

MYTH: Crop Insurance inflates property values in a way that biases against small farmers.

FACT: The prices of the commodities produced on the land primarily determine property values, not crop insurance.

- The primary determinate of property value is the value of what can be produced on the land.
- As the chart shows, land asset value increases almost perfectly with the index of prices received for agricultural goods.
- Land prices are sticky; therefore, they do not react as quickly when commodity prices fall, leaving producers – especially small farmers with less equity – with increased financial risk in a downturn. Thus, making crop insurance availability even more imperative in the event of a crop loss.

Chart: Land Values

