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_Crop Insurance Leader Urges Congress to Do No Harm_

(WASHINGTON) — “How crop insurance emerges from the 2012 Farm Bill process will hold major ramifications for this risk management program and for America’s farmers and ranchers who have come to rely on it,” Steve Rutledge today told the Senate Committee on Agriculture, Nutrition and Forestry.

Rutledge, who spoke on behalf of crop insurance companies, underscored the public-private partnership that is unique to crop insurance and how that relationship lowers risk for taxpayers. The chairman of Farmers Mutual Hail Insurance Company of Iowa also asked lawmakers to do no harm to crop insurance with additional funding reductions or regulatory burdens in the ongoing legislative debate.

Today’s testimony comes on the heels of record indemnities being paid out by crop insurers to farmers and ranchers recouping from the worst weather year in history. “The fact that the United States is planting crops just months after such devastation in 2011 should not be taken for granted,” he testified, noting the importance of a vibrant agricultural sector to the larger U.S. economy.

“I can’t tell you how many times I have seen the relief and gratitude on a farmer’s face when they realize that because of crop insurance, they will be back in the fields in the spring and life will go on uninterrupted,” explained Rutledge, who began his career as an insurance adjuster.

But this success could be upended if the crop insurance infrastructure is strained, Rutledge said. He explained that in the midst of the growth of crop insurance and the rising crop prices—both of which increase the cost of the policy and company risk—crop
insurance has lost about $12 billion in funding since 2008, making it one of the only sectors to sacrifice for deficit reduction.

“This reduction is astounding when one considers that crop insurance represented only 8 percent of farm bill spending and a meager one-tenth of one percent of overall government outlays,” he said.

Rutledge’s testimony concluded: “We firmly believe that crop insurance should remain the core risk management tool, and we are committed to the public-private partnership of program delivery, which directly supports more than 20,000 private sector jobs across the country. The private sector should continue to provide and deliver crop insurance options, share in the risk of loss caused by changing markets and natural disasters, and adjust losses for insurable crops. We believe the private sector, not the government, is the best way to provide the individual risk management information and tools that are indispensable for producers today. We understand that is the way farmers and ranchers want the program to operate, and trust in our congressional leaders to stay the course.”

Crop insurance companies wrote more than $11.9 billion in federal multiple peril crop insurance premiums last year, covering nearly 265 million acres of farmland, protecting more than 80 percent of eligible crops, with total potential liability exceeding $113 billion.

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