



Society NEWS

Rain and Hail Insurance Society News

January 2009 Edition



Historic Presidential Election; Change Ahead for 2009

With the election over, the focus has shifted to the President elect's transition. According to the rural agenda laid out on the new Transition Team website, President-elect Obama has seven main agriculture priorities, several were included in the 2008 Farm Bill:

- a \$250,000 limit on commodity payments and closing of loopholes;
- a ban on packer ownership of livestock;
- strict regulations on pollution from confined animal feeding operations (CAFOs);
- expansion of organic certification cost share, reform of crop insurance so that it does not penalize organic farmers, and promotion of regional food systems;
- training programs and tax incentives for beginning farmers and ranchers;
- greater incentives for sustainable agriculture and protection of wetlands, grasslands, and forests; and
- implementation of mandatory country-of-origin-labeling (COOL).

Two ongoing wars, a global financial crisis and an out of control deficit will take the front seat. Additionally, the new Administration will spend some time undoing Bush era regulations and executive orders.

President-elect Barack Obama named former Iowa governor Tom Vilsack as the incoming Secretary of Agriculture. Vilsack, who served two terms as the governor of Iowa, has worked most recently as a lawyer in Des Moines since ending his 2008 presidential bid in 2007.

During a press briefing, Vilsack said his first priority will be to improve profitability for farmers and expand opportunities in rural America while encouraging sustainable agricultural practices. He also mentioned the importance of nutrition and is expected to work with fellow Iowan, Senate Agriculture Committee Chairman Tom Harkin, on the Child Nutrition and WIC Reauthorization Act this year. As governor, Vilsack was a strong supporter of conservation programs and alternative energy, including ethanol and wind. In recent interviews he has mentioned the need for the enforcement of payment limitations and livestock market reform. He has not made any statements publicly about crop insurance.

In the House, Chairman Peterson has stated he wants to focus on the reorganization of USDA this year. Renewable fuels and energy policy are also likely to take some of the Senate Agriculture Committee's time. Additionally, if the Democrats do decide to tackle the budget deficit situation, a budget reconciliation that cuts domestic spending would likely target Agriculture. At this stage, it appears that budget reconciliation to reduce federal spending will not occur this year as Congress' first priority is stimulus and economic recovery packages.

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Your Membership Matters – A Look Back at 2008

It is often easy to overlook the importance of being involved in organizations like the Rain and Hail Insurance Society. After all, things always work out okay, don't they? Well, we all know the answer to that – things do not always just take care of themselves and work out okay. The RHI Society relies on involved individuals who collectively make their voices heard to work together to achieve successful outcomes.

The 2008 Farm Bill is a good illustration. Had it not been for the efforts of numerous organizations, including the Society, crop insurance would likely have been the recipient of significantly more change than ultimately occurred. The membership organizations with an interest in crop insurance were able to collectively defend the program, explain its importance, and also point out why some of the proposals that were made would be harmful if not fatal to the program. By the very fact that these organizations represented significant numbers of members that had a stake in the program and were knowledgeable about the program, the organizations were in a position to be listened to and be influential in helping legislators arrive at acceptable legislation.

The Society has many members who have regular interaction with their elected representatives, and these individual contacts are important and valuable in helping keep the program strong. Similarly, on a broader scale, when proposals that will be harmful or detrimental to the program arise from time to time, the Society's ability to call on its members to deliver a message from the grass roots level is invaluable. As was experienced during the 2008 Farm Bill process, this grass roots tool, which is only called upon in extreme situations, is one of the Society's most important assets.

Without your involvement and without members, none of it works, and things don't always just work out okay. Each individual's Society membership really does matter, and we encourage you to renew your membership now for 2009 if you have not already done so.

Crop Insurance – Keeps America Growing

In this period of financial uncertainty, fluctuating commodities prices and volatility in the credit markets, we need to be sure that policymakers understand how important the crop insurance program has become to the rural economy.

As a tool to help us tell the true story, NCIS has embarked on a public relations campaign designed to inform policymakers and rally support for the crop insurance industry. This campaign includes a new website created in conjunction with the Crop Insurance Industry.

Please take a moment and go on line to the new **Crop Insurance – Keeps America Growing website** located at www.cropinsuranceinamerica.org and **register your support** for the crop insurance program. There is an easy-to-use online form to submit that only asks for your name, e-mail address and state. Please submit your response and ask your friends, family members and co-workers to do the same.

On the site you will find information about the history of the Federal crop insurance program, news stories, first-hand stories from people about their experiences with crop insurance, and much more.

As they say, there is strength in numbers. We hope that you will encourage others to visit the website and to speak up and be counted.

Crop Insurance Talking Points

As a RHI Society member, you should be an advocate for the crop insurance program as you talk with elected representatives, agribusiness groups and organizations, and others who have an interest in American agriculture. The opportunities to inform and educate about the positives of the crop insurance program are numerous. We suggest that you keep the following talking points handy for reference when these opportunities arise.

Crop Insurance is Working

Tailored Coverage

Farmers can tailor their coverage to fit their own specific operation and needs. Farmers have a choice of coverage levels ranging from 50% up to 85%. Also, numerous coverage plans are available for many crops, including MPC1 yield guarantee protection, revenue products that provide yield loss and price protection, and area coverage programs that provide broad based simple protection based on yield or revenue fluctuations on a county basis. These multiple choices of product and coverage level provide growers the opportunity to obtain the coverage that fits their specific farming operation and risk management needs.

Affordable Premiums

Farmer Premiums Are Affordable – Growers are able to purchase crop insurance protection at more affordable prices because the government shares in the risk and administrative premium costs. The cost sharing by government makes it possible for many growers to have better coverage than they could afford without the government cost share. This results in affordable protection for growers, while also resulting in manageable cost for taxpayers.

| The Numbers | | | | | | | | |
|--------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| Coverage Level | 50% | 55% | 60% | 65% | 70% | 75% | 80% | 85% |
| Premium Assistance | 67% | 64% | 64% | 59% | 59% | 55% | 48% | 38% |

Private Sector Delivery

Farmers Benefit From Private Sector Delivery – Private sector delivery provides competitive, localized service for growers. Growers buy from the local business people of their choice. Private industry competition ensures prompt service on claims. Choice and competition help protect and stabilize the rural economy and small town businesses.

Cost Share

Crop Insurance Is Better Than Disaster Payments – Unlike disaster payments, crop insurance is predictable. Farmers (and their lenders) know what their protection is before they plant their crop. From the taxpayers' standpoint, crop insurance is better since growers pay a significant portion of the cost of crop insurance. The public cost share of the program is a manageable budget item for government, while disaster payments are normally an ad hoc item subject to funding availability.

Good Value

The bottom line is that the crop insurance program is successfully meeting the needs of thousands of farmers who are relying on the protection that their local agent helped them tailor to meet their specific risk management needs. This protection represents a good value for America's taxpayers when compared to any other alternatives for addressing shortfalls in agriculture production!

2008 MPCl Data for All Writers

| State | Pol Sold | Liabilities | Net Acres | Total Premium | Subsidy | Producer Premium | Indemnity | Loss Ratio | Estimated % Acres Insured at Buy Up | Estimated % Eligible Acres Insured |
|------------|-----------|----------------|-------------|---------------|---------------|------------------|---------------|------------|-------------------------------------|------------------------------------|
| AL | 15,520 | 394,495,405 | 1,254,567 | 56,383,359 | 33,599,384 | 22,783,975 | 33,599,384 | 19% | 71% | 82% |
| AS | 33 | 392,560 | 5,930 | 42,760 | 40,440 | 2,320 | 40,440 | 81% | 1% | 21% |
| AZ | 1,846 | 155,265,853 | 346,709 | 9,601,153 | 6,027,088 | 3,574,065 | 6,027,088 | 22% | 22% | 48% |
| AR | 32,385 | 852,554,448 | 4,714,095 | 96,497,675 | 72,770,464 | 23,727,211 | 72,770,464 | 24% | 22% | 66% |
| CA | 31,552 | 3,888,644,721 | 3,783,096 | 197,045,302 | 140,270,695 | 56,774,607 | 140,270,695 | 22% | 23% | 58% |
| CO | 38,094 | 1,089,384,082 | 5,604,145 | 186,489,822 | 108,172,112 | 78,317,710 | 108,172,112 | 52% | 82% | 85% |
| CT | 365 | 78,324,740 | 23,377 | 4,573,879 | 2,942,173 | 1,631,706 | 2,942,173 | 56% | 44% | 66% |
| DE | 1,787 | 104,443,304 | 306,750 | 13,497,133 | 7,862,692 | 5,634,441 | 7,862,692 | 39% | 58% | 63% |
| FL | 16,943 | 3,222,559,015 | 1,288,522 | 122,539,736 | 82,474,779 | 40,064,957 | 82,474,779 | 8% | 39% | 88% |
| GA | 38,971 | 982,168,996 | 2,606,408 | 120,683,922 | 74,138,871 | 46,545,051 | 74,138,871 | 28% | 65% | 85% |
| HI | 197 | 120,832,092 | 29,462 | 1,954,269 | 1,274,122 | 680,147 | 1,274,122 | 91% | 58% | 67% |
| ID | 11,196 | 738,476,253 | 2,045,212 | 59,717,709 | 34,757,062 | 24,960,647 | 34,757,062 | 65% | 39% | 63% |
| IL | 136,220 | 10,123,848,904 | 16,808,259 | 867,806,685 | 443,562,206 | 424,244,479 | 443,562,206 | 14% | 67% | 72% |
| IN | 50,060 | 4,617,590,329 | 7,823,482 | 449,734,709 | 230,662,104 | 219,072,605 | 230,662,104 | 21% | 63% | 67% |
| IA | 151,140 | 11,665,093,156 | 20,618,603 | 915,743,422 | 491,720,193 | 424,023,229 | 491,720,193 | 20% | 79% | 83% |
| KS | 239,895 | 3,988,508,193 | 16,506,896 | 664,748,617 | 386,437,381 | 278,311,236 | 386,437,381 | 39% | 79% | 82% |
| KY | 20,808 | 1,041,139,678 | 2,264,219 | 107,045,643 | 61,664,847 | 45,380,796 | 61,664,847 | 24% | 51% | 63% |
| LA | 22,270 | 637,037,979 | 2,829,587 | 63,836,914 | 45,434,732 | 18,402,182 | 45,434,732 | 69% | 52% | 90% |
| ME | 701 | 70,469,799 | 108,838 | 6,560,650 | 4,541,235 | 2,019,415 | 4,541,235 | 11% | 29% | 65% |
| MD | 5,427 | 328,681,922 | 781,753 | 36,814,903 | 22,290,205 | 14,524,698 | 22,290,205 | 23% | 49% | 58% |
| MA | 714 | 53,588,294 | 28,565 | 3,249,498 | 2,154,656 | 1,094,842 | 2,154,656 | 145% | 25% | 56% |
| MI | 28,208 | 1,693,248,578 | 3,706,958 | 166,107,318 | 95,316,088 | 70,791,230 | 95,316,088 | 19% | 51% | 64% |
| MN | 126,175 | 7,821,797,151 | 16,591,239 | 844,769,414 | 471,508,582 | 373,260,832 | 471,508,582 | 29% | 81% | 85% |
| MS | 18,064 | 727,773,409 | 3,497,364 | 81,331,177 | 54,414,454 | 26,916,723 | 54,414,454 | 41% | 47% | 88% |
| MO | 74,921 | 2,249,038,033 | 7,432,277 | 302,120,975 | 184,620,650 | 117,500,325 | 184,620,650 | 38% | 51% | 72% |
| MT | 36,665 | 1,045,432,310 | 27,075,084 | 191,674,449 | 113,616,005 | 78,058,444 | 113,616,005 | 58% | 48% | 54% |
| NE | 155,195 | 6,626,031,659 | 14,424,664 | 678,927,132 | 386,214,915 | 292,712,217 | 386,214,915 | 19% | 86% | 88% |
| NV | 148 | 13,261,477 | 40,870 | 852,370 | 563,686 | 288,684 | 563,686 | 38% | 6% | 13% |
| NH | 114 | 7,965,940 | 9,223 | 413,525 | 288,541 | 124,984 | 288,541 | 156% | 18% | 30% |
| NJ | 1,409 | 105,204,168 | 156,197 | 6,063,407 | 4,393,958 | 1,669,449 | 4,393,958 | 21% | 29% | 55% |
| NM | 3,445 | 121,669,624 | 538,796 | 16,647,599 | 10,945,169 | 5,702,430 | 10,945,169 | 110% | 49% | 67% |
| NY | 5,962 | 353,870,046 | 804,925 | 26,485,485 | 17,849,244 | 8,636,241 | 17,849,244 | 44% | 21% | 35% |
| NC | 33,544 | 1,481,192,184 | 3,396,323 | 160,321,580 | 96,491,381 | 63,830,199 | 96,491,381 | 60% | 62% | 76% |
| ND | 170,539 | 5,793,515,541 | 22,394,397 | 1,065,887,786 | 622,127,641 | 443,760,145 | 622,127,641 | 51% | 91% | 92% |
| OH | 49,188 | 2,941,226,205 | 5,736,484 | 297,087,917 | 158,248,662 | 138,839,255 | 158,248,662 | 38% | 62% | 65% |
| OK | 34,500 | 698,081,584 | 5,127,773 | 130,077,001 | 78,667,901 | 51,409,100 | 78,667,901 | 55% | 58% | 63% |
| OR | 5,781 | 755,069,597 | 1,117,848 | 29,231,768 | 17,448,603 | 11,783,165 | 17,448,603 | 106% | 44% | 52% |
| PA | 13,144 | 409,269,812 | 1,069,211 | 57,544,006 | 35,493,049 | 22,050,957 | 35,493,049 | 16% | 29% | 36% |
| RI | 52 | 1,564,003 | 1,541 | 93,546 | 70,998 | 22,548 | 70,998 | 37% | 19% | 36% |
| SC | 10,031 | 425,241,249 | 1,176,492 | 54,050,961 | 34,267,716 | 19,783,245 | 34,267,716 | 59% | 60% | 81% |
| SD | 111,881 | 4,105,890,493 | 16,422,763 | 686,654,229 | 400,816,567 | 285,837,662 | 400,816,567 | 30% | 86% | 88% |
| TN | 17,816 | 929,866,611 | 2,318,157 | 84,822,440 | 52,600,860 | 32,221,580 | 52,600,860 | 23% | 43% | 67% |
| TX | 166,918 | 3,328,741,566 | 33,242,110 | 604,654,393 | 380,434,753 | 224,219,640 | 380,434,753 | 95% | 69% | 78% |
| UT | 992 | 21,732,973 | 152,161 | 3,140,216 | 2,036,014 | 1,104,202 | 2,036,014 | 78% | 7% | 12% |
| VT | 526 | 24,888,851 | 73,787 | 1,592,960 | 1,060,390 | 532,570 | 1,060,390 | 66% | 44% | 66% |
| VA | 11,033 | 476,285,181 | 1,070,430 | 56,745,047 | 34,081,773 | 22,663,274 | 34,081,773 | 41% | 61% | 67% |
| WA | 15,143 | 1,351,300,661 | 2,439,660 | 71,363,587 | 42,865,833 | 28,497,754 | 42,865,833 | 84% | 49% | 66% |
| WV | 798 | 17,863,135 | 46,121 | 2,576,558 | 1,609,173 | 967,385 | 1,609,173 | 18% | 50% | 59% |
| WI | 42,271 | 2,089,879,900 | 4,479,130 | 235,236,751 | 133,553,026 | 101,683,725 | 133,553,026 | 26% | 42% | 48% |
| WY | 6,244 | 136,943,733 | 8,022,709 | 18,457,985 | 10,386,356 | 8,071,629 | 10,386,356 | 31% | 43% | 46% |
| U.S. Total | 1,956,831 | 89,907,345,397 | 272,343,169 | 9,859,499,342 | 5,694,789,429 | 4,164,709,913 | 5,694,789,429 | 36% | 63% | 71% |

Source: RMA Industry Summary by State as of 12/16/08

*RMA 2007 eligible acres used to estimate production. Does not include PRF acres



It's Time to Renew Your RHI Society Membership for 2009

With 2009 in full swing, it's time to renew your membership in the RHI Society for 2009. Included you will find an application form. The form enables you to renew your membership in the Society as well as make a contribution to the Society's administrative fund or political action committee (PAC) if you so choose. Membership dues remain at \$5 for the year, and with your membership you also receive affiliate membership in the American Association of Crop Insurers, compliments of the Society. With the challenges crop insurance will face, membership in the Society is one of the best value ways to stay informed.

Membership in the Rain and Hail Insurance Society reached a record number in 2008; over 2,300 members. The expected 2009 activities by the Congress and the Administration that could affect the crop insurance program make it critical that all Society members renew their membership for 2009. Recruiting new members is also something everyone can do to help. The RHI Society helps its members to be better informed and helps to strengthen our voice in Washington.

If you haven't already renewed for 2009, please take a moment now to complete the renewal form and mail it with your check to the address indicated. There is strength in numbers!



Crop Insurance Update

As a member of the RHI Society, you will receive the Crop Insurance Update, published annually by the RHI Society. This update provides a variety of useful charts and resources about crop insurance. For more information about the update or to view the 2008 publication, please visit: www.rainhail.com/about/reporttocongress.htm.



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