



## Brown-Sununu Crop Insurance Reform Amendment

- Reduce waste and abuse in the federal crop insurance program
- Add much needed resources to the Food and Nutrition Program, McGovern-Dole Food for Education Program, and several conservation programs
- Reduce the Federal deficit

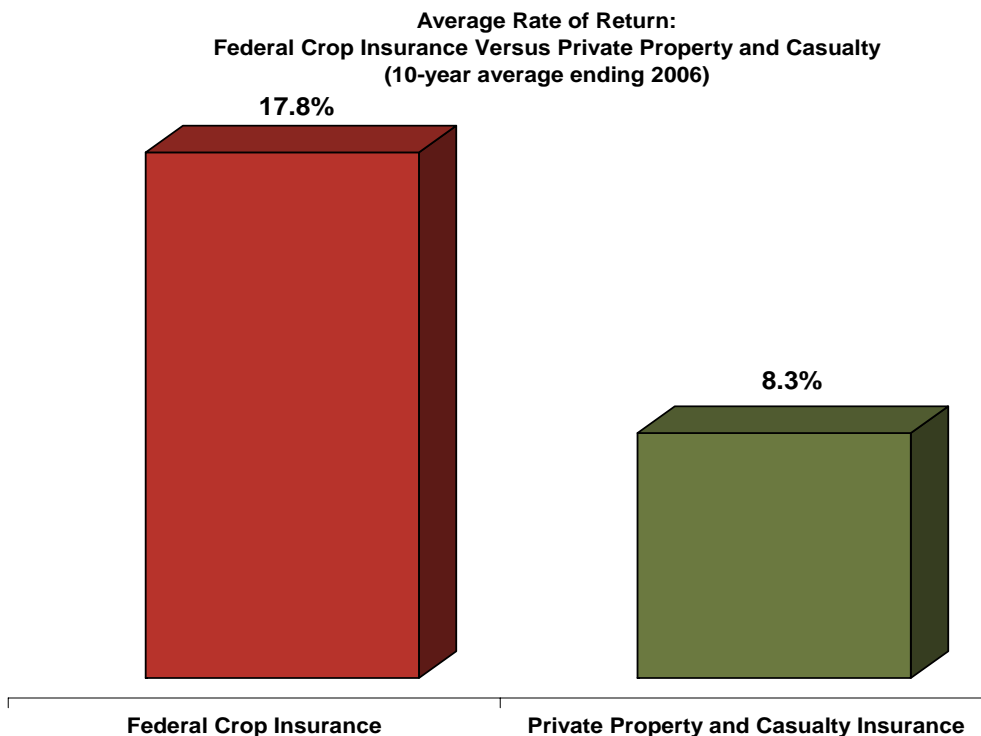
Billions of dollars that are intended to benefit farmers are instead siphoned off by large crop insurance companies and crop insurance agents. Since 2000, farmers have received \$10.5 billion in benefits—but it has cost taxpayers almost \$19 billion to deliver those benefits. In fact, according to the Government Accountability Office (GAO), crop insurance companies take 40 cents out of every dollar that Congress appropriates to farmers.

The Brown-Sununu amendment adopts the Administration's Farm bill crop insurance proposals. Preliminary estimates from CBO indicate that the legislation would cut over \$2 billion in wasteful spending over the next decade.

### Crop Insurance Reforms

#### **Reduces excessive insurance company profits.**

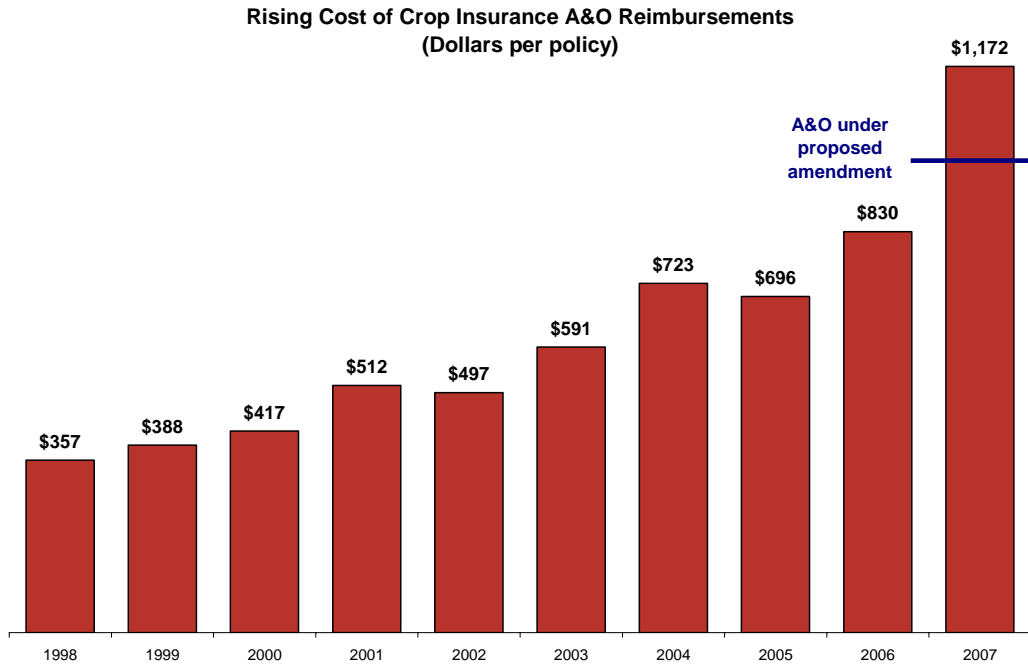
According to GAO, crop insurance companies earn taxpayer-subsidized profits that are more than double industry averages. This amendment would require that insurers share a portion of their underwriting gains (or losses) with federal taxpayers by increasing the federal share of risk from 5 percent to 30 percent.



Source: GAO analysis of Risk Management Agency's data (GAO-07-944T)

**Reduces excessive administrative subsidies.**

The federal government reimburses crop insurance companies the costs of delivering crop insurance policies. These administrative and operating (A&O) subsidies are based on a percent of total premium. However, rising commodity prices have driven premiums up, so that these subsidies are now over three times what they were 10 years ago, even though the cost of administering the policies has not changed with their value. This amendment reduces the A&O reimbursement rate by 3 percentage points over the committee-passed bill.



Source: GAO's compilation of the Risk Management Agency's data

**Stops Industry Collusion.**

This amendment eliminates the provision in the committee-passed bill that exempts insurance companies from anti-trust laws by allowing them to collude during the renegotiation of Standard Reinsurance Agreement (SRA) with the federal government. It also requires renegotiation of the SRA every 3 years rather than 5 years, starting in 2010 rather than 2012.

**Helps Reduce the Cost to Farmers of Insurance.**

This amendment reinstates the premium reduction plan, which would allow crop insurance companies to lower premiums for farmers under certain circumstances. It leaves in place an independent study to assess the feasibility of and impact of premium reduction plans on producers, crop insurance companies, and taxpayers.

**Expands Critical Farm Bill Programs**

Over \$2 billion in savings from the crop insurance program will be reinvested in the Food Stamp Program, conservation programs, international food aid, and deficit reduction.

**Increases Food Stamp Benefits.**

Increasing the Standard Deduction will greatly increase the average food stamp benefit amount for every food stamp recipient. For most households, an additional dollar of standard deduction raises the benefit level by 30 to 45 cents. It also makes more working-poor families eligible for benefits than would otherwise qualify.

**Expands important conservation programs.**

Expanding the working lands conservation programs—Farmland Protection Program (FPP), Grasslands Reserve Program (GRP), and Environmental Quality Incentives Program (EQIP)—will help farmers, the rural economy, and the environment.

**Funds the McGovern-Dole Food for Education Program.**

This program provides for donations of U.S. agricultural products for school meals in developing countries to reduce hunger and to boost enrollment, especially for girls.

**Reduces the Federal Deficit**

The Federal Deficit is currently at \$9.1 trillion, meaning that every person born in the US today is saddled with \$30,000 of federal debt. The amendment is a step towards reducing the future taxpayer burden.

*Visit American Farmland Trust's Farm and Food Policy Campaign Web site ([www.farmland.org/farmpolicy](http://www.farmland.org/farmpolicy))  
for more information on how we're working to strengthen the future of American agriculture  
and ensure fresh, healthy, local food for generations to come.*