

March 13, 2017

Dear Secretary-Designate Perdue:

Congratulations on your nomination to serve as the 31st 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 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