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**Negotiations May be Complete, but Industry Remains Vexed  
By the Funding Reductions in Final SRA**

**OVERLAND PARK, KAN...** The crop insurance industry and the program will withstand the \$6 billion reduction in funding handed to them by the USDA's final Standard Reinsurance Agreement (SRA) contract released on June 29, 2010. Companies have until July 12<sup>th</sup> to sign the agreement.

"Our hands are tied," said Bob Parkerson, president of National Crop Insurance Services. "The companies have no choice but to sign this SRA because, if they don't, they cease operating and the safety net that America's farmers and ranchers rely on so heavily would be disrupted."

Although the industry feels the negotiation process was generally handled reasonably well by USDA, there were terms and conditions added to the agreement very late in the process that gave companies very little time to react and negotiate a contract that was fair to all parties. Constraints on legal recourse of companies and agents are particularly problematic.

"I think our definition of 'negotiate' was very different from USDA's," said Parkerson. "They made a few concessions to some of the technical aspects of the agreement, but they didn't budge on the \$600 million a year cut in funding, despite the damage it will do to the financial foundation of the program."

The private insurance companies will now need to evaluate how reductions will affect the quality of service they provide to producers, and scramble to maintain the financial reserves mandated by the SRA.

"I remember early on in this negotiation process reading that Secretary Vilsack said this is an easy product to sell," said Parkerson. "It reminds me of a quote from Dwight D.

Eisenhower when he said ...*Farming looks mighty easy when your plow is a pencil, and you're a thousand miles from the corn field.*" (**Dwight D. Eisenhower**, September 11, 1956)

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