

Big Picture Points for Crop Insurance in Washington DC

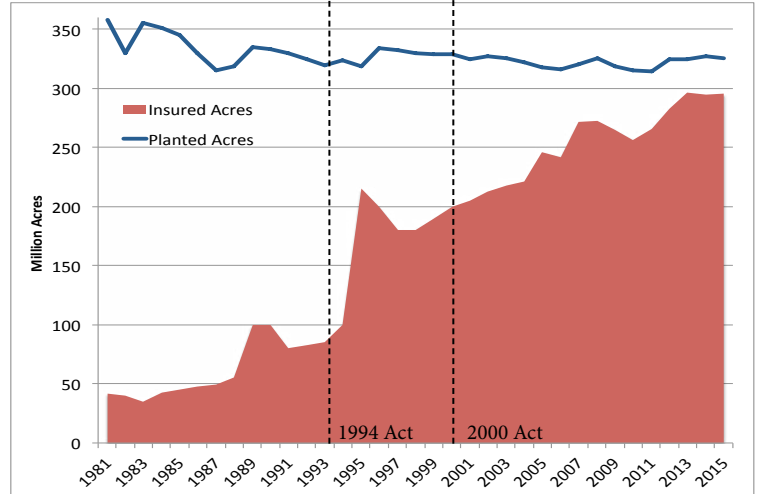
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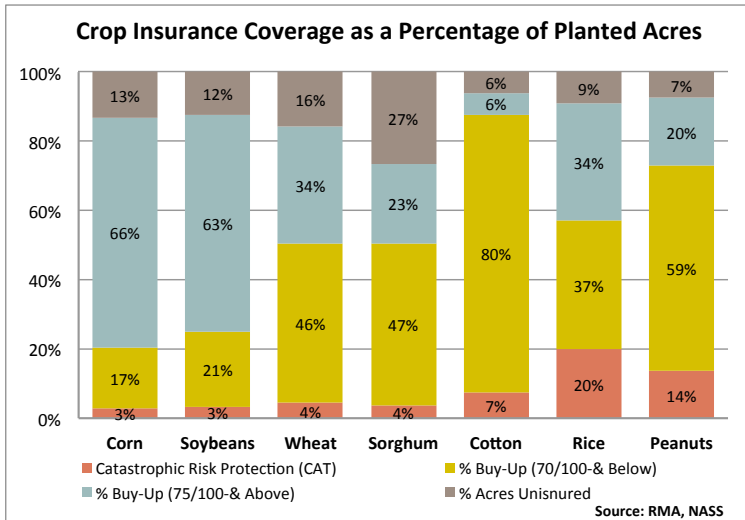
The Crop Insurance Professionals Association (CIPA) is a national association of crop insurance agents dedicated to providing the highest quality service to their producer customers. Learn more about CIPA at www.cipatoday.org.

Federal Crop Insurance: A Success Story for Congress and the American Farmer

- Crop Insurance provides tailored risk management for producers – providing timely support only when losses occur.
- Farmers share in the cost, paying an average of \$4 billion in premium per year ('11-'15).
- Since the move to private sector delivery in 1981 and with the improvements of the Agricultural Risk Protection Act of 2000, crop insurance has steadily improved in participation and coverage levels.
- Crop Insurance is cost efficient for the taxpayer as it has effectively ended costly *ad hoc* disaster payments.



Crop insurance is good for many, yet still needs improvements for many regions/crops



- Coverage levels, and corresponding deductibles vary greatly across crops and regions.
- Costs vary based on the value of the crop, and the risk of the individual farmer, crop and region.
- Generally, as participation increases, rates go down. If the goal is to keep costs down for producers and taxpayers we should be wary of any changes that would exclude participants from the risk pool, e.g. AGI means tests, pay limits and even conservation compliance.

Crop insurance protects farmers at a low cost to the taxpayer

- Crop insurance costs will decline for 2015 as crop prices have declined.
- Crop insurance costs were included in the 2014 Farm Bill, which was estimated to save taxpayers \$23 billion.
- Crop insurance uniquely took massive cuts in the 2008 Farm Bill and 2010 SRA contributing an additional \$17 billion to deficit reduction
- Many farmers receive loans based on the coverage they purchase. This leverages economic activity in other areas – purchases of better equipment, better seed, etc. – and builds stability into this dynamic sector of the economy.
- Crop insurance leverages dollars. Over the past 7 years the total cost to the taxpayer averaged \$7.1 billion yet provided coverage for an average of \$102 billion in liability and paid over \$9.66 billion on losses.

	2008	2009	2010	2011	2012	2013	2014	Average
Actual Cost	4,075	7,889	4,706	6,387	4,810	13,734	8,170	7,110
'08/'09 Farm Bill Estimates	7,746	7,496	7,141	7,175	6,997	7,209	7,460	7,318
Crop Year Indemnities	8,680	5,222	4,254	10,867	17,444	12,074	9,079	9,660