

Current Crop Insurance and Federal Policy Situation

Stephen Frerichs

MD Crop Insurance Conference

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Current Situation

- Crop Insurance
- FY 2017 Appropriations
- November Election
- Outlook for Fall 2016

Why Have Federal Crop Insurance?

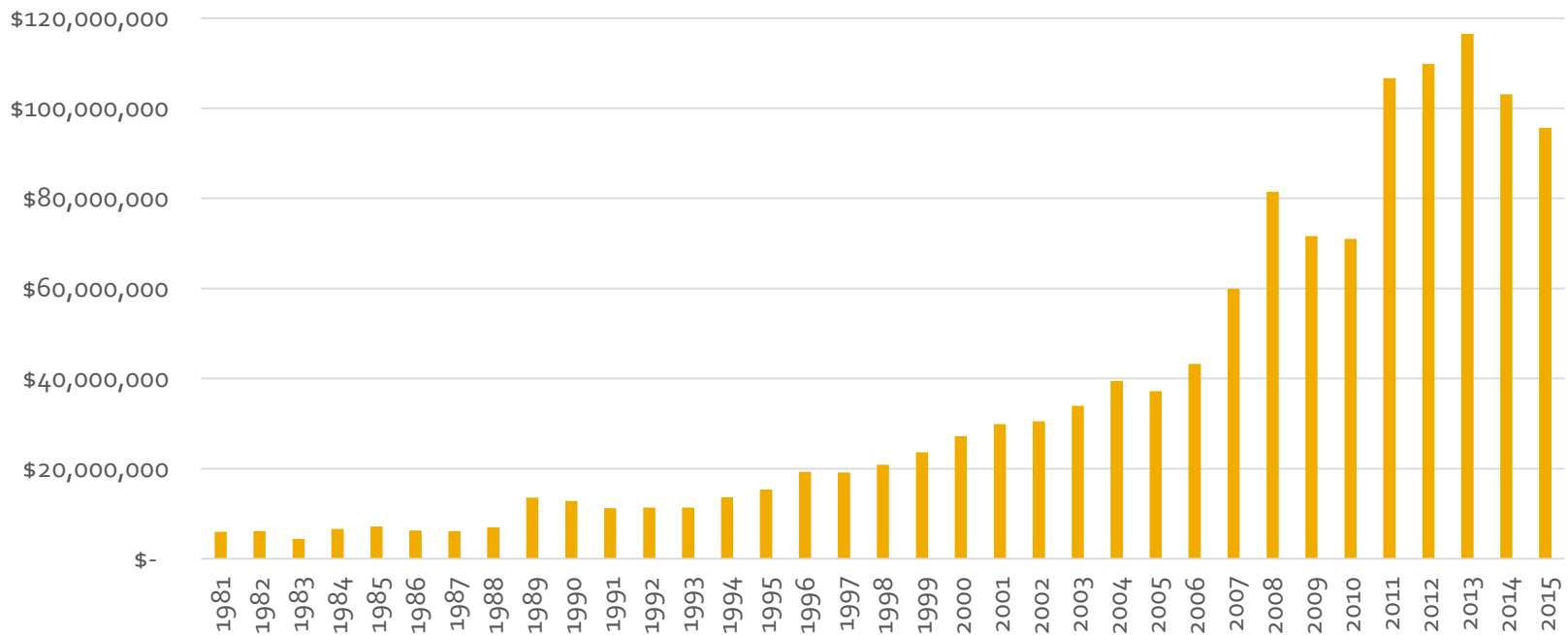
- Stable food sector is in the public interest
- Crop insurance protects farmers from natural disasters
- Without public support, multi-peril crop insurance would not be affordable to most farmers
- Affordability drives participation
- High participation . . .
 - Provides widespread protection, greater stability
 - Improves actuarial performance
 - Staves off *ad hoc* disaster bills

Premium Assistance By Coverage Level

Coverage Level	1980 Act	1994 Reform Act	2000 ARPA
CAT (50%)	NA	100%	100%
55	30%	46.1%	64%
65	30%	41.7%	59%
75	16.9%	23.5%	55%
85	NA	13%	38%

Greater than 10 Fold Program Growth Since 1981

Crop Insurance Liability (\$ in 1,000s)

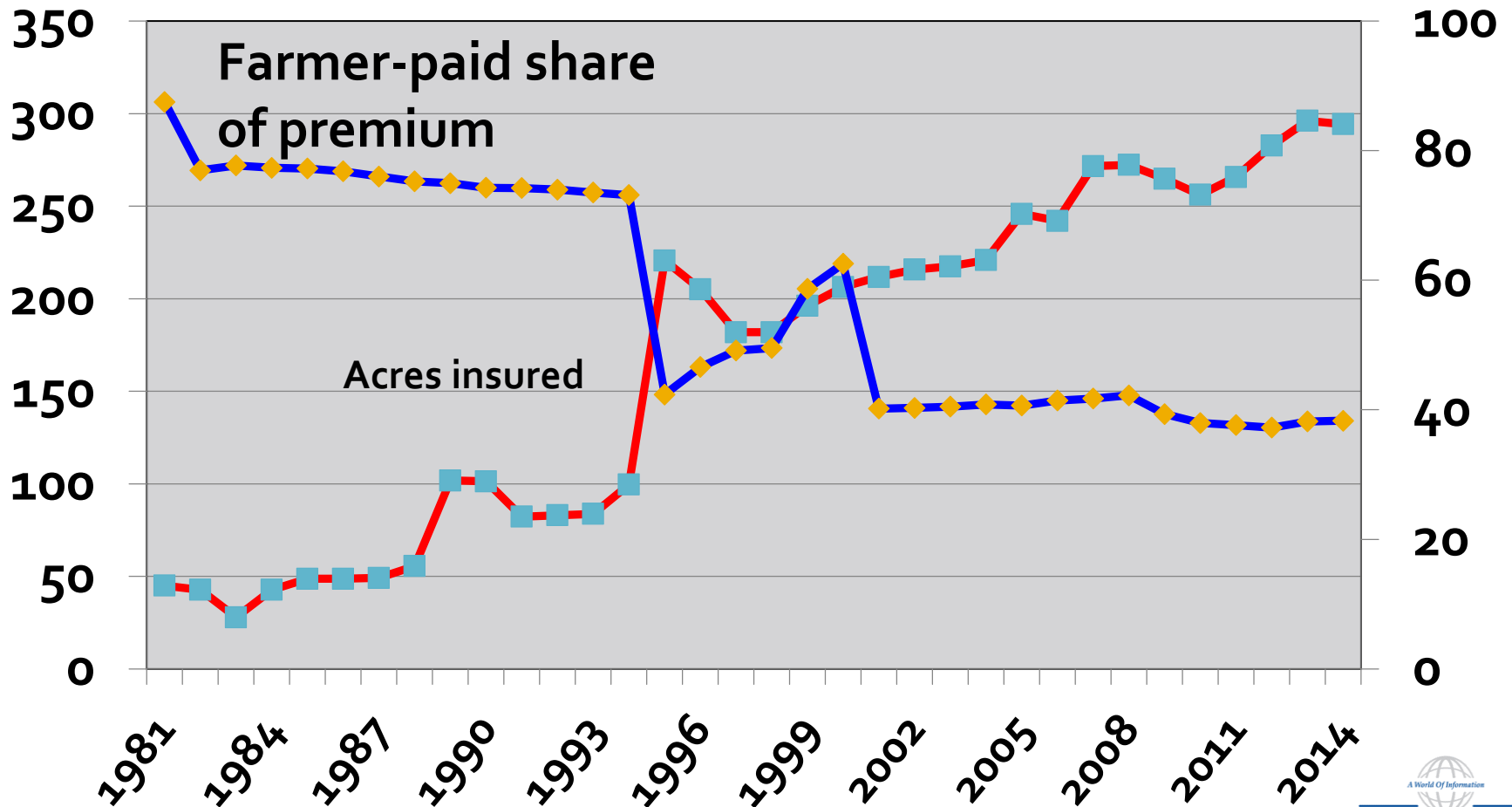


Topped \$10 B in 1989, \$20 B in 1998, \$50 B in 2007, and \$100 B in 2011

Affordability—Key to Participation Gains

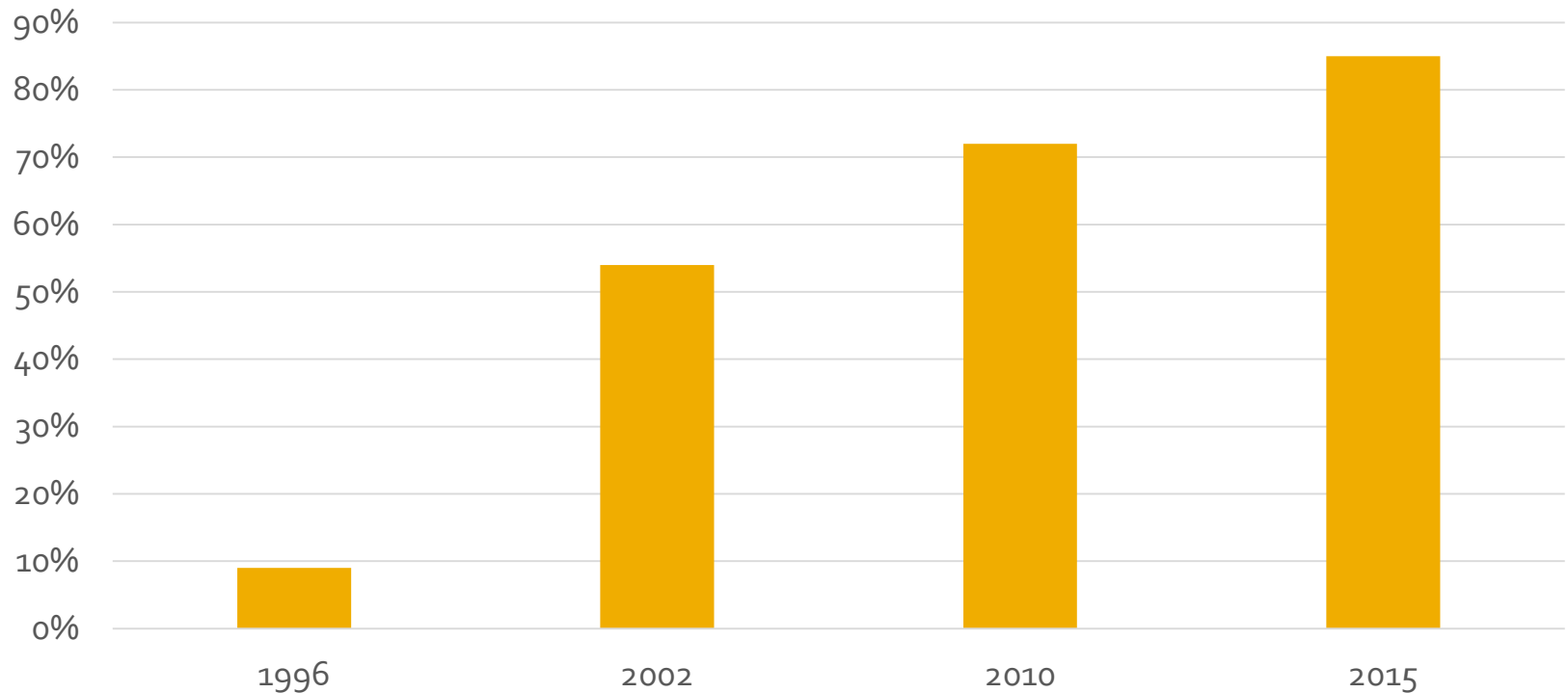
Mil Acres

% of Prem.



Affordability Key to Coverage Gains

Percent of Acres insured at 70% or Higher



MD Historical Premium

Coverage level	2015	2011	1999	1993
50	\$1,690,817	\$1,735,535	\$1,230,565	\$5,847
55	\$86,037	\$287,926	\$42,403	
60	\$753,912	\$1,753,650	\$73,208	
65	\$1,859,371	\$4,373,932	\$2,922,141	\$946,965
70	\$7,352,910	\$16,791,399	\$1,022,282	
75	\$12,165,209	\$14,864,334	\$203,857	\$248,603
80	\$6,804,524	\$5,321,314	\$24,597	
85	\$903,357	\$772,879		
90	\$108,584	\$4,972	\$7,573	
Total	\$31,724,721	\$45,905,941	\$5,526,626	\$1,205,682

Not all Crops are Covered Equally

Cumulative Percent of Acres Insured by Coverage Level 2015 RY

	Corn	Cotton	Cucumbers
85+	25%	1%	N/A
80+	51%	6%	N/A
75+	78%	24%	67%
70+	91%	61%	76%

Cotton does not include STAX acres

Summary

- Crop insurance is primary farm risk management tool, one for which farmers pay for out of pocket
- Current success reflects Congressional effort to provide availability and affordability, thus improving actuarial performance, raising farm coverage, promoting farm financial stability, and avoiding *ad hoc* assistance

Likely Policy Issues

- ARC/PLC viability?
- Conservation funding
 - CSP
 - CRP
- SNAP
- Crop Insurance

CBO Baseline Jan. 2016

\$ in millions	2017	2018	2019	2020	2021	5 YR Total	10 YR Total
ARC	\$6,259	\$5,325	\$2,676	\$1,815	\$975	\$17,049	\$25,801
PLC	\$2,054	\$3,043	\$2,574	\$2,258	\$3,185	\$13,114	\$27,934
CCC - Total	\$7,171	\$10,023	\$9,658	\$9,658	\$6,201	\$38,658	\$70,102
Conservation	\$4,453	\$5,271	\$5,543	\$5,539	\$5,818	\$26,622	\$62,018
Crop Insurance	\$5,709	\$9,299	\$8,315	\$8,654	\$8,833	\$40,810	\$86,470

2008 & 2014 Farm Bill

Key Crop Insurance Changes

2008	2014
A&O Reimbursement Cut including area plans	SCO
Timing Shifts	STAX
Renegotiate the SRA	YE
Change in Enterprise/Whole farm unit assistance	SRA Sideboards
Definition of organic crop	Sod-saver
Sod-saver	Conservation Compliance
Controlled business	Crop Margin Coverage
	Re-rate CAT
	Coverage by practice
	Weather Index insurance

Expected Crop Insurance Policy Questions Next Farm Bill

- Viability of STAX
- Bringing marginal land into production
- Level of Premium Assistance
 - AGI
 - Premium subsidy caps
 - Revenue insurance
 - Assistance capitalized into land values/ rents hurts small and/ or beginning farmers
- New coverages/ plans of insurance

FY 2017 Appropriations

- None of the 12 Appropriations bills has been completed
- The Agriculture bill has not been considered by either full House or Senate
- Congress will have to pass a CR to avoid a government shutdown

November Election

- Presidential
- Senate
 - Currently 54 Republicans/ 46 Democrats
 - 34 seats up for election, 24 of those held by Republicans
- House
 - Currently 247 Republicans, 188 Democrats of those 221 and 181 are considered “safe” seats respectively leaving 26 and 7 competitive races

Fall Outlook

- Lame Duck Session
 - Appropriations
 - Trade Agreements

Questions?

Thank You!