

November 24, 2015

All Representatives:

Crop insurance is a linchpin of the farm safety net and is crucial to the economic security of rural America. We write today first to thank those Members who came to the defense of crop insurance during the recent budget debate. We also write to express our strong support for the agreement to unwind both the policy and the cut to crop insurance during the omnibus. We applaud assurances that any funding needed for this correction will not come out of the jurisdiction of the Agriculture Committees.

The agriculture community is strongly committed to the belief that balancing the Federal budget is important, which is why the industry supported the passage of the 2014 Farm Bill just last year that saves tens of billions of dollars. The bill is a careful balance of priorities and should not be reopened before its expiration in 2018. Additionally, crop insurance has contributed well over \$12 billion towards reducing government spending since the 2008 Farm Bill. For these reasons, the industries represented on this letter should not be impacted by any necessary offset.

The crop insurance provision contained in the recently-enacted budget deal would gut the private sector delivery of crop insurance by cutting USDA's assumed target rate of return by 38%. Since the 2011 Standard Reinsurance Agreement (SRA) was implemented by USDA, crop insurance providers have averaged negative net returns. The inevitable result of this provision would be increased industry consolidation, reduced choice in insurance providers for all farmers, and a dramatic decline in the availability and service of policies. This cut would ultimately end private sector delivery of crop insurance.

The alternative to a successful crop insurance system is often ad hoc disaster assistance, which is subject to the whim of Washington, is paid for entirely by the taxpayer, is not delivered in a timely manner, and may help a producer survive a disaster but does not help manage risk. Ad hoc disaster assistance also does not provide the confidence needed by lenders to provide farmers and ranchers the capital they need to produce our nation's food, fuel and fiber. Today, the vast majority of cropland is protected by crop insurance, which has allowed U.S. farmers and ranchers to face back-to-back years of wide scale natural disasters without annual calls for ad hoc disaster bills.

Farmers and lawmakers agree that crop insurance is an essential risk management tool in a farmer's risk management tool box. As an omnibus appropriations bill is negotiated, we urge you to uphold the promise to make the crop insurance program whole again without re-opening the farm bill.

Sincerely,

American Bankers Association

American Association of Crop Insurers

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 Sugarbeet Growers

Association of Equipment Manufacturers

California Association of Winegrape Growers

Council of Insurance Agents and Brokers

Crop Insurance and Reinsurance Bureau

Crop Insurance Professionals Association

Ducks Unlimited

Equipment Dealers Association

Farm Credit Council

Financial Services Roundtable

Florida Sugar Cane League

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 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 Peach Council
National Potato Council
National Sorghum Producers
National Sunflower Association
Reinsurance Association of America
Rio Grande Valley Sugar Growers
Southern Peanut Farmers Federation
Southwest Council of Agribusiness
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
U.S.A Rice
United Fresh Produce Association
Western Growers Association
Western Peanut Growers Association