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Committee on Agriculture

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October 26, 2011

The Honorable Tom Vilsack
Secretary of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Secretary Vilsack:

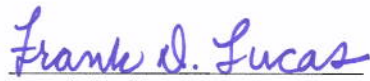
The Risk Management Agency (RMA) and the Board of Directors of the Federal Crop Insurance Corporation are now evaluating whether to implement a very significant change in the methodology used to set premium rates in the Federal crop insurance program. We are very concerned about the lack of transparency in the development and evaluation of the new methodology, and we urge you to open the process to public scrutiny. The new rating system being developed by a private contractor has not been made public, and the external review process being used by RMA is limited and confidential. We believe that the process lacks sufficient transparency and analysis of its consequences to assure stakeholders, including farmers and companies, as well as USDA, that the new method can be adopted in a timely and actuarially appropriate way.

Last year, RMA published an evaluation of the current rating system, allowed review and sought public comment. Following that review, RMA contracted to develop the new rating system and has indicated that the new system is expected to have substantial impacts on premium rates for major crops. We believe, before dramatic changes are made to the current, long-standing methodology, the new rating system, related data and assumptions, external reviews and analysis of its impacts on all phases of the program, including its effects on all crops expected to rating using the new system, should be made public. RMA should solicit input from the public, including producers, insurance companies and commercial reinsurers to ensure that the new rating approach is valid and that its impacts are fully identified and understood.

The Federal crop insurance program is being looked to more and more as the cornerstone of risk management for production agriculture for the future, not only by farmers but by Congress and the administration as well. As a result, it is paramount that we take actions that are based on the

best science available, improve the effectiveness of the program and are not detrimental to the long-term protection and service that producers receive.

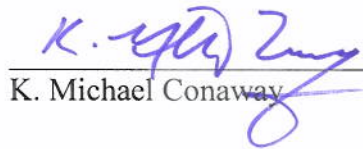
Sincerely,



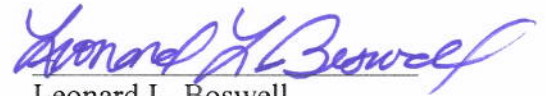
Frank D. Lucas



Collin C. Peterson



K. Michael Conaway



Leonard L. Boswell