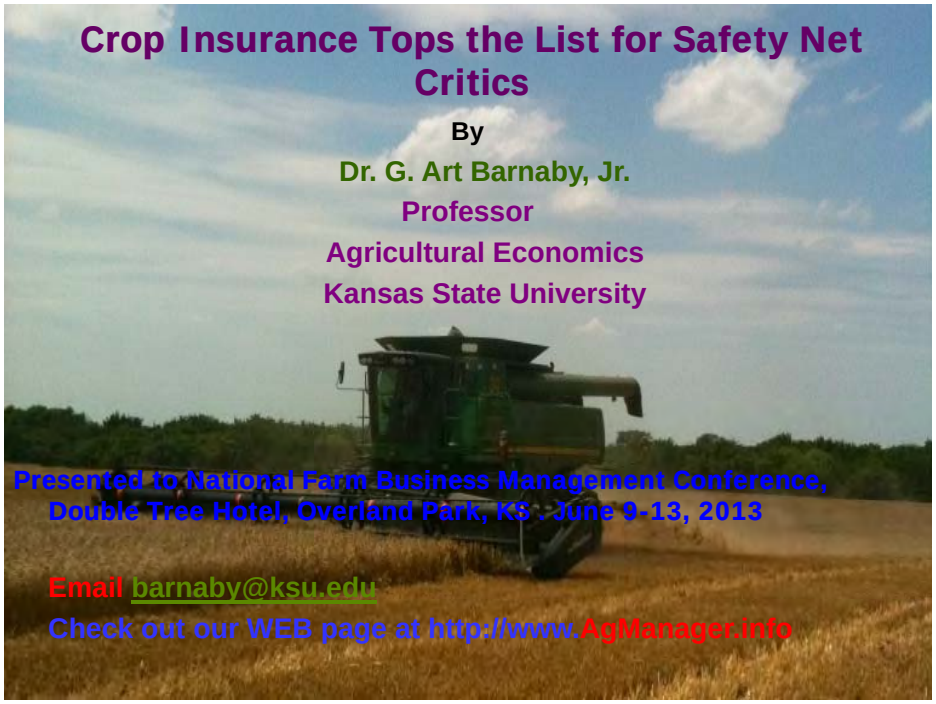

Crop Insurance Tops the List for Safety Net Critics

By
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Presented to National Farm Business Management Conference, Double Tree Hotel, Overland Park, KS : June 9-13, 2013

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Check out our WEB page at http://www.AgManager.info

Crop Insurance & Farm Safety Net Critics Claims

Ag Economists Upbeat on ACRE Program Benefits", Colorado Corn, July 23, 2009 link;

http://www.coloradocorn.com/news-events/news/ag-economists-upbeat-acre-program-benefits

Bruce Babcock, Iowa State University: "Odds are good that in at least one year over the next four, Iowa farmers will receive more in ACRE payments than they will give up in direct payments over the life of the farm bill. For corn, there is a 78 percent chance that Iowa farmers who sign up for ACRE will receive a payment."

Crop Insurance & Farm Safety Net Critics Claims

Barry K. Goodwin and Vincent H. Smith, "The ACRE Program: A Disaster in Waiting", American Enterprise Institute for Public Policy Research, November 3, 2011.

http://www.aei.org/files/2011/11/07/-the-acre-program-a-disaster-in-waiting_10182881254.pdf

The U.S. Average Crop Revenue (ACRE) program was introduced as part of the 2008 Farm Bill and marketed as a farm revenue safety net program. In reality, ACRE payments are largely driven by decreases in agricultural commodity prices from recent levels and generate subsidy payments for farmers of major crops such as wheat, corn and soybeans. As a result, the ACRE program has the potential to be a federal budget nightmare leading to frequent subsidy payments amounting to as much as $10 billion in some years and averaging as much as $6 billion per year.

Crop Insurance & Farm Safety Net Critics Claims

Free Farm Insurance Could Save Taxpayers up to $18.5 Billion -- Environmental Working Group, Posted April 18th, 2012

http://staging.foodandagpolicy.org/news/story/free-farm-insurance-could-save-taxpayers-185-billion-environmental-working-group

"Babcock argues taxpayers would save $10.4 billion over 10 years and cover every acre planted with corn, cotton, rice, soybeans and wheat in 2011. If only the acres insured in 2011 were covered, savings would reach $18.5 billion. "The reality that giving away free insurance would actually save money underscores how inefficient the current system is," writes Dr. Babcock."

Crop Insurance & Farm Safety Net Critics Claims

Rachel Cleetus, senior climate economist, "The Enormous Costs of the 2012 Drought to American Farmers and Taxpayers", The Equation, Climate and Energy, July 25, 2012

http://blog.ucsusa.org/the-enormous-costs-of-the-2012-drought-to-american-farmers-and-taxpayers

"According to Bruce Babcock, a professor of economics at Iowa State University, this year's losses could add up to $30 to $40 billion."

Crop Insurance & Farm Safety Net Critics Claims

"Crop Insurance: Irony And Impact In 2012" posted on Farmgateblog.com, Monday, July 16, 2012; link

http://www.farmgateblog.com/article/1641/crop-insurance-irony-and-impact-in-2012

One noted ag economist described the indemnity payment as "ginormous." While economist Bruce Babcock at Iowa State University used the non-academic term, he defined it as being in the neighborhood of $30-$40 billion dollars in a payout to farmers. Unfortunately, the estimates are published in a newspaper column, not in an academic paper or report. Babcock has been a noted researcher in agricultural risk management, and frequently critical of USDA farm programs.

Crop Insurance & Farm Safety Net Critics Claims

Arthur D. Postal, "As Federal Crop Insurance Costs Rise, Report Questions Effectiveness", PropertyCasualty360.com, May 2, 2013. The link is at:
http://www.propertycasualty360.com/2013/05/02/as-federal-crop-insurance-costs-rise-report-questi

"The Babcock report says low farm yields in Corn Belt states due to the 2012 drought led to the highest crop insurance payouts in history. The $17.2 billion payouts constitute an almost 50 percent jump from the then-record $10.8 billion paid out the year before, Babcock says."

Over $17 Billion in 2012 Claims

1. Press stories with a little help from ag economists, suggest the taxpayers will pay farmers over $17B in 2012.
2. Double accounts the subsidy. The $17.256 billion includes the $6.956B in subsidy.
3. Does not deduct farmer paid premiums, $4.124B
4. Does not deduct underwriting losses paid by AIPs; not final, but over a $1.3 billion.

Proposed Policies that May Produce Unintended Consequences

1. Jeff Flake (R-AZ) and Rep. John Duncan (R-TN) would increase farmers' share of premium from 38% to 62% of the premium.
2. Eliminate and/or reduce the subsidy on the harvest price.
3. Means testing combined with a 15 point increase in farmer paid premium share.
4. Free disaster program.
5. Status Quo.

USA Crop Insurance Performance, All Contracts

Year	Pol Earn Prem (000)	Net Acres (000)	Liabilities (000)	Total Premium (000)	Subsidy (000)	Indemnity (000)	Loss/Gain (000)	Loss Ratio (000)	Prem-ium Paid by Farm-ers	Farm-er Loss Ratio (000)
1988[2]	333	45,475	4,423,961	294,957	74,723	797,178	(502,221)	2.70	74.7%	3.62
1989	949	101,632	13,535,807	814,302	204,965	1,212,235	(397,933)	1.49	74.8%	1.99
1990	895	101,361	12,828,368	836,468	215,308	973,032	(136,563)	1.16	74.3%	1.57
1991	707	82,357	11,215,994	737,049	190,066	955,289	(218,240)	1.30	74.2%	1.75
1992	663	83,107	11,334,059	758,789	196,721	918,215	(159,426)	1.21	74.1%	1.63
1993	679	83,725	11,353,421	755,739	200,009	1,655,479	(899,740)	2.19	73.5%	2.98
1994	801	99,640	13,608,387	949,396	254,876	601,146	348,250	0.63	73.2%	0.87
1995	2,034	220,511	23,728,454	1,543,350	889,372	1,567,732	(24,382)	1.02	42.4%	2.40
1996	1,615	204,864	26,876,813	1,838,559	982,063	1,492,663	345,896	0.81	46.6%	1.74
1997	1,320	182,189	25,458,851	1,775,368	902,794	993,551	781,817	0.56	49.1%	1.14
1998	1,243	181,835	27,921,436	1,875,927	946,312	1,677,542	198,385	0.89	49.6%	1.80
1999	1,289	196,918	30,939,450	2,310,133	954,872	2,434,715	(124,582)	1.05	58.7%	1.80
2000	1,323	206,467	34,443,753	2,540,164	951,192	2,594,834	(54,671)	1.02	62.6%	1.63
2001	1,298	211,329	36,728,587	2,961,848	1,771,322	2,960,125	1,723	1.00	40.2%	2.49
2002	1,259	214,865	37,299,303	2,915,944	1,741,028	4,066,732	(1,150,788)	1.39	40.3%	3.46
2003	1,241	217,409	40,620,507	3,431,359	2,041,658	3,260,806	170,553	0.95	40.5%	2.35
2004	1,229	221,020	46,602,280	4,186,133	2,472,282	3,209,723	976,409	0.77	40.9%	1.87
2005	1,191	245,856	44,258,915	3,949,230	2,337,101	2,367,323	1,581,907	0.60	40.8%	1.47
2006	1,148	242,082	49,919,480	4,579,539	2,682,006	3,503,536	1,076,003	0.77	41.4%	1.85
2007	1,138	271,634	67,339,911	6,562,118	3,823,353	3,547,569	3,014,549	0.54	41.7%	1.30
2008	1,149	272,250	89,892,360	9,850,879	5,690,668	8,677,910	1,172,969	0.88	42.2%	2.09
2009	1,172	264,776	79,575,187	8,950,746	5,426,886	5,228,924	3,721,822	0.58	39.4%	1.48
2010	1,141	256,268	78,104,325	7,594,397	4,711,271	4,251,436	3,342,960	0.56	38.0%	1.47
2011	1,152	265,609	114,112,377	11,955,219	7,452,814	10,826,308	1,128,911	0.91	37.7%	2.40
2012[3]	1,173	282,503	116,938,299	11,087,372	6,960,499	17,316,100	(6,228,728)	1.56	37.2%	4.20
1988 to 2011		4,473,177	932,121,987	83,967,611	47,113,662	69,774,003	14,193,608	0.83	43.9%	1.89
Est 2012 + History		4,755,680	1,049,060,285	95,054,983	54,074,162	87,090,103	7,964,880	0.92	43.1%	2.13

Are Crop Insurance Gains Lower than Expected?

1. Even with $17 billion in claims the long run national loss ratio will remain below 1.0, the targeted loss ratio.
2. During the past 19 years, only 2 underwriting losses over 5%, 2002 & 2012.
3. Government accounting does not recognize RMA underwriting gains (under spent subsidy), but does include underwriting losses.
4. Net RMA cost including net gains have averaged about $4 billion per year. Including A&O total under $5.2B average.

12 Yr Avg Cost of Crop Insurance Post 2000 ARPA Act

Year	Net Acres (000)	Corn Strike Price	$ Cov-erage	Gross Prem	farmer paid	Indem nity	rati o	Underwriting Gains/Losses Gross	AIP	RMA	Subsidy	Net RMA	A&O[1]
2001	211	$2.46	36,729	2,978	1,206	2,965	1.00	12	346	(334)	1,772	2,106	636
2002	215	$2.32	37,299	2,909	1,168	4,058	1.39	(1,149)	(48)	(1,101)	1,741	2,842	626
2003	217	$2.42	40,621	3,434	1,392	3,259	0.95	176	377	(201)	2,042	2,243	734
2004	221	$2.83	46,602	4,186	1,709	3,291	0.79	895	691	203	2,477	2,274	888
2005	246	$2.32	44,259	3,945	1,601	2,341	0.59	1,604	915	689	2,344	1,655	829
2006	242	$2.59	49,919	4,709	2,027	3,551	0.75	1,158	822	336	2,682	2,346	959
2007	272	$4.06	67,340	6,547	2,724	3,465	0.53	3,082	1,572	1,510	3,823	2,313	1,333
2008	272	$5.40	89,892	9,832	4,141	8,719	0.89	1,113	1,095	18	5,691	5,673	2,009
2009	265	$4.04	79,575	8,949	3,522	5,216	0.58	3,733	2,298	1,435	5,427	3,992	1,619
2010	256	$3.99	78,104	7,592	2,882	4,235	0.56	3,357	1,919	1,438	4,710	3,272	1,368
2011	266	$6.01	114,112	11,959	4,506	10,807	0.90	1,152	1,666	(514)	7,453	7,967	1,330
2012[2]	282	$5.68	116,880	11,080	4,124	17,256	1.56	(6,175)	(1,302)	(4,873)	6,956	11,829	1,316
Average Net Government Cost for Crop Insurance over 12 Years												4,043	1,137

Avg. Farmer Cost for Crop Insurance 2,584

Average Insurance Comapanies (AIPs) Gains..... 863

Average Indemnity Payments..... 5,764

Average A&O Cost for Crop Insurance..... 1,137

[1]Source: United States Government Accountability Office, "Crop Insurance; Savings Would Result from Program Changes and Greater Use of Data Mining", GAO-12-256, a report to the Ranking Member, Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, U.S. Senate, March 2012. The A&O costs were capped in the 2013 Standard Reinsurance Agreement (SRA) at about $1.3 billion; mostly paid to agents for commissions. The A&O cap reduced the A&O payment by about a $800 to $900 million. There are about $77-80 million in RMA employee and government operating expenses, in addition to the other costs.

[2]2012 data is not complete and the reinsurance data lags behind the RMA reported gross indemnity payments. Since 2001, insured acres have increased by 71 million acres and provided $80 billion more in coverage

Volatility Effects on 2008 RP Premiums

CME December Corn

Year	CCIP Plant Price[1]	CCIP Harv. Price[2]	Vola-tility[3]	$ Cha-nge[4]	Precent Price Cha-nge[5]
2013	5.65		0.20		
2012	5.68	7.50	0.22	1.82	32.0%
2011	6.01	6.32	0.29	0.31	5.2%
2010	3.99	5.46	0.28	1.47	36.8%
2009	4.04	3.72	0.37	(0.32)	(7.9%)
2008	5.40	4.13	0.30	(1.27)	(23.5%)
2007	4.06	3.58	0.26	(0.48)	(11.8%)
2006	2.59	3.03	0.23	0.44	17.0%
2005	2.32	2.02	0.21	(0.30)	(12.9%)
2004	2.83	2.05	0.21	(0.78)	(27.6%)
2003	2.42	2.26	0.20	(0.16)	(6.6%)
2002	2.32	2.52	0.18	0.20	8.6%
2001	2.46	2.08	0.20	(0.38)	(15.3%)
2000	2.51	2.04	0.21	(0.47)	(18.7%)

2008 Volatility Effect on RP Premiums

	APH Webster Corn	165	$5.65 Price Election				0.20 Volatility	
% Coverage	50%	55%	60%	65%	70%	75%	80%	85%
Coverage	220	242	264	286	308	331	353	375
RP 0.20 Volatility	4.56	6.70	8.88	11.62	16.57	24.06	34.08	46.30
RP 0.30 Volatility	5.20	8.31	12.09	17.72	26.10	37.48	51.48	68.03
% increase Prem	14.0%	24.0%	36.1%	52.5%	57.5%	55.8%	51.1%	46.9%

Reasons for Higher Costs

1. Insured acres have increased by 71 million acres.
2. Base/strike crop insurance grain price has increased by over 2 times, lead by corn from $2.46 to $5.68 and that will increase coverage, premium, and subsidy per acre.
3. Coverage increased by $77 Billion.
4. Trend yield adjustment increased the subsidy dollars.
5. 2001 ARPA Law increased subsidy rates.
6. Does it make any sense to insure an asset at 2001 values? Does it make any sense to reduce costs by reducing participation by eliminating the harvest price?

Are the Cost High by Washington Standards?

1. Supplemental Nutrition Assistance Program (SNAP) $77 billion.
1. Total, Food and Nutrition Programs $110 billion.
2. About $5 billion in Direct Payments and commodity programs.
3. About $1.5 billion in A&O for operating Farm Service Agency Offices.

2012 Illinois Corn Crop Loss Ratio @ 6.02

Cov Lvl	Ins Plan	Farmer Share Rate	Share of Prem	APH	Book Share[1]	Loss Ratio[2]
90	GRIPH	6.78%	56.0%		10.29%	5.85
90	GRP	3.78%	49.0%		0.73%	8.55
85	RP	6.53%	50.9%	184	29.54%	5.54
80	RP	6.27%	38.7%	177	27.85%	6.18
75	RP	6.67%	34.0%	167	12.68%	6.93
70	RP	8.28%	36.6%	156	4.51%	6.85
85	RPHPE	3.43%	50.8%	184	3.33%	4.64
80	RPHPE	3.55%	38.7%	176	2.25%	5.30
75	RPHPE	3.47%	35.1%	172	1.14%	6.89
	Total	6.21%	43.8%		100.00%	6.02

[1]Share of book is measured as percent of the total liability. Each of the remaining contracts accounted for less than 1 percent of the book. The YP contracts would have a higher loss ratio because it paid more than the RP-HPE and premiums were lower than the RP contract. In years when prices fall the RP and PR-HPE pay the same but RP-HPE premiums are significantly lower and YP indemnity are lower than either RP contract.

[2]The GRIP and GRIPH claims have recently been paid and more claims are expected. The GRIP and GRIPH are trigged based on county losses therefore the loss ratios by county do not change based on participation. This is not true for APH based contracts.

Yield Loss Will Drive Claims More Than Price Change

1. A zero price change will cause RP, YP and RP-HPE to generate identical indemnity payments.
2. A Small corn Price change will cause RP, YP, and RP-HPE to generate nearly the same indemnity payments. Years 1997,2003,and 2009.
3. Large corn price change in 2010 and 2006, but only 1 selected state with Loss Ratio over 200, MS.
4. Large negative corn price change in 2008; 3 selected states over 100, IN, IA, OH & TX.
5. Large Loss Ratios in 1993, but YP (MPIC) only. Under revenue insurance those losses would have been larger by about 14%, but premiums are 40% to 50% higher.

Elimination of the Harvest Price Option

% Cov	Policy	Ave-rage APH	Ave-rage Rate	% incr-ease HP prem	Loss Ratio	% Change HP L/R	% of Acers Ins.
85	YP	182	4.22%		**5.48**		0.52%
85	RPHPE	184	3.43%		3.17		3.47%
85	RP	184	6.53%	54.66%	**4.01**	(26.75%)	**30.81%**
80	YP	178	3.97%		**5.25**		0.78%
80	RPHPE	177	3.55%		3.89		2.59%
80	RP	177	6.26%	57.95%	**4.41**	(15.95%)	**32.05%**
75	YP	173	3.72%		**5.53**		1.18%
75	RPHPE	172	3.47%		4.63		1.44%
75	RP	167	6.66%	78.98%	**4.86**	(12.26%)	**16.46%**
70	YP	166	4.25%		**5.29**		0.68%
70	RPHPE	163	4.58%		4.85		0.83%
70	RP	156	8.28%	95.%	**5.16**	(2.43%)	6.73%
65	YP	162	3.28%		**6.23**		0.63%
65	RPHPE	159	3.35%		7.64		0.28%
65	RP	158	6.77%	106.24%	**5.19**	(16.78%)	1.54%

[1]Source: Risk Management Agency webpage 2012 Illinois corn crop insurance participation http://www.rma.usda.gov/data/sob.html

State Loss Ratio For Corn All Insurance Plans, Rank by Price Change

Year	% Price Change	IL	IN	IA	MN	MI	OH	MS	OK	KS	NE	TX
2010	38.3%	.64	.33	.70	.09	.25	.18	2.09	.24	.24	.32	.52
2006	37.5%	.10	.20	.21	.30	.15	.18	.97	.78	1.07	.47	.84
2012	32.0%	6.02	4.75	2.76	.36	1.41	1.92	.74	1.95	3.26	2.77	.55
2008	(30.7%)	.60	1.11	1.13	.70	.88	1.52	.65	.67	.59	.52	1.02
2004	(29.7%)	.35	.66	.23	.62	1.22	.86	.31	.25	.76	.41	.38
1995	27.7%	.85	1.13	.98	.21	.10	1.07	.67	.28	1.09	1.08	.99
1998	(22.9%)	.51	.91	.58	.11	.62	.39	1.45	1.60	.15	.27	3.62
1992	(21.7%)	.22	.40	.17	1.05	3.25	.42	1.54	.31	2.23	1.59	.90
1994	(19.5%)	.07	.19	.05	.09	.58	.22	1.05	2.03	.50	.35	.59
1999	(18.5%)	.43	.80	.32	.15	.23	1.23	.70	3.58	.49	.32	.63
2005	(16.8%)	1.13	.33	.31	.20	.19	.71	.29	.37	.55	.32	1.40
2001	(16.7%)	.27	.17	.67	.77	1.40	.54	.22	1.46	.80	.36	1.44
2000	(16.1%)	.27	.35	.35	.16	.57	.35	.88	.49	1.20	1.31	.70
1993	14.2%	.58	.47	4.96	8.27	.77	1.12	2.17	1.46	1.43	1.89	.82
1996	(13.1%)	.49	1.07	.24	.17	.86	1.81	.16	.44	.36	.31	1.94
2007	(5.9%)	.10	.30	.15	.53	.77	.31	.51	.57	.21	.16	.13
2011	5.2%	.42	.57	.24	.40	.32	.56	2.61	3.91	1.70	.36	3.15
2002	4.7%	.86	1.65	.20	.11	.56	3.85	.72	.65	3.46	2.33	1.50
2009	(3.5%)	.29	.30	.22	.14	.50	.11	1.62	.93	.19	.22	1.55
2003	(2.1%)	.29	.67	.18	.25	.30	.76	.84	1.29	1.79	.75	1.11
1997	1.2%	.26	.86	.09	.13	.28	.47	.31	.23	.23	.30	.48
	Correlation	0.39	0.32	0.34	0.13	(0.32)	0.06	0.33	(0.03)	0.3	0.34	(0.17)

Many Assumptions Must Hold for a Farmers' Crop Insurance Indemnities to Exceed "Expected Revenue"

1. All marketing plans, including cash sales and storage, assume production. The harvest price replaces bushels at current harvest market price.
2. Assumes no livestock that requires producers to replace their feed supply at higher prices.
3. Assumes a single enterprise corn farm. For example, wheat may have produced less than the "expected" revenue, so total farm revenue is below "expected".
4. Assumes APH equals expected yield.
5. Assumes quality loss adjustments equals market discounts.

Many Assumptions Must Hold for a Farmers' Crop Insurance Indemnities to Exceed "Expected Revenue"

6. Assumes zero basis.
7. Assumes no hedging or forward contracts.
8. Harvest price eliminates the negative price in the RP "put".
9. Farmers with a normal crop will generate about 30% more revenue with a crop than indemnity payments. Farmers are better off with a crop.
10. An exception is GRIPH, GRIP, GRP, that trigger payments based on county yields, and farmers are not required to have a loss to collect.

Cost of "Puts" in RP, Webster, Iowa

APH Webster Corn	165	$5.65 Price Election					0.20 Volatility
% Coverage	50%	55%	60%	65%	70%	75%	80%	85%
Coverage	466	513	559	606	653	699	746	793
Farmer Paid								
YP	1.32	2.02	2.48	3.43	4.36	6.27	9.40	14.36
RP-HPE	1.17	1.77	2.12	2.97	4.11	6.43	10.53	17.03
RP	1.50	2.41	3.20	4.76	6.79	10.83	17.72	28.71
Yield/bu.	0.016	0.022	0.025	0.032	0.038	0.051	0.071	0.102
"Put"/Cents bu.	(0.002)	(0.003)	(0.004)	(0.004)	(0.002)	0.001	0.009	0.019
"Call"/Cents bu.	0.004	0.007	0.011	0.017	0.023	0.036	0.054	0.083

Cost of "Puts" in RP, Rawlins, Kansas

APH Rawlins KS Non-irrig. Corn	78	$5.65 Price Election					0.20 Volatility
% Coverage	50%	55%	60%	65%	70%	75%	80%	85%
Coverage	220	242	264	286	308	331	353	375
Total Farmer Paid								
YP	8.72	11.08	12.76	16.63	19.83	25.69	34.55	48.01
RP-HPE	8.92	11.47	13.33	17.44	20.75	26.73	35.83	49.70
RP	10.63	13.66	15.84	20.68	24.42	31.27	41.85	57.97
Yield/bu.	0.224	0.258	0.273	0.328	0.363	0.439	0.554	0.724
"Put"/Cents bu.	0.005	0.009	0.012	0.016	0.017	0.018	0.021	0.025
"Call"/Cents bu.	0.044	0.051	0.054	0.064	0.067	0.078	0.096	0.125

Excluding Harvest Price from RP Insured Iowa Corn Farmers would have Reduced Payments by over 50%; Assuming a 50% Yield Loss

% of Acres	Cov Lvl	Liab-ilities	Ave-rage APH	Avg. Indem-nity	$ Reduc-tion in Claim,	% Reduc-tion in Claim,
2.4%	65	653.55	177.02	190.39	190.39	(100.0%)
10.2%	70	701.92	176.54	264.81	224.50	(84.8%)
28.6%	75	773.29	181.52	340.36	248.12	(72.9%)
33.4%	80	841.99	185.30	416.92	270.83	(65.0%)
15.1%	85	907.75	188.02	493.55	285.52	(57.9%)
89.7%	Total					

Deductible Disappears for 75% RP Coverage

1. When harvest price is 25% lower than base price.
2. When harvest price increases by 33.4% and yield equals zero or sales with a zero basis on production plus indemnity. The yield deductible never disappears, only the dollar deductible is eliminated.
3. After farmer paid premiums are deducted it would require a larger price change than reported to eliminate the deductible.

Coverage	Price Increase	Price Decrease
75%	33.4%	25.0%
65%	54.0%	35.0%
80%	25.1%	20.0%
85%	17.6%	15.0%

40 Year Historical Corn & Soybean 75% Revenue Protection Prices (March 15 Sales Closing)

CME December Corn

Year	Base Price[1]	Harv. Price[2]	Percent Price Change[5]	Year	Base Price[1]	Harv. Price[2]	Percent Price Change[5]
2012	5.68	7.50	32.0%	1992	2.70	2.09	(22.7%)
2011	6.01	6.32	5.2%	1991	2.59	2.51	(3.1%)
2010	3.99	5.46	36.8%	1990	2.47	2.30	(7.1%)
2009	4.04	3.72	(7.9%)	1989	2.71	2.39	(11.7%)
2008	5.40	4.13	(23.5%)	1988	2.17	2.89	33.3%
2007	4.06	3.58	(11.8%)	1987	1.69	1.83	8.3%
2006	2.59	3.03	17.0%	1986	2.11	1.69	(19.5%)
2005	2.32	2.02	(12.9%)	1985	2.66	2.23	(16.1%)
2004	2.83	2.05	(27.6%)	1984	2.86	2.78	(2.6%)
2003	2.42	2.26	(6.6%)	1983	2.88	3.48	20.6%
2002	2.32	2.52	8.6%	1982	3.00	2.20	(26.8%)
2001	2.46	2.08	(15.3%)	1981	3.77	2.91	(22.8%)
2000	2.51	2.04	(18.7%)	1980	3.12	3.61	15.6%
1999	2.40	2.01	(16.1%)	1979	2.59	2.78	7.4%
1998	2.84	2.19	(23.0%)	1978	2.27	2.31	1.6%
1997	2.73	2.81	3.1%	1977	2.73	2.09	(23.7%)
1996	3.08	2.84	(7.9%)	1976	2.72	2.65	(2.4%)
1995	2.57	3.23	25.7%	1975	2.72	2.91	7.0%
1994	2.68	2.16	(19.5%)	1974	2.89	3.80	31.5%
1993	2.40	2.49	3.7%	1973	1.38	2.46	77.7%

CME November Soybeans

Year	Base Price[1]	Harv. Price[2]	Percent Price Change[5]	Year	Base Price[1]	Harv. Price[2]	Percent Price Change[5]
2012	12.55	15.39	22.6%	1992	6.06	5.37	(11.4%)
2011	13.49	12.14	(10.0%)	1991	6.15	5.60	(8.9%)
2010	9.23	11.63	26.0%	1990	5.95	6.12	2.8%
2009	8.80	9.66	9.8%	1989	7.24	5.62	(22.4%)
2008	13.36	9.22	(31.0%)	1988	6.43	7.93	23.3%
2007	8.09	9.75	20.5%	1987	4.71	5.38	14.2%
2006	6.18	5.93	(4.0%)	1986	5.15	4.82	(6.6%)
2005	5.53	5.75	4.0%	1985	6.06	5.05	(16.7%)
2004	6.72	5.26	(21.7%)	1984	7.11	6.14	(13.6%)
2003	5.26	7.32	39.2%	1983	6.33	8.43	33.1%
2002	4.50	5.45	21.1%	1982	6.76	5.32	(21.2%)
2001	4.67	4.37	(6.4%)	1981	8.26	6.56	(20.6%)
2000	5.32	4.72	(11.2%)	1980	7.29	8.57	17.6%
1999	5.11	4.85	(5.1%)	1979	6.97	6.70	(4.0%)
1998	6.64	5.46	(17.7%)	1978	5.76	6.84	18.7%
1997	6.97	6.82	(2.1%)	1977	6.96	5.31	(23.8%)
1996	7.23	7.07	(2.2%)	1976	5.08	6.41	26.2%
1995	5.85	6.56	12.2%	1975	5.79	5.25	(9.4%)
1994	6.48	5.41	(16.5%)	1974	6.30	8.59	36.4%
1993	5.86	6.15	4.9%	1973	3.95	5.85	48.2%

[1]The monthly average price of new crop futures sets the RP and YP coverages.
[2]The monthly average price of nearby futures settles the RP and RP-HPE claims. If price is higher the harvest price is also used to set the coverage in RP.
[3]Percent price change is based on Revenue Protection strike and settlement prices.

Consequences of Proposed Reduction of Subsidy on Harvest Price, or Elimination of Harvest Price

1. Without the Harvest Price, many Illinois, Iowa and Indiana corn farmers would have received no or reduced 2012 indemnity payments.
2. A 35% yield loss would have generated no payment for many farmers with coverage at 80% and 85%.
3. Would policy makers have provided an ad hoc disaster program for the 2012 Corn Belt drought, if those farmers had not been collecting crop insurance payments?

Minnesota Corn Loss Ratio by Year

Obs	Year	Pol Earn Prem	Net Acres	Liabilities	Total Premium	Subsidy	Farmer Paid	Indemnity	Loss Ratio	Farmer Loss Ratio
		(000)	(000)	(000)	(000)	(000)	(000)	(000)		
21	2012	34.0	8,190	6,082,117	458,257	286,938	171,319	164,341	0.36	0.96
20	2011	32.1	7,630	5,454,062	446,019	280,223	165,796	178,519	0.40	1.08
19	2010	30.7	7,026	3,256,749	251,177	157,303	93,875	22,123	0.09	0.24
18	2009	31.5	7,044	3,229,218	317,825	195,858	121,967	46,013	0.14	0.38
17	2008	31.4	7,042	4,069,093	388,968	216,246	172,722	270,648	0.70	1.57
16	2007	32.0	7,614	3,309,740	312,528	170,796	141,733	166,350	0.53	1.17
15	2006	30.3	6,461	1,654,727	134,500	75,316	59,184	39,745	0.30	0.67
14	2005	31.1	6,423	1,437,918	119,530	67,338	52,192	24,060	0.20	0.46
13	2004	32.1	6,523	1,700,747	148,328	84,397	63,931	92,449	0.62	1.45
12	2003	32.1	6,226	1,348,818	113,168	64,238	48,930	28,511	0.25	0.58
11	2002	32.8	6,154	1,244,363	99,937	56,506	43,430	10,839	0.11	0.25
10	2001	33.2	5,894	1,158,036	92,635	53,929	38,706	71,047	0.77	1.84
9	2000	34.7	6,094	1,093,857	80,844	23,096	57,748	13,103	0.16	0.23
8	1999	34.8	5,799	960,655	70,007	24,804	45,203	10,487	0.15	0.23
7	1998	35.9	5,951	1,059,034	67,276	30,483	36,793	7,245	0.11	0.20
6	1997	36.5	5,600	882,757	56,514	26,474	30,040	7,321	0.13	0.24
5	1996	39.4	5,965	955,117	61,142	30,643	30,499	10,250	0.17	0.34
4	1995	44.5	5,911	746,493	47,285	24,216	23,069	9,750	0.21	0.42
3	1994	34.3	4,410	630,721	39,224	11,197	28,027	3,503	0.09	0.12
2	1993	22.1	2,629	371,316	21,659	6,198	15,461	179,177	8.27	11.59
1	1992	18.9	2,424	381,710	22,416	6,358	16,058	23,616	1.05	1.47
21 Yr Total		684.4	127,010	41,027,249	3,349,240	1,892,556	1,456,684	1,379,096	0.41	0.95
	Assume 5.30 Loss Ratio in 2013				458,257			2,429,601	5.30	
	Total Assuming 2013 Loss				3,807,497			3,808,697	1.00	

Illinois Corn Crop Insurance History

Year	Pol Earn Prem	Net Acres	Liabilities	Total Premium	Subsidy	Farmer Paid Premium	Indemnity	Loss Ratio	Farmer L/R
	(000)	(000)	(000)	(000)	(000)	(000)	(000)		
1992	33.03	3.548	677.302	29.782	6.158	23.624	6.476	0.22	0.27
1993	31.58	3.247	635.423	27.596	5.703	21.893	15.956	0.58	0.73
1994	32.28	3.672	737.609	36.000	7.607	28.393	2.657	0.07	0.09
1995	66.48	7.370	1.253.366	58.458	26.772	31.687	28.425	0.49	0.90
1996	66.48	7.370	1.253.366	58.458	26.772	31.687	28.425	0.49	0.90
1997	56.99	6.483	1.111.147	53.838	22.693	31.145	14.117	0.26	0.45
1998	54.92	6.318	1.227.417	61.084	24.026	37.059	31.249	0.51	0.84
1999	57.26	6.934	1.302.777	79.773	21.650	58.123	33.931	0.43	0.58
2000	60.75	7.526	1.628.708	103.782	20.564	83.219	28.274	0.27	0.34
2001	57.24	7.343	1.653.373	113.188	60.311	52.877	30.015	0.27	0.57
2002	55.11	7.539	1.749.769	115.409	60.482	54.927	99.762	0.86	1.82
2003	54.77	7.826	1.960.088	136.961	71.642	65.318	40.242	0.29	0.62
2004	53.34	8.118	2.431.995	173.049	92.456	80.594	60.542	0.35	0.75
2005	53.08	8.616	2.375.234	168.968	89.933	79.036	191.314	1.13	2.42
2006	54.88	8.940	3.535.050	277.198	147.847	129.350	26.412	0.10	0.20
2007	54.75	10.233	5.960.600	487.173	258.310	228.863	47.362	0.10	0.21
2008	52.42	9.416	6.717.206	547.433	274.457	272.976	325.840	0.60	1.19
2009	53.02	9.681	5.350.925	465.003	249.958	215.045	135.330	0.29	0.63
2010	52.97	9.915	5.496.569	376.816	207.388	169.428	239.478	0.64	1.41
2011	53.77	10.194	8.590.893	630.987	347.464	283.523	263.983	0.42	0.93
2012	54.89	10.306	8.396.065	521.660	293.078	228.582	3.175.877	6.09	13.89
		20 Year Totals		4,000,958		1,978,765	1,649,792	0.41	0.83
		21 Year Totals		4.522.617		2.207.347	4.825.669	1.07	2.19

All Crop Loss Ratios by State by Year

2012[1]	2.30	4.38	3.12	2.21	.30	1.69	1.30	1.10	.83	.41	1.20
2011	.35	.44	.58	.29	.53	1.36	2.36	.28	2.15	1.00	.41
2010	.34	.58	.35	.59	.15	.26	.38	.41	.33	.93	.24
2009	.28	.30	.25	.23	.24	.40	1.36	.61	1.65	1.24	.18
2008	.61	.66	1.17	1.20	.82	.62	1.27	1.01	.65	.76	1.76
2007	.19	.21	.37	.15	.45	.90	.38	.62	1.80	.66	.35
2006	.44	.10	.18	.16	.27	1.20	1.55	.28	2.18	1.08	.21
2005	.32	.77	.24	.23	.47	.45	.54	.27	.45	.45	.46
2004	.51	.38	.58	.31	1.03	1.16	.53	1.15	.53	.60	.77
2003	.79	.65	.89	.94	.61	1.34	1.36	1.05	.64	.87	.79
2002	2.01	.82	1.39	.25	.54	2.64	1.21	.74	1.73	.97	3.00
2001	.40	.26	.17	.66	.91	.95	1.53	1.55	1.53	1.79	.54
2000	1.32	.32	.37	.45	.44	1.38	1.80	.78	1.50	1.99	.54
1999	.43	.42	.84	.36	.67	.62	1.25	.36	1.71	1.20	1.26
1998	.34	.46	.86	.55	.36	.31	2.03	.62	.81	.83	.44
1997	.40	.23	.71	.10	.45	.21	.61	.33	.59	.38	.45
1996	.48	.61	1.07	.31	.26	1.58	1.65	1.35	2.42	.26	1.49
1995	1.05	.69	.91	.80	.60	1.09	1.26	.25	1.84	.99	.75
1994	.42	.12	.21	.07	.90	.33	.77	1.27	1.59	.79	.28
1993	1.88	.63	.55	4.65	6.10	1.40	.91	.96	2.27	1.87	.91
1992	1.54	.37	.55	.19	.79	1.59	2.86	1.89	1.62	1.00	.69
MAX	2.30	4.38	3.12	4.65	6.10	2.64	2.86	1.89	2.42	1.99	3.00
Min	.19	.10	.17	.07	.15	.21	.38	.25	.33	.26	.18
Avg	.78	.64	.73	.70	.81	1.02	1.28	.80	1.37	.96	.80

Standard Reinsurance Agreement

	Group 1[1]	Group 2 & 3[2]	Assigned Risk[3]
Underwriting Gains			
0%	L/R to 50%	5.0%	5.0%	5.0%
50%	L/R to 65%	40.0%	40.0%	13.5%
65%	L/R to 100%	75.0%	97.5%	12.5%
Underwriting Losses				
100%	L/R to 160%	65.0%	42.5%	7.5%
160%	L/R to 220%	45.0%	20.0%	6.0%
220%	L/R to 500%	10.0%	5.0%	3.0%
500%	L/R to end	0.0%	0.0%	0.0%

[1]Group 1 states include Iowa, Illinois, Indiana, Nebraska, and Minnesota; all other states are group 2 and 3.

[1,2]Must cede 6.5% of the premium to RMA.

[3]Must retain 20% of premium.

Consequences From Elimination of Crop Insurance and Replace it with a "Free" Disaster Program

1. Disaster aid is just crop insurance with a 100% premium subsidy.
2. The most common corn crop insurance coverage in Indiana is 80% & 85% RP vs. 70% & 75% RP in Kansas. If coverage were free farmers would want the maximum coverage.
3. Higher deductibles, e.g. 35% will benefit Great Plains farmers more than Corn Belt farmers.
4. Only 1 type of coverage

Consequences From Elimination of Crop Insurance and Replace it with a "Free" Disaster Program

5. Other ways to ration "free" coverage include limit payment acres to 85% of the base acres vs. planted acres.
6. Shift cost to farmers in the form of wait time at FSA to enroll.
7. Increase wait time for a loss adjuster and payment of claims.
8. Payment limits are nearly certain; creating more "paper farms"
9. Means testing is likely

Consequences From Elimination of Crop Insurance and Replace it with a "Free" Disaster Program

10. Disaster aid favors high risk farmers and high risk states because all farmers will have the same coverage but pay no premium, i.e. higher risk increases payments.
11. Free disaster aid would eliminate A&O, but increase the FSA administrative costs.
12. Over time, additional FSA employees will likely be added.
13. Because of the loss of cross selling, fewer, if any, insurance companies will remain selling private add on coverage.
14. Farmer paid premiums prevents most farmers from selecting the maximum crop insurance coverage.

Comparisons of Coverage and Premiums for Iowa vs. Kansas (all crops & coverages for 2012)

	Net Acres (000 000)	Liabilities (000 000)	Total Premium (000 000)	$ Coverage per Ac	Avg % Coverage	Avg Rate	Prem Ceded	Farmer Avg Rate
IA	21.7	14,939	902.3	$688	77	6%	1.2%	2.6%
KS	18.3	5,663	808.0	$310	64	14%	19.8%	5.6%

Average Coverage Over $150K Per CAT Policy

	State	Pol Earn Prem	Net Acres	Liabilities	Subsidy	Avg $ Cov/ Policy	Avg $ Cov /Acre
	OHIO	70	4,931	61,898,796	643,240	884,269	12,553
	OREGON	262	22,755	201,809,536	2,973,280	770,265	8,869
	NEW JERSEY	79	9,036	35,112,758	1,179,931	444,465	3,886
	FLORIDA	2,770	243,106	1,138,630,293	19,907,678	411,058	4,684
	MARYLAND	131	27,073	49,142,636	621,142	375,135	1,815
	WASHINGTON	1,000	117,319	326,833,837	11,167,403	326,834	2,786
	ALABAMA	138	33,235	41,447,256	1,236,364	300,342	1,247
	CALIFORNIA	5,592	1,184,784	1,472,248,786	42,335,429	263,278	1,243
	ARIZONA	242	106,999	56,323,556	1,961,150	232,742	526
	VIRGINIA	149	30,716	34,343,458	730,829	230,493	1,118
	S CAROLINA	210	38,282	42,084,730	1,152,255	200,403	1,099
	ILLINOIS	194	22,645	30,116,261	522,356	155,238	1,330
	GEORGIA	488	79,081	73,683,434	2,473,834	150,991	932
	NEW YORK	158	31,333	23,707,709	577,485	150,049	757
Selected State Below	MICHIGAN	801	100,032	60,471,302	3,928,144	75,495	605
$150K per Polciy	TEXAS	1,878	478,284	116,358,734	11,412,397	61,959	243
	MISSISSIPPI	378	105,740	20,018,641	1,545,833	52,959	189
	OKLAHOMA	417	106,574	18,110,297	1,358,460	43,430	170
	KANSAS	445	91,959	16,728,134	766,248	37,591	182
	MINNESOTA	293	37,991	10,337,800	513,003	35,283	272

Rate Issues

1. A 50/100 YP and CAT have the same expected indemnity bushels, so the rate should be the same.
2. President's budget would cut the CAT rate and count it as budget savings.
3. CAT has an effective co-pay of 45%, so if farmers' premium share increases from 33% to 45% for 50/100 it will pay to change to CAT.
4. If 50/100 is overrated than farmers' premium share can be less than 45% and it will pay to change to CAT.
5. An additional 5% of coverage can cost more than the added coverage, i.e. marginal rate over 100%.

YP Rate for 50/100 Should Equal CAT Rate

Garfield County, OK Wheat, Yield Protection
40 Bu. APH
$8.78 Base Price

Coverage %	CAT	50%	55%	60%	65%	70%	75%
$ Coverage	96.60	175.60	193.16	210.72	228.28	245.84	263.40
Premium	5.53	13.01	15.86	18.97	22.37	27.47	33.29
Subsidy	5.53	8.72	10.15	12.14	13.20	16.21	18.31
Farmer Paid Premium	0.00	4.29	5.71	6.83	9.17	11.26	14.98
Prem Rate	5.7%	7.4%	8.2%	9.0%	9.8%	11.2%	12.6%
Yield Coverage		79	17.56	17.56	17.56	17.56	17.56
Revenue "Put"		7.48	2.85	3.11	3.4	5.1	5.82
Harvest Price "Call"		9.5%	16.2%	17.7%	19.4%	29.0%	33.1%

Marginal Rate for Unsubsidized Rates over 100%?

Garfield County, OK Soybeans, Yield Protection
15 Bu. APH
$12.91 Base Price

Coverage %	65%	70%	75%	80%	85%
$ Coverage	126.52	135.56	145.88	154.92	165.25
Premium	48.52	54.59	61.54	68.33	80.92
Subsidy	28.63	32.21	33.85	32.80	30.75
	19.89	22.38	27.69	35.53	50.17
Prem Rate	38.3%	40.3%	42.2%	44.1%	49.0%
5% Added Coverage	10.33	9.04	10.32	9.04	10.33
Added Premium	6.19	6.07	6.95	6.79	12.59
Marginal Rate	59.9%	67.1%	67.3%	75.1%	121.9%

Crop Insurance Summary

1. FSA employees have lobbied to take over sales, loss adjusting, and production records for crop insurance.
2. FSA will have a program and employment will be maintained. But there appears to be little support for FSA to take over crop insurance.
3. CAT will remain "free" and no payment limit. Premium rates will be cut and counted as budget savings.
4. Means testing & subsidy limits will continue to be argued.
5. Disaster aid/free crop insurance will remain on the agenda serviced by FSA.

Attacks on Harvest Price will Continue

1. In the short run, the harvest price will be maintained but farmer paid premium share may increase.
2. Ag Economists have argued the Harvest Price (MVP 1991) was developed by the private sector and it could be provided without subsidy.
3. MVP did not cover the negative value in the "put" options.
4. MVP had a price limit of about 40% of the strike. HP's limit is 100% or 2 times the base price. Revenue Assurance-HPO had no price limit.
5. MVP added to RP-HPE would leave a donut hole in coverage. Additional premium for MVP would be a larger percentage of the total premium because of the higher subsidy on the yield coverage.

Alternative Ways to Reduce Government Costs

1. Count the RMA underwriting gains.
2. Surcharge the premiums on assigned risk policies (most of the premium is captured by the RMA).
3. Provide a co-pay with all contracts.
4. Increase the farmer paid premium share by the same percentage points across all coverages, including CAT will likely have little effect on participation.
5. If CAT remains free, no subsidy reduction on GRIP, GRIPH, or GRP, combined with a subsidy reduction on the harvest price will likely cause farmers to change coverages.

Is Crop Insurance Welfare or Insurance?

1. If welfare, then means testing, cutting coverage, eliminating Harvest Price, payment limits makes some sense.
2. If it is insurance, then cut taxpayers' cost by an across the board increase in the farmer's paid share of the premium, including CAT.

2012 Indiana Corn Crop Loss Ratio @ 4.75

Cov Lvl	Ins Plan	Rate	Farmer Share of Prem	APH	Book Share[1]	Loss Ratio[2]
90	GRIP	5.82%	56.0%		1.65%	5.24
90	GRIPH	7.50%	56.0%		13.55%	5.78
90	GRP	3.10%	49.0%		2.21%	9.72
85	RP	7.42%	50.4%	171	23.12%	4.75
80	RP	7.29%	39.2%	166	26.14%	4.50
75	RP	8.05%	36.5%	161	16.45%	4.61
70	RP	10.45%	38.7%	155	5.86%	3.87
65	RP	8.12%	38.3%	155	1.25%	4.95
85	RPHPE	3.45%	49.1%	181	2.18%	2.62
80	RPHPE	3.80%	38.0%	172	1.22%	3.20
	Total	7.23%	44.1%		100.00%	4.75

[1]Share of book is measured as percent of the total liability. Each of the remaining contracts accounted for less than 1 percent of the book. The YP contracts would have a higher loss ratio because it paid more than the RP-HPE and premiums were lower than the RP contract. In years when prices fall the RP and PR-HPE pay the same but RP-HPE premiums are significantly lower and YP indemnity are lower than either RP contract.

[2]The GRIP and GRIPH claims have recently been paid and more claims are expected. The GRIP and GRIPH are trigged based on county losses therefore the loss ratios by county do not change based on participation. This is not true for APH based contracts.

2012 Indiana Corn Crop Loss Ratio @ 2.76

Cov Lvl	Ins Plan	Rate	Farmer Share of Prem	APH	Book Share[1]	Loss Ratio[2]
90	GRIPH	9.04%	56.0%		1.29%	1.65
85	RP	7.07%	51.8%	188	18.16%	3.08
80	RP	6.38%	40.1%	185	36.19%	2.80
75	RP	5.90%	37.2%	181	26.37%	2.68
70	RP	5.26%	37.6%	177	8.31%	2.52
65	RP	3.45%	37.8%	177	1.77%	2.51
75	YP	3.66%	42.9%	178	1.09%	2.73
	Total	6.03%	42.1%		100.00%	2.76

[1]Share of book is measured as percent of the total liability. Each of the remaining contracts accounted for less than 1 percent of the book. The YP contracts would have a higher loss ratio because it paid more than the RP-HPE and premiums were lower than the RP contract. In years when prices fall the RP and PR-HPE pay the same but RP-HPE premiums are significantly lower and YP indemnity are lower than either RP contract.

[2]The GRIP and GRIPH claims have recently been paid and more claims are expected. The GRIP and GRIPH are trigged based on county losses therefore the loss ratios by county do not change based on participation. This is not true for APH based contracts.

21 Years of KS Crop Insurance History for Corn

Year	Pol Earn Prem	Net Acres	Liabilities	Total Premium	Subsidy	Indemnity	Loss Ratio	20 Yr Loss Ratio
2012	25,390	4,226,885	2,126,178,553	223,526,149	137,069,478	731,744,671	3.27	
2011	25,300	4,305,964	2,193,602,284	265,647,672	163,695,406	451,919,613	1.70	
2010	24,596	4,252,798	1,385,142,808	176,308,117	107,640,225	41,977,908	0.24	
2009	22,261	3,593,006	1,247,318,795	193,491,873	117,075,826	37,316,920	0.19	
2008	21,147	3,313,004	1,471,006,565	208,899,391	121,318,749	122,654,890	0.59	
2007	20,904	3,366,664	1,114,353,793	150,745,607	86,919,941	32,041,959	0.21	
2006	19,796	2,889,296	606,542,732	78,245,145	44,616,521	83,478,380	1.07	
2005	21,429	3,089,312	580,843,554	68,427,083	39,131,024	37,786,495	0.55	
2004	18,750	2,613,078	612,645,354	66,230,433	37,381,792	50,508,840	0.76	
2003	17,628	2,359,432	493,548,195	43,264,914	24,384,402	77,584,582	1.79	
2002	19,209	2,643,775	506,918,931	39,683,313	22,505,211	137,344,744	3.46	
2001	19,892	2,745,548	499,593,297	40,952,769	23,606,056	32,570,058	0.80	
2000	18,279	2,591,332	427,891,245	28,510,732	8,484,310	34,227,421	1.20	
1999	16,970	2,354,828	370,620,866	23,691,018	8,489,218	11,567,478	0.49	
1998	15,966	2,119,500	380,242,728	21,257,407	9,236,964	3,082,541	0.15	
1997	15,879	1,938,538	313,273,173	17,782,285	7,768,075	4,096,647	0.23	
1996	17,846	2,009,848	309,137,882	16,147,959	8,433,804	5,755,651	0.36	
1995	19,795	2,017,687	224,196,432	11,080,413	6,432,687	12,076,594	1.09	
1994	7,266	731,434	109,932,816	6,664,081	1,929,768	3,357,223	0.50	
1993	5,500	577,869	89,120,745	4,637,798	1,340,682	6,636,564	1.43	
1992	5,523	556,745	83,554,325	4,512,552	1,279,953	10,044,552	2.23	
						Weighted Averge Loss Ratio	1.14	0.82
						Simple Averge Loss Ratio	1.06	0.95

21 Years of KS Crop Insurance History for Sorghum

Year	Pol Earn Prem	Net Acres	Liabilities	Total Premium	Subsidy	Indemnity	Loss Ratio	20 Yr Loss Ratio
2012	19,556	1,953,528	511,980,071	93,623,419	56,680,650	247,477,264	2.64	
2011	19,705	2,011,220	548,354,088	105,793,198	64,195,950	197,783,403	1.87	
2010	18,956	1,784,107	321,681,851	61,651,258	37,274,045	14,329,173	0.23	
2009	21,413	1,983,052	329,361,034	70,717,949	42,206,617	15,472,847	0.22	
2008	22,769	2,189,597	487,118,254	97,347,222	56,890,351	61,901,154	0.64	
2007	22,744	2,100,245	346,864,908	66,665,548	38,906,714	11,891,080	0.18	
2006	22,670	1,942,412	198,564,054	35,886,422	20,800,788	43,459,729	1.21	
2005	24,716	2,067,934	198,891,241	32,260,926	18,786,201	13,078,537	0.41	
2004	28,638	2,548,893	298,649,884	45,221,635	26,135,166	60,861,921	1.35	
2003	30,397	2,642,054	270,750,757	32,129,672	18,646,485	100,350,521	3.12	
2002	30,815	2,845,030	263,433,273	30,077,507	17,600,007	122,487,966	4.07	
2001	31,462	2,814,732	238,075,019	26,657,673	15,829,307	26,842,690	1.01	
2000	28,663	2,203,547	169,105,987	16,102,675	5,689,648	27,417,650	1.70	
1999	29,558	2,254,815	163,382,426	16,721,770	6,603,364	8,055,535	0.48	
1998	29,314	2,081,997	166,068,101	15,669,303	7,077,192	3,640,656	0.23	
1997	32,185	2,147,794	159,374,037	15,370,175	7,087,062	2,514,218	0.16	
1996	46,514	3,479,221	230,571,536	24,269,262	12,589,714	4,111,703	0.17	
1995	46,710	2,627,537	145,106,886	12,689,522	7,168,530	11,071,482	0.87	
1994	15,839	1,042,729	80,075,798	7,764,437	2,243,242	1,580,515	0.20	
1993	14,085	921,495	69,637,769	6,606,512	1,895,146	7,434,179	1.13	
1992	15,424	1,051,775	80,500,379	7,676,936	2,183,314	4,192,355	0.55	
						Weighted Averge Loss Ratio	1.20	1.02
						Simple Averge Loss Ratio	1.07	0.99