

## **Oppose Cuts to the Private Sector Delivery System for Crop Insurance**

- **Crop Insurance is a successful public-private partnership.** The program is federally regulated and delivered by the private sector.
  - 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 and are based on actuarial soundness.
  - Losses are shared by farmers, the private sector companies and the government.
  - Private sector delivery allows farmers who have losses and have met their deductible to typically 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.
- **The private sector delivery system has already absorbed significant cuts through the 2008 farm bill and administrative actions taken in 2011.** These cuts are estimated to be \$12 billion over a 10 year window.
  - One Administrative change was to decrease the targeted rate of return for crop insurance companies to 14%. However, since this change was implemented, the average rate of return has been less than 4%.
  - While the crop insurance program had good years where both crop insurance companies and the federal government had underwriting gains, these gains have been largely offset by losses since 2011.
- **Proposals to cut the private sector delivery system would harm the rural economy and negatively impact service and timely delivery of payments when there is a disaster.**
  - In order to deliver timely service, the crop insurance industry employs thousands of professionals in rural America. More than 20,000 licensed agents, certified claims adjusters and company staff are committed to getting farmers who have sustained losses and met their deductible back on their feet quickly.
- **USDA Farm and Foreign Agricultural Services Under Secretary Michael Scuse** might have said it best: “To this day, I have yet to have a single producer call me with a complaint about crop insurance. This is a testament to just how well your agents, your adjusters, the companies, and the Risk Management Agency worked together in one of the worst droughts in the history of this nation.”