Crop Insurance
Program Update

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Six Major Safety Net Reforms Since 1993

- **1993 OBRA**: loss ratio target, “actuarial soundness.”
- **1994 Reform Act**: replaced ad hoc disaster aid with expanded crop insurance, created CAT coverage.
- **1996 Farm Bill**: AMTA payments replaced price supports; crop insurance retained and expanded.
- **1996-8**: revenue insurance spread nationwide.
- **1998 Research Act**: “permanent funding” fix, 533 process.
- **1998/1999 Emergency Bills**: 30/25% (est.) premium discounts for buy-up coverage, income and crop loss assistance.

**On the horizon**: New crop insurance reform legislation.
Participation Has Increased

Crop Insurance Liability, American Total, 1988-99
Billion dollars
More Acreage Covered

U.S. Total Net Insured Acres, 1988-99

Million acres
Impact Heightened by 30 Percent (est.)

**Premium Discounts**

<table>
<thead>
<tr>
<th>Item</th>
<th>1998 final</th>
<th>1999 est.</th>
<th>Percent change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies</td>
<td>1.75 million</td>
<td>1.84 million</td>
<td>4.9</td>
</tr>
<tr>
<td>Acres</td>
<td>181 million</td>
<td>198 million</td>
<td>9.0</td>
</tr>
<tr>
<td>Liability</td>
<td>$27.9 billion</td>
<td>32.3 billion</td>
<td>15.6</td>
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<tr>
<td>Premium</td>
<td>$1.87 billion</td>
<td>$2.34 billion</td>
<td>24.8</td>
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<tr>
<td>Buy-up acres</td>
<td>120 million</td>
<td>145 million</td>
<td>20.6</td>
</tr>
<tr>
<td>Buy-up prem.</td>
<td>$1.52 billion</td>
<td>$2.05 billion</td>
<td>34.8</td>
</tr>
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</table>
Matching Increase in Loss Payments to Farmers

Crop Insurance Indemnities, 1987-99
Million dollars

0 500 1,000 1,500 2,000 2,500
1987 1989 1991 1993 1995 1997 1999
Improved Actuarial Soundness

Crop Insurance Loss Ratios, 1983-99
Moderate Cost

Crop Insurance Loss Payments / Farmer Premiums, 1987-99
Million dollars

[Graph showing crop insurance loss payments and farmer premiums from 1987 to 1999.]
More Products & Choices...

1993: One Choice—MPCI

TODAY:
- Catastrophic coverage
- Buy-up coverage
- Limited buy-up
- Revenue insurance plans
  - Crop Revenue Coverage
  - Revenue Assurance
  - Group Risk Income Plan
  - Income Protection
  - AGR (Whole Farm) pilot
  - Specialty crop revenue
- Group Risk Plan
- Dairy Options Pilot Program
- Prevented planting coverage
- New covered crops
  - Over 70 crops, representing large bulk of American production
- Expansions of existing crops into new areas
- New nursery program
... And Still More Choices

- **New pilot programs 1999**
  - Adjusted Gross Rev. (AGR)
  - Avocado APH
  - Cabbage
  - Cherries
  - Crambe
  - Cultivated Wild Rice
  - IP Barley
  - Mustard
  - Range-land GRP
  - Winter squash
  - 85% coverage

- **Approved for 2000**
  - Cultivated clams
  - Coverage Enhancement option (CEO) on apples, canola, potatoes, grapes, rice, citrus fruit, others,
  - Chile peppers
  - Cucumbers (processing)
  - Florida fruit trees (citrus canker)
  - Onion stage removal
  - Pumpkins
  - Strawberries
  - Several major expansions of existing programs.

- **Livestock, pending legislation**
Goals for Legislative Reform

– Improve the basic safety net
  • Make coverage more affordable
  • Make it more worth buying
  • Better coverage for multi-year losses
  • Pilot a livestock revenue concept
– Speed new & better RM tools to market
– Improve NAP
– Provide better service and information