



MOORE INFORMATION
Public Opinion Research

**Soybean Farmers &
Federally Sponsored Crop Insurance**

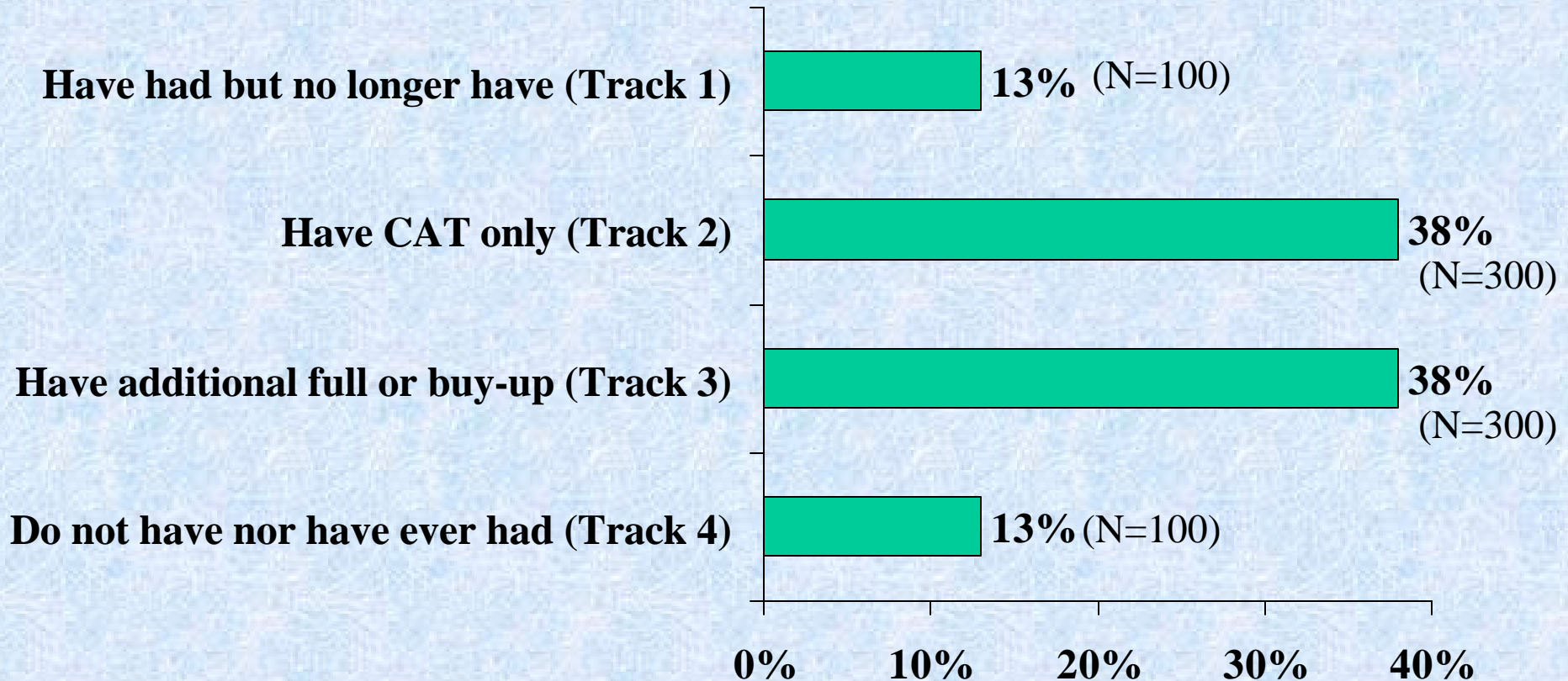
July 2001

Survey Methodology

- Sample
 - 800 interviews among a representative sample of soybean farmers in 33 states
- Method
 - Telephone interviews conducted July 9-18, 2001
- Sampling error
 - Plus or minus 3% at the 95% confidence level

Federally Sponsored Crop Insurance: *Survey Profile*

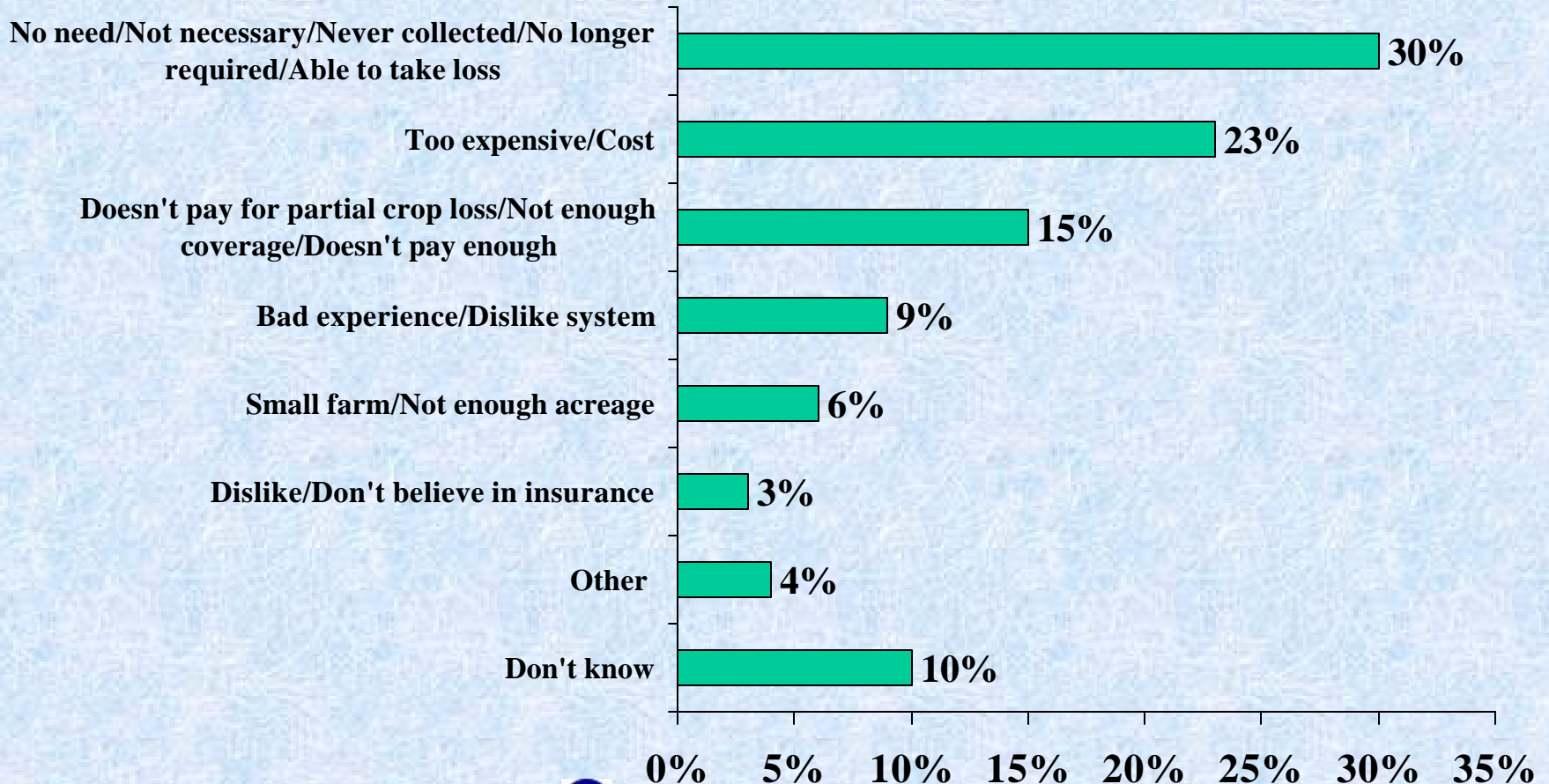
“Which of the following best describes your situation regarding federally sponsored crop insurance for your soybean production?” (Q2 - All tracks, N=800)



Track 1:

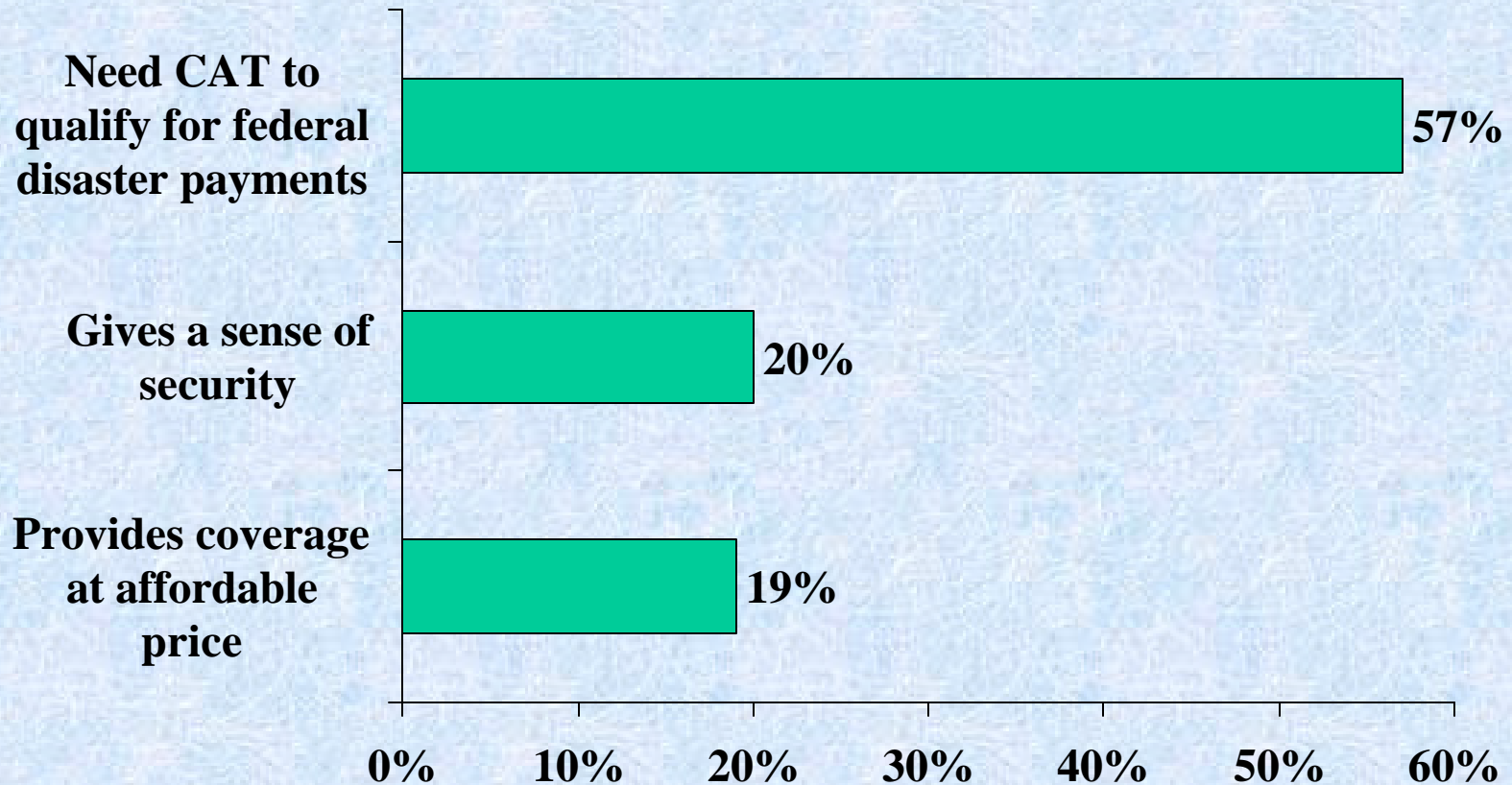
Leading Reason for Discontinuing Insurance is Perceived Lack of Need

“What, in your opinion, was the single largest contributing factor to your decision to discontinue purchasing federally sponsored crop insurance?” (Q3, Track 1 only, N=100)



CAT Insurance Coverage: *Majority Purchase to Qualify for Federal Disaster Payments*

“Which of the following would you say is the biggest reason you purchase CAT coverage on your soybeans?” (Q5, Track 2 only, N=300)

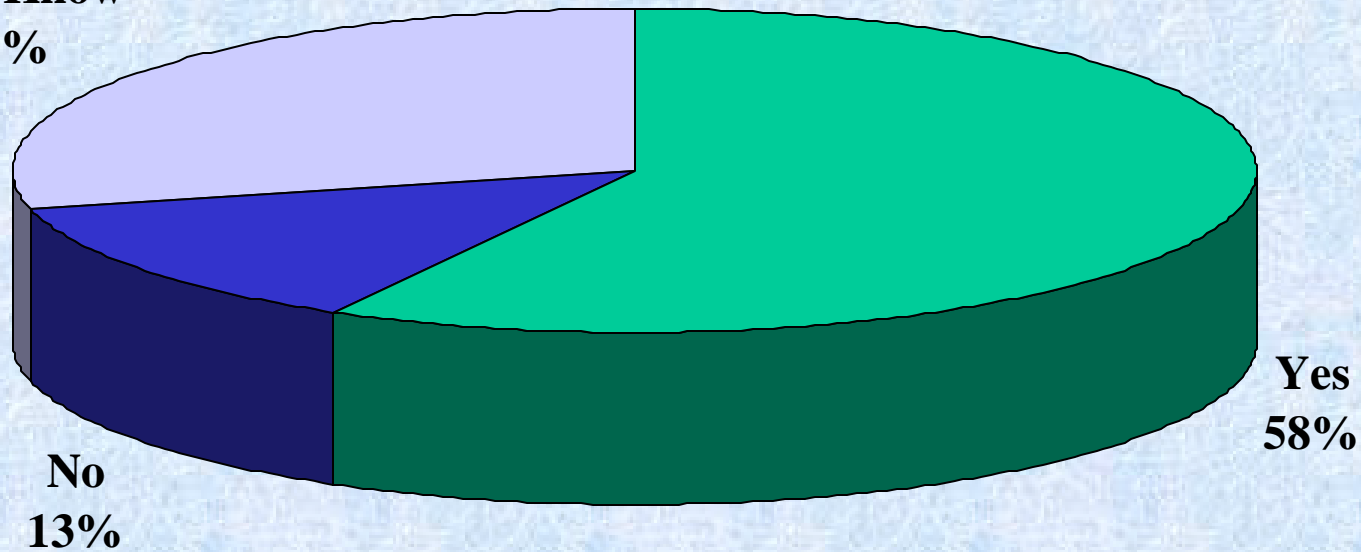


A Majority With CAT Coverage Would Purchase More Comprehensive Coverage If It Was More Affordable

"If federally sponsored comprehensive buy-up coverage was more affordable, would you purchase it instead of CAT?"

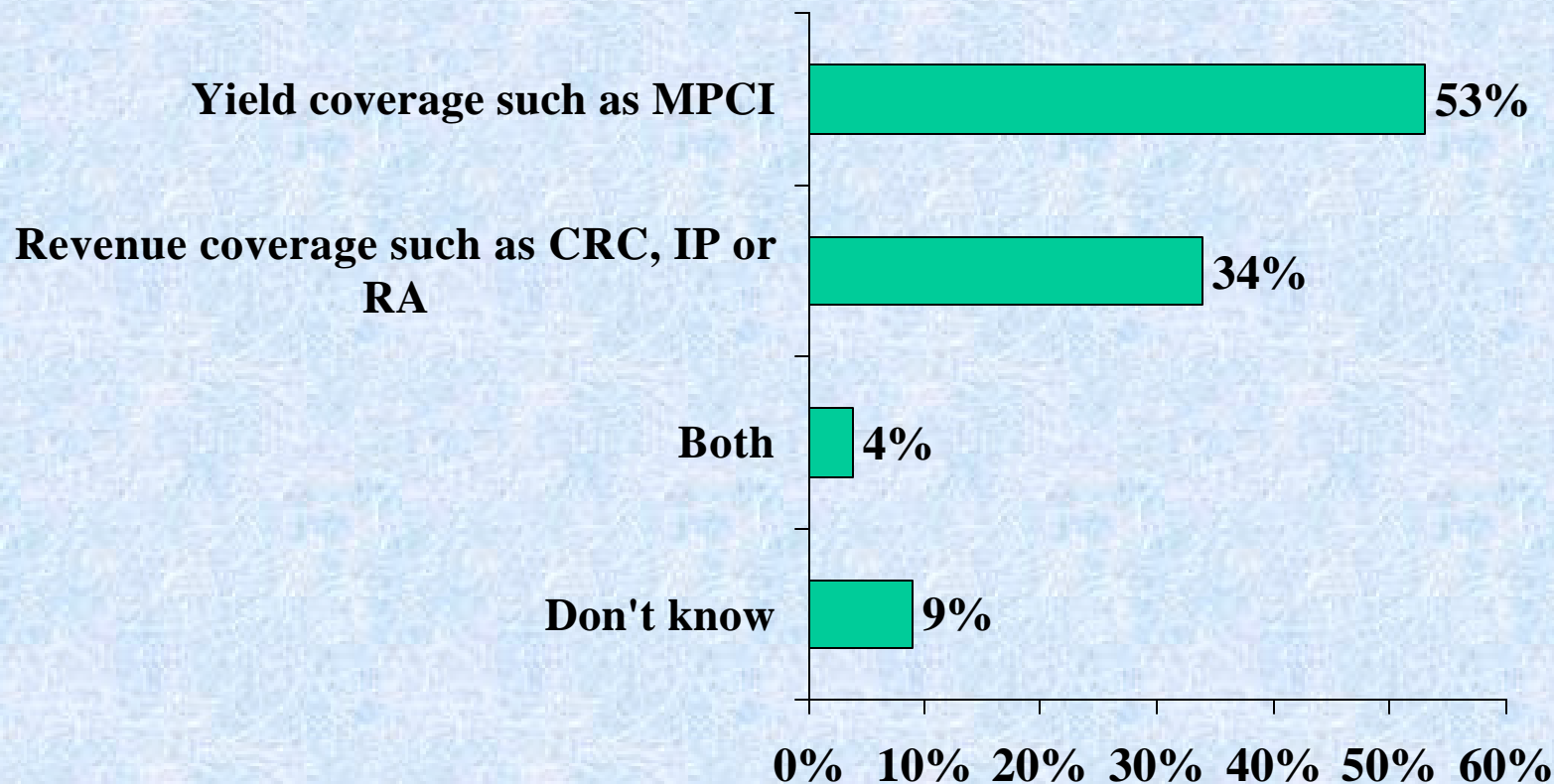
(Q7, Track 2 only, N=300)

Don't Know
29%



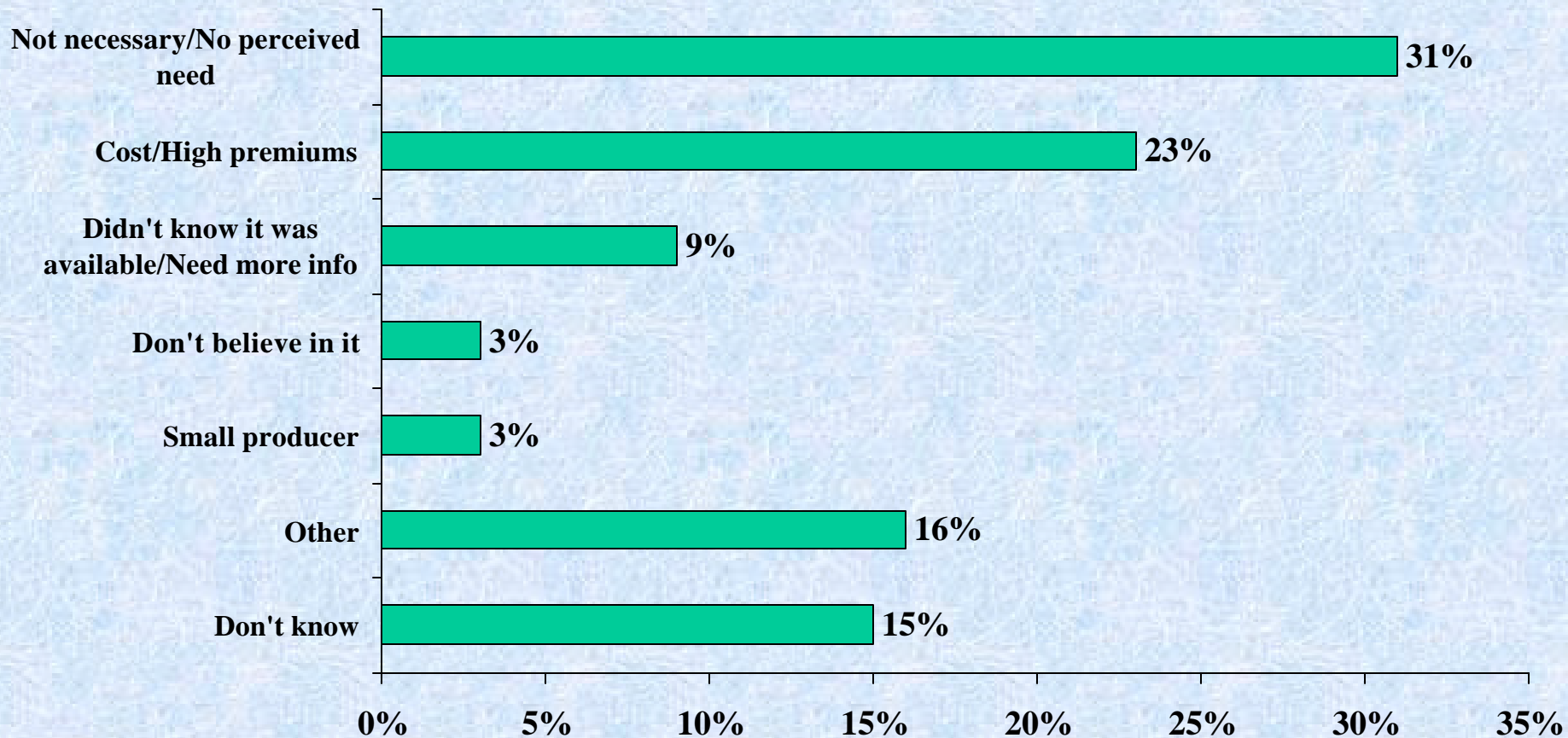
Federally Sponsored Buy-up Insurance: *More Than Half Carry Yield Coverage*

“What type of federally sponsored insurance coverage do you have on your soybean crop?” (Q10, Track 3 only with 50+ acres, N=244)



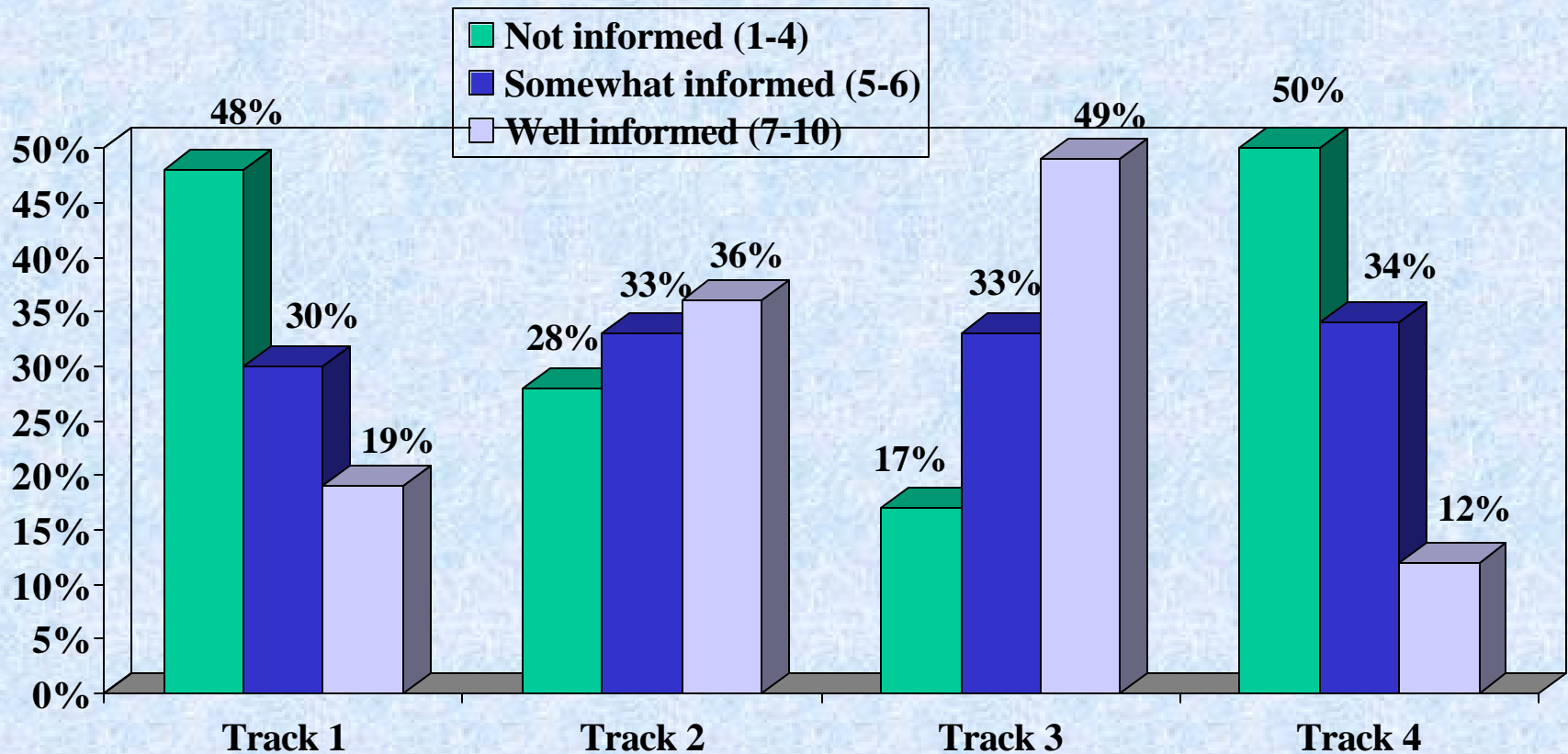
Soybean Farmers Who Have Never Had Federally Sponsored Crop Insurance Blame Lack of Need, Followed by Cost

“What, in your opinion, was the single, largest contributing factor to your decision not to purchase federally sponsored crop insurance?” (Q19, Track 4 only with 50+ acres, N=75)



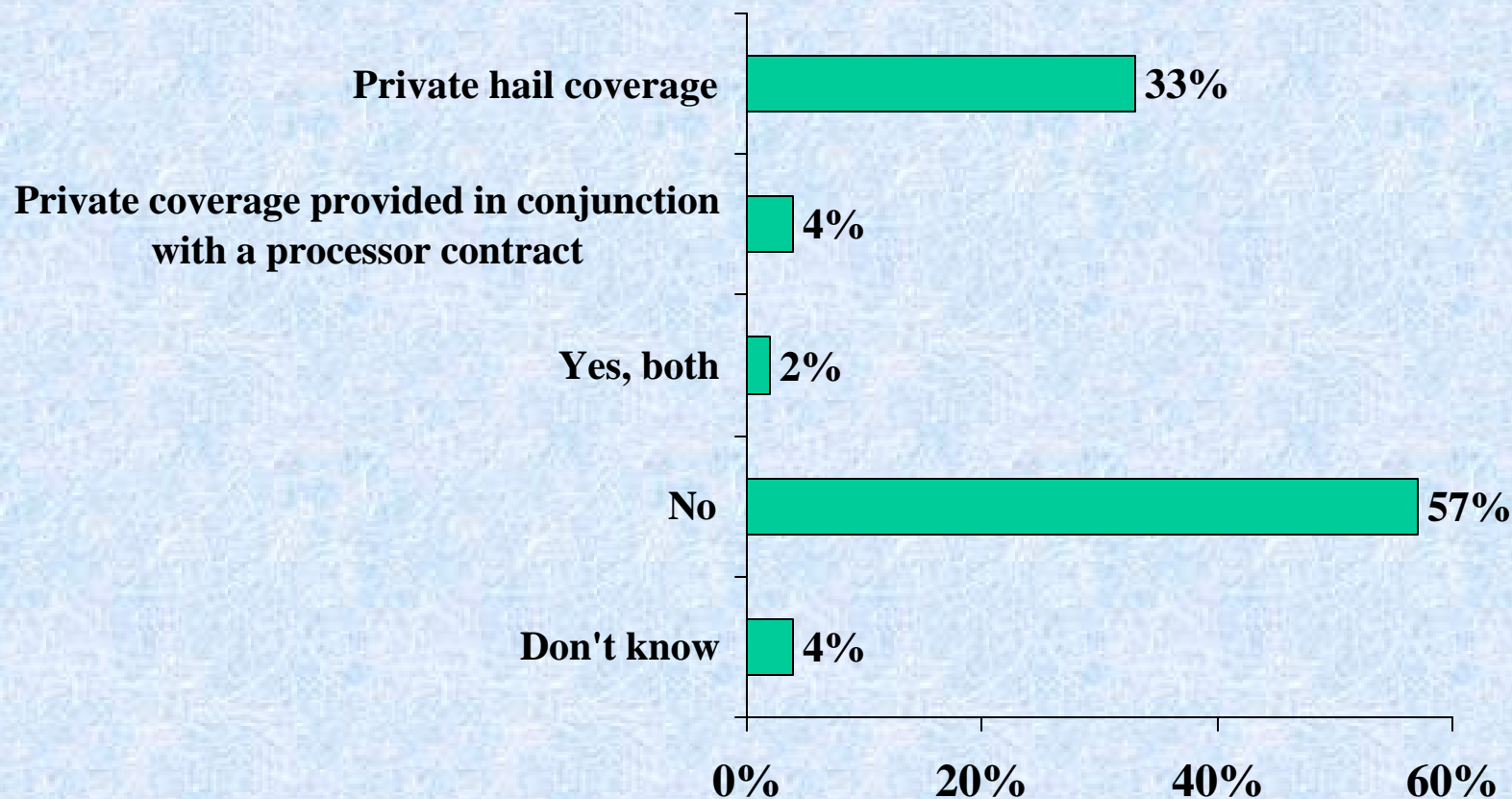
Federally Sponsored Crop Insurance: *Farmers with Insurance More Informed*

“On a scale of one to ten, where one means you are not informed at all and ten means you are very well informed, how informed would you say you are about federally sponsored crop insurance?” (Q1, N=800)



Private Crop Insurance: *A Majority Do Not Purchase It*

“Have you ever, or are you currently purchasing private crop insurance such as crop hail coverage or coverage provided in conjunction with a processor contract?” (Q20, N=650)



Most Likely to Have Purchased Private Crop Hail Coverage

- Midwest farmers
- Farmers with full, buy-up or CAT coverage
- Farmers with “medium-size” operations (total sales between \$100,000 and \$250,000)
- Total farming operation is 250-1,000 acres in size

Interest in Potential New Products & Features That Could be Added to Federally Sponsored Comprehensive Buy-up Crop Insurance Programs - 1

“Quality protection that more closely tracks with local markets, so the crop insurance quality provision kicks in if you are docked at your normal point of sale.” (Q21, N=650)

	<u>All tracks</u>	<u>Track 1</u>	<u>Track 2</u>	<u>Track 3</u>	<u>Track 4</u>
A lot of interest	20%	13%	23%	21%	9%
Some interest	38%	36%	36%	44%	28%
Little interest	17%	12%	18%	16%	21%
No interest at all	22%	33%	20%	17%	37%

Interest in Potential New Products & Features That Could be Added to Federally Sponsored Comprehensive Buy-up Crop Insurance Programs - 2

“Adjust the indemnity price election for MP or Multi-Peril yield protection so it more nearly reflects expected local annual average grain prices.”

(Q22, N=650)

	<u>All tracks</u>	<u>Track 1</u>	<u>Track 2</u>	<u>Track 3</u>	<u>Track 4</u>
A lot of interest	25%	17%	23%	32%	12%
Some interest	43%	35%	48%	44%	28%
Little interest	13%	17%	11%	11%	23%
No interest at all	17%	27%	15%	11%	35%

Interest in Potential New Products & Features That Could be Added to Federally Sponsored Comprehensive Buy-up Crop Insurance Programs - 3

“Adjust the revenue coverage prices established by a board of trade to better reflect local prices.” (Q23, N=650)

	<u>All tracks</u>	<u>Track 1</u>	<u>Track 2</u>	<u>Track 3</u>	<u>Track 4</u>
A lot of interest	23%	20%	21%	29%	13%
Some interest	39%	35%	45%	38%	32%
Little interest	11%	9%	10%	12%	15%
No interest at all	21%	33%	18%	17%	35%

Interest in Potential New Products & Features That Could be Added to Federally Sponsored Comprehensive Buy-up Crop Insurance Programs - 4

“A ‘cost of production’ crop insurance coverage plan.” (Q24, N=650)

	<u>All tracks</u>	<u>Track 1</u>	<u>Track 2</u>	<u>Track 3</u>	<u>Track 4</u>
A lot of interest	25%	11%	23%	34%	13%
Some interest	42%	44%	45%	40%	35%
Little interest	16%	16%	18%	14%	15%
No interest at all	15%	23%	11%	11%	35%

Most Likely to be Interested in New Crop Insurance Products

- Farmers that currently carry insurance on soybeans
- Southern farmers
- Younger farmers
- Farmers with more than 250 acres in soybean production

Leading Concern About Federally Sponsored Crop Insurance: *Doesn't Pay Off Unless You Have a Significant Loss*

“Which one of the following factors concerns you most about federally sponsored crop insurance programs?” (Q25, N=650)

	<u>All tracks</u>	<u>Track 1</u>	<u>Track 2</u>	<u>Track 3</u>	<u>Track 4</u>
They don't pay off unless you experience the loss of a large percentage of your crop	41%	43%	39%	48%	25%
They only reimburse you at a percentage of the crop's market value	17%	12%	19%	20%	5%
Premiums are greater than the risk because my county's rate tables are outdated	12%	15%	14%	10%	9%
The cost is too high	19%	19%	18%	14%	40%
Don't know	11%	12%	10%	9%	20%

Perceptions of Premiums for Federally Sponsored Buy-up Coverage

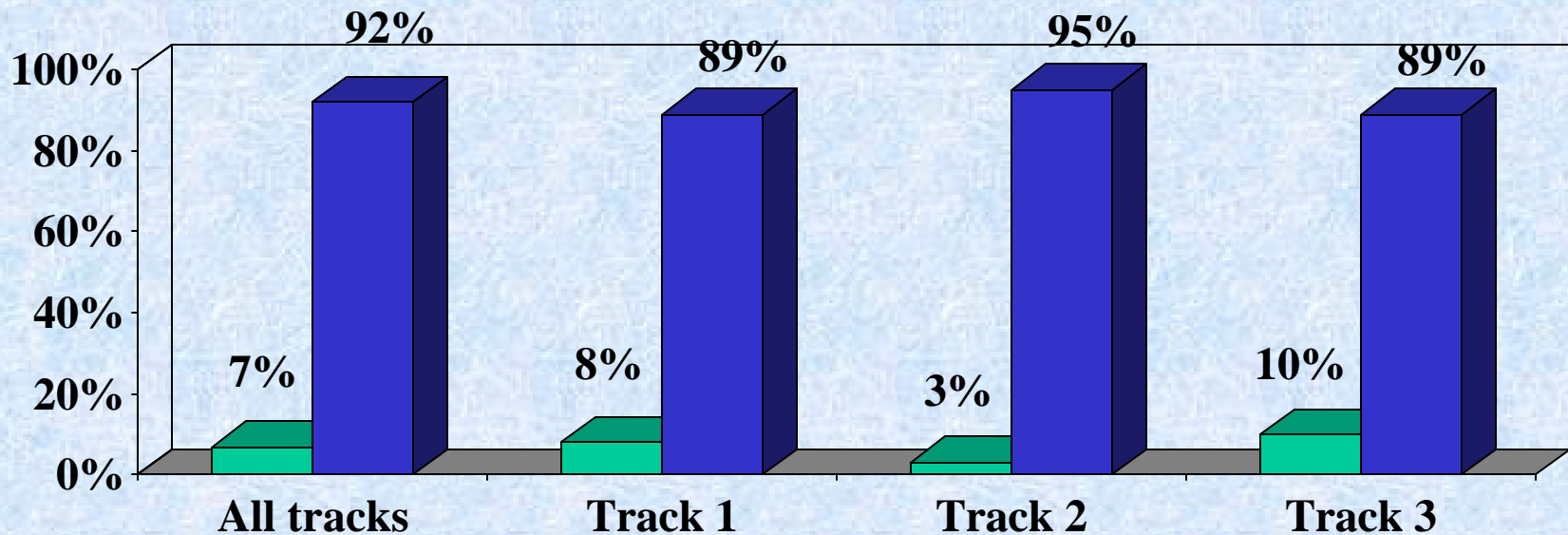
“Thinking about the premiums for federally sponsored buy-up coverage on soybeans. Do you think these premiums are, . . .” (Q26, N=650)

	<u>All tracks</u>	<u>Track 1</u>	<u>Track 2</u>	<u>Track 3</u>	<u>Track 4</u>
In line with the risks associated with farming for soybeans	32%	19%	33%	40%	16%
Overpriced in relation to the risks involved in farming for soybeans	44%	56%	43%	43%	40%
Underpriced in relation to the risks involved in farming for soybeans	10%	4%	11%	9%	12%
Don't know	14%	21%	13%	8%	32%

Federally Sponsored Crop Insurance: *Farmers Hope to Never Have to Use it*

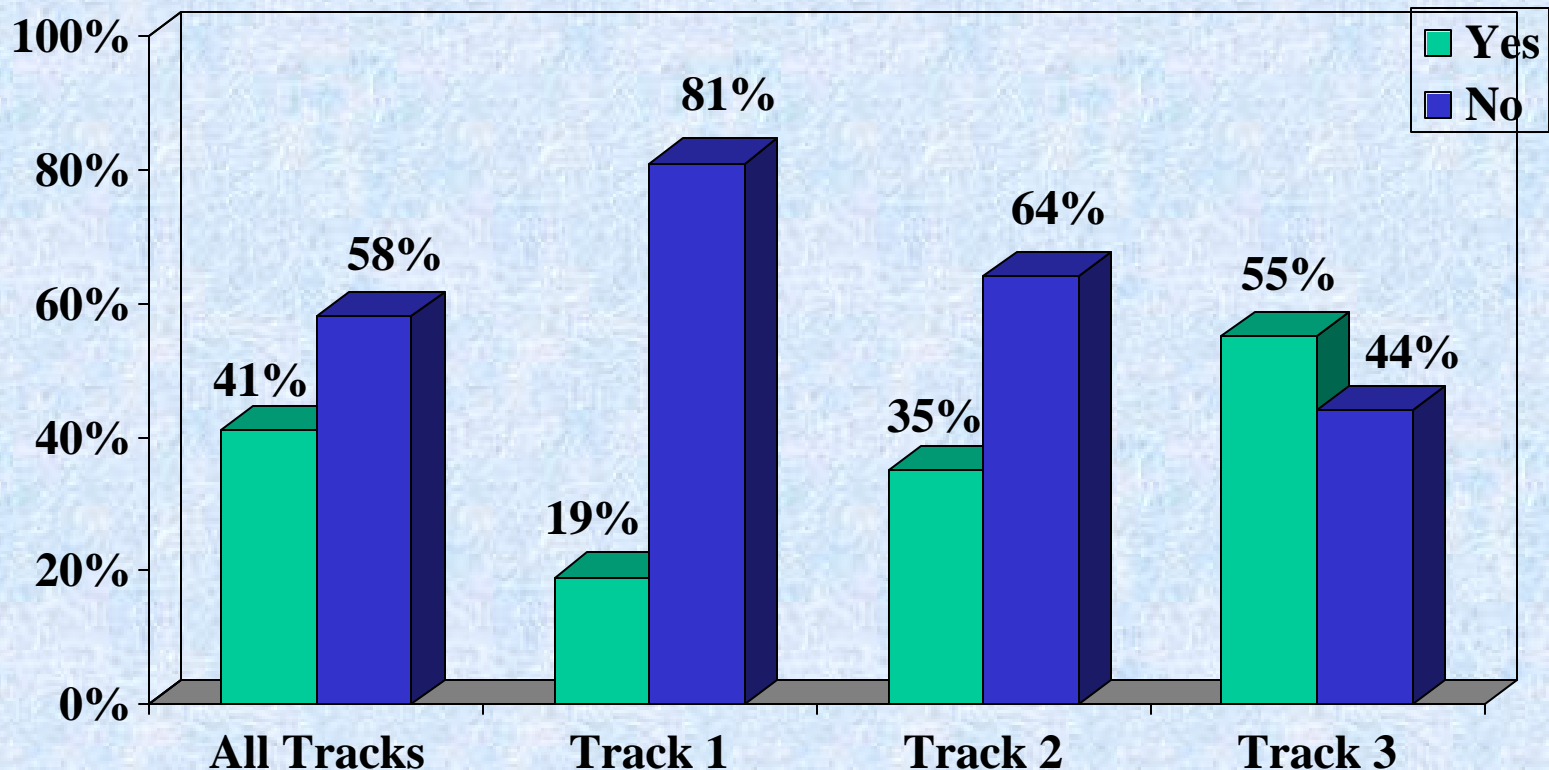
“When thinking about federally sponsored crop insurance for soybeans, do you look at it as an investment that should eventually pay off, or is crop insurance for soybeans more like automobile insurance and you hope you never have to use it?” (Q31, N=575)

■ See crop insurance as an investment
■ Hope you never have to use it



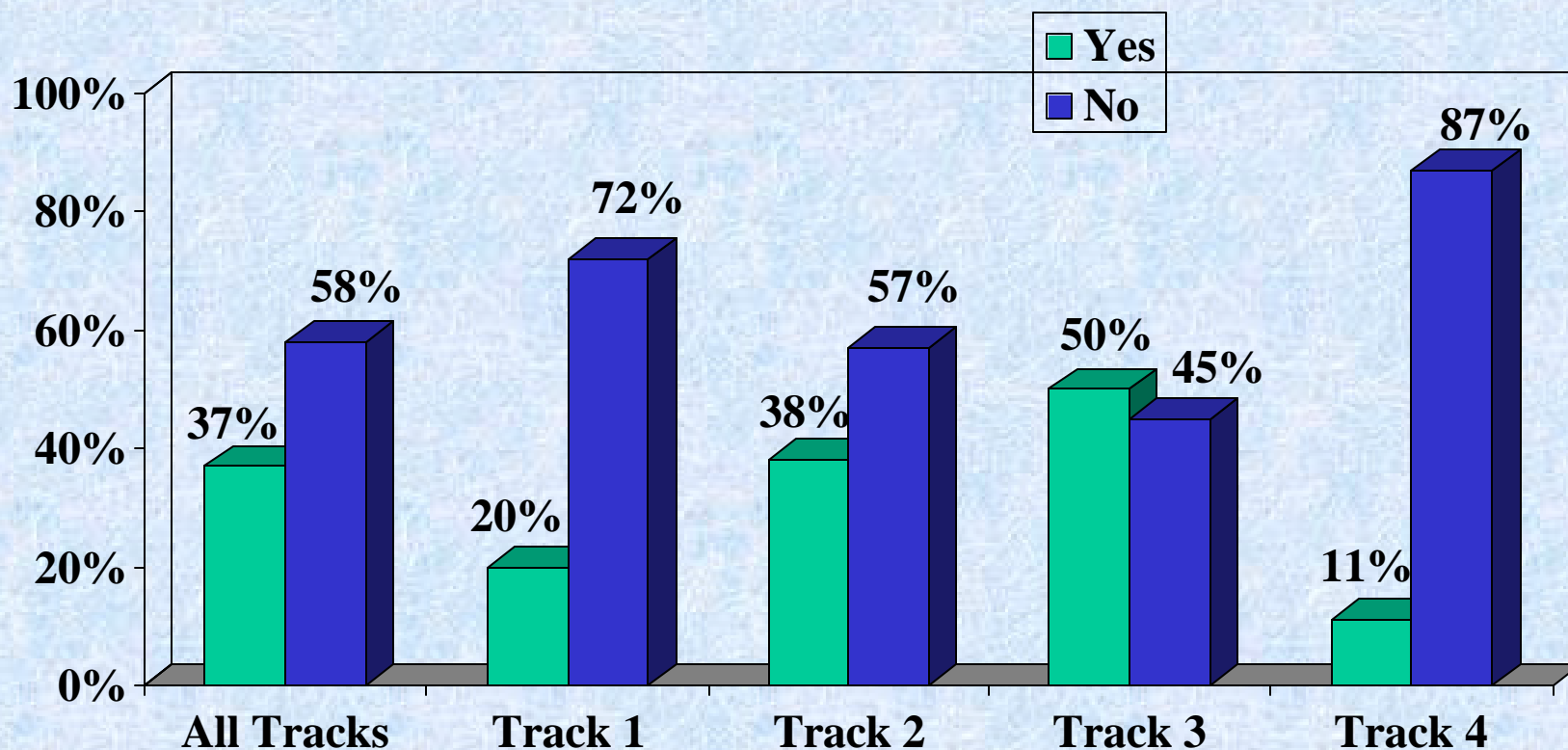
Soybean Losses: *A Majority of Farmers with Full or Buy-up Coverage Have Experienced Losses*

“Have you ever experienced soybean losses that were reimbursed under any federally sponsored crop insurance program?” (Q32, N=575)



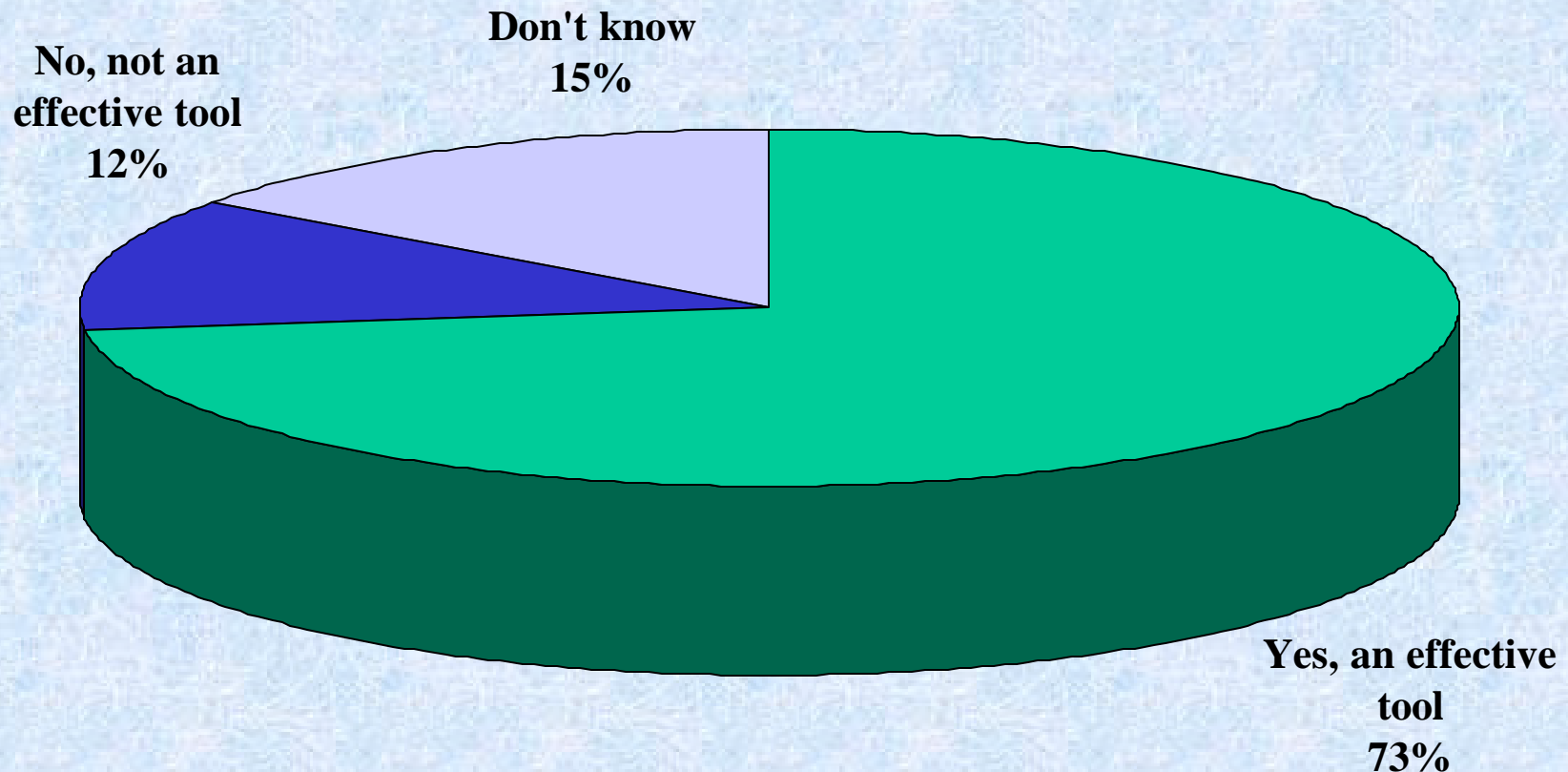
Farmers with Full or Buy-up Coverage are Most Likely to Have Collected Federal Disaster Relief on Soybean Losses

“Have you ever collected federal disaster relief for soybean losses on your farming operation?” (Q36, N=650)



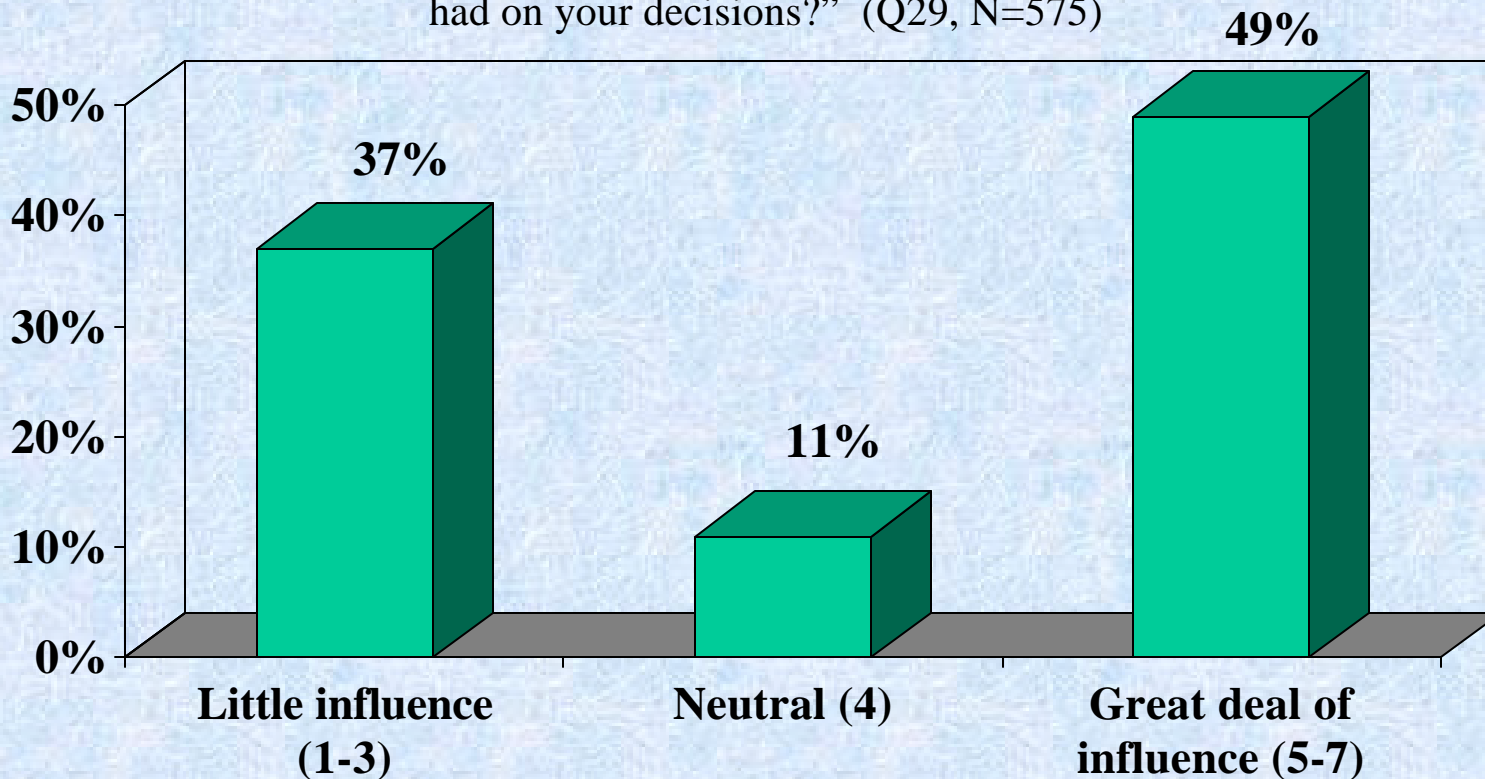
Consensus Agreement: *Financial Advisors View Crop Insurance as an Effective Risk Management Tool*

“Considering the attitude of your banker or other financial advisor, would you say that they feel federally sponsored crop insurance is an effective risk management tool for soybean producers?” (Q27, N=575)



Agents Influence Crop Insurance Decisions for a Plurality

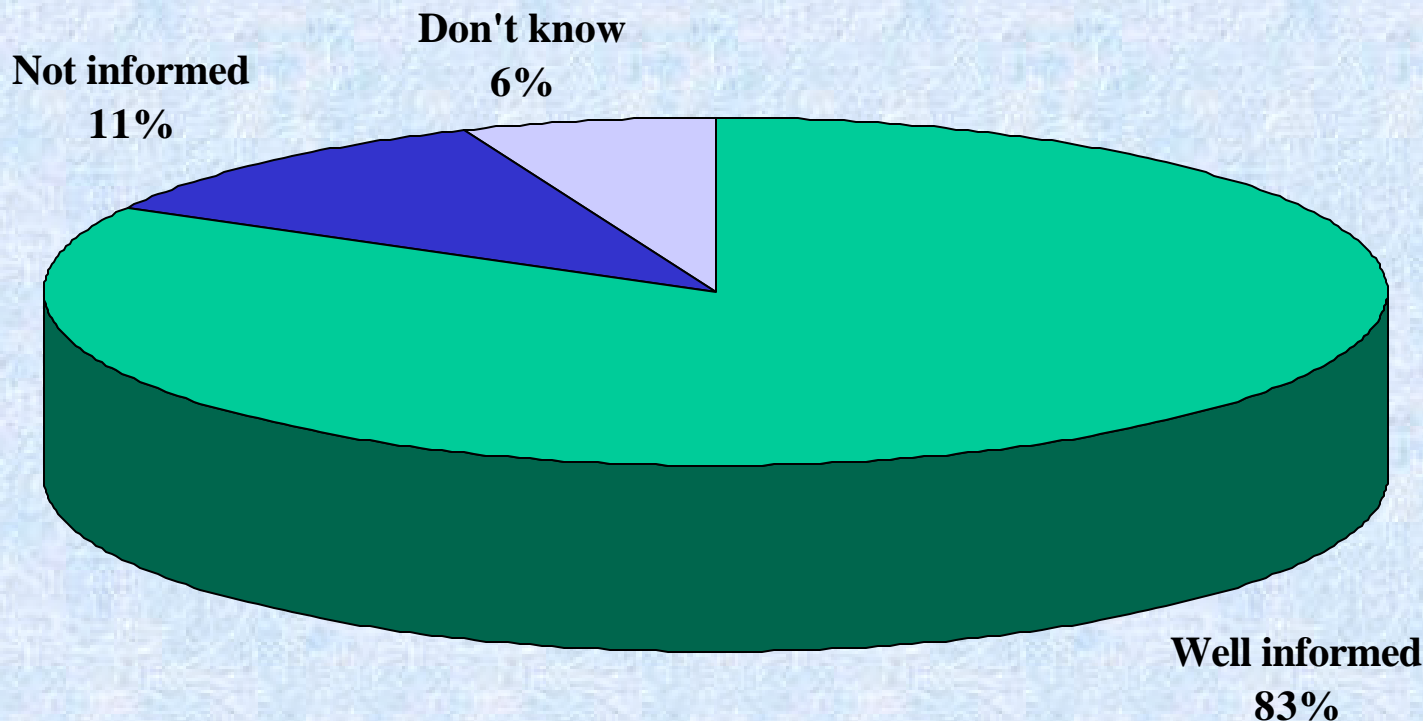
“Using a seven-point scale, where one means your agent has done little to influence your decisions about crop insurance for soybeans, and seven means your agent has had a great deal of influence, which number best represents the influence your agent has had on your decisions?” (Q29, N=575)



Most Feel Agents are Well Informed About Federally Sponsored Crop Insurance

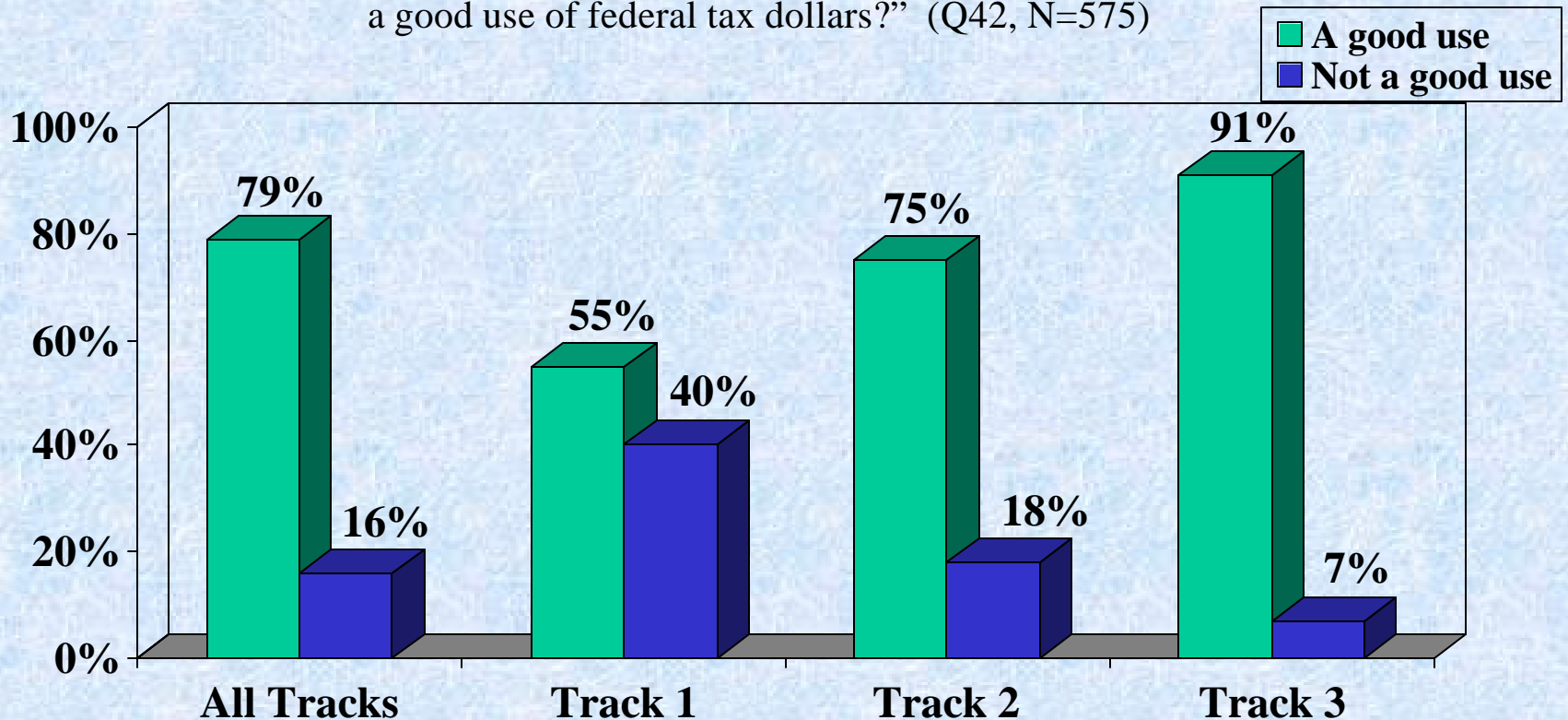
“Which of the following best describes how informed your crop insurance agent is regarding the federally sponsored crop insurance program for soybeans?”

(Q30, N=575)



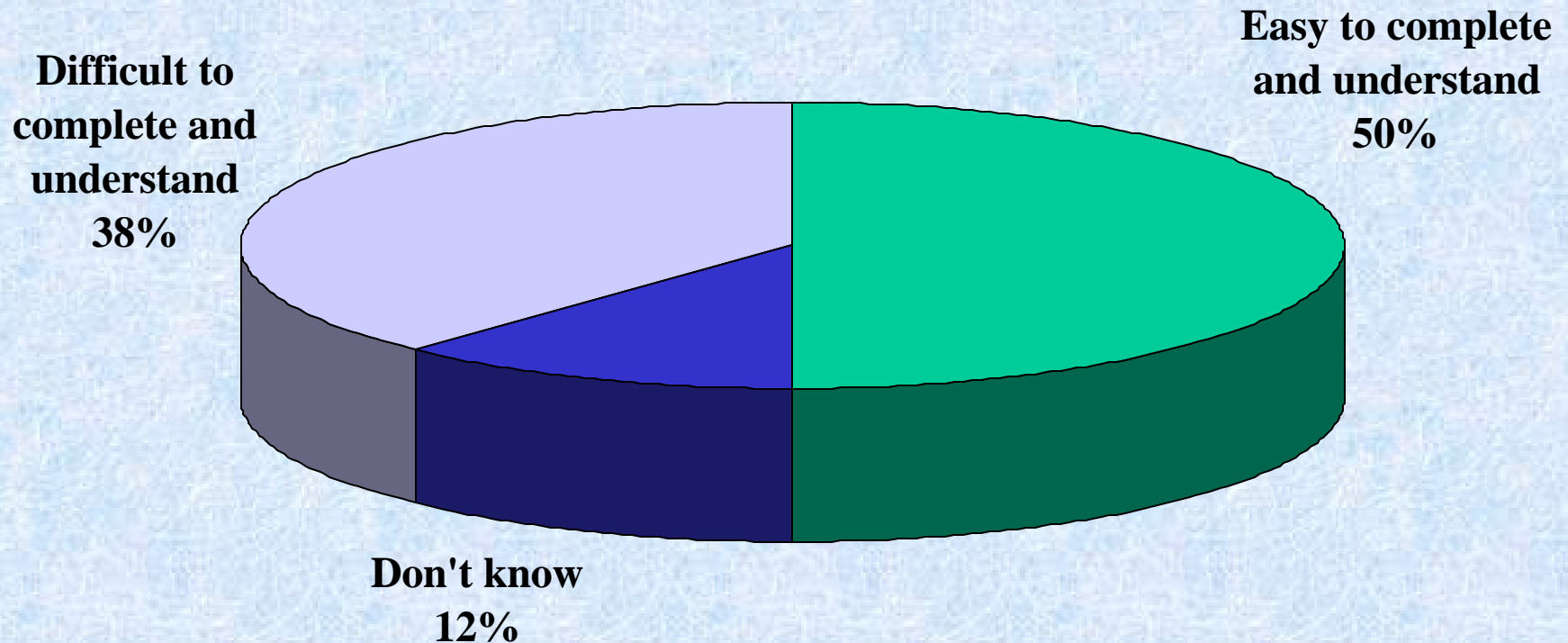
Government Subsidies for Federally Sponsored Crop Insurance are a Good Use of Federal Tax Dollars

“As you may know, the federal government pays for a large percentage of the premiums for federally sponsored crop insurance. Do you believe this is a good use of federal tax dollars?” (Q42, N=575)



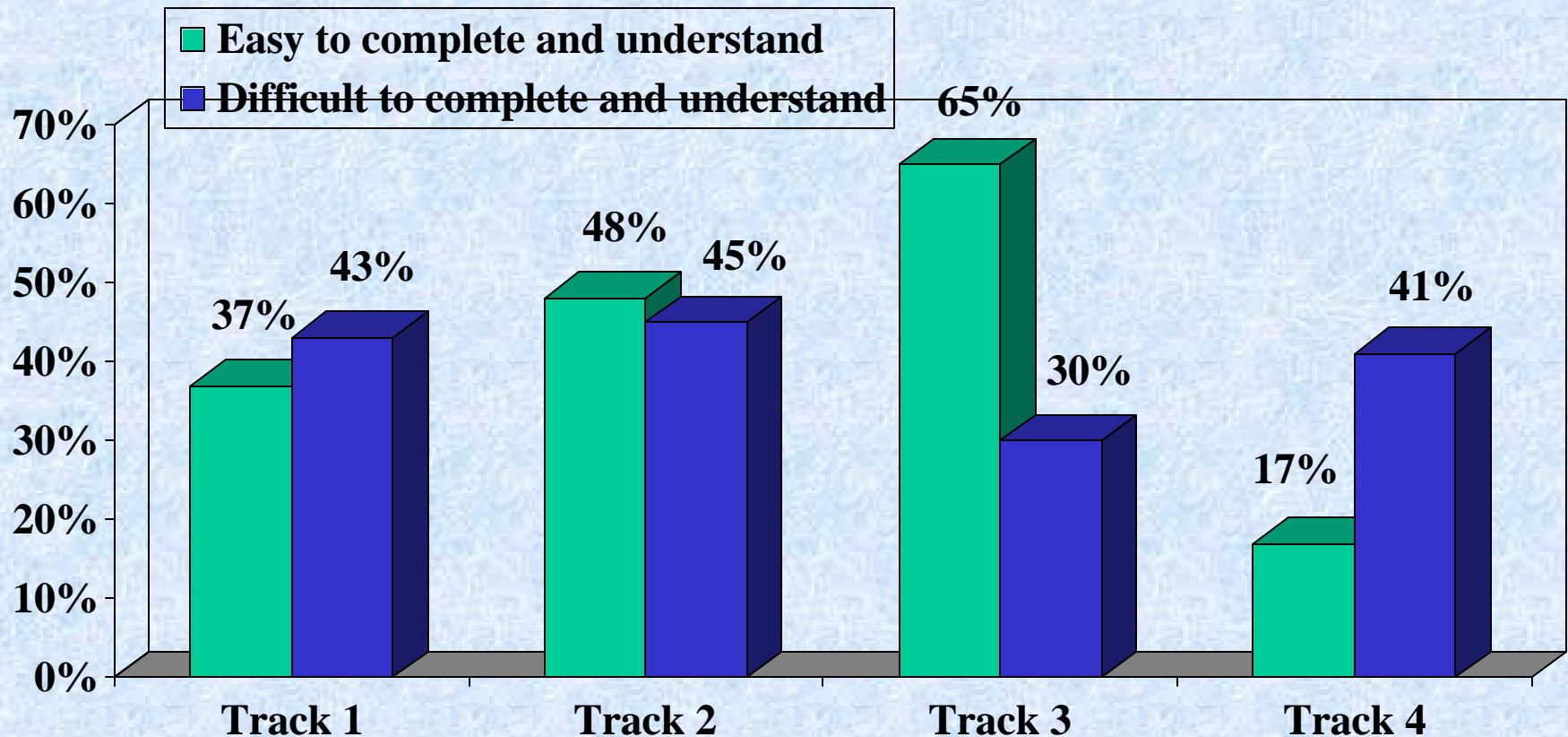
Overall Perceptions of Federal Crop Insurance Paperwork

“Do you find that the paperwork that is required to participate in federal crop insurance programs is, . . .” (Q45, N=650)



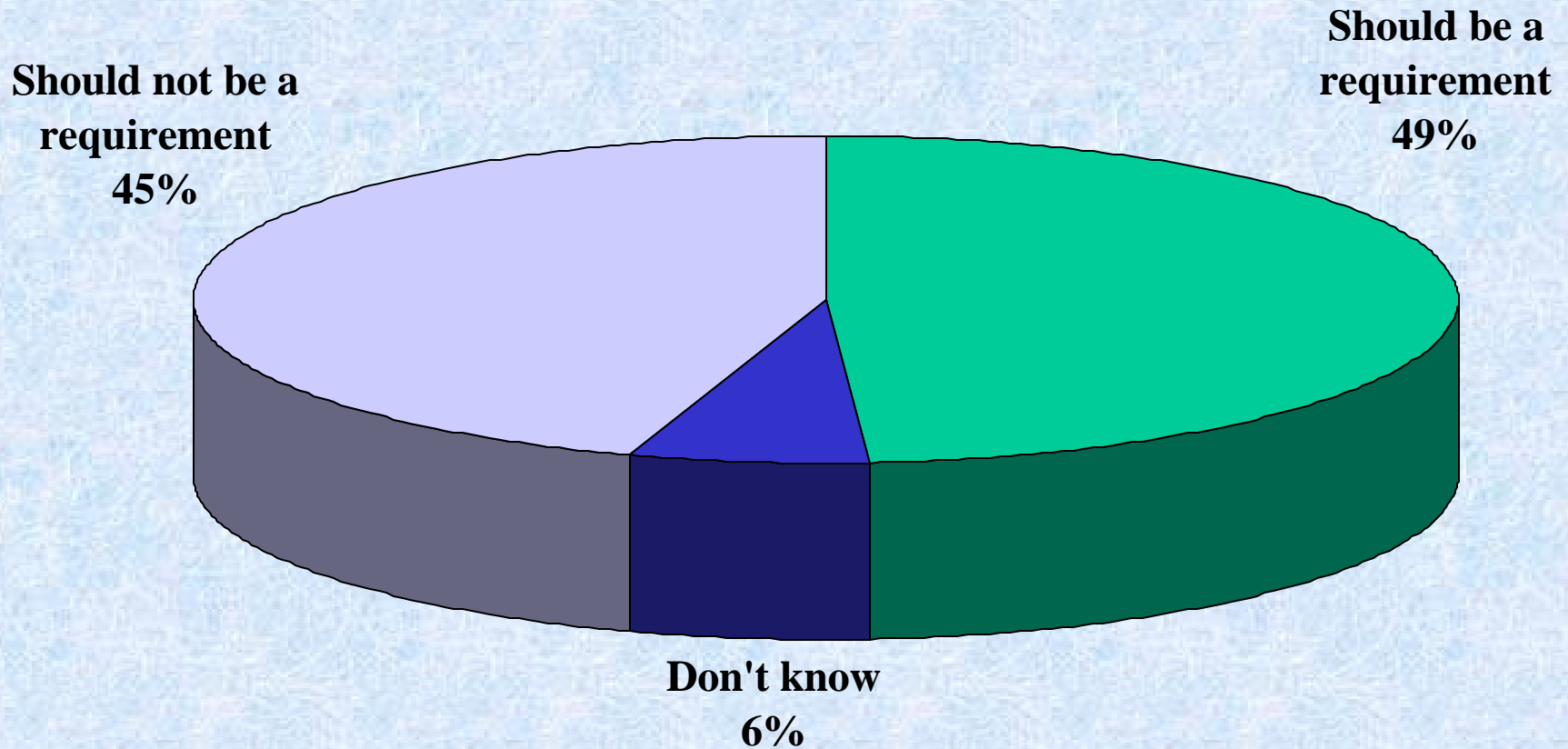
Perceptions of Federal Crop Insurance Paperwork by Track

“Do you find that the paperwork that is required to participate in federal crop insurance programs is, . . . ” (Q45, N=650)



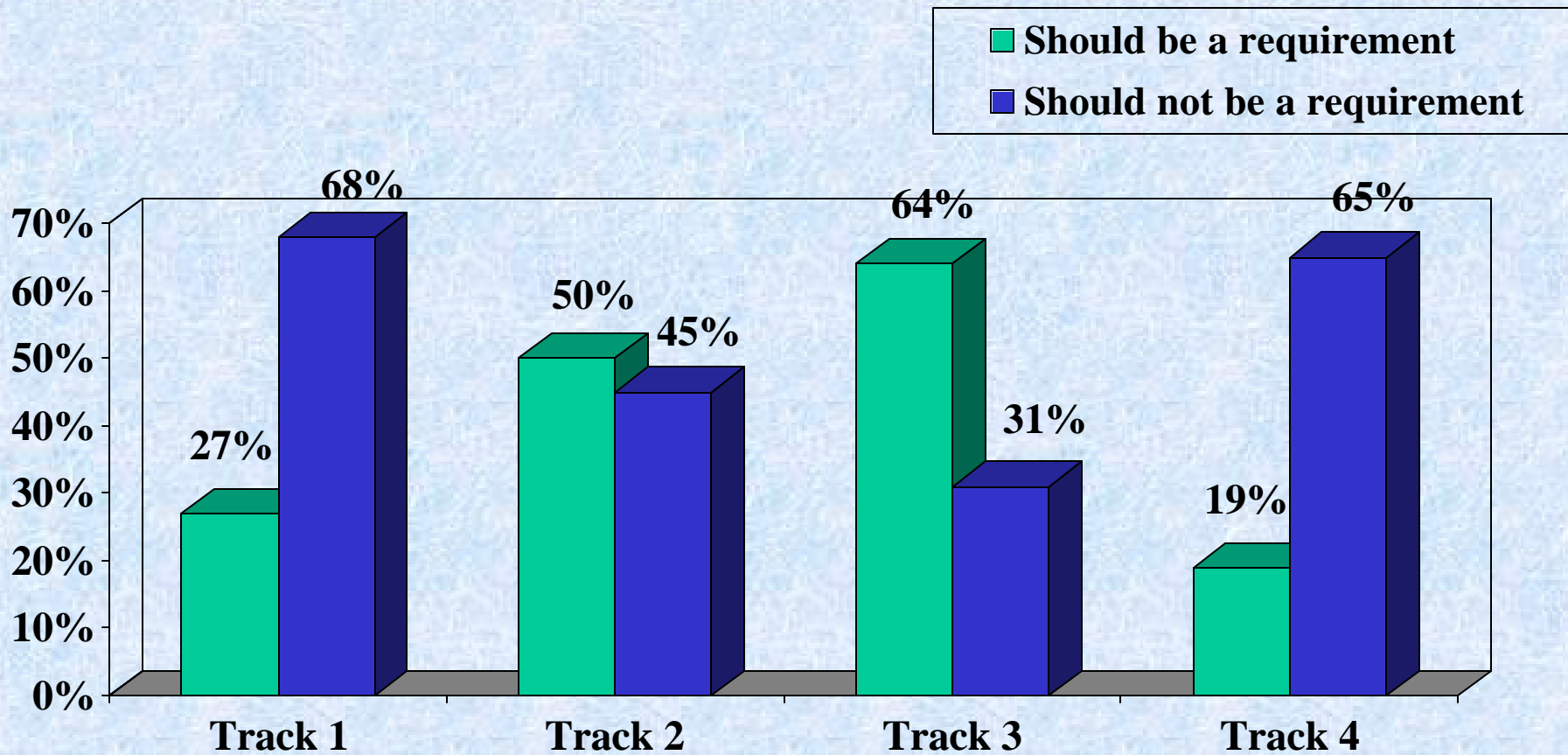
Farmers are Divided About Requiring Federally Sponsored Crop Insurance to Receive Federal Disaster Payments

“Do you think the purchase of federally sponsored crop insurance should be a requirement to receive any federal disaster payments?” (Q46, N=650)



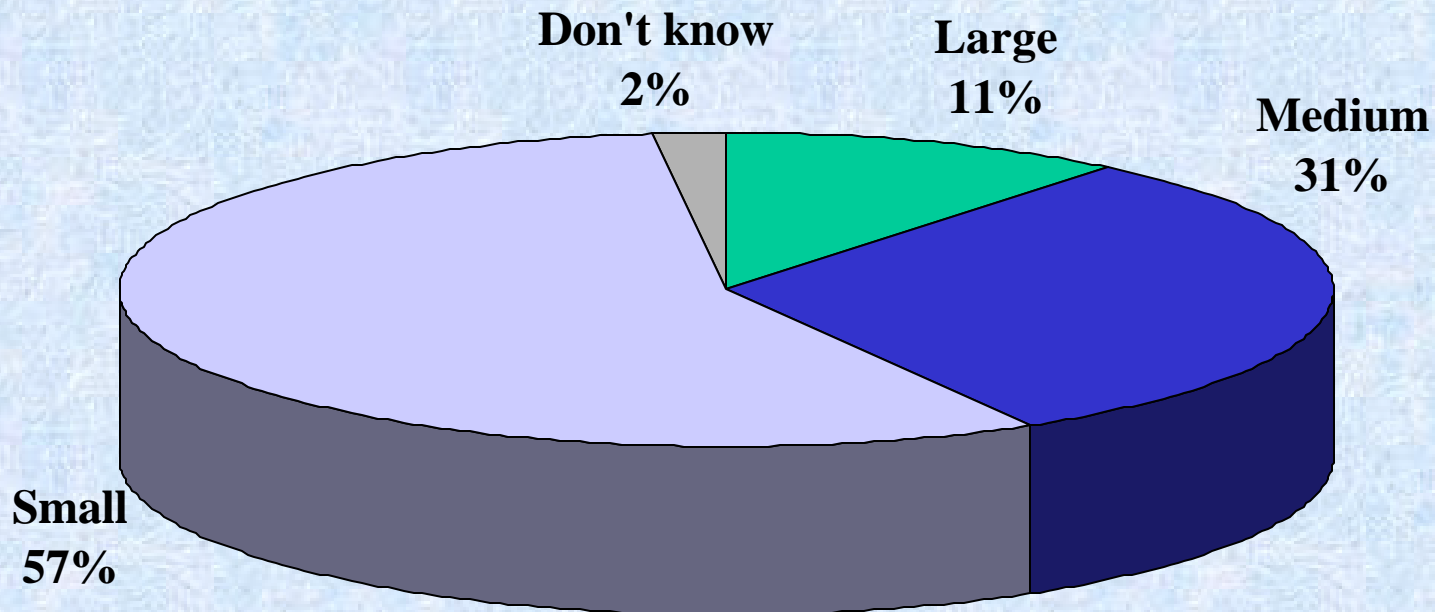
Should Federally Sponsored Crop Insurance Be a Requirement to Receive any Federal Disaster Payments?

“Do you think the purchase of federally sponsored crop insurance should be a requirement to receive any federal disaster payments?” (Q46)

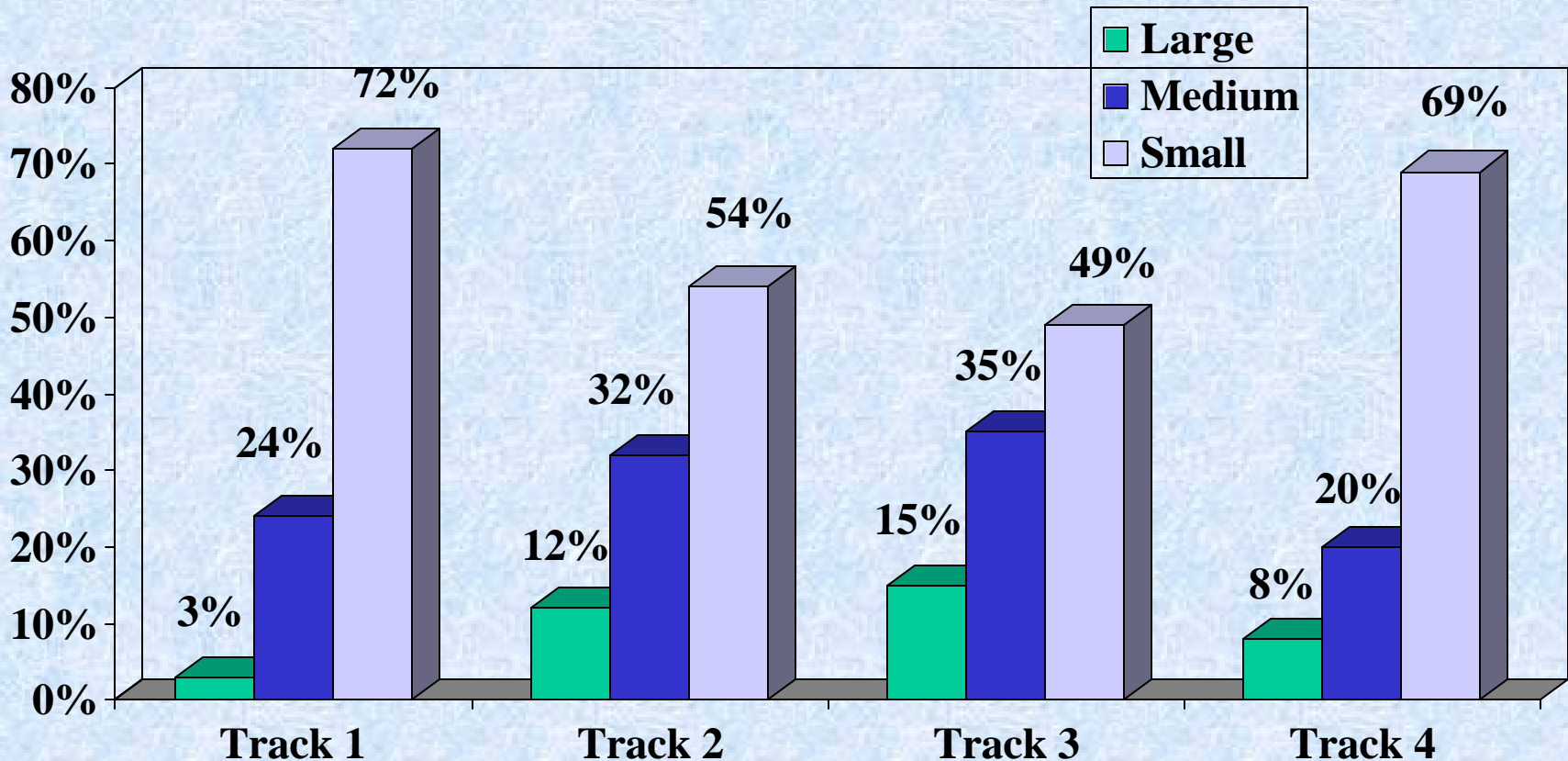


Size of Farm Operation: *Survey Profile*

“In 2000, an agricultural research group named the “Sparks Companies” conducted a study of agricultural operations in the U.S. Their report separated the American agriculture industry into three categories: “large” farm operations having total sales over \$250,000; “middle” farm operations having total sales between \$100,000 and \$250,000; and “small” farm operations having total sales of less than \$100,000. Based on these three groups, would you describe your operation as large, medium, or small?” (Q56)

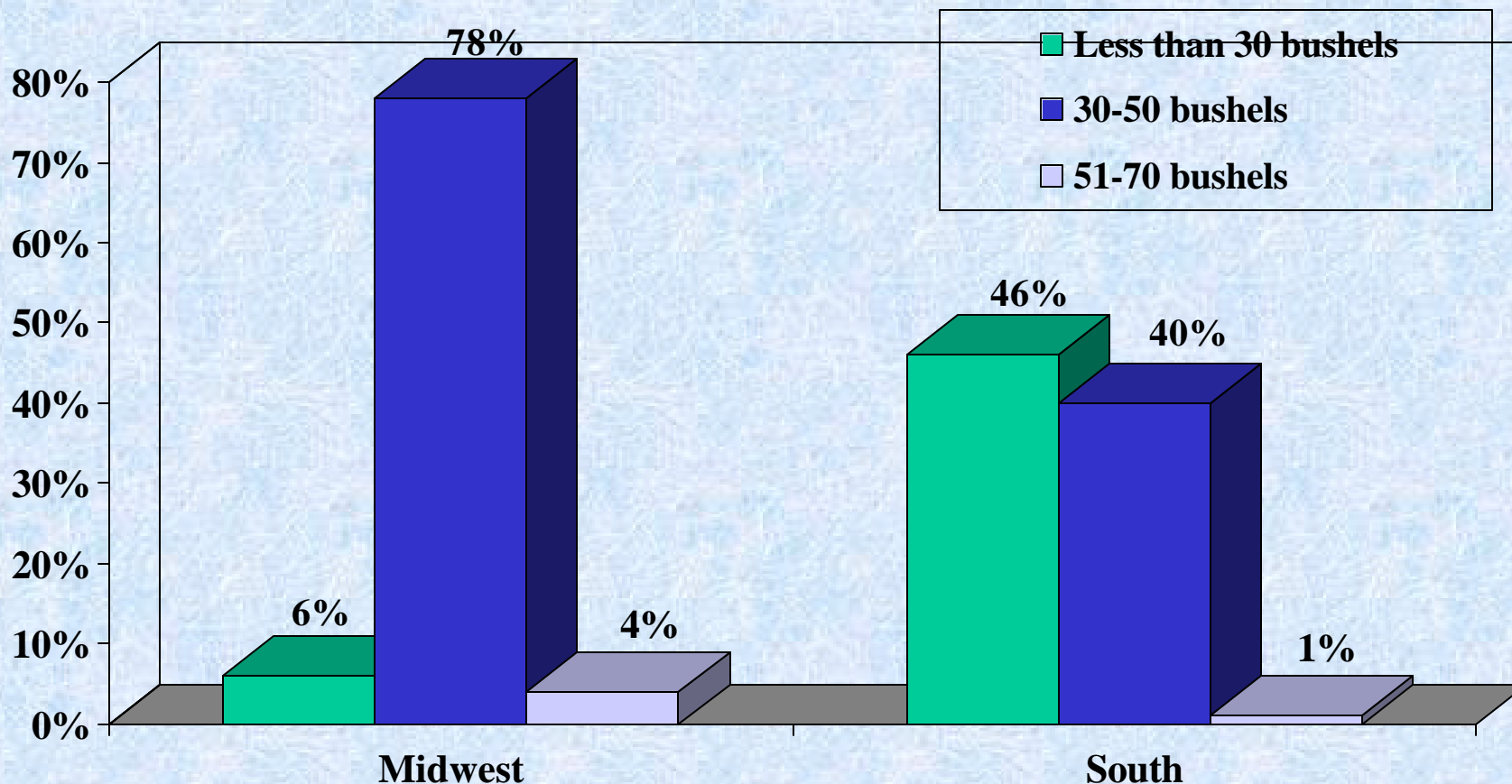


Size of Farm Operation: *Profile by Track*



County Average/Bushels Per Acre: *Midwest Yields Much Higher than South*

(Q48, N=650)



Focus Group Summary

- A “cost of production” crop insurance plan
- Revised paperwork deadlines which would allow agents more time with farmers to explore sign-up policies for new products
- Stabilize program/limit changes
- Increase awareness of federal subsidies
- Don’t require farmers to harvest crop when it’s almost a total loss

Focus Groups Conducted:

8/29/01 – Among Midwestern Farmers

8/30/01 – Among Southern Farmers

9/06/01 – Among Crop Insurance Agents