



Crop Insurance

The Big "I" urges Congress to:

- *Support the Federal Crop Insurance Program (FCIP) in the 2018 Farm Bill and beyond.*
- *Oppose any amendment to the Farm Bill, proposal or legislation that would increase the cost of crop insurance for farmers or reduce the number of farmers eligible for crop insurance.*
- *Oppose any amendment to the Farm Bill, proposal or legislation that would weaken the efficient and effective private sector delivery of crop insurance.*

The FCIP is a public-private partnership that supports the purchase of crop insurance by farmers to protect against losses due to natural disasters and single year commodity price declines. Currently, about 15 private insurance companies participate in the FCIP. Independent agents also play a critical role in the sale and servicing of crop insurance. Over 12,000 insurance agents sell and service crop insurance policies across the country. According to the U.S. Department of Agriculture (USDA), which administers the FCIP, in 2015 over 1.2 million federal crop insurance policies covered more than 120 different crops grown on roughly 300 million acres with an insured value over \$120 billion. The 2018 Farm Bill is currently being negotiated and contains provisions impacting the FCIP.

The Big "I" supports the FCIP in the 2018 Farm Bill and beyond.

The Big "I" calls on Congress to pass a Farm Bill supportive of crop insurance before September 2018. Crop insurance is critical for the security of the rural economy and America's food supply. Crop insurance enables farmers to rebound quickly after a disaster and is the only safety net available to all types and sizes of farmers in all regions. 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. Furthermore, without crop insurance most farmers cannot qualify for the operating loans needed to put crops in the ground. It is critical that Congress continue to support the FCIP.

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To promote increased crop insurance coverage, Congress decided that farmers should pay discounted rates for crop insurance. Even with the discount, farmers still pay between \$3.5 billion and \$4 billion annually for crop insurance. While farmers have utilized crop insurance more in recent years, less than 20% of crop insurance policies pay on a claim in an average year. Similar to other types of insurance, it is not unusual for farmers to pay into the crop insurance program for years without receiving an indemnity payment. The FCIP is actuarially sound by statute and benefits from a large and diverse risk pool. Some have proposed increasing the cost of insurance for farmers or decreasing the types of farmers eligible for the program. For example, the Big "I" opposes S. 1025/H.R. 2332 the "AFFIRM Act" by Sens. Jeff Flake (R-AZ) and Jeanne Shaheen (D-NH) and Reps. Jim Sensenbrenner (R-WI) and Ron Kind (D-WI) which would limit farmer access to crop insurance. Removing some farmers from the crop insurance risk pool, via means testing or otherwise, will negatively impact the rates for farmers still participating in the FCIP.

The Big "I" opposes any amendment to the Farm Bill, proposal or legislation that would weaken the efficient and effective private sector delivery of crop insurance.

The FCIP is federally regulated and delivered by the private sector. Premium rates are set by the government and farmers cannot be refused a policy. A national public opinion poll conducted in May 2016 found that voters agreed by a 20-point margin that farmers and taxpayers are better served by private companies delivering crop insurance instead of the government. Yet, the private sector delivery of crop insurance has endured more than \$12 billion in cuts since the 2008 Farm Bill and some have proposed further cuts to the FCIP private-public partnership. In addition to limiting farmer access to crop insurance, bills like the "AFFIRM Act" would also harm the private-sector delivery of crop insurance by unreasonably capping the payments that crop insurance companies receive for participating in the FCIP.