

FROM: The Honorable Frank D. Lucas, Chairman, House Agriculture Committee
The Honorable Collin Peterson, Ranking Member, House Agriculture Committee

Dear Colleague:

I write to urge your strong opposition to the amendment by Rep. Ron Kind (D-WI) that aims to destroy Federal Crop Insurance.

The amendment is backed by groups whose goal is to cut \$100 billion out of the Farm Bill's safety net and crop insurance which would zero out the safety net and gut crop insurance.

Some of the same groups say it is their goal to eliminate all federal support for crop insurance.

Don't let this crowd fool you: this amendment will mean no insurance for farmers, period. For a lot of farmers and ranchers, this amendment will also mean no loans from their banker.

This amendment means we will go back to the days of a failed, government-run crop insurance program or costly, unbudgeted ad hoc disaster bills. Washington will always respond to a disaster.

This amendment is offered after a string of natural disasters, including record droughts that in some places has held a choke-hold on farmers and ranchers for 3 straight years.

The AGI test is not credible. It is 66 percent lower than the AGI test proposed by Sen. Coburn (R-OK) and included in the Senate bill. This will throw many farmers out of crop insurance and raise premiums on the rest. Even the Senate bothered to include a safeguard. A \$250,000 AGI in one year may look really good until you realize it has to cover the next three years due to drought.

The pay limit is not credible. A South Carolina peach farmer could insure about 100 acres under the amendment. A Texas cotton farmer just under 900 acres. An Indiana corn farmer under 1400 acres. Higher valued specialty crops, including fruits and vegetables, will lose most of their insurance. This amendment will knock real producers out of insurance, raise premiums and lower coverage on those left, and lead to ad hoc disaster programs. All told, the payment limit alone would impact insurance coverage on almost 105 million acres—that's more than the area covered by the nation's entire corn crop!

The pay limit and AGI do not even make sense. The government does not write a check to a farmer or the insurance company for premium support. The premium support is only for the farmer to gain liability protection.

For private sector agents and adjusters, the amendment means another 35 percent cut. They took a 40 percent cut in 2011. Agents are already laying off workers. This will close agencies and cost jobs.

For private sector insurance companies, the amendment breaks a contract they have with the government. Every one of these companies reported losses last year. Rep. Kind and others point to company gross underwriting gains but ignore that these gains must cover administrative costs, taxes, and meet capital requirements to cover big losses like 2012.

The amendment even invades the privacy of farmers, ranchers, agents, and companies, forcing them to publicly disclose insurance and proprietary business information so extreme environmental groups can post all of it on their website.

Crop insurance has been cut by \$17 billion since 2008. Crop insurance is all many farmers and ranchers have. Even farmers who have a Farm Bill safety net lose much of that safety net due to the cuts in the Farm Bill and repeal of the Direct Payment.

This amendment is not "common sense reform." This amendment is about destroying Federal Crop Insurance.

Please vote NO on Kind-Petri Amendment #149.