Congress Must Oppose Cuts to Crop Insurance

- **Crop insurance is food security insurance, and food security is national security.**
- **Crop insurance is critical to the rural economy. Without crop insurance most producers simply cannot qualify for the operating loans needed to put a crop in the ground.**
    - Due to the extremely tight margins in agriculture, regulators examining ag lending portfolios typically insist borrowers have crop insurance to ensure repayment of loans.
    - Increasing the cost of farmer-paid premiums in the current ag economy will force farmers to decrease coverage, making it more difficult to qualify for operating capital and loans.
    - Crop insurance protects jobs, both on and off the farm. Crop insurance enables farmers to rebound quickly after disaster and allows producers to pay credit obligations and other input expenses, such as fertilizer or farm equipment.
- **Crop insurance is purchased by farmers** to protect against yield and revenue losses due to natural disasters and single-year declines in prices.
    - Unlike other farm safety net programs or ad hoc disaster assistance, farmers receive a bill for their crop insurance policy.
    - Crop insurance is a cost share with farmers where farmers pay a discounted rate for their crop insurance premiums, which total $3.5 to $4 billion each year.
    - On average, farmers meet a 25% deductible before they receive a crop insurance indemnity payment.
    - Less than 20% of crop insurance policies pay an indemnity in an average year. It is not unusual for farmers to pay into the crop insurance program for years without receiving an indemnity payment.
- **Crop Insurance is a successful public-private partnership, and unlike other farm programs or ad hoc disaster assistance that is 100% paid for by the taxpayer, crop insurance losses are shared by farmers, private sector companies, and the government.**
    - Premium rates are set by the government and farmers cannot be refused a policy.
    - Crop insurance is a rapid response solution to disasters. Private sector delivery typically allows farmers who have losses and have met their deductible to receive indemnity payments in less than thirty days. Ad hoc disaster assistance is a poor substitute as it cannot be relied upon by lenders and isn't delivered in a timely manner.
- **By statute, crop insurance is actuarially sound. That means a large and diverse risk pool is needed to make premiums affordable.**
    - Removing some farmers from the crop insurance risk pool via means testing will impact the rates for every single farmer still participating in crop insurance.
    - Studies have shown that larger farmers are lower risk and help to make premiums for all farmers lower.

- **Crop insurance is the only safety net available to all types and sizes of producers in all regions.**
- **The private sector delivery of crop insurance has endured more than $12 billion in cuts since the 2008 farm bill**.
- **Crop insurance has environmental benefits.**
  - Conservation compliance measures, including wetlands protections and highly erodible lands protections, became a requirement for receiving a discount in the purchase of crop insurance.

In the coming year, we urge Congress to oppose any bill or amendment that would:

- **Increase the cost of crop insurance to farmers.**
- **Reduce the number of farmers eligible for crop insurance and thereby reduce the risk pool.**
- **Cut the efficient and effective private sector delivery of crop insurance.**