

June 19, 2013

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

Dear Speaker Boehner and Leader Pelosi:

For many years, members of the U.S. House of Representatives have contributed to a strong and vibrant federal crop insurance program. As the House considers H.R. 1947, we write to express our support for crop insurance and opposition to the Kind Amendment, which will limit its effectiveness.

Agriculture is only beginning to emerge from one of the worst droughts in our nation's history. From the fields we hear that crop insurance played a critical role in survival and a key reason that farmers have returned to producing food, fiber, feed and fuel this year. With over 282 million acres protected at a cost of about 2.3 cents per meal, crop insurance is a sound investment for consumers, farmers and taxpayers. 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 after-the-fact aid 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 crop disaster assistance in 2012 as there have been in the past.

Insurance products offered through crop insurance are key to food security, allowing farmers and ranchers to secure operating capital from lenders each year and produce food for a growing world population. Agricultural producers keep the rural economy on track, purchasing needed inputs and equipment and supporting jobs throughout rural America. Nationwide, there are over 20,000 agents, adjusters, and company staff directly involved in crop insurance delivery. The reach is much broader, however. One recent study found that in 2012, crop insurance saved 20,900 off-farm jobs and generated \$2.2 billion in off-farm economic impact in the states of Iowa, Nebraska, South Dakota, and Wyoming alone.

Crop insurance is different than traditional farm policy. As with other lines of insurance, crop insurance requires a broad pool of participants to function properly. The Kind Amendment arbitrarily caps premium support and assigns a means test for support and will impact the pool of participants nationwide, both in the near term and longer term. The U.S. Department of Agriculture has called a cap on premium support "ill advised," noting regions with large-acreage farms, high-value crops and a higher risk of crop loss would be especially hard hit. California, Texas, Minnesota, North Dakota, South Dakota, Arizona, Mississippi, Utah and Hawaii have all been singled out by USDA as receiving disproportionate effects under a cap on premium support.

The Kind Amendment makes crop insurance protection unaffordable and will cause producers to reduce their program participation, resulting in greater financial disruption in agriculture, increased government costs, a higher risk pool of insured producers, and increased premium rates for those smaller producers that remain in the program. Imposing a means test, cutting premium support by farm size, and cutting private sector delivery all have the unintended consequence of creating barriers to participation and increasing calls for 100% taxpayer-funded ad hoc disaster assistance.

The Kind Amendment also proposes additional cuts to crop insurance delivery, threatening the private sector's ability to service producers, especially those in high risk states. Crop insurance providers are committed to continued service of crop insurance but are already stretched thin: providers continue to adjust to cumulative effects of over \$12 billion in legislative and administrative changes to crop insurance since 2008, record claims in 2011 and 2012, and USDA-mandated rating methodology changes. Crop insurance customers and supporters agree that private sector delivery works very well, allowing for timely and outstanding service to producers when they need it the most and providing much-needed jobs across rural America.

The Farm Bill approved by the House Agriculture Committee strengthens and enhances crop insurance protection. We urge you and your colleagues to reject the Kind Amendment, which will discourage producer participation and undermine private sector delivery.

Thank you for your consideration of our views.

Sincerely,

Agricultural Retailers Association
American Association of Crop Insurers
American Bankers Association
American Farm Bureau Federation
American Farmland Trust
American Insurance Association
American Society of Farm Managers and Rural Appraisers
American Soybean Association
American Sugar Alliance
Association of Fish and Wildlife Agencies
Cooperative Network
Corn Refiners Association
Credit Union Association of the Dakotas
Crop Insurance Professionals Association
Crop Insurance and Reinsurance Bureau
Ducks Unlimited
Farm Credit Council
Independent Community Bankers of America
Independent Insurance Agents & Brokers of America
Irrigation Association
National Association of Conservation Districts

National Association of Mutual Insurance Companies
National Association of Professional Insurance Agents
National Association of Wheat Growers
National Barley Growers Association
National Cooperative Business Association
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Farmers Union
National Grain and Feed Association
National Milk Producers Federation
National Oilseed Processors Association
National Peach Council
National Sorghum Producers
National Sunflower Association
North American Equipment Dealers Association
Reinsurance Association of America
Southern Peanut Farmers Federation
Southwest Council of Agribusiness
The Fertilizer Institute
The Nature Conservancy
United Fresh Produce Association
U.S. Apple Association
U.S. Canola Association
U.S. Cattlemen's Association
U.S. Dry Bean Council
USA Dry Pea & Lentil Council
USA Rice Federation
Western Growers Association
Western Peanut Growers Association
Women Involved in Farm Economics

cc: Members of the U.S. House of Representatives