

## **Oppose Amendments to Reduce Premium Support for Crop Insurance**

**“Crop insurance is the cornerstone of most farmers’ risk management portfolios. It is a product selected in advance and tailored to the individual producer, with that producer choosing his or her product and protection level, and paying a premium for that coverage. In contrast, ad hoc disaster assistance is an after-the-fact form of assistance paid for entirely by the taxpayer that may help a producer survive a disaster but does not help manage risk. Importantly, because of the protection crop insurance provides, there were no calls for ad hoc disaster assistance in 2012 as there have been in the past.” --43 Farm Groups, Lending Organizations, Input Suppliers, Processors, Insurance and Reinsurance Organizations, March 2013**

- **Former USDA Chief Economist and Federal Crop Insurance Corporation Board Chair Keith Collins estimates a 21-49% reduction in producer demand for crop insurance coverage if an approach like S.446, which significantly reduces premium support, is enacted. The consequence: lower participation, lower coverage levels, shifts to cheaper less effective plans of insurance, and reduced financial stability for America’s producers of food, fiber, feed and fuel.**
- **USDA Risk Management Agency Administrator Brandon Willis recently testified, “We cannot control the weather, but we can control the availability of strong risk management tools to ensure that producers have the support they need when catastrophic disaster strikes.”** Prior to reforms to make crop insurance more affordable, 181 million acres were enrolled in crop insurance. In 2012, over 282 million acres were enrolled.
- **There were no calls for 100% taxpayer-financed ad hoc crop loss disaster assistance in 2012 because of the effectiveness and affordability of crop insurance protection.** Due to affordable crop insurance, drought-affected producers were able to pay their lenders and equipment, seed and fertilizer dealers. Producers are in business for 2013 and will be producing the crops which feed, clothe, and fuel the nation. Affordable crop insurance will help producers face the challenges that have already emerged with this year’s planting conditions, from late spring freeze to continuing drought in some areas and excessive moisture in others.
- **Amendments to reduce affordability of crop insurance shifts risk back to taxpayers, leaving them vulnerable to expensive disaster packages in the future.** Modern-day crop insurance ensures that farmers and crop insurance providers help absorb the cost of disaster aid. Unlike the days of ad hoc disaster bills, the entire cost of last year’s historic drought was not borne by taxpayers. In fact, crop insurers lost money because of record indemnity payments, while farmers paid \$4 billion out of their own pockets for premiums and shouldered more than \$12 billion in losses as part of their deductibles.