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2011 Indemnity Payments Eclipse \$9 billion, Set New Record

(Overland Park, Kansas, January 24, 2012) — For the first time in history, indemnity payments surpassed the \$9 billion mark, National Crop Insurance Services (NCIS) said today, noting that payments made to farmers for damages to the 2011 crop would continue to climb.

From historic droughts in the Plains to flooding along the Mississippi River and deep freezes in the South, growers faced unparalleled challenges in 2011 and crop insurance reached record amounts. The record of \$9.1 billion could surpass \$10 billion as the remaining claims are settled, NCIS noted. The previous record of \$8.67 billion was set in 2008.

“Thanks to the foresight of Congress, crop insurance has been in place to weather enormous natural disasters and help ensure that farmers survive to plant yet another year,” said Tom Zacharias, president of NCIS. “Those billions in damages would have landed on the plates of input suppliers, lenders, marketers and farm families if crop insurance wasn’t in place,” he said.

Since 2008, more than \$27 billion private sector dollars from crop insurance companies have gone back into the hands of farmers across the country for policies they purchased. Zacharias noted that during that same period, crop insurance has shouldered more than \$12 billion in cuts in Federal investment even while exposure to risk has continued to rise.

“Two out of the last four years have seen the largest indemnity payments in

history, all while the crop insurance industry was asked to do more with less," said Zacharias. "The industry has become leaner and more efficient as it continues to serve the risk management needs of U.S. farmers," he said.

"Faced with decreasing federal funding, record payouts and high crop values, it is imperative that Congress not weaken the crop insurance infrastructure further as it writes the 2012 Farm Bill," he added.

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NCIS serves as the crop insurance industry's primary trade association and represents every company that participates in the Federal crop insurance program. While the group does not lobby for its members, NCIS serves as a liaison between the industry and the USDA, and provides timely information about crop insurance to the general public.