

Rain and Hail L.L.C.

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VIA EMAIL ONLY

reg.review@obpa.usda.gov

Julie Hetrick, Office of Budget
and Program Analysis, USDA
Jamie L. Whitten Building, Room 101– A
1400 Independence Ave., SW.
Washington, D.C. 20250

RE: Retrospective Review Under E.O. 13563; Improving Common Acreage Reporting Processes

Dear Ms. Hetrick:

We appreciate the opportunity to comment on efforts to reduce the administrative burden placed upon program participants. We strongly believe a consolidation of the information required to participate in Farm Service Agency (FSA) farm programs and the Federal Crop Insurance Program administered by the Risk Management Agency (RMA) can and should be achieved.

Farmers should be able to choose the point of reporting acres.

Farmers should maintain the ability to report acres to agents or to the FSA. Some farmers have no relationship with FSA and no need to, while others do not participate in the crop insurance program. As a provider of crop insurance, we are confident that farmers, who participate in both FSA and crop insurance, will choose to report their acres through their crop insurance agents given the level of customer service these professionals provide every day.

The burden of reporting must be held in check.

USDA must balance the burden of the reporting requirements and the farmer's task of farming. For example, reporting acreage should not hinder a producer's ability to get the crop harvested in a timely manner while navigating weather conditions during the harvest season. Too much complication will begin to drive producers out of the Federal crop insurance program. When considering the added burden of CLU reporting, we may be approaching that point if it is required at the production and claim levels, as discussed in detail below.

The RMA is currently phasing in acreage reporting by Common Land Unit (CLU) and is beginning to require production reporting by CLU as well. We are concerned with the growing disparity between "production reports" and "APH databases" since APH databases cannot be established below crop/county/unit/P/T/TMA and a handful of other exceptions, but the production reporting requirement appears to be heading toward the time when production reports are to be set up, processed and submitted to RMA by CLU. This can get complicated and be confusing for the insured. For example, an insured with four fields in the same section (or other applicable legal description) with the same share arrangement would have to set up four separate production reports that then would have to be

combined into one APH database, but then each of the four fields must be reported separately again on the acreage report. Since all four production reports are part of the same unit, the insured might not see the point in keeping separate records of production and/or acreage. In that case, the approved insurance provider (AIP) could end up doing more apportioning and attributing in order to create “separate” production reports that are not necessary for unit/guarantee or claim purposes. The ramification of such a requirement needs careful thought and analysis before proceeding with any such mandatory requirement.

It is our understanding that FSA has never tracked production by CLU. In addition, most producers do not maintain their production down to the CLU level so requiring production at the CLU will simply require the apportioning of production reported from a larger amount of acreage down to the CLU for reporting purposes. The CLU does not correspond to the unit of insurance that is currently being using for reporting and loss adjustment purposes under the Federal Crop Insurance Program. There is a disconnect between the unit of insurance for crop insurance purposes and the CLU.

Common acreage reporting dates should be established that meet the needs of all programs.

We support the establishment of common acreage reporting dates across all of the various USDA agencies and programs.

Earlier this year, we submitted comments regarding the 2012 proposed acreage reporting date (ARD) changes under the Acreage/Crop Reporting Streamlining Initiative (ACRSI). From a crop insurance perspective, more than one-third of the over 25,000 ARDs were subject to change. Many of the proposed changes reduce the amount of time available to collect and report acreage information, which compresses agents’ workload into a shorter period and cuts the time available for company processing and billing. We also have ongoing concerns about many of the dates themselves, which we believe must be addressed before the 2012 ARD changes are finalized.

In addition, we continue to be concerned that some of the proposed changes increase program vulnerabilities. We note that it does not appear an attempt was made to address whether or not the proposed date changes have been selected in such a way so as to improve the actuarial soundness of the crop insurance program. While we understand the benefit in reducing the total number of acreage reporting dates across the nation, the final selection of dates must be rational and an outline of the selection criteria should be provided. We also note that participants must be afforded sufficient time to digest these significant changes to the program so that producers have timely knowledge of the impact these changes will have on their coverage and agents will be able to react to operational impacts that arise from these date changes.

We assume that the policy provisions that allow producers with multiple crops insured to report acreage by the latest acreage reporting date will continue to apply. We also assume that the other USDA agencies will abide by these consolidated dates and will not have additional flexibility for amending or temporarily extending these dates due to workload or other miscellaneous reasons. In addition, the guidelines for amending or revising producer reported data should also be consistent among all USDA agencies.

While standardizing the acreage reporting dates between RMA and FSA will benefit producers, many of the proposed acreage reporting date changes would present a variety of challenges to agents, the crop insurance industry, and the program itself. In our view, these issues must be resolved before any final revisions are implemented.

Given the magnitude and importance of this initiative to reconcile RMA and FSA acreage reporting dates, we believe that greater consideration must be given to the impact on the private sector delivery system, program integrity, and workload implications in addition to making the program more convenient for producers.

Regardless of the agreed acreage reporting date, program requirements may require earlier reporting to ensure efficient and timely claims service to farmers.

In general, a crop insurance claim cannot be adjusted and settled until after the insured has submitted an acreage report. When an insured suffers a loss early in the growing season, he or she will want the claim settled in a timely fashion and will not want to wait until after the acreage reporting date for the adjustment of the claim. One timely example of such a situation is prevented planting. The insureds along the Mississippi will expect that their claims will be worked in the near future. They do not expect to wait until the acreage reporting date in a month or two to report their acres to start the process. Thus, if some crop insurance acreage reports will be collected by FSA, FSA must fully commit to immediately providing the information to the crop insurance company and agent.

Additional statutory authority is needed for single point data collection.

We do not believe adequate statutory authority exists for full implementation of single point data collection. From a crop insurance standpoint, the agent and insured must sign the acreage report, which is a certification by the insured. From the FSA standpoint, we are not aware of any authority for either a crop insurance agent or a crop insurance company to collect acreage reports on behalf of FSA. Thus, additional statutory authority must be created to allow the proposed method of collection to proceed.

Program differences must be resolved to allow all programs to operate as intended.

Many differences between FSA and RMA requirements exist at all levels. For example, FSA and RMA use different definitions of "cash lease" and "fallow." Even more importantly, the requirements to determine who the "entity" is that is participating and the type of entity that is participating are different. These differences are significant and misunderstanding as to any of these issues can have serious impact on the farmer's ability to participate. These differences must be resolved prior to the implementation of single source data collection.

While we have made our best attempt to highlight the problems with utilizing a single point of reporting, we would welcome the opportunity to formally discuss any proposed changes. Prior to any changes being implemented, we feel a significant, open discussion among all affected agencies, participants and providers must occur.

Sincerely,



Michael J. Davenport
Chief Operating Officer and General Counsel
Rain and Hail, L.L.C.