

Crop Insurance Challenges for the Future

January 2020

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Crop Insurance and Reinsurance Bureau

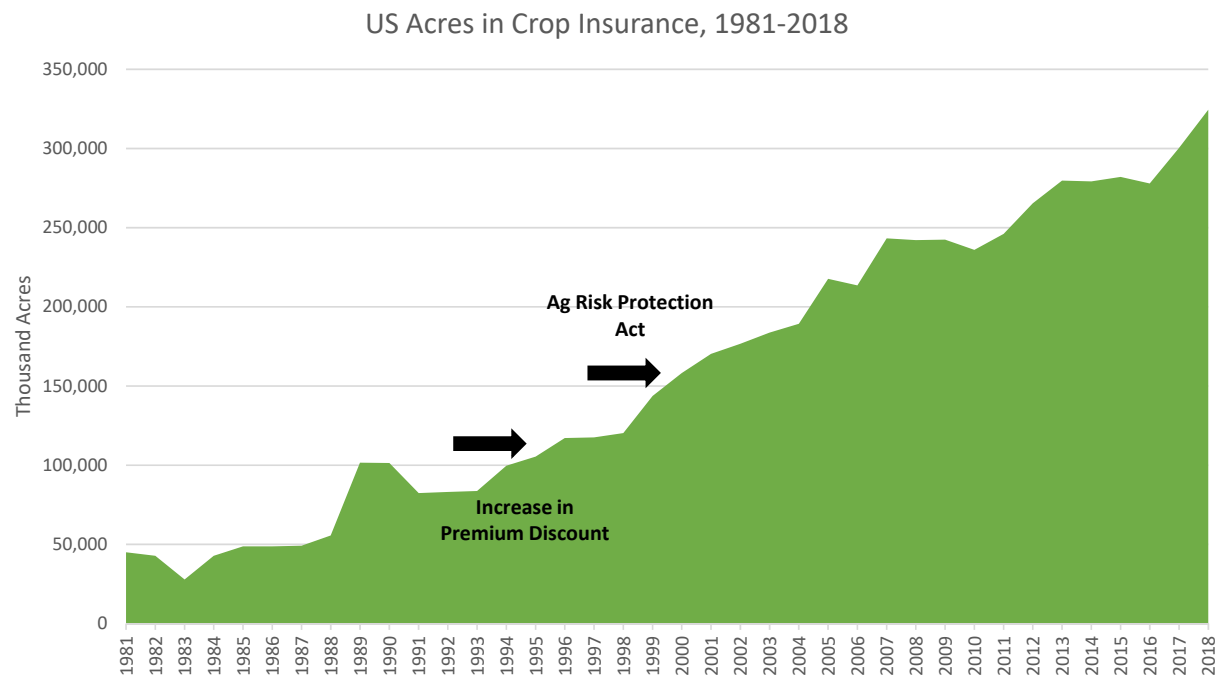


Agenda

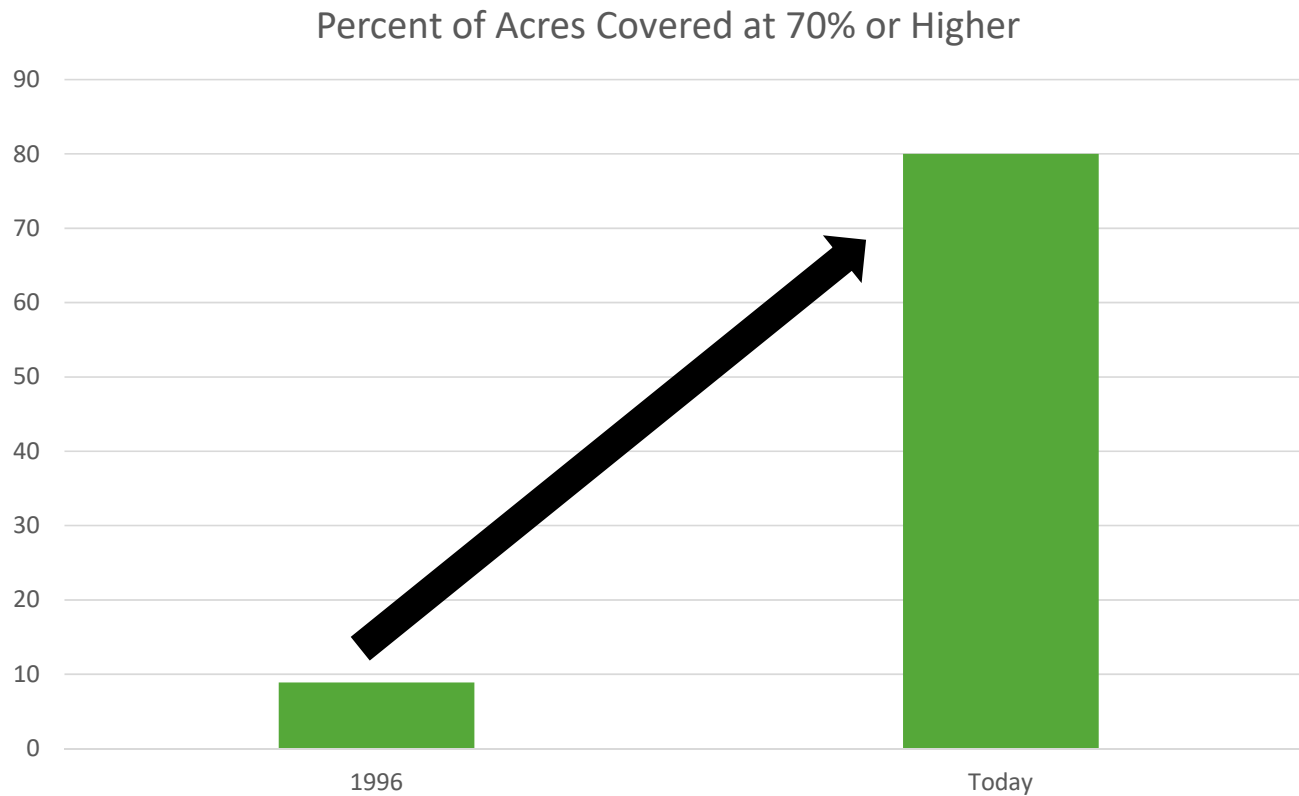
- **Where Have We Been?**
- **What Is On The Horizon?**
- **What Can We Do About It?**



Where Have We Been?



Where Have We Been?



Where Have We Been?

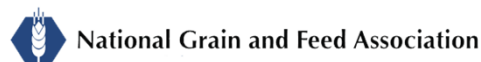
“Protect and Preserve”

- 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?



THE FARM CREDIT COUNCIL

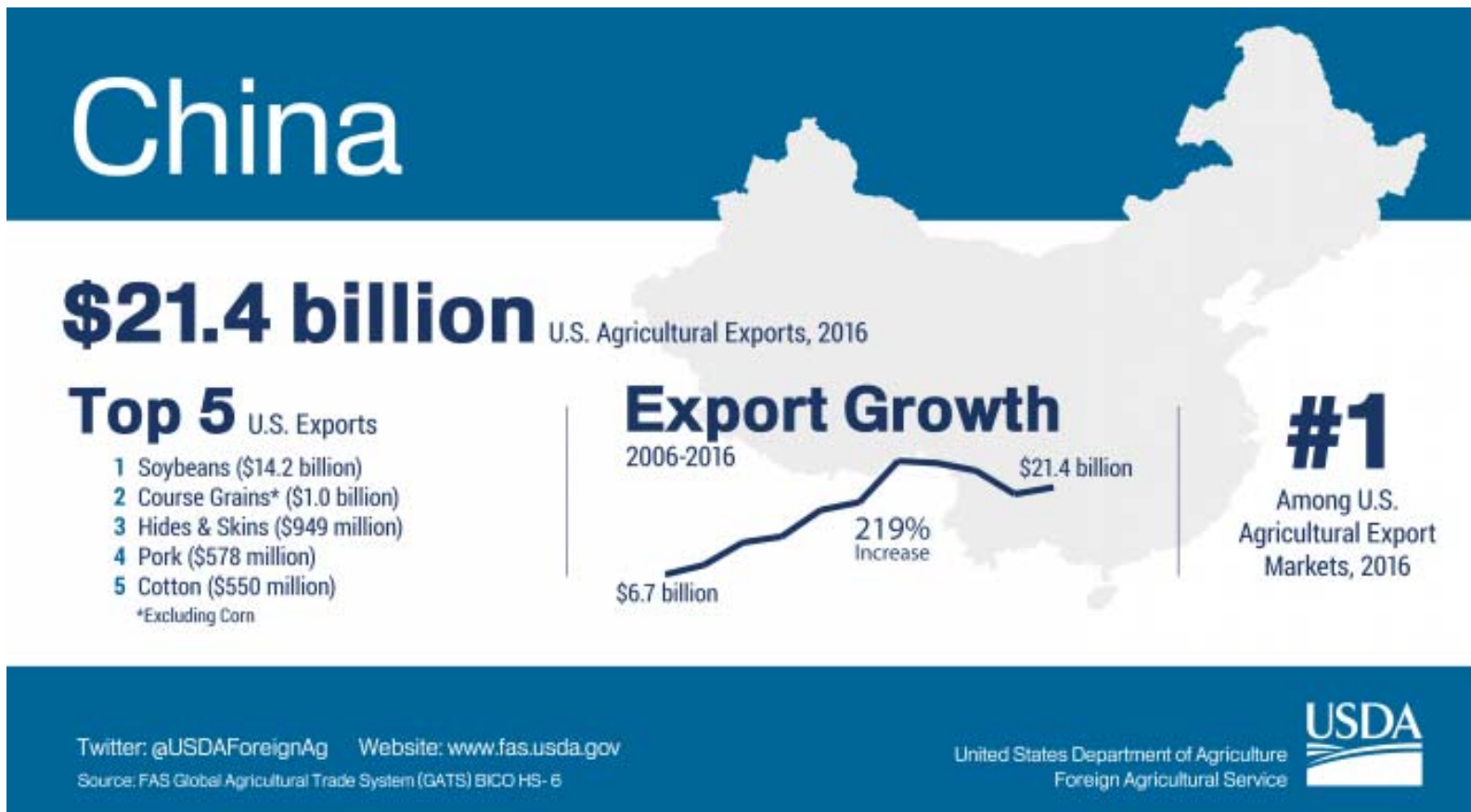


Crop Insurance and Reinsurance Bureau, Inc.

What Is On The Horizon?



What Is On The Horizon?



What Is On The Horizon?

\$9.2 billion

U.S. Agricultural Exports, 2018

#5

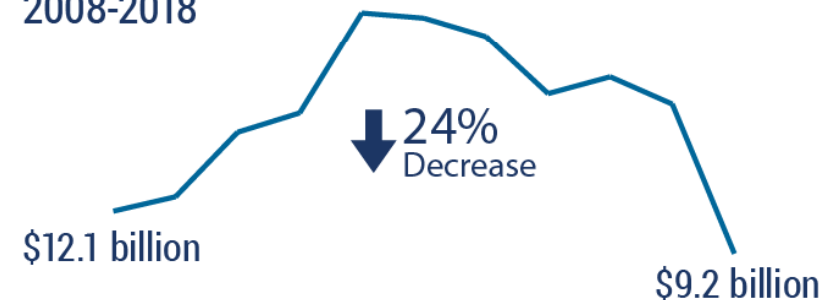
Among U.S.
Agricultural Export
Markets, 2018



Click to Enlarge 

Export Growth

2008-2018



Source: FAS Global Agricultural Trade System (GATS) BICO HS-10

CIRB

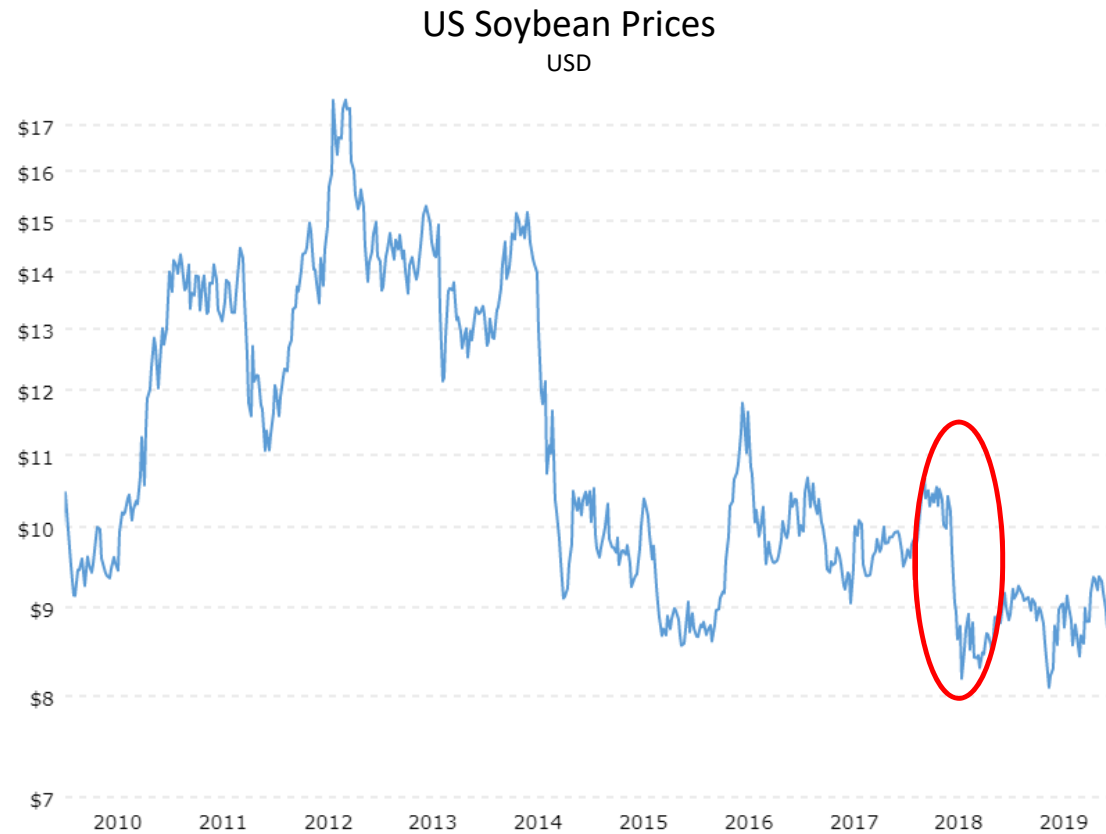
Crop Insurance and Reinsurance Bureau, Inc.



What Is On The Horizon?



What Is On The Horizon?



What Is On The Horizon?

Second Trade Mitigation Package for Farmers: \$16 billion

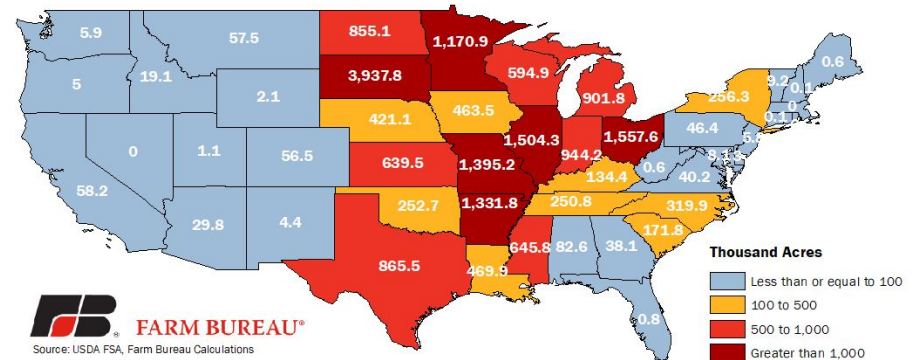
- **\$14.5 billion Market Facilitation Program: USDA will pay farmers a county-based payment rate for their planted acreage in 2019. This compares to \$8.5 billion paid out under last year's MFP.**
- **\$1.4 billion Food Purchase program: USDA will buy fruits, vegetables, processed foods, beef, pork, 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.

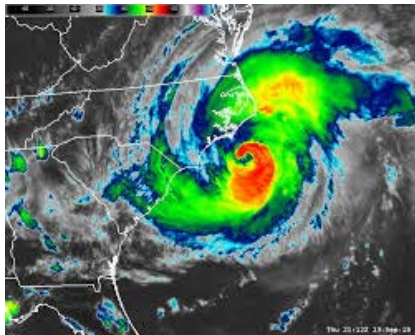


**Figure 1. All Acres Prevented From Being Planted in 2019
August 22 Estimate**



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.



State	Estimated Ag Damages from Hurricanes in 2018
Alabama	\$204 million
Florida	\$158 million plus \$1.3 billion in timber damages
Georgia	\$2.8-\$3 billion
North Carolina	\$1.2-\$2 billion

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>

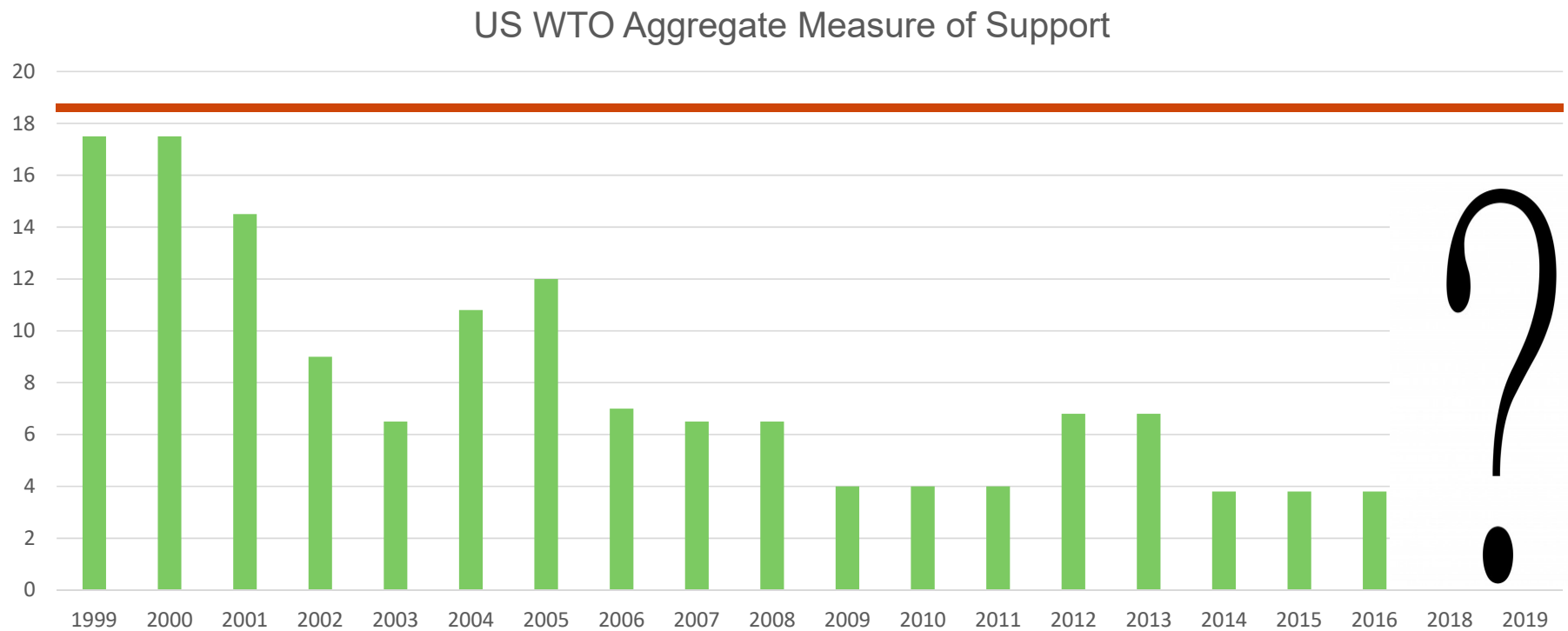
What Is On The Horizon?

	1998 Crop Year	2016 Crop Year
Acreage	181 million	291 million
Total Premium	\$1.8 billion	\$9.3 billion
Farmer Paid Premium	\$929 million	\$3.5 billion
Subsidy	\$946 million	\$5.8 billion
Insured Liability	\$27.9 billion	\$100.5 billion
Ad Hoc Disaster Assistance	Approximately \$6 billion	None

What Is On The Horizon?

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Subsidy	\$946 million	~\$6 billion
Insured Liability	\$27.9 billion	~\$105 billion
Ad Hoc Disaster Assistance	Approximately \$6 billion	More than \$19 billion

What Is On The Horizon?



What Is On The Horizon?

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

BY DOUG PALMER | 06/17/2019 05:40 PM EDT



Under WTO rules, the United States is limited to \$19.1 billion in trade-distorting agricultural payments each year. | Butch Comegys/The Times-Tribune via AP

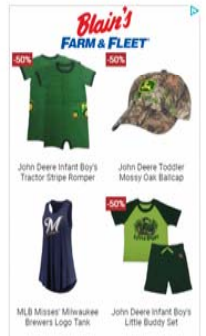
Monkey Cage

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

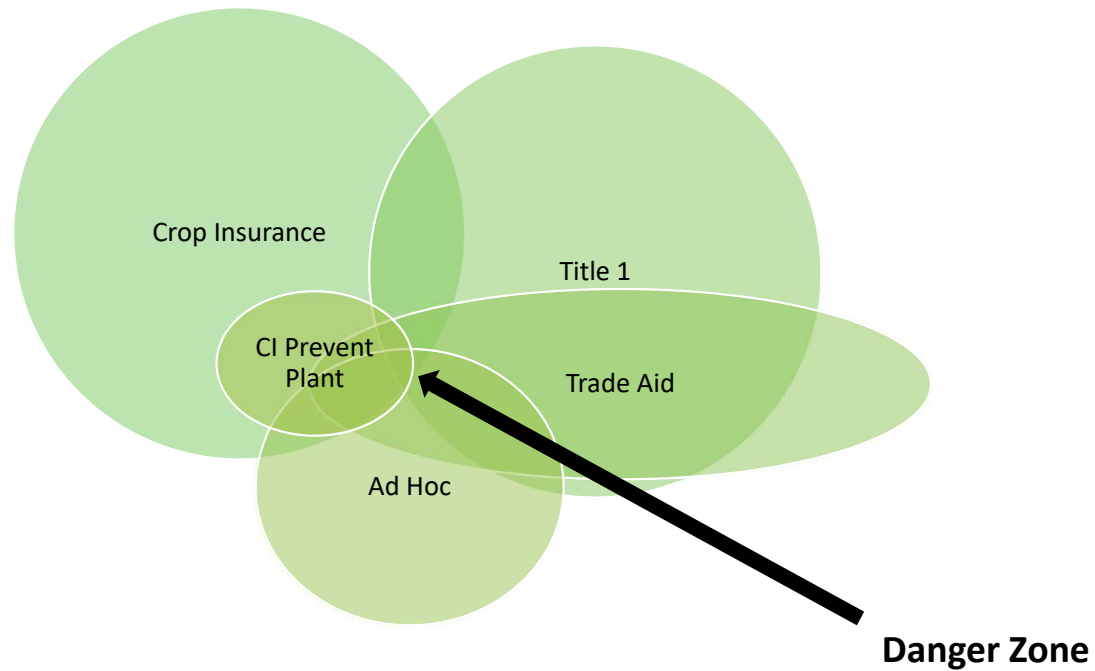


The U.S. prefers to pay \$300 million to Brazil over bringing its cotton subsidies in line with WTO trade rules (AP Photo)

By Krzysztof J. Pelc
October 12, 2014



What Is On The Horizon?



What Is On The Horizon?

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

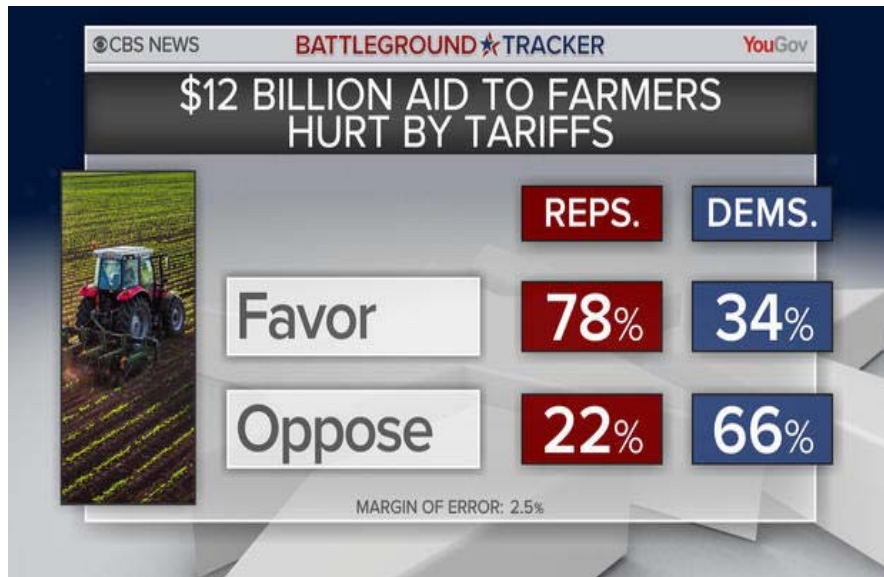
BY CATHERINE BOUDREAU | 06/26/2019 12:19 PM EDT



Perdue noted that prevented planting policies typically cover about 55 percent of the yield or revenue farmers chose to insure at the outset of the year. | AP Photo

“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?



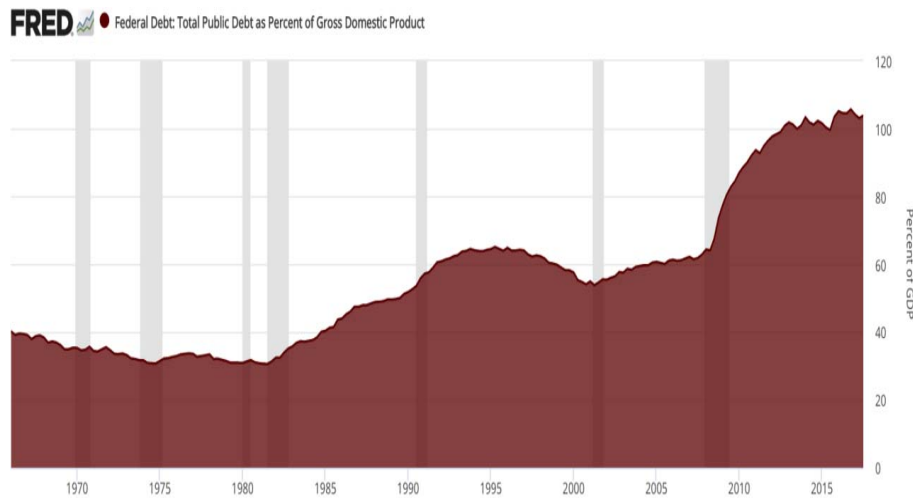
Rolling Stone

'Trump Money' Is Buying Silence as Unprecedented Payments Go to Farmers

The amount sent to farmers tops the auto-industry bailout by billions, and was delivered without congressional approval

"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?



The Washington Post

Business

Trump tells aides to look for big spending cuts in second term, sowing confusion about budget priorities

What Is On The Horizon?



United States Department of Agriculture

Economic
Research
Service

Economic
Research
Report
Number 266

July 2019

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?

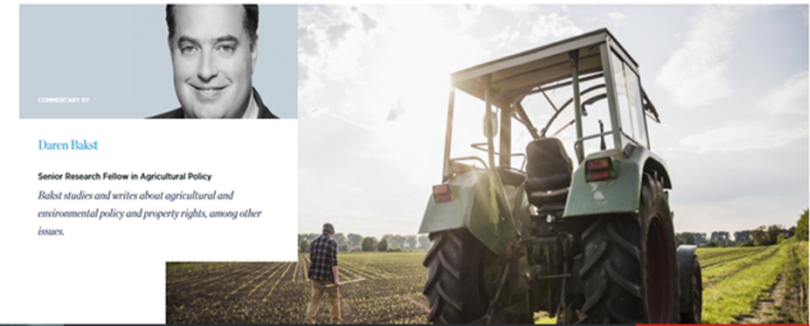
Position ourselves as the best option

- Shared risk
- Farmers have skin in the game
- Predictable
- Timely payments



3 Reasons Why USDA Shouldn't Give Special Aid to Farmers Hit by Tariffs

May 20th, 2018 4 min read



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

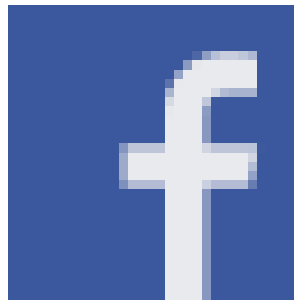


What Can We Do About It?

Get Involved!



#ProtectCropInsurance



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Thank You! Questions?

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