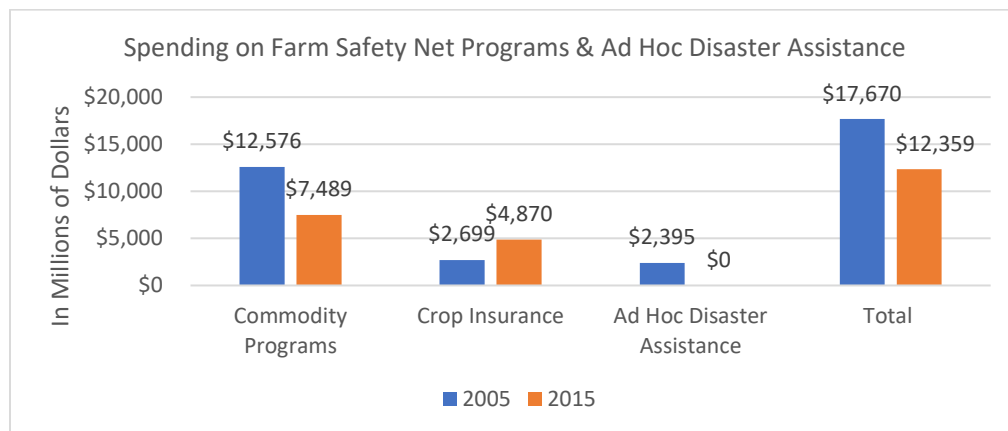


**MYTH:** Increasing premiums for farmers won't really harm farmers or negatively impact crop insurance.

**FACT:** Lower premium discounts means more expensive crop insurance for farmers at a time when farm income is down 50% in just the past few years. And you only have to look to history to know that more expensive crop insurance means lower purchase levels, smaller risk pools, and more requests for ad hoc disaster assistance.

- Any reduction in the discount for crop insurance will increase the cost of crop insurance to farmers. Premium support does not go to crop insurance companies or agents – it simply keeps crop insurance affordable for farmers.
- The alternative to affordable and viable crop insurance for which farmers pay about \$3 to \$4 billion per year in premiums is off-budget, ad hoc disaster assistance that is 100% paid for by the taxpayer. Ad hoc disaster programs are inefficient and unpredictable both for the American taxpayer and for the American farmer. Some have argued that ad hoc disaster assistance would have been less expensive than crop insurance. However, this bold statement doesn't take into consideration that crop insurance hasn't just been a replacement to ad hoc disaster assistance in recent years...crop insurance has become the linchpin of the entire farm safety net, supporting the rural economy and protecting jobs on and off the farm.
- While farmers have utilized crop insurance more in recent years, spending on both ad hoc disaster assistance and other farm safety net programs has decreased significantly.



Source: USDA and the Congressional Budget Office

- To gauge the impact of a reduction in the discount for crop insurance, we have history to guide us. Premium discounts were increased in 2000 with passage of the Ag Risk Protection Act (ARPA). Prior to ARPA, both premium discounts for farmers and crop insurance participation levels were much lower than they are today.

	1998 Crop Year	2016 Crop Year
Acreage	181 million	291 million
Total Premium	\$1.8 billion	\$9.3 billion
Farmer Paid Premium	\$929 million	\$3.5 billion
Premium Assistance	\$946 million	\$5.8 billion
Insured Liability	\$27.9 billion	\$100.5 billion
Ad Hoc Disaster Assistance	Approx. \$6 billion	None

Source: RMA/USDA