

FOR IMMEDIATE RELEASE
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TROUBLE DOWN ON THE FARM: FEDERAL CROP
INSURANCE HORROR STORIES
SENATE REPUBLICAN LEADER BOB DOLE
TUESDAY, MAY 16, 1989

MR. DOLE. MR. PRESIDENT, AN ARTICLE ON THE FRONT PAGE OF THE WALL STREET JOURNAL YESTERDAY CALLS ATTENTION TO SOME VERY SERIOUS AND DISTURBING PROBLEMS WITH THE FEDERAL GOVERNMENT'S CROP INSURANCE PROGRAM FOR AMERICA'S FARMERS.

IN A TIME OF LIMITED GOVERNMENT RESOURCES AND A MASSIVE FEDERAL DEBT, IT IS PAINFUL TO READ HOW HUNDREDS OF MILLIONS OF THE TAXPAYERS' DOLLARS HAVE BEEN LOST DUE TO FRAUD, MISMANAGEMENT, MISCALCULATION AND UNBELIEVEABLE CARELESSNESS AT THE FEDERAL CROP INSURANCE CORPORATION.

AS ONE F.C.I.C. MANAGER ADMITTED IN THE WALL STREET JOURNAL REPORT, "WE GOT TAKEN TO THE CLEANERS."

THE FEDERAL CROP INSURANCE IS NOT SOLD BY THE GOVERNMENT. PRIVATE COMPANIES ACTUALLY SELL IT, BUT THE GOVERNMENT "REINSURES" THESE COMPANIES "AGAINST MOST OF THE RISK AND REIMBUSES THEM FOR 34% OF THEIR ADMINISTRATIVE EXPENSES." IS IT ANY WONDER THAT THE PROGRAM HAS BEEN LABELED A "FIASCO" BY THE WALL STREET JOURNAL.

IT IS DOUBLY SAD BECAUSE IT DISTORTS THE VERY REAL PROBLEMS DROUGHT, HAIL, FROST AND OTHER NATURAL HARDSHIPS CAN BRING TO AMERICA'S CROPS AND THEIR PRODUCERS. WHEAT FARMERS IN KANSAS THIS YEAR, FOR EXAMPLE, ARE FACING ONE OF THE BLEAKEST CROPS IN HISTORY AFTER A WINTER AND SPRING-LONG DROUGHT. THESE HARDWORKING MEN AND WOMEN WILL NEED HELP, INCLUDING SOME KIND OF FEDERAL RELIEF.

NO DOUBT ABOUT IT, THE COSTS OF A DROUGHT -- AS WE SAW LAST YEAR -- CAN BE STAGGERING; AND THERE IS NO CHEAP WAY TO HELP COVER THE COST OF NATURAL DISASTERS. WE UNDERSTAND THAT FACT.

YET, IN THE FACE OF THESE LEGITIMATE NEEDS, THE TAXPAYERS OF AMERICA CAN'T BE BLAMED FOR TURNING SOUR -- AND ANGRY -- AT THE COSTLY SHENNANIGANS OF SOME DISHONEST PRODUCERS AND BUNGLING BUREAUCRATS; AND THE TAXPAYERS WOULDN'T BE WRONG IF THEY DEMANDED A FEDERAL INVESTIGATION.

FOR INSTANCE, WE HEAR OF ONE FARMER WHO COLLECTED A HUGE CHECK FOR FREEZE DAMAGE, A MONTH AFTER HIS CROP WAS HARVESTED; OF PRODUCERS WHO COLLECTED INSURANCE FOR CROPS RASIED ON IRRIGATED FIELDS, EVEN WHEN IRRIGATED CROPS DO NOT QUALIFY FOR INSURANCE COVERAGE; OF MISCALCULATION OF CROP INSURANCE PROGRAMS THAT HAS RESULTED IN WINDFALLS FOR SCORES OF FARMERS; AND OF OTHER HORROR STORIES THAT CRY OUT FOR A MAJOR PROGRAM OVERHAUL.

MR. PRESIDENT, THE FCIC IS REPORTEDLY TRYING TO FIX SOME OF THESE PROBLEMS. IT NOW HAS A COMPLIANCE DIVISION TO HELP WITH LOSS ADJUSTMENT OVERSIGHT. THE CROP INSURANCE COMMISSION -- ESTABLISHED BY CONGRESS LAST FALL TO REVIEW FCIC TROUBLES -- HAS MADE A PRELIMINARY REPORT THAT ALREADY INCLUDES 26 RECOMMENDATIONS. ITS FINAL REPORT IS DUE JULY FIRST AND I WILL BE EAGER TO READ IT.

UNFORTUNATELY, THE TAXPAYERS HAVE SHOVELED OUT \$2 BILLON DURING THE PAST EIGHT YEARS TO COVER THE FCIC TAB. OF COURSE, CONGRESS IS PART OF THE PROBLEM, TOO. IT CAN'T SAY NO -- TO ANYONE, INCLUDING UNINSURED FARMERS.

SO IT IS A LETHAL COMBINATION FOR THE TAXPAYERS: TOO MUCH CONGRESS, TOO MUCH SPENDING AND TOO MUCH INCOMPETENCE AT THE FCIC.

MR. PRESIDENT, I ASK UNANIMOUS CONSENT THAT THE ENTIRE WALL STREET JOURNAL ARTICLE BE INCLUDED IN THE RECORD AT THIS POINT.

THANK YOU.

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