Crop Insurance Challenges for the Future
January 2020

Tara Smith
Crop Insurance and Reinsurance Bureau
Agenda

• Where Have We Been?
• What Is On The Horizon?
• What Can We Do About It?
Where Have We Been?

US Acres in Crop Insurance, 1981-2018

- Increase in Premium Discount
- Ag Risk Protection Act
Where Have We Been?

Percent of Acres Covered at 70% or Higher

1996: 10%
Today: 70%
Where Have We Been?

“Protect and Preserve”

- Cuts to Premium Assistance
  - Harvest Price Coverage

- Cuts to the Private Sector Delivery System
  - Reduced Target Rate of Return

- Means Testing
  - Adjusted Gross Income Caps
  - Premium Assistance Caps
Where Have We Been?
Where Have We Been?
What Is On The Horizon?

Retiring

Retiring

Tough Re-Elect
What Is On The Horizon?

China

$21.4 billion
U.S. Agricultural Exports, 2016

Top 5 U.S. Exports
1. Soybeans ($14.2 billion)
2. Course Grains* ($1.0 billion)
3. Hides & Skins ($949 million)
4. Pork ($578 million)
5. Cotton ($550 million)
*Excluding Corn

Export Growth
2006-2016
$6.7 billion
219% Increase
$21.4 billion

#1
Among U.S. Agricultural Export Markets, 2016

Source: FAS Global Agricultural Trade System (GATS) BICO HS- 6

Twitter: @USDAForeignAg  Website: www.fas.usda.gov

United States Department of Agriculture
Foreign Agricultural Service

CIRB
Crop Insurance and Reinsurance Bureau, Inc.
What Is On The Horizon?

$9.2 billion
U.S. Agricultural Exports, 2018

#5
Among U.S. Agricultural Export Markets, 2018

Export Growth
2008-2018

$12.1 billion
$9.2 billion

24% Decrease

Source: FAS Global Agricultural Trade System (GATS) BICO HS-10
What Is On The Horizon?

US Ag Exports to China
(billion USD)
What Is On The Horizon?

US Soybean Prices
USD
What Is On The Horizon?

Second Trade Mitigation Package for Farmers: $16 billion

- $14.5 billion Market Facilitation Program: USDA will pay farmers a county-based payment rate for their planted acreage in 2019. This compares to $8.5 billion paid out under last year’s MFP.

- $1.4 billion Food Purchase program: USDA will buy fruits, vegetables, processed foods, beef, pork, poultry and milk for food banks

- $100 million Trade Promotion Assistance, adding to $200 million given to agricultural groups to boost agricultural sales globally
What Is On The Horizon?

2019 was the second wettest year on record according to NOAA. More than 19 million acres were prevented from planting in 2019. The previous record for prevented from planting acres was in 2011 with fewer than 10 million acres.
What Is On The Horizon?

And 2019 was riding in on the heels of a turbulent 2018 hurricane season that brought Hurricane Florence and Hurricane Michael to bear over key ag production regions in the South.

<table>
<thead>
<tr>
<th>State</th>
<th>Estimated Ag Damages from Hurricanes in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$204 million</td>
</tr>
<tr>
<td>Florida</td>
<td>$158 million plus $1.3 billion in timber damages</td>
</tr>
<tr>
<td>Georgia</td>
<td>$2.8-$3 billion</td>
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<tr>
<td>North Carolina</td>
<td>$1.2-$2 billion</td>
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What Is On The Horizon?

$3 billion in ad hoc disaster assistance passed in the spring of 2019, followed by another $1.5 billion at the end of 2019.

• So what does this mean?
  
  • There’s a little money to cover a lot of different disasters in a lot of regions for multiple crops in multiple years. The Secretary has a lot of discretion over how this money is allowed to be spent.
  
  • Sign-up started on September 11 for the original $3 billion.
  
  • Farmers with disaster this year will only receive 50% of their payment up front, and the rest will be paid at a later date dependent on the availability of funds.
  
  • Prevent plant “top-up” payments delivered by AIPs in the fall.
  
  • https://www.farmers.gov/recover
# What Is On The Horizon?

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<th>2016 Crop Year</th>
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<td><strong>Acreage</strong></td>
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<td>291 million</td>
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<td><strong>Total Premium</strong></td>
<td>$1.8 billion</td>
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What Is On The Horizon?

US WTO Aggregate Measure of Support
What Is On The Horizon?

Other nations question new U.S. trade aid payments for farmers

BY STEVE PALMER | 06/17/2015 05:40 PM EDT

Under WTO rules, the United States is limited to $3.6 billion in trade-distorting agriculture payments each year. (Brett Coomer/Chicago Tribune via AP)

Why the deal to pay Brazil $300 million just to keep U.S. cotton subsidies is bad for the WTO, poor countries, and U.S. taxpayers

By Rep. David E. Price
October 13, 2014

The U.S. prefers to pay Brazil $300 million rather than bring its cotton subsidies in line with WTO rules. (AP Photo)
What Is On The Horizon?
What Is On The Horizon?

Perdue: Cover crops on prevented planting acres qualify for ‘minimal’ trade aid

“Perdue’s announcement means that farmers who don’t plant their normal crops this spring because of historic flooding in the Midwest could potentially receive four separate payments this year... - Politico
What Is On The Horizon?

“The amount sent to farmers tops the auto-industry bailout by billions, and was delivered without Congressional approval.” –Rolling Stone
What Is On The Horizon?

Trump tells aides to look for big spending cuts in second term, sowing confusion about budget priorities
What Is On The Horizon?

Climate Change and Agricultural Risk Management Into the 21st Century

Andrew Crane-Droesch, Elizabeth Marshall, Stephanie Rosch, Anne Riddle, Joseph Cooper, and Steven Wallander
What Can We Do About It?

Position ourselves as the best option

- Shared risk
- Farmers have skin in the game
- Predictable
- Timely payments
What Can We Do About It?

Be prepared to address the gaps that have been identified in the last two years

- Hurricane Endorsement
- Prevent Plant
What Can We Do About It?

Get Involved!

#ProtectCropInsurance

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Thank You! Questions?
Tara Smith, Vice President of Federal Affairs for CIRB

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