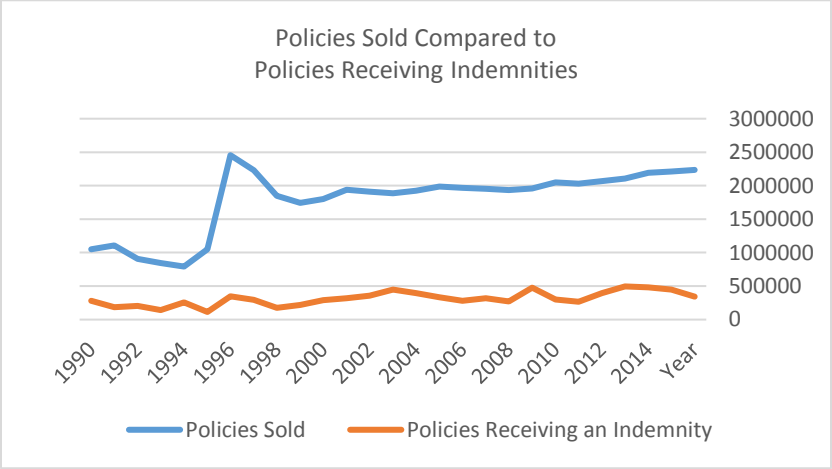
MYTH: Crop insurance doesn't even require a farmer to have a loss.

FACT: C**rop insurance requires a deductible to be met before a payment is made.** Losses must be verified by certified adjusters before payments are made, and these payments are subject to audits.

- First and foremost, the facts are clear that farmers must have a loss to receive assistance because the vast majority of farmers who purchase crop insurance policies do not receive payments.



Source: Risk Management Agency, USDA

- Crop insurance can be broken down into two types of products: those based on the farm and those based on county numbers.[1]
    - In the first type, the farmer actually purchases coverage for his or her individual farm. For these types of products, farmers must meet a minimum deductible of 15 percent. This type of coverage is often costly, so it is common for farmers to purchase insurance with larger deductibles.
    - For county-based products, farmers are purchasing insurance based on whether or not area-average yields or revenues are below a ten-year average. This product is typically less expensive and is more difficult to use as collateral for loans because a farmer could experience an actual loss on the farm and still not receive a payment. The minimum deductible for this product is 10 percent, with the exception of cotton, which has an option for a 5 percent deductible. Only 3 percent of all policies earning premium in 2015 were area-based plans.[2]
- **The average deductible for crop insurance policies is sold is 25 percent**, which means a farmer must lose 25 percent of their crop or the value of their crop before they receive any benefit from crop insurance.
- **Even if a farmer does not meet this deductible, they must still pay their premium**.

[1] There are pilot programs based on rainfall instead of yields or revenue, but again, farmers pay a premium whether or not they receive an indemnity, and rainfall is scientifically measured by USDA.
[2] Risk Management Agency, USDA