

Crop Insurance

Program Update

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Presentation by:

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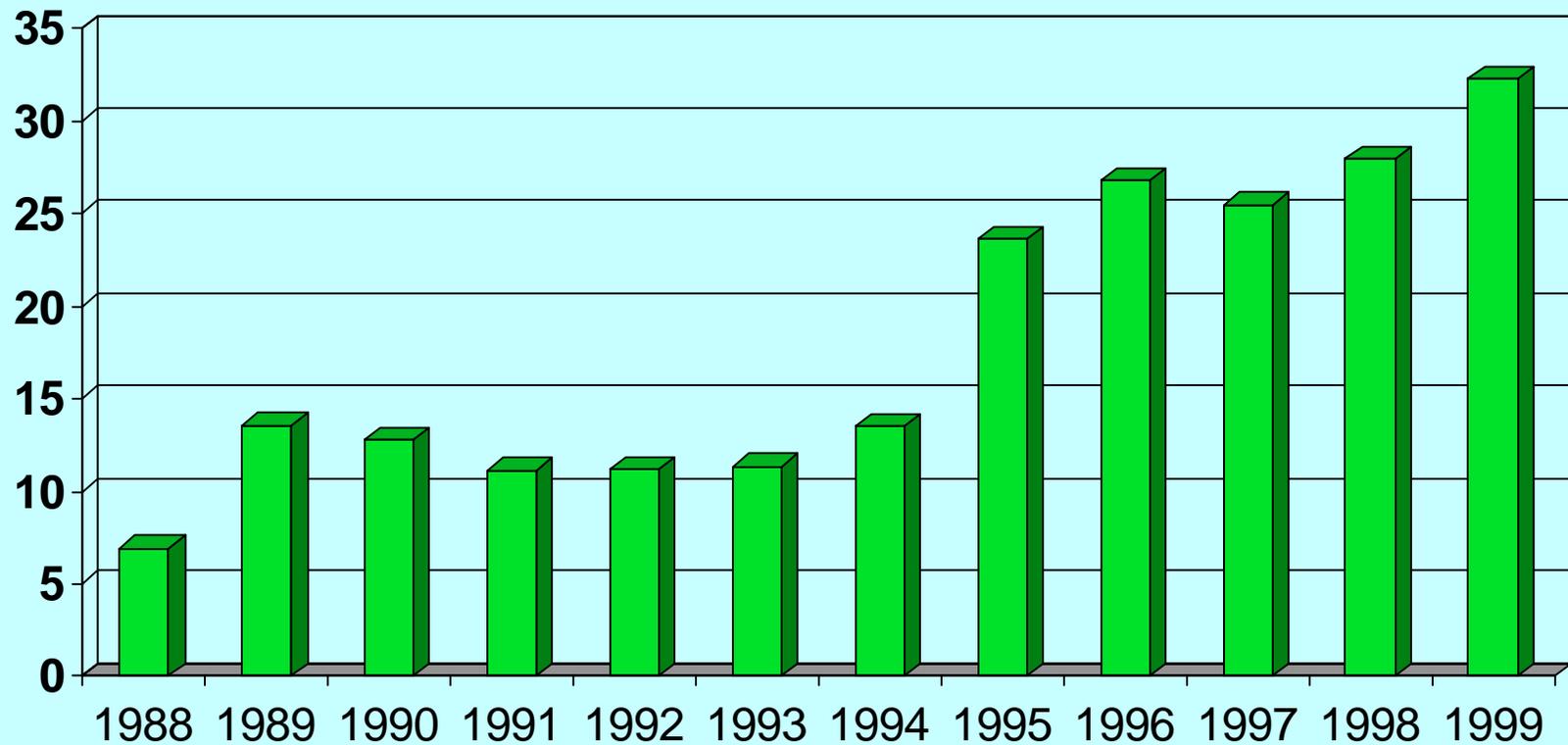
Six Major Safety Net Reforms Since 1993

- **1993 OBRA**: loss ratio target, “actuarial soundness.”
- **1994 Reform Act**: replaced ad hoc disaster aid with expanded crop insurance, created CAT coverage.
- **1996 Farm Bill**: AMTA payments replaced price supports; crop insurance retained and expanded.
- **1996-8**: revenue insurance spread nationwide.
- **1998 Research Act**: “permanent funding” fix, 533 process.
- **1998/1999 Emergency Bills**: 30/25% (est.) premium discounts for buy-up coverage, income and crop loss assistance.

On the horizon: New crop insurance reform legislation.

Participation Has Increased

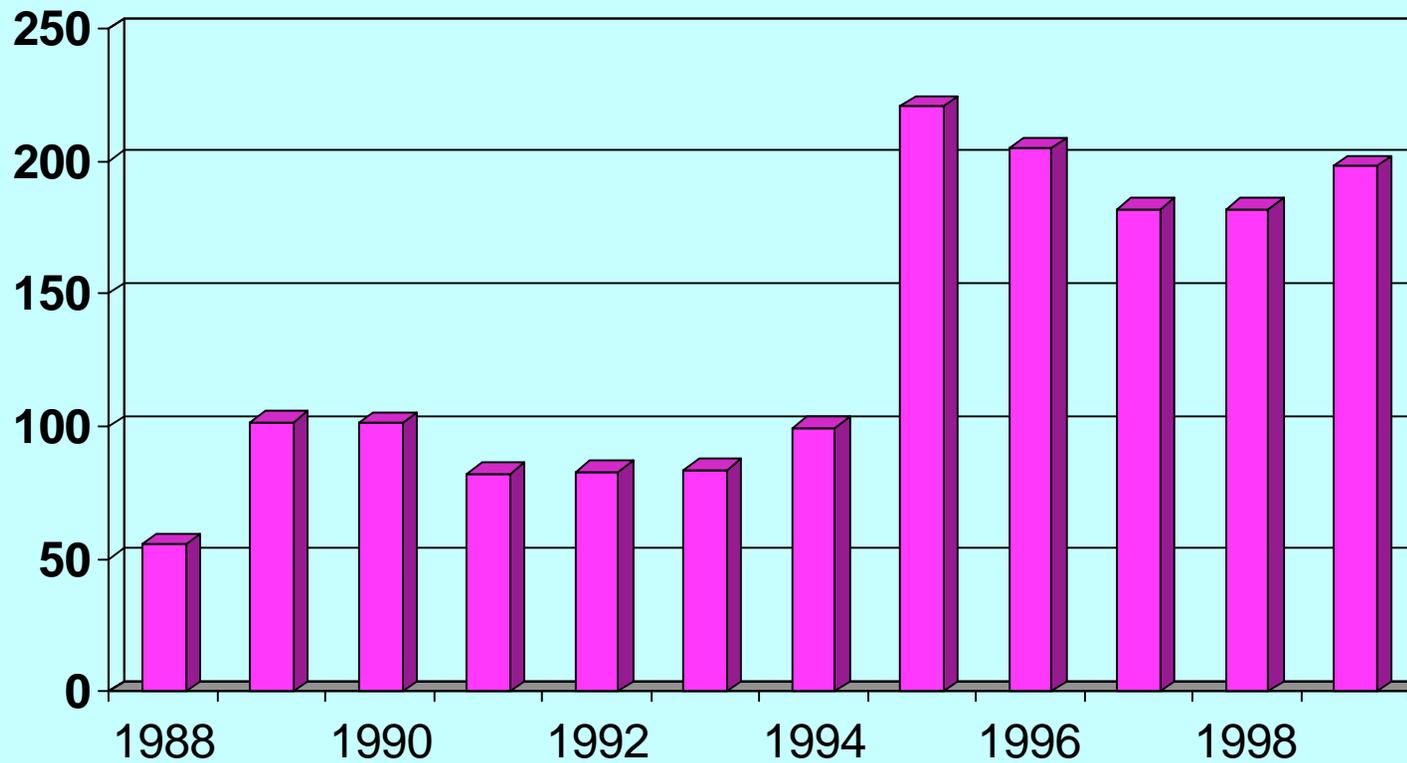
Crop Insurance Liability, American Total, 1988-99
Billion dollars



More Acreage Covered

U.S. Total Net Insured Acres, 1988-99

Million acres



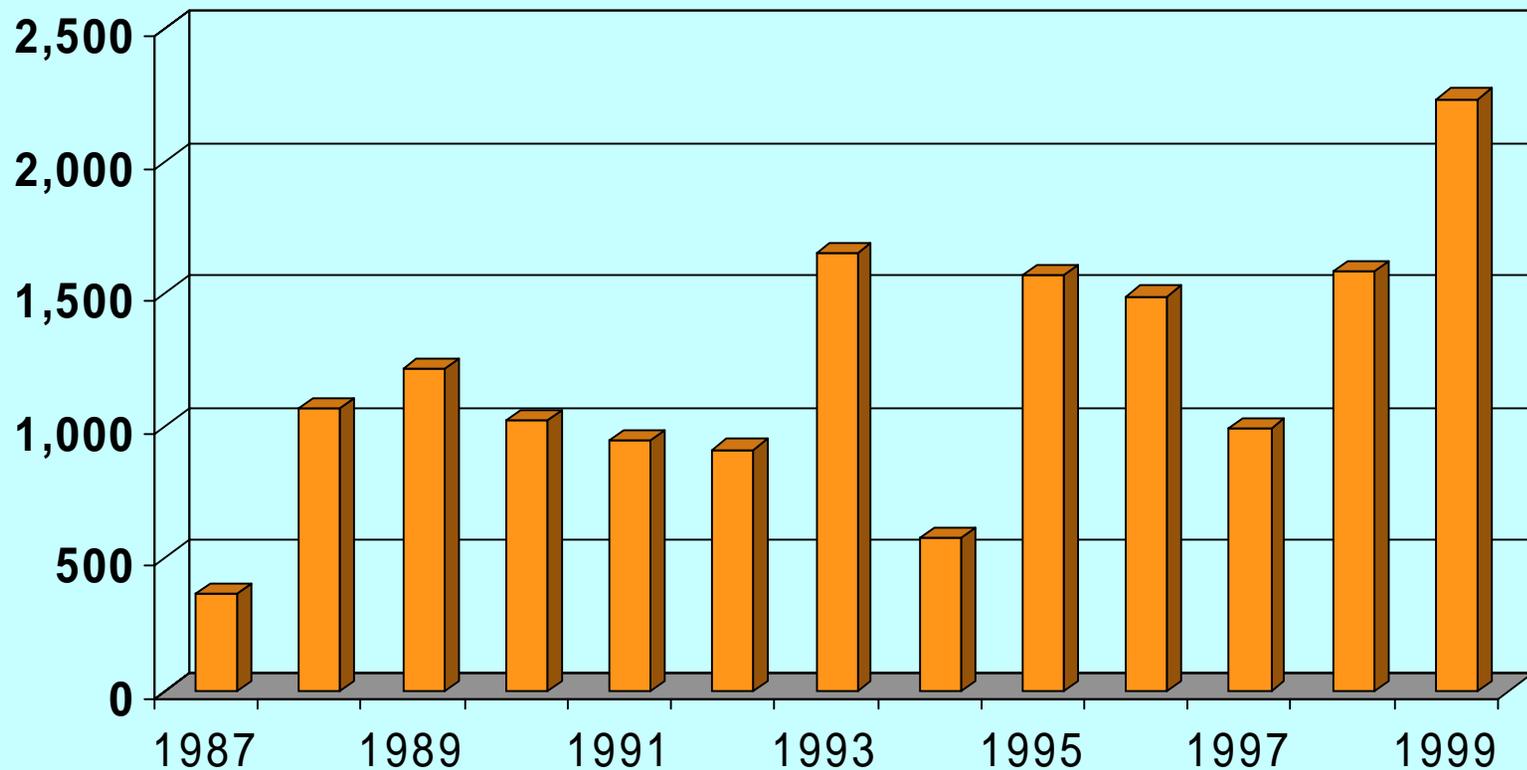
Impact Heightened by 30 Percent (est.) Premium Discounts

Item	1998 final	1999 est.	Percent change
Policies	1.75 million	1.84 million	4.9
Acres	181 million	198 million	9.0
Liability	\$27.9 billion	32.3 billion	15.6
Premium	\$1.87 billion	\$2.34 billion	24.8
Buy-up acres	120 million	145 million	20.6
Buy-up prem.	\$1.52 billion	\$2.05 billion	34.8

Matching Increase in Loss Payments to Farmers

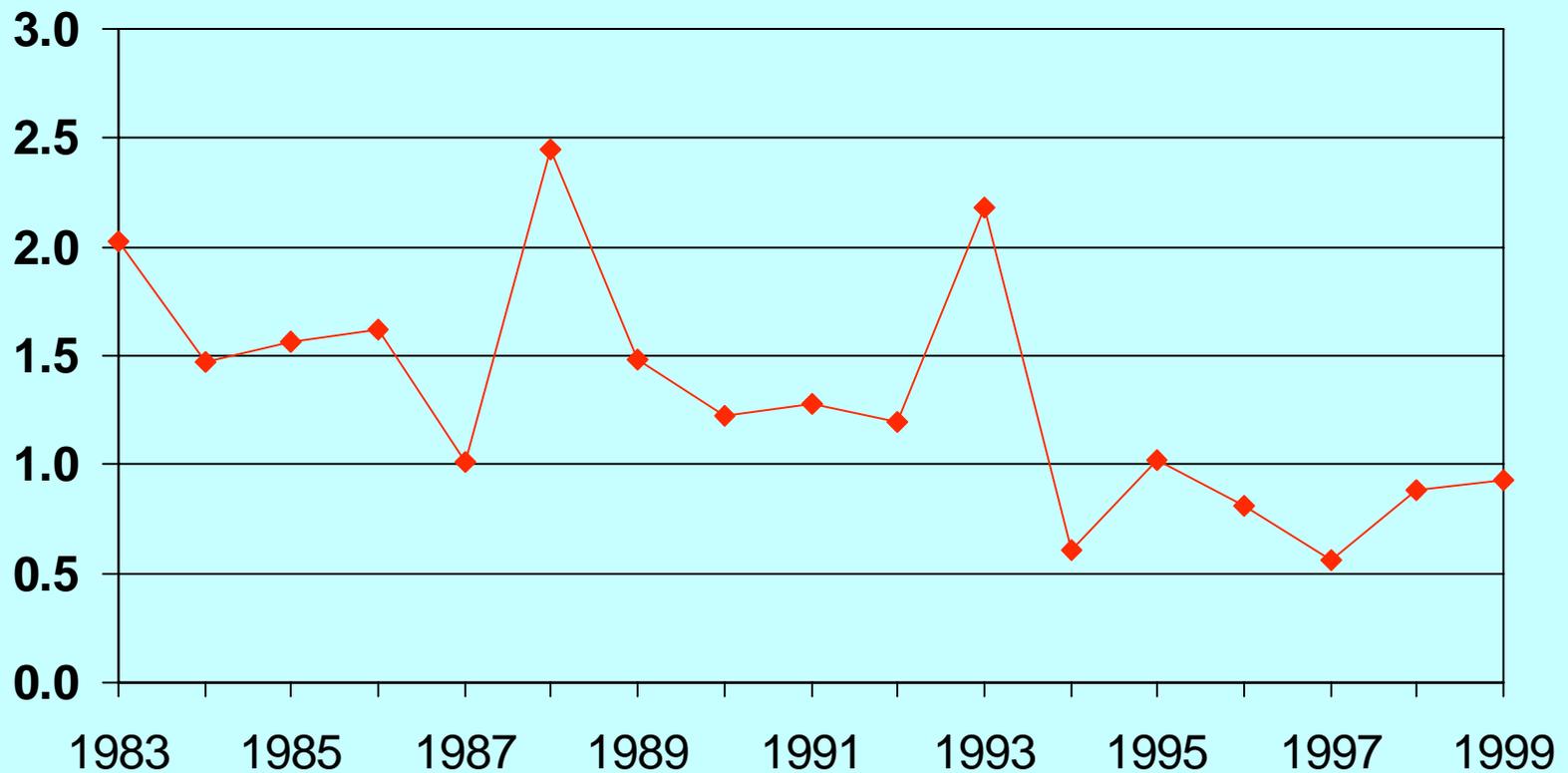
Crop Insurance Indemnities, 1987-99

Million dollars



Improved Actuarial Soundness

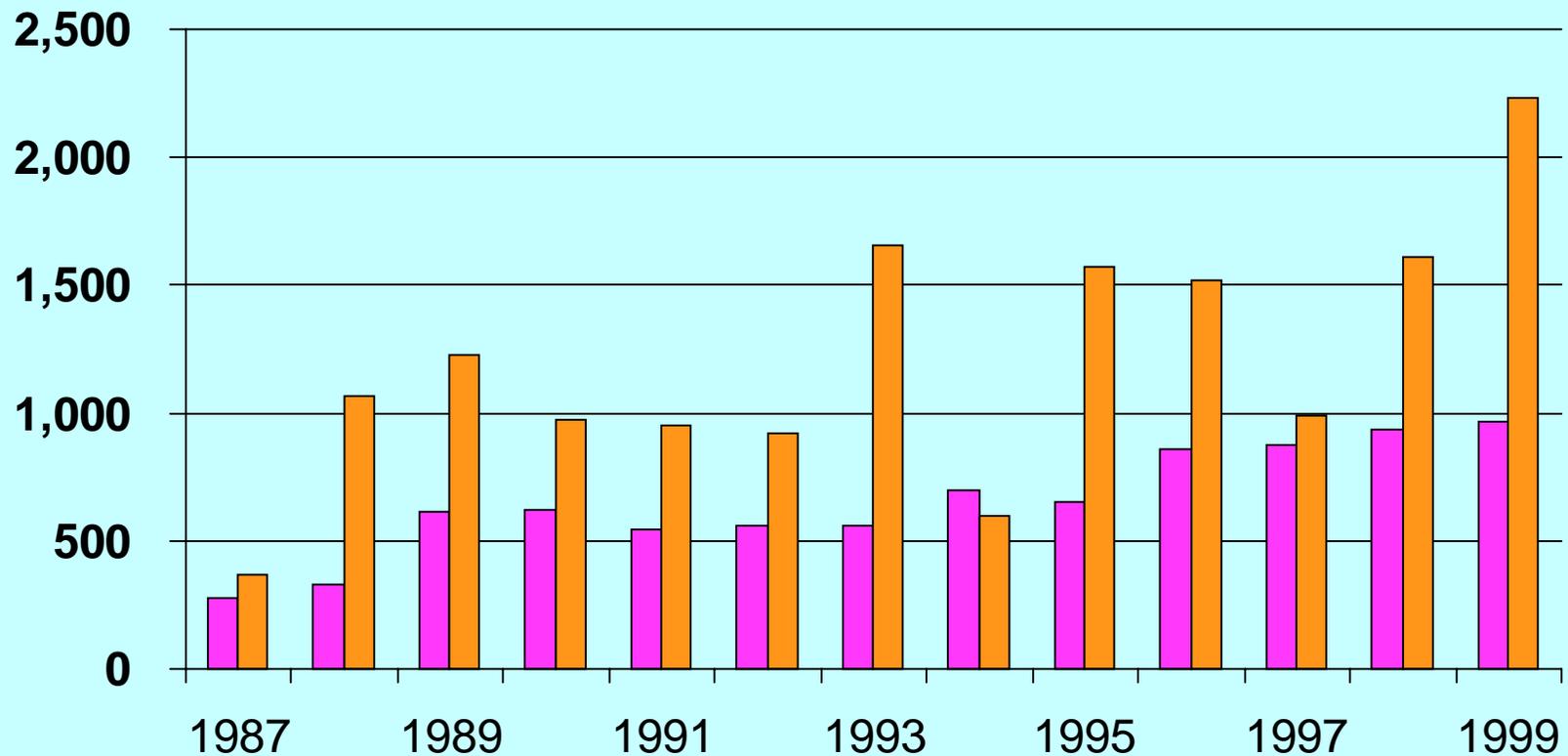
Crop Insurance Loss Ratios, 1983-99



Moderate Cost

Crop Insurance Loss Payments /Farmer Premiums, 1987-99

Million dollars



More Products & Choices...

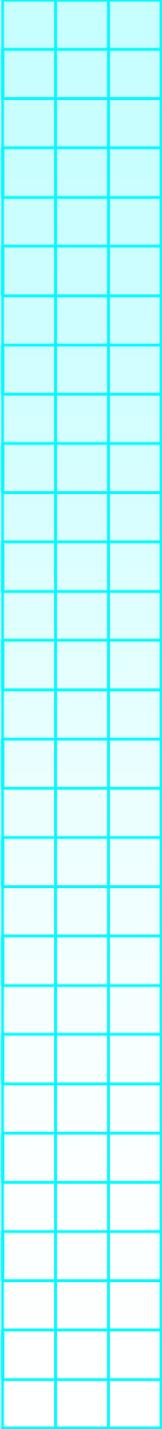
1993: One Choice—MPCI

TODAY:

- **Catastrophic coverage**
- **Buy-up coverage**
- **Limited buy-up**
- **Revenue insurance plans**
 - Crop Revenue Coverage
 - Revenue Assurance
 - Group Risk Income Plan
 - Income Protection
 - AGR (Whole Farm) pilot
 - Specialty crop revenue
- **Group Risk Plan**
- **Dairy Options Pilot Program**
- **Prevented planting coverage**
- **New covered crops**
 - Over 70 crops, representing large bulk of American production
- **Expansions of existing crops into new areas**
- **New nursery program**

... And Still More Choices

- **New pilot programs 1999**
 - Adjusted Gross Rev. (AGR)
 - Avocado APH
 - Cabbage
 - Cherries
 - Crambe
 - Cultivated Wild Rice
 - IP Barley
 - Mustard
 - Range-land GRP
 - Winter squash
 - 85% coverage
- **Approved for 2000**
 - Cultivated clams
 - Coverage Enhancement option (CEO) on apples, canola, potatoes, grapes, rice, citrus fruit, others,
 - Chile peppers
 - Cucumbers (processing)
 - Florida fruit trees (citrus canker)
 - Onion stage removal
 - Pumpkins
 - Strawberries
 - Several major expansions of existing programs.
- Livestock, *pending legislation*



Goals for Legislative Reform

- Improve the basic safety net
 - Make coverage more affordable
 - Make it more worth buying
 - Better coverage for multi-year losses
 - Pilot a livestock revenue concept
- Speed new & better RM tools to market
- Improve NAP
- Provide better service and information