Crop Insurance Facts

- Crop insurance is purchased by farmers to protect against yield and revenue losses due to natural disasters and single-year declines in market prices.
  - Unlike other farm safety net programs or ad hoc disaster assistance, farmers receive a bill not a check for their crop insurance policy.
  - Farmers have spent more than $42 billion out of their own pockets to purchase crop insurance policies since 2000.

- In order for a farmer to receive a crop insurance payment, that farmer is required to have a loss <u>and</u> to meet a deductible.
  - As an example, in 2012 – the year of the worst drought in decades – 1.17 million crop insurance policies were purchased by farmers, and only 494,000 of those policies lead to payments to farmers. 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. The program is federally regulated and delivered by the private sector.
  - The federal regulation ensures that farmers cannot be refused protection and that companies cannot raise premiums or impose special standards on any individual producer. Premium rates are set by the government.
  - Losses are shared by farmers, the private sector companies and agents, and the government.
  - Private sector delivery allows farmers who have losses and have met their deductible to receive indemnity payments in less than thirty days, whereas ad hoc disaster assistance or other government safety net programs can take a year or more to provide assistance to farmers.

- Crop insurance, as well as other farm safety net programs, have undergone dramatic cuts since 2008. Spending on the farm safety net (Title 1 programs, crop insurance and ad hoc disaster assistance) dropped 21% between 2005 and 2014.

- The impact of crop insurance on the rural economy is profound. By helping to prevent dramatic farm losses, crop insurance promotes investment in production capacity, 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 protects jobs, both on and off the farm.

- Crop insurance helps protect the environment. During the 2014 farm bill conservation compliance measures, including wetlands protections and highly erodible lands protections, became a requirement for purchasing crop insurance.

- Crop insurance is supported by a broad coalition of farm, lending, ag input, crop insurance and agent organizations that oppose attempts to gut the crop insurance program.