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"Some Change ..."

This issue of TODAY® magazine comes to “press” as we close out another year and the country’s political landscape is being sorted out with late vote tallies and a possible runoff or two. It is beyond my pay grade to prognosticate on the political front, so I won’t. With some level of understatement, suffice it to say we face an uncertain political climate and an uncertain economy in an uncertain world.

What does this mean for crop insurance? In all of this we have “some change” to be reckoned with as we go forward. There are plenty of songs about “change” and it is difficult for me to resist a lyric or two as we pen this message for our final edition of 2022. Consider Bob Dylan, “The Times they are a-changing.” There’s David Bowie, “Changes,” or Tyrone Davis, “Can I Change My Mind?”

Some noteworthy lyrics of Boz Scaggs really strike a chord with me as we put the end of 2022 and the beginning of 2023 into perspective. Without further adieu, “Some Change...”

“... Some change comes down for the better
You feel it move
Then some come around like the weather
You take that in too...”

Agriculture and Federal crop insurance have undergone more than “some change” in the past few decades, and any attempt to characterize these changes and assess their importance would, no doubt, fall well short of the mark. I do believe it is safe to say that the changes we have observed in our industry have “come down for the better.” Several of the changes in Federal crop insurance have “come around like the weather.” Most notably, the 1994 Crop Insurance Reform Act was in response to the

flooding and excess moisture weather events of 1993. More recently, the “just-in-time” development of the Hurricane Wind Endorsement policy, which provided much needed protection to Southern growers, also came “around like the weather.” Of course, the numerous weather disasters recently faced by growers—including the 2012 drought, the prevented planting conditions of 2019, the 2020 derecho, and ongoing drought conditions—demonstrate how changing weather is affecting agriculture.

Federal crop insurance is perhaps best characterized by its ability to adapt to change. One of the strengths of the crop insurance program when it comes to responding to weather and climate uncertainty is its flexibility. Crop insurance has enabled farmers to survive extreme weather events and adopt climate friendly conservation practices. For the most part, these changes have been voluntary, science-based, and data-driven.

"Some Change" and Industry Infrastructure

“...I guess it’s time to break out a few pesos
Cause I’m getting to where I like the view
And if you’re feeling lucky and
You ain’t just passing through
You might change some too...”

In the previous issue of this publication, I spoke to the importance of our industry’s “institutional infrastructure,” primarily in terms of the investment in human capital. That is, the

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decades of crop insurance program knowledge and experience personified by the women and men employed in both the public and private sectors.

Accompanying the investment in human capital in crop insurance is the investment of financial capital by the private sector delivery system. It is fair to say that over time the private sector has “broken out a few pesos” investing in our industry. At least a few of the crop insurance companies currently in the business can trace their involvement back over one hundred years. One of these century-plus companies still maintains its family operation and management of the business. This level of commitment would suggest that the companies involved in crop insurance “like the view.”

So, what is the “view?”

Currently Federal crop insurance is characterized by a high level of participation. Approximately 90 percent of the major field crop acres in the United States have some level of Federal crop insurance coverage. Over 80 percent of insured acres have at least 70 percent coverage levels or higher. On the crop side, premium volume has nearly doubled from approximately \$10 billion in 2018 to approximately \$18 billion in 2022. The livestock segment of the business has also grown dramatically reaching approximately \$850 million for 2022. Specialty crop coverage has essentially tripled from \$7 billion in 2000 to \$21 billion in 2022. Quite a view... (but I digress).

“Breaking out a few pesos and liking the view” speaks to the importance of the long-term financial viability of the private sector delivery system. The private sector delivery system “ain’t just passing through” and the investment of private financial capital is not about “just feeling lucky” but rather focused on risk management, both at the farm and corporate level. At the program level, “feeling lucky” is not good enough, it is critical that actuarial soundness and program oversight be guiding tenets. As witnessed over the years, enhanced underwriting criteria, improvement in data collection and actuarial methodology, as well as data mining reviews are “changes that have come down for the better...”

Some things may and will change, but it is imperative that the financial viability of the delivery system remains a priority for both the public and private sector.



What Change Lies Ahead

“...Like Noah said you’d better wake up
You don’t want to get stuck in this zoo
Cause when he leaves the dock
He ain’t waiting ‘round for you
Be prepared to change some too...”

In all things, we must be mindful of the changes and uncertainty facing our industry. Agriculture is an incredible and ever evolving industry and in this “space and time,” agriculture has never been more prominent on both the domestic and international stage. The challenges have never been greater. Population growth exceeded eight billion inhabitants just this past month. Water resource availability is a severe problem globally and in our western states. Extreme weather events and climate variability can be considered the “new norm.” The role of crop insurance is to provide the financial backstop for our nation’s farmers and ranchers as they face uncertain weather and market conditions. As such, we need to stay awake, focus on the future, and avoid being left behind at the “dock.”

As the Boz would say, “be prepared to change some too.”

In This Issue

NCIS has been providing scholarships to students at 1890 universities for more than a decade. And our recent recipients are, once again, excellent students with a passion to study agriculture and make their part of the world better for others. Meet these students beginning on page 16.

The summer loss adjustment schools are an important part of the NCIS mission to provide excellent service to our members. Due to Covid-19, the schools had to be canceled in 2020, and were provided virtually in 2021. It was great to get back into the field in person once again this year. Hundreds of loss adjusters participated in schools across the country studying a large variety of crops. That story can be found starting on page 5.

The International Hail Congress (AIAG) met earlier this year in Turkey, and NCIS’ senior economist, Harun Bulut, participated and presented at the conference. His article on page 22 provides an inside look at how other countries around the world utilize crop insurance to protect their farmers and highlights the events and speakers from the conference.

We introduce you to several Michigan farmers, agents, and loss adjusters beginning on page 10. These are the last of our interviews for this year’s Crop Insurance Profiles Project, highlighting the people who rely on crop insurance when disaster strikes and those who work behind the scenes to ensure the farmers have the tools they need and respond quickly when losses occur. You can find these and all of the videos at CropInsuranceInAmerica.org/Real-Stories.

And lastly, Lynnette Dillon, NCIS, introduces the new digital Crop Adjuster Proficiency Program (CAPP) card for loss adjusters. This new card will make things much more efficient for adjusters, supervisors, and CAPP administrators. Adjusters will be able to access and view their card on their phone and administrators can immediately ensure that all adjusters are current with their certification.

We wish you all a safe and Happy Holiday season! See you in 2023!