



# AGRIBUSINESS ASSOCIATION OF IOWA

## TAKE FIVE

A five-minute summary of industry activities for members of the largest state agribusiness association in the nation.

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**Agribusiness Association of Iowa**  
900 Des Moines Street  
Des Moines . Iowa  
50309  
515.262.8323  
800.383.1682  
Fax: 515.262.8960  
[www.agribiz.org](http://www.agribiz.org)

## USDA Receives Signed Standard Reinsurance Agreements from all 16 Crop Insurance Companies

Agriculture Secretary Tom Vilsack announced that as of July 12, 2010, USDA's Risk Management Agency (RMA) received signed 2011 Standard Reinsurance Agreements (SRA) from all 16 private insurance companies who participated in the federal crop insurance program during the 2010 crop year, formally ending the negotiation process which has been underway since December 2009. The new SRA negotiated by USDA is projected to achieve \$6 billion in savings over the next 10 years, two-thirds of which will go toward paying down the federal deficit while the remaining third will support high-priority risk management and conservation programs.

RMA grants conditional approval to the 16 companies to participate in the program, including the renewals and writing of new fall crop business, contingent upon receipt and final approval of each company's plan of operations. The plan of operations from each company is due no later than July 26, 2010.

Both of Iowa's Senators had expressed their concern with the SRA agreement. In a letter sent to Secretary Vilsack from the Chairman of the Senate Agriculture Committee and signed by Senator Grassley several concerns were expressed. In the letter, the Senators note that the \$6 billion in proposed cuts over the next ten years will severely constrain the CBO baseline for the next farm bill. Additionally, they question the appropriateness of capping commissions paid to crop insurance agents, who are independent contractors. Lastly, the Senators highlight concerns with subparagraph III (a)(2)(K) to the final draft, which limits the legal rights of insurers and agents.

Senator Harkin also sent a letter last week to Secretary Vilsack outlining similar concerns, saying that although the USDA has addressed previous worries, "Nonetheless, there is still a good deal of concern in the crop insurance and agriculture communities that the third draft of the SRA will reduce compensation to crop insurance agents to a degree that the delivery of crop insurance and related services to agricultural producers will be damaged."

## EPA Sets Foundation for Unprecedented Dust Regulation

In the latest step in its review of the National Ambient Air Quality Standards (NAAQS), the U.S. Environmental Protection Agency (EPA) established the foundation for unprecedented regulation of dust. According to EPA's Second Draft Policy Assessment for Particulate Matter (PM), issued late last week, EPA may consider regulating coarse PM at levels as low as 65-85  $\mu\text{g}/\text{m}^3$ , twice as stringent as the current standard.

"It would be virtually impossible for many critical U.S. industries to comply with this standard, even with use of best-management practices to control dust," said Tamara Thies, NCBA chief environmental counsel. "All of us certainly want healthy air for our communities, but this is nothing more than the everyday dust kicked up by a car driving down a dirt road, and it has long been found to be of no health concern at ambient levels."

"Farmers could be fined for everyday activities like driving a tractor down a dirt road or tilling a field," said Thies. "It would effectively bring economic growth and development to a halt in many areas of the country."

If EPA regulates dust at the level of 65-85  $\mu\text{g}/\text{m}^3$ , areas across the country would be classified as "nonattainment," forcing states to impose extreme dust-control requirements on businesses across the board.

"The current PM standard was set conservatively low based on historically flawed health studies," Thies continued. "EPA itself acknowledges the current standard was based on a desire to be cautious, and not on clear evidence that this very stringent level was necessary to protect against adverse public health effects. This is especially true for the type of rural dust predominantly found in agricultural and other resource-based operations."

The policy assessment is the latest step in EPA's ongoing review of the PM NAAQS, as required every five years under the Clean Air Act. The document will serve as the basis of EPA's Clean Air Scientific Advisory Committee's (CASAC) consideration about whether to revise the current PM standard. CASAC is scheduled to discuss the document on July 26.



## Mississippi Company to pay Civil Penalty for Aerial Pesticide Application Drift to Public Trail in Decorah, Iowa

A Mississippi company has agreed to pay a \$4,082 civil penalty to the United States for an August 2009 incident in which a liquid pesticide that it sprayed over an Iowa corn field drifted to an adjacent public use trail, causing several trail users, including members of a high school cross country running team, to complain of skin and eye irritation.

Custom Air, LLC, of Louisville, Mississippi, was hired to spray Quilt fungicide over 120 acres of corn. The field sprayed is situated immediately adjacent to the Trout Run Trail, an eight-mile public trail for bicyclists, walkers and runners that circles the city of Decorah.

Several people who were on the trail on the day of the field application later told a state investigator that they had been sprayed multiple times by a helicopter flying overhead near the field. Students on the cross country team reported various symptoms, including burning or stinging eyes, worsened allergies, and a bad taste in the mouth. None of the runners sought medical attention.

An investigation by the Iowa Department of Agriculture and Land

Stewardship confirmed that samples of vegetation taken along the trail adjacent to the field were contaminated with residue from Quilt fungicide. The investigation also confirmed that weather conditions near Decorah on the day of the application were conducive to pesticide drift.

The Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) prohibits the aerial application of registered pesticides in ways that will result in human contact, either directly or through drifting.

*"EPA wants all aerial applicators operating in Region 7 to know that the Agency and its state partners will respond to complaints about pesticide drift, and where appropriate, enforcement actions will be taken," Regional Administrator Karl Brooks said. "It's easy to see how incidents of this type, occurring near a well-used public area, carry the potential for serious outcomes."*

As part of its settlement with EPA Region 7, Custom Air has certified that it is now in compliance with FIFRA and all of its regulations.

## AAI Membership Value

### Upcoming AAI Committee Meetings & Events

- Risk Management Workshop: July 27, 2010, 10:00 am - 3:00 pm, AAI Office, Des Moines, IA
- AAI Golf Outing: July 29, 2010, 11:00 am lunch, 12:00 pm shotgun start, Lake Panorama National Golf Course, Panora, IA
- Grain Committee Meeting: August 3, 2010, 10:00 am - 2:00 pm, AAI Office, Des Moines, IA

For additional information and to view more upcoming events, go to the AAI website at [www.agribiz.org](http://www.agribiz.org) for.

## Risk Management Workshop Scheduled for July 27, 2010

How will recent health care legislation affect your business in 2010 and beyond? How will social security legislation affect you and your business? Is your company's risk profile being managed in the most effective way? These questions and more will be addressed during AAI's Risk Management Workshop on July 27, 2010.

Representatives from EBS/Holmes Murphy will begin the workshop by discussing the health care reform's impact on employers. After lunch representatives

from MorganStanley SmithBarney will discuss how to better manage the risk profile for you and your company in the coming year.

The Risk Management workshop will be held on July 27, 2010 at the AAI office from 10:00 am - 3:00 pm. Tuition fees for this workshop are \$75 per participant. A registration form is attached and can be downloaded from the AAI website at: [www.agribiz.org](http://www.agribiz.org). Please call the AAI office at 515.262.8323 with any questions you may have.

## Hit the Road with the AAI Foundation During the 6<sup>th</sup> Annual Motorcycle & Classic Car Run!

Join the AAI Foundation on a scenic ride through Iowa during the 6<sup>th</sup> Annual Motorcycle & Classic Car Run, August 20-21, 2010.

Riders will meet in in Oskaloosa and have a scenic ride through South Eastern Iowa. A dinner will be held at Pzazz! Resort & Catfish Bend Casino. Riders will continue the ride through Southern Iowa the next day.

The AAI Foundation has 30 rooms blocked at Pzazz! Reort Hotel. The address is 3001 Winegard Dr., Burlington, Iowa. Rates are \$79 (plus tax). This includes a \$10 Catfish Bend Casino cash card per person. Phone 319.237.1253 and be sure to ask for the

Iowa Agribusiness Association Foundation Run block of rooms.

All proceeds from the Motorcycle & Classic Car Run go to the AAI Foundation, which supports scholarship, environmental stewardship and education for agribusiness across Iowa. The AAI Foundation supports three scholarships and an environmental stewardship award.

A registration form is attached, or you can download a form on the AAI Foundation website at: <http://foundation.agribiz.org/events>. Please call the AAI office at 800.383.1682 or 515.262.8323 for more information or with any questions you may have.