

# FARM BILL NARRATIVES: CROP INSURANCE



CONGRESSIONAL  
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# FARM BILL NARRATIVES: CROP INSURANCE, CONSERVATION, AND FORESTRY

The Congressional Western Caucus has prepared a few key overviews for staff during consideration of H.R. 7567, the Farm, Food, and National Security Act of 2026. These overviews should serve not only to deepen a staffer's knowledge of the subject area, but each one also includes a real world example to illustrate how the programs are used by your constituents.

## CROP INSURANCE

The Federal Crop Insurance Program (FCIP) is the first line of defense for producers to fortify themselves against the unpredictable damage caused by natural disaster, depredation, pests, extreme weather, plant disease, and even volatile market fluctuations. Since its creation during the Great Depression, FCIP has allowed farmers to confidently plant seeds year after year, despite the many uncontrollable, external factors that can decimate crop-yield and value. Through federally-backed insurance, producers can receive coverage for annual crops, perennial tree crops, and livestock. In 2024, approximately 89% of major U.S. field crops were enrolled in federal crop insurance programs and more than 120 different commodities were covered. At that time, crop insurance covered 543 million planted acres with \$192 billion worth of produce. Row crops made up the bulk of that coverage, at 65% of all crop insurance liability, with livestock and animal products making up the second largest category.[1]

### **Legislative History:**

FCIP is authorized under the Agricultural Adjustment Act of 1938 and the Federal Crop Insurance Act of 1980, which ensured permanent, indefinite funding authority for FCIP. Since 2008 however, Congress has consistently made changes to FCIP through the Farm Bill and annual appropriations processes.

H.R. 1, the Working Families Tax Cuts passed the bulk of FCIP provisions for FY2026, including increases in premium support for all levels of coverage. The 2026 Farm Bill includes provisions to build upon the success of H.R. 1 by establishing a crop advisory committee to ensure the specialty crop industry has a seat at the table for crop insurance development and expansion and directs the Risk Management Agency (RMA) to increase research related to crop revenue policies, specialty crop pricing, increased disaster coverage, and more.

## Overview:

Traditionally, Title XI of the Farm Bill establishes what insurance options are available to farmers through public-private partnerships by determining what can be insured, and what rules the Federal Crop Insurance Corporation (FCIC) and Risk Management Agency (RMA) must follow. Approved insurance providers (AIPs) from the private sector are approved to sell and service crop insurance, as regulated and reinsured by the USDA. There are two kinds of AIPs:

- Standard Reinsurance Agreements provide traditional crop insurance policies for crops including corn soybeans, and wheat; these agreements cover yield and revenue protections through government cost sharing
- Private insurers sell and service policies to farmers.
- The federal government subsidizes premiums, shares underwriting gains and losses with insurers, and reimburses administrative and operating expenses.
- Livestock Price Reinsurance Agreements provide Livestock Risk Protection (LRP) and Livestock Gross Margin protection (LGM). These agreements are designed to protect producers against price declines rather than production losses, acting as financial/market risk protection products.

Farmers select from a wide variety of crop insurance products, finding a plan that is best suited to their needs. Some common FCIPs include:

- Yield Protection – protects against yield losses due to natural disaster. Coverage levels are determined by spring prices.
- Revenue Protection – insures both yield loss and market price changes between harvest price and spring price.
- Livestock Risk Protection and Gross Margin – protects against market price changes and margin erosion, meaning the gradual reduction of a company's profit overtime due to costs rising faster than selling prices.
- Actual Production History – insures a producer's expected yield based on their history of production, ensuring that revenue losses are covered when their actual yield is lower than their expected yield.
- Area Risk Protection – on a county-by-county basis, insures against widespread revenue loss caused by low prices and low yields.
- Rainfall Index – protects livestock feeders against the effects of drought, that decrease available pastures, rangeland or forage.
- Margin Protection – covers unexpected decreases in operating margins for corn, rice, soybeans, and wheat in a specific area.
- Dairy Revenue Protection – protects dairy producers from decreased milk prices. [2]

When a farmer receives crop insurance, they are required to follow the USDA's guidance on good farm practices, failure to do so can result in disqualification from crop insurance programs. This qualifying guide varies based on area and involves practices during preparation, growth period, and harvest. Additionally, to qualify for crop insurance coverage, farmers must meet a minimum level of conservation compliance, for example: agreeing not to convert wetlands to crop production.

American farmers consistently choose to purchase farm insurance to manage the financial risks of farming, gain access to farm credit, and diversify their risk management practices[3]. The growing utilization of the FCIP is a testament to the program's success and value, particularly in the Midwest, Texas, and California, where rural communities almost entirely depend upon the success of the agricultural sector for financial stability.

In recent years, farmers and ranchers across the U.S. have experienced higher production costs with lower production revenue, increasing their dependence upon crop insurance to keep their farms and to continue producing the food that feeds America.

### **Real World Example: Pete Krier of Kansas**

Pete Krier has farmed wheat, milo, and soybeans most of his life. He has regularly used crop insurance to provide a backstop against potential losses from severe weather and storms. In 2023, Kansas was facing a different threat – severe drought – which reduced their total wheat harvest to 201.3 million bushels: 61% of the 10-year average, the lowest since 1961. Kansas had also suffered from drought in 2022, although its harvest was higher at 244 million bushels (76% of the 10-year average).[4] Multi-year droughts have an outsized impact on farmers and their ability to maintain operations without sufficient revenue. Illustrating this, the value of Kansas wheat farms decreased substantially in just a single year, from \$2.5 billion in 2021 to \$2.1 billion in 2022.[5] Further, 2023 saw the largest rate of abandonment (planted acres that were not harvested), at 29%, since 1951. Pete remarked that most of the farmers around him were barely producing in 2023.[6] However, by purchasing crop insurance, Pete was able to weather the drought-caused losses and continues to farm.

### **Conclusion:**

FCIP is the foundation of food security and economic stability which allows farmers to produce the crops that feed America, year after year—rain, snow, or shine—at a minimized risk. Through Farm Bill reauthorization, Congress has the power to ensure that FCIP rates and inclusions sufficiently account for the needs of the modern American farmer and account for the fluctuating environmental and market pressures that impact their success.

# SOURCES

[1] USDA (2025), "Risk Management – Crop Insurance at a Glance". [The Congressional Western Caucus has prepared a few key overviews for staff during consideration of H.R. 7567, the Farm, Food, and National Security Act of 2026. These overviews should serve not only to deepen a staffer's knowledge of the subject area, but each one also includes a real world example to illustrate how the programs are used by your constituents.](#)

[2] American Farm Bureau Federation (2024), "Crop Insurance 101: The Basics". <https://www.fb.org/market-intel/crop-insurance-101-the-basics>.

[3] Congressional Research Service (2021), "Federal Crop Insurance: A Primer." <https://www.crs.gov/Reports/R46686?source=search>.

[4] National Aeronautics and Space Administration (NASA) Earth Observatory, "A Rough Harvest for Kansas Wheat," June 20, 2023 <https://science.nasa.gov/earth/earth-observatory/a-rough-harvest-for-kansas-wheat-151487/>

[5] USDA National Agriculture Statistics Service (NASS), "Kansas Wheat History" 2023 [https://www.nass.usda.gov/Statistics\\_by\\_State/Kansas/Publications/Cooperative\\_Projects/KS-wheat-history-23.pdf](https://www.nass.usda.gov/Statistics_by_State/Kansas/Publications/Cooperative_Projects/KS-wheat-history-23.pdf)

[6] National Crop Insurance Services, "Real Stories," <https://cropinsuranceinamerica.org/real-stories/>.