FOR IMMEDIATE RELEASE
Contact: Laurie Langstraat (913) 685-2767
May 17, 2012

House Subcommittee on General Farm Commodities and Risk Management
Told ‘Outstanding Success Story’ of Crop Insurance

(WASHINGTON) — Crop insurance has become the powerful risk management tool that Congress designed it to be, garnering widespread support from all segments of agriculture, banking and most importantly, farmers, said Ruth Gerdes during her testimony today to the House Subcommittee on General Farm Commodities and Risk Management.

“The growth of Federal Crop Insurance is an outstanding success story,” said Gerdes, president of The Auburn Agency Crop Insurance Inc., farmer and crop insurance agent from Auburn, Nebraska. Gerdes explained that from the time the modern public/private partnership was forged in 1980, the program has grown “from an insignificant nuisance among farm programs covering less than 12 percent of the nation’s cropland to a robust program covering 83 percent of all cropland acres and providing bankable protection to America’s best, most dynamic and most productive farm families.”

Former USDA Chief Economist Keith Collins told the subcommittee that “the expanding role of crop insurance in the farm safety net signals several key features that farmers and policymakers find attractive.” Collins explained that these include the requirement that a producer has to consciously elect to manage risks, the availability of insurance plans that can be designed to fit individual farm risks, the idea that producers share in the program costs, and accountability that comes with cost sharing.

“In addition, the private sector delivers the program as part of a public/private partnership that involves risk sharing between the government and the private companies,” he said.
It was a good thing for taxpayers and farmers that crop insurance was so effective, given the level of loss experienced by farmers last year. Tim Weber, president of Great American Insurance Company’s crop division, told the subcommittee that the fact that farmers are in their fields today is proof certain that crop insurance is the risk management tool that Congress envisioned.

“The 2011 crop year, one of the most destructive weather years in recent history, taught us that crop insurance is absolutely critical,” said Weber. “With large farm losses and record-high indemnity payments, farmers who might otherwise be out of business are back in the fields for the 2012 crop year,” he said.

-#####-