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Industry Opposes Proposed Cuts to Federal Crop Insurance Program
Further reductions will restrict access to producers and undermine the viability of the program

OVERLAND PARK, KAN...The crop insurance industry is very concerned about how the Obama Administration's proposed cuts to the crop insurance program would affect the farmers and ranchers it protects, and the private insurance companies who administer the program.

Crop prices have declined sharply from a year ago while production costs have remained high. Just Thursday, this decline in margins caused USDA to project a large drop in net farm cash income in 2009.

"If the premium subsidies are cut, causing an increase in farmers' insurance premiums, that actually takes money out of their pockets and out of the rural economy," said Bob Parkerson, president of National Crop Insurance Services (NCIS), the nonprofit industry trade association in Kansas City. "Isn't that the exact opposite of what the Stimulus Bill set out to accomplish?"

The 2008 Farm Bill cut \$6.5 billion (over the next 10 years) from the crop insurance program just last year.

"We are just now beginning to see how this will affect the crop insurance program," said Parkerson. "Many of the provisions haven't been implemented yet and I just don't know how we can sustain even more cuts and still maintain a viable program."

The industry is in the midst of paying out historical losses for 2008 due in large part to long-term drought, floods, and substantial price declines for corn and soybeans. Indemnity payments on crop losses during the 2008 growing season have already reached nearly \$6.7 billion, the largest amount ever paid, with more claims yet to be processed.

"All losses haven't been paid yet either," said Bob Parkerson, "There are still many losses yet to be finalized by the companies, and GRIP payments won't be made until

RMA approves the county yields for those policies, which doesn't usually happen until April."

The private insurance companies welcome an opportunity to sit down with the Administration to discuss the issues surrounding the proposed budget.

"We are confident that once we can talk to Secretary Vilsack and his staff he will better understand how vital this program is to protecting America's farmers and ranchers and sustaining businesses in the rural economy," said Parkerson.

No farm program helps protect the environment and leverage value from taxpayers' money more than the Federal crop insurance program. Proposed cuts to the program would actually raise taxpayers' costs to protect a safe and affordable supply of food. The crop insurance industry insures over 272 million acres and protects \$90 billion in America's food supply. Over 80 percent of the insurable acres are protected.

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