



## About the Federally Subsidized Crop Insurance Program

### 1. CROP INSURANCE IS THE MOST EXPENSIVE FARM SAFETY NET PROGRAM

The Congressional Budget Office (CBO) projects that the federal government will spend **\$9.5 billion** on the federal crop insurance program in **FY2022**. Actual costs, however, can be much greater than projected. In 2011 and 2012 the total bill for providing this agricultural subsidy program was **\$25.3 billion**.

### 2. MOST “CROP” INSURANCE GUARANTEES EXPECTED REVENUE NOT CROPS

**70 percent** of federal crop insurance policies are **revenue policies**, protecting farm businesses from dips in anticipated revenue, rather than from crop loss due to unexpected weather or disease. Farm businesses can obtain insurance policies guaranteeing **as much as 85%** of the revenue they anticipate. Through a feature known as Harvest Price Option, most of these policies **retroactively increase revenue guarantees** if prices are higher at harvest than anticipated at planting (they do not reduce guarantees if prices are lower.)

### 3. FARMERS PAY FOR ONLY A FRACTION OF THEIR INSURANCE PREMIUMS

On average, federal taxpayers foot the bill for **62 percent of the premiums** charged by crop insurance companies. These premium-support subsidies are paid directly to crop insurance companies and totaled more than **\$66 billion** in the last ten years.

### 4. FARMERS MAKE MONEY FROM BUYING CROP INSURANCE

Over the last ten years, agricultural businesses received **\$50 billion more** in insurance payouts than they paid in insurance premiums. For every \$1 of premium paid by a farm business, producers received **\$2.27** in payments. In fact, in a number of states, farmer-paid premiums have failed to cover the cost of indemnities **every single year since 2012**. This includes Arkansas, Texas, California, and, except for 2012, North Dakota and Georgia.

### 5. TAXPAYERS ACTUALLY PAY INSURANCE COMPANIES TO SELL CROP INSURANCE

Taxpayers not only pay farmers to buy crop insurance, they also pay crop insurance companies more than **\$1.5 billion a year** to sell policies and do the paperwork to pay out claims.