

MYTH: Crop insurance is over budget.

FACT: Crop insurance costs are currently well below budget.

- Annual crop insurance costs peaked in 2013 at \$11 billion, due largely to the devastating 2012 drought combined with the high value of crops at the time.
- According to the first CBO estimates provided after passage of the 2014 Farm Bill, the actual cost of crop insurance has been almost \$2.7 billion under budget in 2014 and 2015 alone.
- It is important to note a couple of things that often skew the simple fact that crop insurance has been under budget.
 - First, there are a number of farm programs that are not crop insurance. Crop insurance is, by statute, an actuarially sound program that farmers pay for out of their own pockets and is delivered efficiently and effectively by the private sector.
 - The cost of crop insurance is driven not only by disasters, but by the cost of commodities. Just like with any insurance, the more valuable the item being insured, the more expensive the insurance will be. As the value of commodities rise and fall, so too will the cost to insure them.
- Also, the cost of crop insurance can also be reduced by underwriting gains achieved by the government in years of good performance.

Cost of Federal Crop Insurance in \$Millions

