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**Crop Insurance Companies Still Very Concerned with Components
of the Standard Reinsurance Agreement**
*Industry Hopeful that Continued Negotiations will Protect the Key Safety Net
for America's Farmers and Ranchers*

OVERLAND PARK, KAN...The crop insurance industry is surprised that even after repeated requests by Congress, producers and the Industry, the Administration still plans to cut the crop insurance program by \$6 billion over the next ten years. USDA's Risk Management Agency released its final draft of the Standard Reinsurance Agreement (SRA) on June 10, 2010.

"We negotiated this contract in good faith with USDA and we are frustrated that our concerns for the financial stability of this 30-year program were not adequately addressed," said Bob Parkerson, President of National Crop Insurance Services.

The industry is still experiencing the \$6.4 billion cuts that came out of the 2008 Farm Bill and will soon face nine months of no income as part of these cuts.

"Now we have to figure out how an additional \$6 billion decrease will not seriously undermine the industry's ability to effectively deliver this program," said Parkerson. "Unfortunately, USDA seems to have lost sight that this program is in place to provide a sound financial risk management tool for America's farmers and ranchers."

Some of USDA's proposed financial terms are far more complex than would appear from its side-by-side comparison released June 10th and will take some time to analyze. The industry is also disappointed that USDA used a "final" draft to introduce significant terms that did not appear in the first and second drafts, which apparently USDA plans to implement without full industry review and negotiation.

Companies are evaluating their positions and RMA representatives have committed to meet with industry representatives in Kansas City on June 18th.

"We hope continuing dialogue and the meeting on Friday will establish a foundation for constructive changes to this latest version of the SRA," said Parkerson. "While the

new SRA creates new financial risks and severely undermines the stability of the crop insurance industry, the crop insurance companies remain dedicated and focused on providing high quality service to America's farmers and ranchers."

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