

## **Sense of the Board**

The Board wishes to affirm its commitment to providing risk management tools for livestock producers. The Federal Crop Insurance Program acknowledges allegations of "Subsidy Harvesting," also known as "Subsidy Capture" or "Subsidy Arbitrage" among other names. Producers who purchase insurance products should be doing so to manage their risk, not to make potential gains on the transaction. The Board is also concerned that such a practice includes risks to producers such as margin calls and other associated costs. Thus, such activities are counterproductive to the mission of the Federal Crop Insurance Program, detrimental to U.S. taxpayers, and threaten the protection producers seek through the crop insurance program.

Therefore, the Board is actively working with appropriate public and private partners and stakeholders to:

1. Investigate these allegations and gather data on the full methods and scale of these issues;
2. Consider modifications to insurance products to reduce and/or eliminate the ability to engage in subsidy harvesting while maintaining the viability of the product for livestock producers; and
3. Educate producers on effective risk management techniques and the risks in engaging in subsidy harvesting.