Mr. Chairman and Members of the Committee, thank you for the invitation to testify today. I am here on behalf of the National Sunflower Association (NSA), the U. S. Canola Association (USCA), and the American Soybean Association (ASA). I am a producer from Wimbledon, North Dakota, where we grow sunflowers, soybeans, corn and wheat on our farm. I am also Chairman of the NSA.

While the immediate concerns of each oilseed association vary, as farmers we support a strong, national crop insurance program that ensures that all producers can obtain affordable coverage. I will briefly discuss the major issues for each commodity and ask that my full statement be included in the hearing record.

SOYBEANS

Finding effective policies to address soybean rust is a top priority for the American Soybean Association. During the past two years, ASA has been the leader in soybean rust education. Nearly 2,000 producers have participated in seminars hosted by ASA in cooperation with USDA and industry partners and more than 60,000 copies of the 20-page ASA Soybean Rust Reference Guide were produced and distributed. Through print, radio and the Internet, ASA has reached more than 250,000 U.S. soybean producers over the last two years.

The United States is the world's leading soybean producer and exporter. The farm value of soybean production last year was $18 billion, second only to corn among U.S. crops. Soybeans are planted on one-third of total U.S. row crop acreage. To maintain soybean production and prevent significant market disruptions to other U.S. crops, successfully combating soybean rust must be a priority for the U.S. Government. This extends to making sure that yield losses due to soybean rust are covered under the Federal crop insurance program.

Soybean producers are significant customers of the crop insurance program, carrying 22% of the total crop insurance liability in 2004. Last year 77% of total U.S. soybean acres were insured, or 58 million, out of 75 million acres. Soybeans have traditionally been some of the best business in the crop insurance portfolio. Last year, soybean policies posted a loss ratio of . 78 on nearly $10 billion of liability.

However, while participation numbers for soybeans are impressive, there remain wide regional variations in the type of policies soybean farmers buy and their attitudes toward this program.

For example, consider the different position a soybean farmer from Iowa and a soybean farmer from Arkansas is likely to find himself in if both suffer a 40% yield loss from soybean rust. In Iowa, the state with the most soybean acres, 94% of the acres in 2004 were covered with a buy-up policy, with the most farmers choosing coverage at 75%. In Arkansas, the Southern state with the most soybean acres, only 46% of the acres were covered with a buy-up policy. In fact, only about two-thirds of Arkansas growers bought crop insurance at all and, of those, more than half bought CAT policies. For those growers, a 40% yield loss would not even be covered.
In Georgia, soybean farmers are in a similar situation: only 71% of acres are insured at all, and fully 38% of all policies are at the CAT level.

These statistics are not anomalies. It is important for the Committee to recognize the ongoing problem with buy-up participation among Southern growers. In the nine Southeastern states where soybean rust was confirmed last year, 34% of soybean growers bought CAT policies, compared to 11% soybean CAT policies nationwide.
We don't know yet what type of policies farmers bought for 2005 crops. We do know that the consensus among many growers in Southern states is that crop insurance isn't worth the cost. Others have decided that investing in improving their land (with irrigation, for example) is a better risk management tool. This is an issue that has perplexed Congress as well as the American Soybean Association for many years. If Southern growers are under-insured when they face a rust outbreak, the problem with low buy-up participation in the South may turn out to be a deciding factor in whether farmers continue to grow soybeans there at all.

Soybean farmers have real concerns that despite our best efforts to protect ourselves through the crop insurance program, losses due to soybean rust will not be adequately covered, and disaster assistance will be necessary. The criteria for paying indemnities due to soybean rust seem terribly subjective to farmers: There is no certainty with this disease as to when to spray, when it's too late to spray, what product to spray, how many times to spray, and the list goes on. In short, the possibility that a farmer will buy crop insurance and still not have his claim paid seems very real.
The American Soybean Association strongly believes that losses due to soybean rust should and must be covered through the crop insurance program. The policy clearly states that soybean rust, as a disease, is an insurable peril.

If crop insurance fails to help farmers manage their risk as they believed it would when they bought it, Congress understands exactly what will happen. It is not the decision of the American Soybean Association or any farm group on whether to request assistance for crop losses: this demand comes from the grassroots. Our expectation is that soybean farmers who are not indemnified by their crop insurance policy will ask Congress for help.

Again, especially for those growers from Southern states who have historically concluded that crop insurance does not, for either agronomic or economic reasons, "work" for them, their decision to under-insure or self-insure may drive demand for disaster assistance. We hope that Congress and RMA will move to address this perennial problem. It continues to undermine the crop insurance program.

SUNFLOWERS AND CANOLA

For sunflowers and canola, a major concern is the inability to expand crop insurance coverage availability in a timely manner. One of ARPA's goals was to expand coverage to more crops. Planting flexibility was also part of the 1996 and 2002 farm bills to give producers the ability to expand into alternative crops in response to market forces. Unfortunately, Congressional intent is being thwarted by the way RMA is now interpreting the crop insurance statute.

Historically, farmers have used written agreements -- designed to offer coverage in a county where crop insurance is not in place for a certain crop -- to help make the transition into growing a new crop. This also helped compile enough experience for RMA to extend a crop insurance policy into that county. However, under current RMA rules, three years of production history are now required before a producer can get a written agreement. In most cases, this prohibits a producer from even trying an alternative crop, since lenders routinely require their borrowers to buy crop insurance every year, let alone go for three years without insurance.

We understand the need for actuarial soundness in the crop insurance program. However, we believe the cropping history of a producer's similar insurable crops could be used to gauge his or her ability to grow new crops. In fact, such similar crops data were used by RMA for many years. We therefore ask the Committee to consider amending the crop insurance statute to allow the use of "similar commodities" to establish the cropping history for written agreements.

This change would help growers react to the market forces that are driving demand for sunflowers and canola. For instance, the addition of trans fats to the Nutrition Facts label as well as the growing interest for renewable energy sources such as biodiesel are both factors contributing to increased demand for these crops. Many Members of the Committee may also be aware of the current severe shortage of confection-type sunflower seeds, since numerous stories in the press this spring have highlighted baseball's concern that players may not have enough sun-seeds to last them through the baseball season.

To meet the growing demand, it is estimated that sunflower acreage will need to expand from the present 2.7 million acres to 4.5 million acres by 2010. Congress was also looking to the future as research funds have been - and continue to be - annually appropriated for the National Canola Research Program. That research is now bearing fruit. New winter canola varieties have been developed that could allow the planting of 500,000 acres to 750,000 acres of canola in the Southern Great Plains in the coming years. However, we will be hard-pressed to meet these acreage goals without the expansion of sunflower and canola crop insurance coverage to these new regions through the use of written agreements.

We would be remiss in not recognizing that RMA recently made an effort to expand crop insurance for sunflowers and winter canola, and in fact did extend sunflower coverage to some counties bordering existing sunflower producing counties. We thank them for these efforts and recognize that the underlying statute will not allow them to do more without the change that we are requesting.

Another area of concern, especially for sunflowers, is the method used to determine the Actual Production History (APH) price election for sunflowers. Rates were announced at $9.30 cwt last fall that were based on a formula off the Chicago soybean oil futures contract of dividing the nearby CBOT soyoil futures price by two and subtracting one. However, sunflower prices have largely divorced themselves from the Chicago oil board. This APH price election was not even close to being adequate when compared to the new crop contract prices that were being offered at the time. We worked with USDA agencies that assist in developing RMA price formulas and an additional price election for the 2005 crop was announced by RMA. USDA has assured the NSA that they will continue to look at this issue in more detail to make sure the APH price election more accurately reflects the actual price for sunflowers. Likewise, RMA also needs to restructure the formula for determining the Revenue Assurance (RA) price for sunflowers in future years in order for it to be a useable program for sunflower farmers, as the change in the soybean oil/sunflower seed price relationship affects this price determination in a similar manner.

Canola growers are also concerned with the method used to set the APH price election for canola. Currently, RMA uses the USDA projected canola price, i.e. the season average expected price for both winter and spring canola, because NASS does not distinguish between fall and spring planted canola. And because the earliest sales closing date for fall seeded canola is August 31st, the price election by law must be announced by June 30th, or almost a year prior to the time-frame spring canola is planted, which currently comprises over 95 percent of the canola crop. This time lag has led to canola APH price elections that have been radically departed from other spring seeded oilseed crops, as well as the actual market price that was ultimately received for the crop. RMA assured USCA a year ago that they were developing a product that would address our concerns by providing all canola growing regions yield or revenue coverage that recognizes three different price discovery periods to match the respective available sales closing dates now in place. At the time, RMA predicted that this new product would be available for either the 2006 or 2007 crop. Since policy changes need to be in place by June 30th, we ask that the Committee urge RMA to redouble their efforts to meet this schedule.

In closing, I want to again thank the Committee for the opportunity to speak on crop insurance issues. I will be happy to address any questions you may have.