

March 13, 2017

Dear Secretary-Designate Perdue:

Congratulations on your nomination to serve as the 31<sup>st</sup> Secretary of Agriculture. We look forward to working with you to address the many challenges and opportunities facing rural America, and we would like to take this opportunity to remind you of the importance of crop insurance to rural economies.

The 2014 Farm Bill made a multitude of cuts to the farm safety net. In addition to these cuts, the Congressional Budget Office (CBO) is now projecting that crop insurance will come in more than \$20 billion under budget as compared to the costs projected at the time of passage of the 2014 Farm Bill. However, an overreliance on savings from the agriculture community in the future will greatly undermine rural economies that have faced an almost 50% decline in net farm income from over the past three years. In these challenging economic times, it is federal crop insurance that offers lenders the assurances they need to continue to provide capital to America's hard-working farmers and ranchers.

The 2014 Farm Bill placed greater emphasis on risk management than previous farm bills and in doing so protects the interests of the American taxpayer. Farmers spend approximately \$3.5 to \$4 billion per year of their own money to purchase insurance from the private sector. On average, farmers also must incur losses of almost 30 percent before their insurance coverage pays an indemnity.

Crop insurance allows producers to customize their policies to their individual farm and financial needs. Federal crop insurance is based on fundamental market principles, which means high risk areas and high value crops pay higher premiums for insurance. This emphasis on crop insurance and risk management has replaced the constant demand for ad hoc disaster assistance, which is subject to the whim of Washington, is paid for entirely by the taxpayer, and is not delivered in a timely manner.

All told, the 2014 Farm Bill is a careful balance of priorities and should not be reopened before its expiration in 2018 to achieve additional budget savings. Moreover, even in the 2018 Farm Bill, cuts to crop insurance during this difficult time for rural America should be viewed avoided. Farmers and lawmakers agree that crop insurance is a linchpin of the farm safety net and is crucial to the economic security of rural America. **We urge you to continue to be a voice for America's farmers and ranchers and oppose cuts to crop insurance during budget discussions as well as during the 2018 Farm Bill process.**

Sincerely,

American Agri-Women  
American Association of Crop Insurers  
American Bankers Association  
American Farm Bureau Federation  
American Farmland Trust

American Insurance Association  
American Malting Barley Association  
American Seed Trade Association  
American Sesame Growers Association  
American Society of Farm Managers and Rural Appraisers  
American Soybean Association  
American Sugar Alliance  
American Sugarbeet Growers Association  
Association of Equipment Manufacturers  
Association of Fish and Wildlife Agencies  
California Association of Winegrape Growers  
Corn Refiners Association  
Crop Insurance and Reinsurance Bureau  
Crop Insurance Professionals Association  
Ducks Unlimited  
Farm Credit Council  
Florida Sugar Cane League  
Independent Community Bankers of America  
Independent Insurance Agents & Brokers of America  
National Association of Mutual Insurance Companies  
National Association of Professional Insurance Agents  
National Association of State Departments of Agriculture  
National Association of Wheat Growers  
National Barley Growers Association  
National Corn Growers Association  
National Cotton Council  
National Council of Farmer Cooperatives  
National Farmers Union  
National Grain and Feed Association  
National Oilseed Processors Association  
National Peach Council  
National Potato Council  
National Rural Lenders Association  
National Sorghum Producers  
National Sunflower Association  
National Young Farmers Coalition  
Panhandle Peanut Growers Association  
Pheasants Forever  
Quail Forever  
Reinsurance Association of America  
Rio Grande Valley Sugar Growers  
Rural & Agriculture Council of America  
Southern Peanut Farmers Federation

Specialty Crop Farm Bill Alliance  
Theodore Roosevelt Conservation Partnership  
United Fresh Produce Association  
US Apple Association  
US Canola Association  
US Dry Bean Council  
US Rice Producers Association  
USA Dry Pea & Lentil Council  
USA Rice  
Western Peanut Growers Association  
Wildlife Mississippi