

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