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United States Senate

WASHINGTON, DC 20510

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September 25, 2015

The Honorable Brandon Willis
Administrator, Risk Management Agency
U.S. Department of Agriculture
1400 Independence Ave, SW
Washington, DC 20250

Dear Administrator Willis,

I write regarding the U.S. Department of Agriculture (USDA) Risk Management Agency's (RMA) treatment of prevented plant acreage in the Federal Crop Insurance Program. Crop insurance is the cornerstone of our farm safety net, and prevented planting protection is critical to North Dakota's family farms. I urge you to take a measured approach to any policy changes to ensure they do not negatively affect North Dakota's producers.

Following a USDA Inspector General report on RMA controls over prevented planting, which recommended RMA adjust pre-planting costs and change prevented plant payment factors, you commissioned a study with the firm Agralytica to further examine the issue. The Agralytica report proposes changing the payment factor for prevented planting claims for a number of crops. Many of the crops subject to reductions in payment factor are important to North Dakota, where we are proud to be number one in producing dry beans, peas, canola, and flaxseed, which are potentially facing a 20 or 15 percentage point reduction. Similarly, North Dakota is a major corn producer, which could see a 10 percentage point decrease.

I strongly support efforts to reduce waste in federal programs, but we must be careful to ensure any changes don't have negative consequences. Specific to changing the payment factor for pre-planting expenses, I am concerned reducing the factor for these commodities will lead to producers not being able to cover their pre-planting expenses at a time when input costs are still high and prices are low.

As you know, North Dakota has had considerable prevented plant acres in the past few years. Agralytica highlighted this fact as a percentage of total indemnities, between 1994 and 2013, North Dakota received the highest proportion of prevented planting indemnities, while states like Kansas and Iowa were much lower. Our prevented plant acreage has ranged from highs of 2.81 million acres in 2013 and 1.43 million acres in 2014, to as low as 139,000 acres in 2012. However, we also have a good loss ratio of .1 overall, which shows that though producers collect indemnities from prevented planting, they pay premiums at levels sufficient to cover this risk. In fact, in every year but one over the last five years, North Dakota has had a better loss ratio than Kansas and Iowa who experience less prevented planting. This good loss ratio extends to many of the commodities facing reductions in payment factors. Appropriate premium pricing has helped maintain the program's integrity, though I recognize that some producers may face

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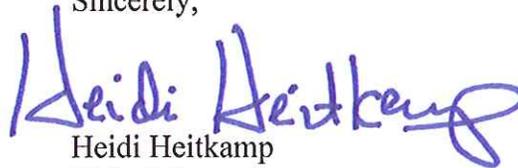
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unfairly high premiums because of a few bad actors who claim prevented planting on commodities with a high payment factor.

I applaud your work to address potential flaws in the Federal Crop Insurance Program, and encourage you to continue looking at ways to strengthen program integrity. I look forward to working with you to ensure North Dakota producers continue to have these options available while preventing waste and abuse.

Sincerely,

A handwritten signature in blue ink that reads "Heidi Heitkamp". The signature is written in a cursive, flowing style.

Heidi Heitkamp
United States Senate