



Tom Zacharias, NCIS President

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It Bears Repeating

As we enter the second half of 2023 there are more than a few balls in the air. The Fiscal Responsibility Act has been signed into law and presumably that should help clear the path for Congress to hopefully complete the Farm Bill.

In both Farm Bill listening sessions and related Congressional testimony, the support for crop insurance has been overwhelming. Why is this the case? Well, it occurred to me as I prepared for a recent radio interview that support for crop insurance is inherently tied to the fact that crop insurance provides the foundation for making fundamentally sound farm management decisions. Specifically, crop insurance complements the production, financial, and marketing aspects of the farm operation. And this “bears repeating.” Crop insurance enables farmers to cover their cost of production. Crop insurance enables farmers to secure financing. Crop insurance provides a basis for forward pricing decisions.

Let's take a look at each of these aspects individually.

Cost of Production

Perhaps the most fundamental consideration in farm management is knowledge and understanding of cost of production. Land grant university extension services do a very good job of continuing to publish enterprise budgets for a vast majority crops grown throughout the country. Understanding cost of production is essential for determining both the appropriate type of coverage for a farmer's operation as well as selecting the optimal level of coverage. It then becomes the role of the crop insurance agent to sit down with the farmer to establish the right product and the right amount of coverage based on the farmer's risk tolerance and amount of

budget dollars the farmer is willing and able to spend per acre.

“...It bears repeating” that crop insurance is the primary risk management tool that farmers can use to cover their cost of production.

Finance

For this section we are going to rely on our friends from Texas A&M University for some context. Dr. Joe Outlaw, Regents Professor of Agricultural Economics at Texas A&M, will often refer to crop insurance as “bankable,” meaning that farmers can count on crop insurance to be there when they need it. Crop insurance is critical in establishing credit for operating loans and, in the event of a loss year, crop insurance helps cover expenses and keeps the farmer in business for the following growing season. It also “...bears repeating” that crop insurance indemnities arrive in days or weeks in contrast to ad hoc disaster payments, which can take months or even years.

As observed by another member of the A&M family, “...crop insurance is necessary to back-stop and enable farm financing. Growers are not going to get an operating loan unless they have the value of that potential crop, the lint, and the seed covered with the available insurance products,” said Dr. John Robinson, Professor and Extension Cotton Marketing Specialist, Texas A&M University, in an article from December 5, 2022, which can be found here—<https://www.cottongrower.com/cotton-production/crop-insurance-is-necessary-protection/>.

Pre-Harvest Marketing Opportunities

By establishing crop insurance coverage

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prior to planting, farmers have a basis for marketing their crops throughout the growing season. Regardless of coverage level or choice of plan, either yield or revenue, farmers have assurance that a “safe” amount of production can be forward priced prior to harvest. With the purchase of revenue coverage, farmers are indemnified at the higher of the spring price or the harvest price. This “higher-of” feature of revenue coverage, coupled with underlying protection of the crop insurance policy itself, provides farmers not only financial protection in the event of weather or price uncertainty but also enables growers to take advantage of marketing opportunities as the season progresses. “...It bears repeating” that the ability of farmers to use crop insurance to complement their marketing decisions is an essential strength of the modern-day crop insurance program.

In this publication we have and will continue to reiterate the essential strengths of the

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modern-day crop insurance program. As we discussed in this article, crop insurance provides farmers a solid foundation for managing their operations. Crop insurance enables farmers to cover their cost of production. Crop insurance allows farmers to secure credit for their operations. Lastly, crop insurance provides a basis for farmers to market their crops. “It bears repeating” that, for these reasons, among many others, crop insurance remains a top priority of commodity groups and farm organizations as the Farm Bill debate continues this summer.

In this Issue

This issue of TODAY® contains the annual Year in Review article that we have been providing since crop year 2009. It highlights the good and not so good of what happened with the weather, markets, insurance, and other aspects of agriculture in 2022.

As mentioned above, the Farm Bill is currently being debated in Congress and we have spent a great deal of time watching the hearings and listening sessions to hear what people are saying about crop insurance. We’ve gathered many of them in an article found on page 33.

And lastly, we highlight the NCIS Regional/State Chairs and the training they received earlier this year as they lead the 18 regional/state committees through another crop year. These committees, and their leaders, are vital to the success of the crop insurance program and we thank them for their time and dedication to serving the industry.

We wish you all a great summer!

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Memory

Steve Griffin passed away on June 19, 2023, at the age of 71. Steve grew up in Stillwater, Oklahoma, and graduated from Stillwater High School in 1970.

Steve was an agricultural economist by training. He held a Bachelor’s and Master’s in agricultural economics from Oklahoma State University. He was also a qualified doctoral candidate, having completed all coursework and qualifying exams (i.e., “all but dissertation”) for a Ph.D. in economics at Iowa State University. He continued his education throughout his career, earning many certifications and multiple insurance licenses.

Steve often said he never needed any hobbies because he got the privilege of loving his work. He started his professional career with a faculty position at Texas A&M University as an assistant professor specializing in farm and ranch management, production economics, and risk. Over the next few decades, he was employed by several crop insurance companies throughout

the Midwest with various operational and executive responsibilities. Eventually, he returned to the classroom as an undergraduate and graduate microeconomics, macroeconomics, and business statistics instructor for local Des Moines colleges and universities.

Steve met his “honey,” Lela, in a computer lab at Iowa State University, and they were married in 1977. Together for 45 years, they loved playing board games, going on road trips, and sharing stories. But most of all, they enjoyed raising their three sons and spending time with their two grandchildren.

Steve could talk for hours (and hours) about agriculture, World War II, and politics. But also about growing up in Oklahoma, his FFA adventures, and his early career innovations. And also about economics, the price of soybeans, and the various species of grass. And also... well, just about anything you’d let him talk about. He was a smart man, sometimes too smart. He was always up for a good debate and enjoyed trying to solve the world’s problems over the phone with his friends and family.

He coached his sons’ soccer teams for 15



years, taught Sunday School for 15 years, and proudly attended all of his sons’ many football games, basketball games, school plays, and mime shows. He would say his jokes were always funny and consistently made himself laugh.

Steve is survived by his wife, Lela; his sons, Scott (Teal) Williams, Sam (Kevin) Griffin-McCarthy, and Spencer Griffin; his grandchildren, Max Williams and Addie Williams; siblings, in-laws, nieces, nephews, and very dear friends.