

October 10, 2013

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

Dear Speaker Boehner and Leader Pelosi:

For many years Congress has strived to develop a strong and vibrant Federal crop insurance program, and today crop insurance has become a cornerstone of the farm safety net. Crop insurance's success is reflected in the fact that while agriculture is only beginning to emerge from one of the worst droughts in our nation's history, there have been no calls for taxpayer-financed ad hoc crop loss disaster assistance in 2013.

It is clear that crop insurance plays a critical role in the survival of farms and ranches, and remains a key reason that producers have been able to return to growing food, fiber, feed and fuel this year. But despite the success of the program, attempts were made to cut crop insurance protection during floor consideration of the 2013 farm bill. Those attempts were opposed by a diverse group of stakeholders, and they were ultimately defeated. We are now disappointed to face yet another attack on crop insurance in the form of a Sense of the House, and we oppose this resolution.

As with other lines of insurance, the crop insurance program is actuarially sound and requires a broad pool of participants to function properly. Arbitrarily assigning a means test for support would reduce 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.

The 2013 Farm Bill includes provisions to strengthen, improve and expand crop insurance; creating a barrier to participation through a means test is counter to that goal. Today, crop insurance is available for approximately 130 crops and types of livestock. Means testing unfairly discriminates against full-time and diversified farms. Additionally, it discriminates against those producing fruits and vegetables and other high-value crops. Clearly, producers would be impacted by means testing, and those thresholds would likely become more severe in the future.

Agricultural producers keep the rural economy on track, purchasing needed inputs and equipment and supporting jobs throughout rural America. 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. 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.

In sum, crop insurance is the farm policy of the future. It has been instrumental in assuring that American agriculture remains solid, solvent and globally competitive. We respectfully urge you to oppose resolutions such as this that undermine strong crop insurance protection.

Thank you for 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
California Association of Winegrape Growers
Cooperative Network
Corn Refiners Association
Crop Insurance and Reinsurance Bureau
Crop Insurance Professionals Association
Ducks Unlimited
Farm Credit Council
Independent Community Bankers of America
Independent Insurance Agents & Brokers of America
Irrigation Association
National Association of Mutual Insurance Companies
National Association of Professional Insurance Agents
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 Milk Producers Federation
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. Canola Association
U.S. Cattlemen's Association
U.S. Dry Bean Council
U.S. Rice Producers Association
United Fresh Produce Association
U.S. Apple Association
USA Dry Pea & Lentil Council
USA Rice Federation
Western Growers
Western Peanut Growers Association

cc Members of the U.S. House of Representatives