



Tom Zacharias, NCIS President

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30 Years In and Still Reforming

2024 marks the 30-year anniversary of the 1994 Crop Insurance Reform Act. The 1994 Reform Act (The Act) came off the heels of the extreme flooding and excess moisture conditions of 1993 and it is safe to say that The Act became the foundation for the modern crop insurance program we see today. Since 1994, crop insurance has continued to expand and adapt to the risk management needs of U.S. agriculture. Given this 30-year anniversary, it might be useful to take this opportunity to reflect on the program's many accomplishments. This is not meant to be an exhaustive review of all the changes that have taken place in crop insurance, but rather the intent here is to demonstrate and highlight how crop insurance has grown and adapted since the 1994 Reform Act.

Critics of crop insurance will oftentimes call for the need to "reform the crop insurance program." Oddly enough, if these same critics were paying attention to the "facts on the ground" they would know that the modern-day crop insurance program is in continuous "reform" mode to expand and respond to the changing environment of U.S. agriculture.

Revenue Products and 2000 ARPA

Introduced in 1997, revenue products expanded the role of crop insurance to help protect farmers in the event of a loss of revenue. With a revenue policy, farmers can market their crops in advance knowing they will have a guaranteed revenue regardless of market conditions at harvest time. This vital component of the program is used by the majority of farmers today. By May of 2000, Congress approved another important piece of legislation to further its goals of making crop insurance more affordable and widely

available. The Agricultural Risk Protection Act (ARPA) made it easier for farmers to access different types of crop insurance products including revenue insurance and protection based on historic yields. ARPA also increased premium discounts to farmers to encourage greater crop insurance participation and included provisions to help prevent fraud, waste, and abuse.

2014 and 2018 Farm Bills

The 2014 Farm Bill is another piece of legislation that followed a catastrophic weather event, namely the Midwest drought of 2012. The provisions of the 2014 Farm Bill very much solidified crop insurance's role as the cornerstone of the farm safety net. Supplemental products such as Supplemental Coverage Option (SCO) and Stacked Income Protection (STAX) for cotton, were introduced on a broad scale. The 2014 Farm Bill also linked crop insurance eligibility to conservation compliance.

The 2018 Farm Bill further secured the role of crop insurance. Enhancements in 2018 included the inclusion of cover crops as a Good Farming Practice. Specialty crop coverage was improved with products such as the Hurricane Insurance Protection-Wind Index Endorsement and modifications to Whole Farm Revenue Protection. Benefits were also expanded for beginning farmers and Veteran farmers and ranchers.

Outreach to the Underserved Community

Since 2007, NCIS, through the support of the Risk Management Agency (RMA) and the National Institute of Food and Agriculture (NIFA) grants, and the support of the NCIS member-

Continued on page 56

ship, has provided risk management education to underserved communities, primarily in the Southeast. Starting in 2010, the NCIS membership has provided scholarships to students at the 1890 institutions. This scholarship program was recently expanded to all of the 1890 universities. And in 2024, NCIS will host its third year of internships for undergraduate students enrolled at 1890 or Tribal institutions. NCIS has also entered into a Memorandum of Understanding (MOU) with the Intertribal Agriculture Council for the training of agents and adjusters in underserved regions through the Building Resiliency Project. And lastly, NCIS continues to partner with USDA/RMA with two new risk management projects for 2024. All this to say that the Approved Insurance Providers (AIPs), through NCIS, have partnered and continue to partner, with USDA and RMA in the area of Diversity, Equity, and Inclusion.

Climate and Conservation

Over the past several years, farmers have dealt with extreme climate and weather-related challenges. America's farmers have survived droughts, hurricanes, derechos, floods, fires, and a global pandemic. In 2011, farmers in parts of the Midwest experienced severe flooding while farmers in the Southern Plains suffered from severe drought. 2011 was followed by the Midwest drought of 2012. Fast forward to 2019 with farmers again dealing with catastrophic excess moisture conditions. In 2020, the Iowa derecho caused devastating damage to both property and crops and hurricanes hammered the Southeastern United States. In 2021, drought continued to plague farmers across the northern plains and most of the West, while the third-active hurricane season on record flooded farmland from Louisiana to the Eastern seaboard. Through it all, farmers kept farming. One constant throughout these past several years has been the availability of Federal crop insurance.

Critics of the Federal crop insurance program have asserted that crop insurance does not encourage or require farmers to adapt to climate change. Such criticism ignores the evolution of crop insurance to accommodate the integration of conservation programs and farmer initiatives to incorporate climate smart farming practices.

In a study published in 2020 in the *Journal of Environmental Management*, which we have previously mentioned, the authors report that



crop insurance and conservation practices serve unique roles and are used simultaneously. The authors further state that crop insurance is not a barrier to the adoption of conservation practices such as cover crops and conservation tillage among Midwest farmers. To state that the modern-day crop insurance program does not support farmers' efforts to adapt to climate change or adopt conservation practices is simply not true.

Response to the Pandemic

Although not a "reform measure," per se, or implementation of a specific piece of legislation, the response of the industry and the Agency to the pandemic represented a classic example of the strength and resiliency of the public-private partnership at work. In mid-March of 2020, NCIS and its members held virtual calls with RMA on a weekly basis. In a series of 8-10 weeks, perhaps a little less, RMA and the AIPs worked through the logistics of servicing the business that year. Both RMA and the industry communicated and exchanged ideas, facts on the ground and got the job done. This was the same model used during implementation of the 1994 Act and the 2014 and 2018 Farm Bills, the public-private partnership responding to the needs of U.S. agriculture upon demand.

The NCIS Role

As the only industry trade organization representing all AIPs and servicing both the state-regulated and Federally regulated lines of crop insurance, NCIS remains uniquely positioned to provide the necessary support to its member companies whose responsibility it is to provide the requisite risk management tools for America's farmers and ranchers. NCIS, through both membership support and

participation, continues to be an active force in the ever-changing landscape of agricultural risk management.

In closing, we are 30 years in from the 1994 Reform Act, and in my humble opinion, our industry has been in reform mode ever since. Nothing in what I have said here would suggest that crop insurance is standing still. The Federal crop insurance program and its private sector partners have demonstrated the flexibility to accommodate change. These changes have been, and will continue to be, science based and data driven, and provide incentives for voluntary participation by farmers.

In This Issue

The crop insurance industry gathered in early February for its annual convention. There were many great speakers and panel presentations throughout the three-day event. Pictures from the convention begin on page 5. On the last day of the event, five individuals were recognized for their service and support of the crop insurance industry. Jaime Cortes, Hartwell Huddleston, and Darnell Tennie were given the Outstanding Outreach Award for their work as crop insurance agents in educating small and minority producers about the importance of crop insurance. Lisa Haag, Rural Community Insurance Services, was presented with a Friend of the Industry Award and Ron Rutledge, Farmers Mutual Hail Insurance Company of Iowa, was presented with a Lifetime Achievement Award.

The NCIS Claims Manager Conference was held in mid-January for all claims managers and supervisors. More than 275 people attended this hybrid event and the article on page 19 highlights the important information presented during this event.

We wish you all a great Spring!