

MEMORANDIUM

Date: July 11, 2008

To: Eldon Gould, Administrator, RMA, USDA

From: Washington Crop Insurance Group

Subject: \$100,000 Crop Insurance Claim Reviews

Proposal: Immediate Implementation of Emergency, Temporary Relief in Review Requirements

Justification: Relief from certain claim review requirements should be granted because they are a burden on insured farmers even in normal times, but especially in times of disasters where conditions can render compliance an impossibility as is the potential in the flooding states this year. Additionally, relief is warranted as a result of the statistically significant increase in value of insured crops from inception of the claim review. Certainly, as a business control asset, claim reviews need to apply to an appropriate percentage of the respective population, but not to the whole population. Assuming RMA identified an appropriate percentage of crop insurance policies for good business control purposes in establishing the initial threshold requirement, given current insured crop values, an excess number of reviews will be required without the prescribed emergency, temporary relief.

Action: RMA should immediately implement the following three changes:

1. Increase the claim review threshold value from \$100,000 to \$250,000,
2. Reduce the years of APH review from three (3) to one (1), and
3. Count yield losses only as contributing to the claim review threshold value.