin to hold hearings in 2010 in preparation for the next bill. Dairy policy is likely to receive close attention during the process, and therefore, the National Milk Producers' Federation has unveiled a four-part reform proposal to help protect producers and better establish prices. One component of their approach would be to create a dairy producer income insurance program to provide a stronger safety net for farmers. NMPF's Strategic Planning Task Force is currently examining how best to structure this program.