

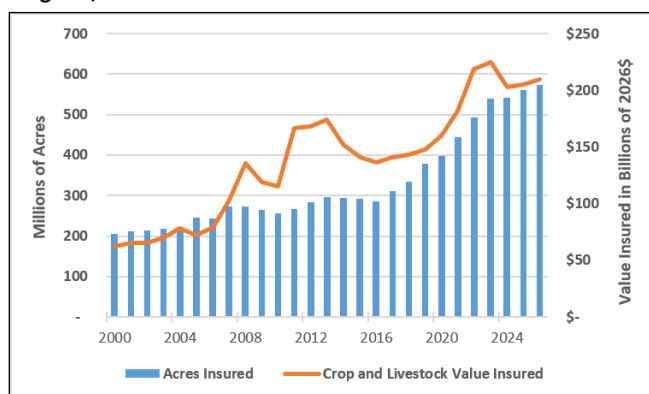


Farm Bill Primer: Federal Crop Insurance Program

Updated October 19, 2026

The federal crop insurance program (FCIP) offers insurance coverage for crops and livestock to help mitigate potential financial consequences of adverse growing and market conditions. The U.S. Department of Agriculture (USDA) regulates the policies offered and subsidizes the premiums that farmers pay in order to encourage farmer participation in the program. Premium subsidies were approximately \$15 billion in 2026, which accounted for about 66% of the total premium on average for all policies sold in 2026. Since its inception in 1938, the FCIP has grown from an ancillary program with low participation to a central pillar of federal farm support. In the 10-year period from 2017 to 2026, the program grew from insuring more than 311 million acres to more than 572 million acres (84% increase) and from insuring more than \$106 billion to more than \$209 billion in crop and livestock value (96% increase in nominal terms, 48% in inflation-adjusted terms) ([Figure 1](#)).

Figure 1. Acres and Value Insured by the Federal Crop Insurance Program, 2000-2026



Source: CRS calculations using data from U.S. Department of Agriculture Risk Management Agency Summary of Business database, downloaded September 25, 2026.

Notes: Years are crop years. Values adjusted for inflation using the U.S. Bureau of Economic Analysis Implicit Price Deflators for Gross Domestic Product where 2026=100, updated October 2026.

By law, the FCIP operates as a public-private partnership. Farmers purchase FCIP policies from private sector companies—Approved Insurance Providers (AIPs)—who sell and service FCIP policies under contracts with USDA. USDA provides *administrative and operating* (A&O) subsidies to compensate AIPs for the cost of selling and servicing FCIP policies. USDA also provides insurance for the AIPs (i.e., reinsurance) for most policies sold and shares the gains and losses from reinsurance with the AIPs as per the terms of the contracts.

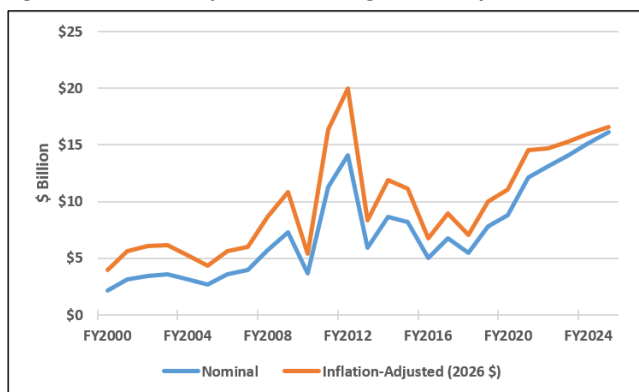
The FCIP is permanently authorized under the Agricultural Adjustment Act of 1938 (P.L. 75-430, 52 Stat. 72) and the Federal Crop Insurance Act of 1980 (P.L. 96-365, 7 U.S.C. §§1501 et seq.), as amended. The FY2025 budget reconciliation law (P.L. 119-21) made changes to increase premium subsidies,

expand certain coverage offerings, allow farmers to purchase certain FCIP policies when enrolled in the Agriculture Risk Coverage (ARC) commodity support program, and increase compensation for AIPs in years of relatively large losses, among other changes. Title XI of the House-passed and Senate committee-reported drafts of the 2026 farm bill ([H.R. 7567](#) and [S. 5526](#), respectively) would make further changes with implications for policyholders and how the program is administered.

Program Funding

The Federal Crop Insurance Corporation—the agency that finances FCIP operations—receives mandatory appropriations of “such sums as necessary.” Annual federal program outlays averaged \$12.1 billion for FY2016-FY2025, in inflation-adjusted 2026 dollars ([Figure 2](#)). Outlays tend to increase with the number of policies sold, increases in commodity prices, and increases in natural disasters and adverse weather events. Between 2016 and 2025, premium subsidies for corn, soybeans, wheat, and cotton—the top four crops in terms of acreage planted in the United States each year—averaged 74% of all premium subsidies paid.

Figure 2. Federal Crop Insurance Program Outlays, FY2000-FY2025



Source: CRS using data from U.S. Department of Agriculture, *Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements*, audit reports, various fiscal years.

Notes: Adjusted for inflation using the U.S. Bureau of Economic Analysis Implicit Price Deflators for Gross Domestic Product where 2026=100, updated October 2026.

Policies Offered

The FCIP offers insurance for most field crops, a wide variety of specialty crops, certain types of livestock and animal products, and grazing lands. FCIP coverage is available for purchase in all U.S. counties, although coverage for some crops may be limited in certain areas. To receive coverage, farmers must purchase policies by specific deadlines that vary by commodity but are before planting usually begins. Farmers can choose among many types of policies and policy options to customize coverage to their farm businesses' specific needs.

Farmers receive premium subsidies based on the coverage purchased. USDA fully subsidizes premiums for catastrophic-only (CAT) coverage; farmers pay only an administrative fee. Farmers pay an increasing share of premiums for higher levels of coverage, up to a maximum of 59% of the total premium for farm-level coverage. For certain county-level coverages, farmers pay 20% of the total premium.

FCIP policies insure against losses of expected yield or revenue due to unavoidable natural events. Covered perils or “causes of loss” include adverse weather conditions (e.g., hail, frost, drought, flooding); failure of irrigation water supply; fire; plant diseases; and insect and wildlife damage. Certain policies also insure against losses from seasonal market price declines. Farmers are required to follow USDA’s guidance on good farm management practices in order to maintain coverage eligibility.

FY2025 Budget Reconciliation Law

The FY2025 budget reconciliation law made changes to the FCIP. The [Congressional Budget Office estimated](#) that these changes would increase the program cost by about \$6 billion for FY2025-FY2034.

The FY2025 budget reconciliation law increased premium subsidies for farm-level coverage, the first increase since 2002. For farm-level coverage levels of 55%-75% of expected yield or revenue, the law increased premium subsidies by 5%. For 80% and 85% coverage levels, the law increased premium subsidies by 3%. The law made no changes to premium subsidies for other farm-level coverage levels. The law also increased the additional premium subsidies available for *beginning farmers and ranchers*.

The FY2025 budget reconciliation law expanded the maximum coverage levels for Whole Farm Revenue Protection policies, a type of farm-level coverage, from 85% to 90% of expected revenue and for Supplemental Coverage Option (SCO) policies, a type of county-level coverage, from 86% to 90%. The law also increased premium subsidies for SCO policies and removed the prohibition on purchasing SCO for acres enrolled in the ARC commodity support program.

The FY2025 budget reconciliation law required USDA to modify the terms of the contracts with AIPs to increase A&O subsidies paid to AIPs in years of relatively large losses. The law also increased A&O subsidies for specialty crop policies in certain years, required USDA to annually adjust caps on A&O subsidies for certain policies, and increased funds available for program compliance and integrity, among other changes.

2026 Farm Bill Proposals

The House-passed and Senate committee-reported versions of the farm bill would make other changes to the FCIP, with differences between some provisions. Both bills address subsidies for *veteran farmers and ranchers*, address compliance procedures for AIPs, freeze A&O subsidy rates for existing policies, establish a specialty crop advisory committee, modify the rules for private sector submissions for new FCIP policies,

and require USDA to conduct certain research and development and pilot activities, among other changes proposed.

Issues for Congress

The FCIP is a central component of the federal farm safety net, a collection of programs that provide risk protection and financial support to farmers in times of low farm prices and natural disasters. In the last three farm bills and in the FY2025 budget reconciliation law, Congress expanded the FCIP to cover more commodities and more types of risks. Farmers tend to purchase FCIP coverage for all planted acres every year for many commodity crops. Some stakeholders favor further expanding the program, noting that opportunities exist to increase coverage, especially for specialty crops, livestock, and animal products.

Other stakeholders have proposed reducing the cost of the FCIP by capping AIPs’ underwriting gains, reducing and/or capping premium subsidies for producers, and introducing a means test for premium subsidies, among other proposals. Congress could consider whether existing authorities and contracts between USDA and the AIPs are sufficient to achieve desired cost control aims for the program.

All FCIP policies include a deductible—losses that a policyholder absorbs before indemnities are triggered—to incentivize policyholders to guard against crop production risks. SCO indemnities and ARC payments may defray a portion of the deductible for farm-level coverage. SCO and ARC are both triggered by declines in county revenue compared with recent historical averages and thus may compensate for some of the same loss events. Farmers pay 20% of the cost of SCO premiums; enrollment in ARC is free. Congress could consider if a different combination of SCO coverage and ARC support would more adequately incentivize farmers to avoid risk, support farm incomes, and address concerns about government spending.

Some environmental stakeholders assert that improved soil health reduces crop production risk and propose to enhance the FCIP’s role in promoting conservation and improving soil health. Congress may consider the potential environmental benefits of these proposals and what their effects might be on program performance. [Statute](#) requires USDA to operate the program such that, on average for the program as a whole, the sum of farmer-paid premiums and premium subsidies should equal or exceed indemnities paid.

The number of private-sector insurers participating in the FCIP has decreased over time, largely due to consolidation in the insurance industry. Congress may choose to examine the drivers of this consolidation, as well as any implications of consolidation on outreach to producers in underserved areas, insurers’ willingness to market new and existing policies, program efficiency, the number of AIPs in the industry, and the profitability of the remaining AIPs.

Stephanie Rosch, Analyst in Agricultural Policy

IF12201

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.