

Free Market Groups to Congress: Support Agriculture Savings through Modifying
the Standard Reinsurance Agreement

Oct. 28, 2015

Dear Member of Congress,

While each of our organizations' positions differ on the myriad components of the Bipartisan Budget Agreement of 2015, we write with one voice to express support for the savings found through renegotiating the Standard Reinsurance Agreement for federally subsidized crop insurance.

The current Standard Reinsurance Agreement, which lasts through June 2016, sets a target annual profit for crop insurance companies of 14 percent. By lowering the rate of return to 9 percent, taxpayers will reap \$3.5 billion in savings. It's a small but positive step toward reducing wasteful spending by the federal crop insurance program, which is scheduled to cost taxpayers \$90 billion over the next decade.

It's important to remember that, despite dire warnings from those who fight to preserve subsidies to agribusiness, this 9 percent guaranteed return is still far more generous than the returns many industries, including farmers themselves, could hope to enjoy in the private market. Additionally, this change will go part of the way toward recouping the savings promised in the last farm bill, most of which already have been squandered through higher-than-expected payouts by numerous programs.

The federal crop insurance program has become a treasure chest for special interests, including the insurance companies that participate in the scheme. It's time to put the interests of taxpayers and small farmers back at the center of the program. We therefore applaud the decision to renegotiate the SRA now to deliver promised savings, and we encourage all members to continue finding ways to make the crop insurance program more accountable to taxpayers in the future.

Sincerely,

Lori Sanders, R Street Institute
Norm Singleton, Campaign for Liberty
Jeffrey Mazzella, Center for Individual Freedom
Tom Schatz, Council for Citizens Against Government Waste
Adam Brandon, FreedomWorks
Brandon Arnold, National Taxpayers Union
Ryan Alexander, Taxpayers for Common Sense
David Williams, Taxpayers Protection Alliance