

February 25, 2016

House and Senate Budget Committee Chairs and Ranking Members:

As the Budget Committees develop and consider budget proposals for the year, we respectfully urge you to protect crop insurance and recognize its central importance to farmers, lenders and all of rural America. The 2014 Farm Bill made a multitude of cuts to the farm safety net.

However, an overreliance on savings from the agriculture community in the future will greatly undermine rural economies that have faced an estimated 54 percent decline in net farm income from 2013 to 2015. In these challenging economic circumstances, it is Federal crop insurance that will provide lenders the assurances they need to provide capital to America's farmers and ranchers.

The 2014 Farm Bill places greater emphasis on risk management than previous farm bills and in doing so protects the interests of the American taxpayer. Farmers spend approximately \$4 billion per year of their own money to purchase insurance from the private sector. Beyond that, on average across the nation, farmers must incur losses of almost 30 percent before their insurance coverage starts to provide assistance.

Crop insurance allows producers to customize their policies to their individual farm and financial needs. Federal crop insurance is based on fundamental market principles, which means high risk areas and high value crops should pay higher premiums for insurance. This emphasis on crop insurance and risk management has replaced constant demand for ad hoc disaster assistance, which is subject to the whim of Washington, and is paid for entirely by the taxpayer, while not being delivered in a timely manner. Meanwhile, the program helps farmers and ranchers facing market conditions greatly impacted by foreign subsidies, tariffs, and non-tariff trade barriers.

All told, the 2014 Farm Bill is a careful balance of priorities and should not be reopened before its expiration in 2018 to achieve additional budget savings. While the Farm Bill comprises just 2 percent of the total Federal budget, and with the entirety of the farm safety net constituting less than one third of one percent of the overall budget, the bill still makes a significant contribution to deficit reduction above and beyond the contributions made through sequestration. In fact, the Congressional Budget Office (CBO) is now projecting that crop insurance will come in \$6 billion under budget over the fiscal year 2014-2023 period covered by the 2014 Farm Bill. No other sector of the economy has made similar contributions to deficit reduction, yet many who benefit from the food, fuel, feed and fiber produced in rural America continue to look to agriculture for additional cuts.

Farmers and lawmakers agree that crop insurance is a linchpin of the farm safety net and is crucial to the economic security of rural America. As the Budget Committees develop their budget proposals for the year, we respectfully urge you to protect crop insurance and in doing so, the financial stability of much of rural America.

Sincerely,

American Association of Crop Insurers  
American Bankers Association  
American Bankers Insurance Association  
American Farm Bureau Federation  
American Farmland Trust  
American Insurance Association  
American Malting Barley Association  
American Seed Trade Association  
American Sesame Growers Association  
American Society of Farm Managers and Rural Appraisers  
American Soybean Association  
American Sugar Alliance  
American Sugarbeet Growers Association  
Association of Equipment Manufacturers  
Association of Fish and Wildlife Agencies  
California Association of Winegrape Growers  
Corn Refiners Association  
Crop Insurance and Reinsurance Bureau  
Crop Insurance Professionals Association  
Ducks Unlimited  
Equipment Dealers Association  
Farm Credit Council  
Financial Services Roundtable  
Florida Fruit and Vegetable Association  
Florida Sugar Cane League  
Independent Community Bankers of America  
National Association of Mutual Insurance Companies  
National Association of Professional Insurance Agents  
National Association of State Departments of Agriculture  
National Association of Wheat Growers  
National Barley Growers Association  
National Corn Growers Association  
National Cotton Council  
National Council of Farmer Cooperatives  
National Farmers Union  
National Grain and Feed Association  
National Oilseed Processors Association  
National Peach Council  
National Potato Council  
National Sorghum Producers  
National Sunflower Association  
National Women Involved in Farm Economics  
Pheasants Forever  
Quail Forever  
Reinsurance Association of America  
Rio Grande Valley Sugar Growers

Southern Peanut Farmers Federation  
The Independent Insurance Agents & Brokers of America  
Theodore Roosevelt Conservation Partnership  
U.S. Apple Association  
U.S. Beet Sugar Association  
U.S. Canola Association  
U.S. Dry Bean Council  
U.S. Rice Producers Association  
U.S.A. Dry Pea & Lentil Council  
USA Rice  
United Fresh Produce Association  
Western Peanut Growers Association