

## CROP INSURANCE MYTH VS. FACT: DISASTER ASSISTANCE

**MYTH:** Farmers don't need crop insurance, because when disaster strikes, they can simply turn to ad hoc disaster assistance.

**FACT:** Crop insurance provides certainty to farmers and their lenders that ad hoc disaster assistance cannot provide because, by definition, ad hoc assistance is never a certainty and can change from year to year. Crop insurance is the timeliest component of the farm safety net, with payments made immediately after a loss is incurred.

- If a farmer has a loss, they will typically receive a crop insurance payment within 30 days of a claim being finalized through an efficient private-sector delivery system. Other types of assistance can often take a year or more after a disaster before a farmer receives a payment.
- Crop insurance payments are tied directly to the loss incurred by a farmer and the coverage level purchased by the farmer. The deeper the loss, the higher the indemnity payment that a farmer will receive.
- Crop insurance is able to provide coverage to more than 125 commodities every single year, and covers a variety of types of losses. Whole farm revenue protection is also available for those crops that do not have an individual policy available. This gives crop insurance more breadth and depth than any other component of the farm safety net.
- Crop insurance is created to be flexible to meet the changing needs of America's farmers and ranchers. Crop insurance has the regulatory flexibility to make certain adjustments mid-season to address extreme weather events, and new types of policies can be continuously developed to fill any gaps identified in the protection the program provides.
- Often crop insurance and ad hoc disaster assistance work together for farmers who purchase insurance being eligible for higher ad hoc assistance payments. Crop insurance purchase requirements are also typically included in ad hoc disaster assistance bills passed by Congress.

