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Administrator William Murphy
Risk Management Agency
U.S. Department of Agriculture
1400 Independence Ave, SW
Washington, DC 20250

January 14, 2009

Dear Administrator Murphy:

I am following with great interest the renegotiation of the Standard Reinsurance Agreement (SRA). Thank you for keeping me informed about the process and the rationale behind the first draft published December 4, 2009. It is very important that all impacted parties be kept similarly informed so that the negotiation can be a true negotiation in every sense.

Congress has clearly intended that the crop insurance program be national in scope and flexible to address the unique circumstances of farmers in all regions. It must also include appropriate risk management counsel for farmers and meaningful risk protection at affordable premiums. The unique public-private partnership in the delivery of crop risk protection is specifically contemplated in the acts of Congress going back for more than two decades, including the most recent 2008 Farm Bill.

Consequently, the SRA renegotiation is critically important to the continuation of an effectively working crop insurance program. Competing, yet mutually important goals, include fair reimbursement to private sector parties consistent with risks carried and services provided while making certain taxpayers are getting a fair deal.

I have been frustrated in recent years by actions taken related to the SRA. In the prior Administration steep cuts were imposed on the program by nontransparent Office of Management and Budget actions. The Risk Management Agency (RMA) compounded concerns among stakeholders by changing the process by which companies could interact with the agency. I am pleased that you have an improved working relationship with the approved insurance providers (AIP) and hope that this may lead to an improved crop insurance program.

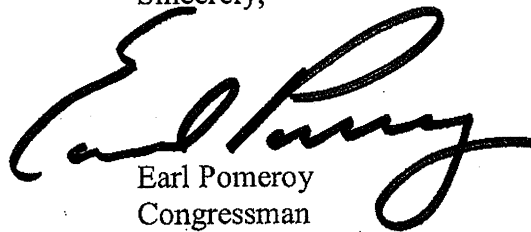
Negotiating an SRA that keeps the program functioning effectively while at the same time establishes a defensible record of fiscal prudence is a challenging assignment. The

SRA process is an opportunity to address the recent program cost spike driven by the volatility of crop prices, which has led to criticisms about the program. The 2008 Farm Bill cuts, in part, dealt with this issue. I commend RMA for undertaking a comprehensive study to establish a better understanding of private sector delivery expenses so that an appropriate reimbursement level can be achieved. Unfortunately, you are only at the beginning of this process, which makes the task of negotiating methods of reimbursement for administrative and operating costs for the SRA more difficult.

Accordingly, I urge caution in considering cuts without careful analysis about the effects they would have on rural jobs and rural economies, or for cuts that are in excess of Congressional intent to maintain a effective crop insurance delivery system.

I look forward to working with you on this issue. Please keep me fully informed as the process moves forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Earl Pomeroy". The signature is fluid and cursive, with a large initial "E" and a long, sweeping tail.

Earl Pomeroy
Congressman