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**2008 Crop Insurance Indemnity Payments Near \$6.5 Billion**

**OVERLAND PARK, KAN...**Because of droughts and flooding in parts of the country along with substantial price declines for corn and soybeans, indemnity payments on crop losses during the 2008 growing season reached nearly \$6.5 billion in mid February with more claims yet to be processed.

"All losses haven't been paid yet either," said Bob Parkerson, president of National Crop Insurance Services (NCIS), the nonprofit industry trade association in Kansas City. "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."

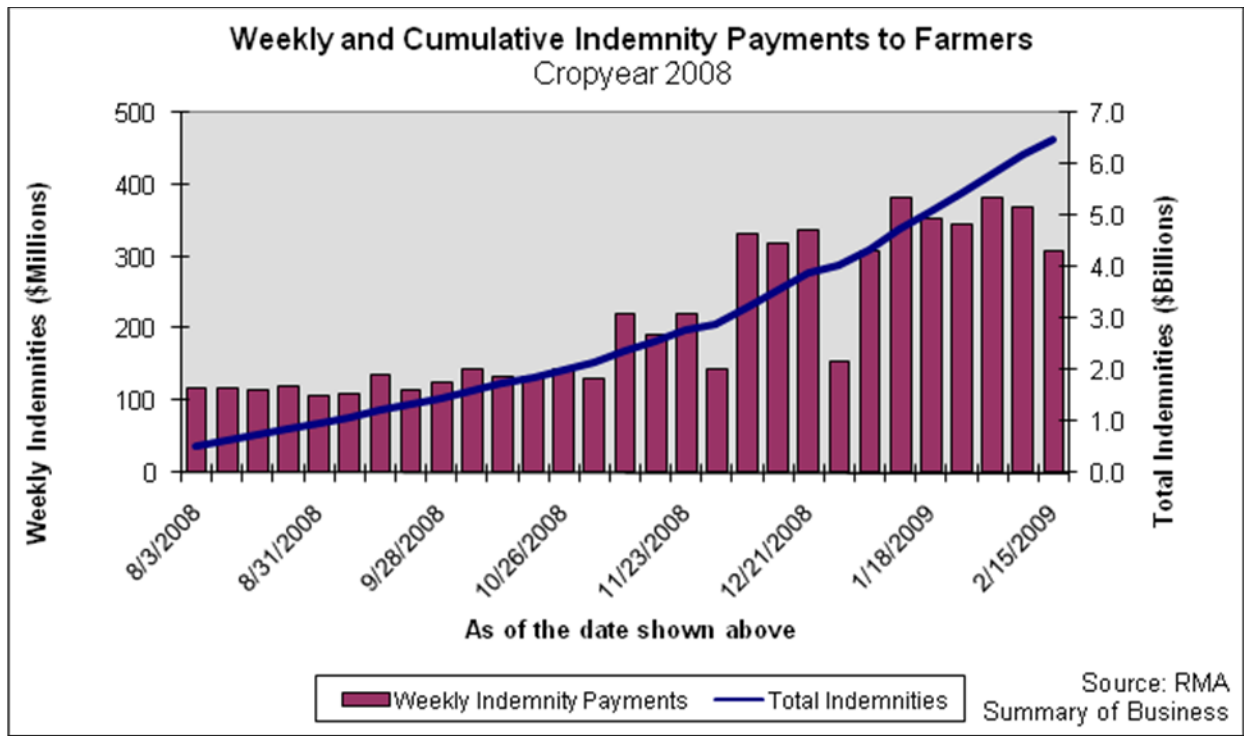
The private insurance industry has had thousands of adjusters working these losses since crops were harvested, and won't quit until the last loss is processed.

The good news for taxpayers is that the lion's share of those payments comes from the private insurance companies that sell and service the Federal crop insurance program. For their part, the private insurance companies have contributed substantially from the funds they set aside as loss reserves.

Farmers, by paying roughly 50 percent of the cost of the subsidized premiums, effectively also share in the risk with other farmers, taxpayers and the private companies.

"This is one of those years that demonstrates just how well the public/private partnership between USDA and the crop insurance industry works," said Parkerson.

The "partnership" was legislated in 1980 when relatively few farmers used crop insurance to manage their risks. Today more than 272 million acres, about 80 percent of the insurable acreage, have crop insurance protection worth more than \$90 billion.



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