

May 1, 2013

The Honorable Debbie Stabenow
Chairwoman
Senate Committee on Agriculture,
Nutrition and Forestry
328-A Russell Senate Office Building
Washington, DC 20510

The Honorable Thad Cochran
Ranking Member
Senate Committee on Agriculture,
Nutrition and Forestry
328-A Russell Senate Office Building
Washington, DC 20510

Dear Chairwoman Stabenow and Ranking Member Cochran:

For many years, members of the Senate Agriculture, Nutrition and Forestry Committee have contributed to a strong and vibrant federal crop insurance program. As your Committee and the full Senate prepare to consider a comprehensive farm bill, we write to express our support for crop insurance and opposition to provisions that will limit its effectiveness.

Agriculture is only beginning to emerge from one of the most significant 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 will return to producing food, fiber, feed and fuel this year. Farmers and ranchers have consistently shared their desire to purchase more crop insurance protection in 2013. Those decisions may prove sound as challenging planting conditions have already arisen, from late spring freeze to continuing drought in some areas and excessive moisture in others.

Limiting crop insurance support to producers of a certain size creates barriers to participation for producers trying to obtain this risk management protection and impacts the financial health of the agricultural community. Insurance products offered through federal crop insurance are key to food security, allowing farmers and ranchers to secure operating capital from lenders each year and produce food for consumers around the world. Agricultural producers keep the rural economy on track, purchasing needed inputs and equipment and supporting jobs throughout rural America. Without the risk protection provided by federal crop insurance, agricultural lenders would be forced to increase underwriting standards, increase costs to offset risk and reduce credit availability in some areas of the country to some producers.

As with other lines of insurance, crop insurance requires a broad pool of participants to function properly. Arbitrarily assigning a means test for support will impact the pool of participants, both in the near term and longer term. If adopted, a threshold is likely only temporary and can reasonably be expected to be lowered in the future. Means testing unfairly discriminates against full-time farms and those producing higher value crops, such as specialty crops. Making crop insurance protection unaffordable would cause producers to reduce their program participation, resulting in a higher risk pool of insured producers, higher loss ratios over time and increased premium rates for those that remain in the program. Limiting crop insurance protection would also yield the unintended consequence of increased calls for ad hoc, off-budget disaster assistance, which were not heard during the devastating 2012 crop production year.

Crop insurance has been instrumental in assuring that American agriculture remains solid, solvent and globally competitive. We hope that the 2013 Farm Bill will allow producers of all sizes to benefit from crop insurance protection.

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 Insurance Association
American Society of Farm Managers and Rural Appraisers
American Soybean Association
American Sugar Alliance
Association of Equipment Manufacturers
Cooperative Network
Corn Refiners Association
Credit Union Association of the Dakotas
Crop Insurance Professionals Association
Crop Insurance and Reinsurance Bureau
Farm Credit Council
Independent Community Bankers of America
Independent Insurance Agents & Brokers of America
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 Grain and Feed Association
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
U.S. Apple Association
U.S. Canola Association
U.S. Cattlemen's Association

U.S. Dry Bean Council
U.S. Rice Producers Association
USA Dry Pea & Lentil Council
USA Rice Federation
Western Growers
Western Peanut Growers Association

cc: All Members of the U.S. Senate