Oppose Harmful Budget Cuts to Crop Insurance

Informational Sheet • November, 2015

Cuts to Crop Insurance:

It was passed in the recent budget bill that $3 billion be cut from the crop insurance program over 10 years by requiring a renegotiation of the SRA by the end of 2016 with a new target rate of return of 8.9% as compared to the current 14.5%.

The actual rate of return experienced by crop insurance companies now is much lower than the target of 14.5%, so lowering it would significantly impact the private sector delivery system currently in place, and would pose extreme challenges to maintain the successful public-private partnership.

The private sector has already absorbed significant cuts through the 2008 Farm Bill and administrative actions taken in 2011.

Why Fight for the Private Delivery of Crop Insurance?

- The crop insurance program has a major impact on the rural economy. By helping farmers manage risk and prevent dramatic loss, crop insurance promotes investment and allows farmers to pay operational expenses.
- Crop insurance is purchased by farmers who pay out of their pockets to protect against loss from natural disasters and market fluctuation, unlike other farm safety net programs or ad hoc disaster assistance.
- A farmer only receives a crop insurance payment if that farmer has a loss and meets a deductible.
- Private sector delivery allows farmers who have a loss and have met their deductible to receive indemnity payments in less than thirty days. With ad hoc disaster assistance or other government safety net programs, it can take up to a year or longer for farmers to receive assistance.
- Crop insurance helps protect the environment. Conservation compliance measures became a requirement to purchase crop insurance with the 2014 Farm Bill.

Contact your Congressmen to encourage them to support crop insurance by repealing the cuts in the budget bill.