

**Dalynn Hoch Testimony**  
**Senate Committee on Agriculture, Nutrition and Forestry**  
**Subcommittee on Commodities, Risk Management and Trade**  
**Hearing on Crop Insurance and Credit**  
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Chairman Boozman, Ranking Member Klobuchar and other distinguished Members of the Senate Committee on Agriculture, Nutrition, and Forestry – thank you for allowing me the privilege and opportunity to testify today on the importance of crop insurance and the vital role it plays in providing risk management to farmers across the country and facilitating capital flow to the rural American economy.

My name is Dalynn Hoch, and I am the Head of Rural Community Insurance Services (RCIS), which operates as one of the 12 Approved Insurance Providers, or AIPs, that sell crop insurance policies to farmers, ranchers and growers across the country. My background is a bit different for this sector as I haven't spent the majority of my career working in crop insurance, but I am a proud farmer's daughter and now also farm in the great state of Minnesota!

On our farm, we rotated growing corn and soybeans, as well as a garden that fed our family. Frankly, I didn't even realize you could buy spaghetti sauce in a jar until I went to college! I was a proud member of 4-H and FFA -- Future Farmers of America. I give credit and thanks to these organizations for shaping some of the great leadership and project management skills that I use everyday. I think often that the potential and development of kids growing up in a rural community can be underestimated! One of my favorite projects was showing sheep and I had the opportunity to show them at the Minnesota State Fair a number of times and that was one of the highlights of the year for me as a kid! So many amazing memories at the Minnesota State Fair. Last year we started a gathering with our RCIS agents at the Iowa State Fair to watch their kids show their pigs. Now that is a great work day!

Like so many farm kids growing up in the Midwest - and all around our great country -- we learned a lot of skills and a lot of lessons about what it means to nurture the crops that feed the world out of the ground each year. And unfortunately, we also learned that sometimes we had to face together terrible losses when nature came with large hail, flooding rains or weeks of drought. Farming is not for the faint of heart or body!

But what has really stuck with me throughout my life -- were the generational values that we shared as a family and have now passed on to our own kids. As much as anything, agriculture is about community and sharing. Yes, it's a business. But it's also about hope and humility. Courage. Faith. Honesty. Doing the right thing. The value of hard work. I tell my children almost every day that hard work equals outcomes. These deep-rooted convictions were built growing up and working on our family farm. It's a belief that there is something noble about what farmers, ranchers and growers do to provide food, fuel and fiber. And because I believe that we all hold those values in common, that's why I'm so pleased to talk with you today and to share both my personal and professional knowledge about the importance of crop insurance with you.

In 2016, when I was the Chief Financial Officer for Zurich North America here in the U.S., I was a strong proponent in our acquisition of Rural Community Insurance Services. It was one of the proudest moments of my career when I could call my dad and tell him we had bought a crop insurance company!

In 2019 my career took me overseas to Switzerland, where I served as Head of Mergers and Acquisitions for Zurich Insurance Group. This is where my family and I were when I was overjoyed to accept the role of Head of RCIS. We moved back home to Minnesota, where my husband is now farming alongside my brother on our family farm and our own farmland we had bought in 2023. So, this conversation today is very personal for me – not just as the head of an insurance provider, but as a farm owner and operator, as well. And perhaps most importantly by a farm girl who saw how crop insurance protected us, allowed us to stay on our family farm and continue to farm in a moment when it mattered most.

And I want to share one more thing ... This past year my visit to the Minnesota Fair was more special than usual...and not just because I wasn't able to go as often from Switzerland. But this time I wasn't showing sheep; we were celebrating, my niece, Donnae Morton, who was blessed with the honor of serving as Miss Rodeo Minnesota 2024. We were so excited and proud to support her in what is a pretty epic experience for someone in the farming and ranching community! I had to give that little shout-out to Ranking Member Klobuchar and our great state!

I appreciate being here today to discuss the role that crop insurance plays in the farm economy. And I would be remiss if I did not thank those of you on the Committee and other policymakers who have worked hard to continually improve farmers' most important risk management tool. Those investments are paying off. Since the 2018 Farm Bill was signed into law, crop insurance has seen unprecedented growth and popularity in the agricultural communities. The crop insurance system has added more than 200 million acres during that time – an area larger than the states of California and Texas combined. And farmers and ranchers have purchased and companies have provided more than \$70 billion in protection.

Today, crop insurance is an economic driver in rural America that helps maintain capital flow by not only in its most basic function of paying claims for farmers who suffer losses but also ensuring access to needed credit for operating loans. This mechanism not only secures loans and empowers the farmer to plant with necessary risk protection but also spills over into the local economy empowering agricultural retailers and other local businesses, often the first line of unsecured debt to the farmer in communities across the country. Additionally, crop insurance spurs job creation by providing many head of household jobs due to companies' commitment to service and innovation in risk management for agricultural production.

RCIS delivers crop insurance nationally, so we are proud to serve farmers in each state represented on this Committee. We are also a member of the American Association of Crop Insurers, Crop Insurance and Reinsurance Bureau, which spearheads the Crop Insurance Coalition, and National Crop Insurance Services; all working diligently with a cross-section of stakeholders to protect and preserve the program.

Although Federal crop insurance has been available since 1938, it wasn't fully utilized until almost 60 years later. Prior to 2000, natural disaster management typically came in the form of ad hoc disaster bills, which were slow in delivering assistance, very costly, and relied completely on taxpayers to fund. After spending billions in unbudgeted dollars, Congress decided that it was time to find a better way to help farmers across the country, so this body worked to make crop insurance more widely available and affordable to farmers and ranchers. The legislation enacted in 1994, 2000 and 2014 amplified the involvement of the private sector, made the program more actuarially sound, encouraged farmer participation, and improved the availability of coverage. The program has become the cornerstone of risk management on the American farm and an economic engine for rural America. With the continued

bipartisan support for crop insurance and the public-private partnership, farmers are able to receive a reliable and cost-efficient safety net to protect both themselves and the future of farming. This is critical to ensure food security for all of us.

The Federal Crop Insurance Program is a “three-legged stool” design. The risk insured under crop insurance policies is shared by crop insurance companies; the farmers, who pay a premium for the policy and must meet a deductible before receiving assistance for a confirmed loss; and the Federal government, which offers premium support to farmers and reinsures part of the risk. Each player has a vested interest in the success of the crop insurance program, helping to ensure the success of the program over the long-term.

As an Approved Insurance Provider, we underwrite crop insurance policies - which means we share in bearing the risk of policies, so the taxpayer is not solely responsible for covering losses. We contract with agents to sell policies and employ claims adjusters to assess and verify losses. We invest in technology, training and services to promote efficiency, foster innovation and ensure the highest integrity of the program. This investment helps to ensure one of the lowest improper payment rates amongst USDA programs.

Crop insurance is a big tent. Our industry protects farmers of all sizes and covers over 406 varieties of 134 different agricultural commodities including a significant number of specialty and organic crops. For those crops without individual policy coverage, Whole Farm Revenue Protection insurance is available. And more recently, the program has been expanded to include dairy farmers and additional options for livestock producers.

We believe that crop insurance is one of the best tools available to farmers to protect against the perils of nature and the volatility of commodity markets, because crop insurance provides a rapid-response solution to disasters and is a farmer’s first line of defense against these losses which could otherwise potentially take a family off their farm. Private companies, like RCIS, typically are able to deliver indemnity payments to farmers in fewer than thirty days after a loss occurs and the claim finalized – not months or years later. I know how critical it is to receive this payment and the relief that is felt in a family. The private sector delivery of crop insurance also means that farmers have a choice in who they do business with, and this choice ensures that a farmer is able to find an agent and a company that can provide them with the best service for their operation.

The cost-sharing with the Federal government helps to keep crop insurance affordable for most farmers, while also ensuring that the program is fiscally responsible. It’s important to note that Congress requires crop insurance to be actuarially sound and that premium rates are set by the Risk Management Agency (RMA) at USDA. Companies do not set rates. Instead of competing on price, we compete on the service we provide to farmers. Premium discounts are also dictated by statute and are outside the control of companies but are within your purview. Again, any changes to crop insurance must ensure that the program remains actuarially sound to ensure long-term stability and sustainability of the investment of private capital into the risk management tools of this incredibly important agriculture industry.

Crop insurance companies have worked with RMA and other stakeholders to find innovative ways to provide different types of less expensive risk management options to those farmers that may face affordability issues. For example, crop insurance companies now offer Hurricane Insurance Protection – Wind Index Endorsement policies, which pays part of a farmer’s deductible when a county or adjacent county sustains hurricane-force winds from a named hurricane. It is an inexpensive way for a farmer to supplement an underlying policy where high coverage levels may be unaffordable.

That added protection was essential to rural communities impacted by hurricanes in 2024. In fact, crop insurers delivered more than \$800 million in indemnity payments within two weeks of last year’s deadly hurricanes, making it among the first meaningful money to arrive after Hurricanes Milton and Helene. These payments give a farmer hope in what seems like an insurmountable moment of disaster.

Similarly, we now sell products such as STAX, the Supplemental Coverage Option (SCO) and Enhanced Coverage Option (ECO) policies, all of which allow farmers to supplement an underlying policy on their individual farm with less expensive county coverages. While not perfect, these options demonstrate the industry’s ability and willingness to adapt within the boundaries provided by statute to offer more affordable risk management tools to farmers, an additive tool that can supplement adequate levels of individual risk coverage.

Crop insurance is also flexible. Farmers can tailor their coverage to fit the needs of their specific operation. The program is continuously evolving and improving to meet the needs of America’s farmers and ranchers. Some recent advances have included the introduction of the quality loss option to improve APH coverage, improved livestock insurance options, and margin insurance to assist farmers in a volatile input pricing environment.

If a farmer or commodity organization doesn’t believe there is an existing policy that works on their farm, the Federal government will provide significant reimbursement to them to develop a product under section 508(h) of the Federal Crop Insurance Act. Most 508(h) changes don’t require a Farm Bill or any other legislation. The development of these policies require only an interested party willing to work with the Federal Crop Insurance Corporation Board to design a better product in an actuarially sound and marketable way.

The crop insurance program and crop insurance companies have also worked hard to serve producers in all regions. In addition to offering policies for more than 160 different commodities, we’ve strongly supported additional benefits for veterans and beginning farmers and ranchers as included in the 2014 statute, and we look forward to continuing support for those efforts.

We know that crop insurance is not a panacea for every challenge that America’s farmers have faced in recent years. The program simply isn’t designed to address every type or cause of extreme loss. The statute prevents the program from covering some losses, such as those that occur after the harvest of a crop. But for those losses that can be appropriately covered by crop insurance – such as in-season commodity price decreases, yield losses due to the multiple perils of nature, and even squeezes in farmer margins – there is no more effective means of providing relief to farmers in a timely fashion than through crop insurance.

Ultimately, the crop insurance program successfully meets the needs of thousands of farmers who can tailor their risk management needs to serve them best with the help of a local agent and the backing of an efficient private sector delivery system. Crop insurance is fiscally sound and protects America's taxpayers, especially when compared to other alternatives for addressing losses suffered by American farmers.

### **Crop Insurance Complements Agronomic Choice for Producers**

As the Committee continues to evaluate the intersection between agriculture and weather and input costs, it is important to note that a farmers' best tool in defense against weather-related production losses is crop insurance. Crop insurance and local natural resource management concerns intersect in positive ways. For example, to be eligible for crop insurance, farmers must follow Good Farming Practices, as defined by local agronomic experts. Farmers who follow those Good Farming Practices that help build their resiliency, such as, for example, no-till farming and planting cover crops, can see lower production costs, better soil health and increased yields, all of which can lower their crop insurance premiums and increase their production guarantees in an actuarially sound way.

By promoting Good Farming Practices that can help lead to lower premiums, crop insurance helps complement healthy soil and conservation efforts. The *Journal of Environmental Management* published a peer-reviewed study that credited crop insurance with encouraging the adoption of conservation practices.

The 508(h) process is another tool that can be used to enhance agronomic choice through crop insurance. As mentioned, Section 508(h) allows for individuals or groups who would like to add additional insurance products into the marketplace a pathway for getting those products considered and approved by the Federal Crop Insurance Corporation Board of Directors. Products considered under this process are farmer-driven and must be actuarially sound and follow sound insurance principles. Recent examples of products approved by the FCIC Board, which highlight the effectiveness of the 508(h) process in driving adoption of resilient practices, include expansion enterprise unit options to better meet varying farm operations and the Sprinkler Irrigated Rice Endorsement, with other agronomic and pro-stewardship policies currently under consideration.

### **Crop Insurance and Disaster Assistance**

Crop insurance provides certainty to farmers and their lenders and often corresponds to actual losses incurred by a farmer, especially in today's difficult farm economy. If a farmer has a loss, they will typically receive a crop insurance payment within 30 days of a claim being finalized through an efficient private-sector delivery system. By contrast, other types of assistance can often take a year, or oftentimes more than a year, after a disaster before a farmer receives a payment. Farmers get to work with an agent to identify their individual risks and choose their level and type of coverage, which provides a predictable financial backstop for lenders in times such as these where input costs remain high, and farmers are borrowing more to purchase these inputs let alone their significant investments in machinery.

The last several years have seen a drastic increase in ad hoc disaster payments as unprecedented crises have hit rural America. As an industry, we are continuously evaluating where the gaps in the program

exist and what we can do to help more farmers better manage their risk through the Federal crop insurance program. This has been particularly true in the last few years. For example, as ad hoc assistance was required to address increasingly intense hurricanes, the Risk Management Agency developed and the industry implemented a simple, inexpensive coverage for hurricanes that is based on wind speed and can help to address the concerns of many southern farmers who have often felt that more traditional coverage is too expensive for their needs. This product has since received a Tropical Storm endorsement announced in early 2023 for damages caused by strong weather systems that are not categorized as hurricanes.

This is not to say that crop insurance can solve, or should be used to solve, every problem confronted by America's farmers. However, if this Committee considers a new Farm Bill in a backdrop of disaster-related needs, this legacy of improvement should lead the Committee to consider how crop insurance can be strengthened further.

Regarding any proposals considered by the Committee, we:

- Discourage any disaster assistance program that would disincentivize farmers from purchasing crop insurance. Often crop insurance and disaster programs work together through purchase requirements to ensure that crop insurance participation is encouraged. However, even the existing ad hoc programs created by USDA and authorized by Congress, as they are designed today, discourage farmers from purchasing the highest levels of crop insurance coverage available to them.
- Request recognition that companies incur costs (direct and indirect) for administering aid outside the purview of the Federal Crop Insurance Program.
- Oppose double paying farmers for the same loss. In addition to indirectly discouraging crop insurance purchases, a duplicative policy design is not in the best interest of the taxpayer or the farmer over the long-term.
- Oppose any disaster package that is funded by cutting crop insurance.
- Encourage the use of the 508(h) process for the creation of additional policies that can better address existing gaps. Your predecessors on this Committee understood the ever-changing agricultural landscape and designed mechanisms within the crop insurance program, including 508(h), that would help agriculture adjust to changing times. These processes should be protected and utilized moving forward.

Given the multiple references to section 508(h), I would be remiss not to mention that we are working actively with the Risk Management Agency and look forward to working with this Committee to ensure transparency and timeliness in the rollout of future products submitted through the 508(h) process. In the past, crop insurance companies have been faced with the implementation of new crop insurance products at such a late date and with so little information that it has been difficult to support a successful product launch for our farmer customers.

### **Capital Sustainability and Program Viability**

For crop insurance to function as designed, it must be affordable for farmers and ranchers, widely available for purchase across the country, and economically viable for the private sector to deliver and sustain long term the commitment of their capital, both dollars and talent to this industry. As stated

earlier, policymakers have made big strides in both the affordability and availability buckets. We are selling more policies, to more producers, and insuring more acres than ever before.

But with this growth has come challenges to the economic viability of the system. Approved Insurance Providers' expenses have also grown exponentially, as costs to offer, market, service, and adjust claims for policies have expanded. Education and training budgets are increasing, new staff must be hired and onboarded, and investments are being made across the industry to constantly improve the tools and technologies needed to provide exceptional service to America's farmers and ranchers. Meanwhile, the effects of inflation have been felt throughout our industry, just as it has in others.

Unfortunately, the Administrative and Operating (A&O) payments provided by the U.S. Department of Agriculture to help cover delivery costs have not kept pace with either inflation or the rising price of delivering modern-day crop insurance. Prior to 2015, an inflation factor adjustment was built into A&O calculations. That inflation factor was sunset after 2015, and as a result, expense deficits today are nearly double what they would have otherwise been.

Based on the economic data that crop insurers submit to the USDA, we know that the shortfall of A&O expense reimbursement is considerable, only meeting about two-thirds of the private-sector expenses being incurred to deliver and expand a growing program. This one-third shortfall comes entirely out of insurers' profits, dragging down the real rate of return for the industry to levels that are just marginally better than risk-free U.S. Treasuries. We are in the crop insurance business because we love agriculture, we want to be an important part of ensuring food security and we want to see farmers and ranchers succeed, but as private businesses, we must also earn an adequate return on our capital to ensure our investors keep this capital in the agriculture industry long term.

As the committee works through their Farm Bill deliberations this Spring, RCIS and the whole of the private sector in crop insurance is open to conversation on this important issue and stands ready to work with you to ensure viability of the Federal Crop Insurance Program and all that participate in it.

### **Concluding Remarks**

In conclusion, crop insurance is the premier risk management tool for the American farmer. Multiple factors combine to make crop insurance the cornerstone of many farmers' financial and risk management plans: the ability to tailor coverage to their own operation at a meaningful level and affordable price, the comfort of working with a local and trusted insurance professional and the knowledge that losses will be covered in a timely manner and before operating loans must be repaid. Over time, these crop insurance benefits have accounted for the success and acceptance of the program and will continue to do so well into the future. They have kept families on their farms, farming to grow crops and produce that keep us clothed, fueled and healthy.

Again, thank you for inviting me to speak today and for your continued support of the crop insurance program. I look forward to answering any questions you have, and I am happy to be a continuous resource for you during the upcoming Farm Bill discussions.