



Tom Zacharias, NCIS President

Two Eggs Over Easy



With the modern-day crop insurance system, farmers can tailor their coverage a la carte, mixing and matching the insurance options that work best for their farming businesses.

A while back I was reminded of an old story, perhaps an anecdote, told to me by a gentleman who worked for my father, circa 1968-1969. My father, Otto E. Zacharias, who in later years my brothers and I affectionately referred to as the “Big O,” was about 6’3” and weighed about 220 lbs. Since I’m not quite 6’ myself, I always looked up to the “Big O.” In the words of Dan Fogelberg, he was the “Leader of the Band.” But I digress...

For our purposes here, I will refer to the gentleman who worked for my father as Mr. K. He was somewhat of a “one-off” uncle to me in my early teens. Mr. K taught me how to fish for bass in South Texas stock ponds with artificial lures and an open-faced spinning reel. Trust me, the bass population was never threatened. And, yet another mild digression, neither was the dove population when I wielded my single-shot 410 around those same stock ponds.

Back to our story. One afternoon fishing in a flat bottom aluminum boat somewhere south of “San Antone,” Mr. K began recounting his experiences on the road and was no doubt quietly upbraiding me for something I had done in a hurry without thinking through the implications of my actions on the possible acquisition of a “piscatorial” beauty. The story goes something like this...

“...Tommy I was doing some work around Victoria or Cuero, Texas, a while back when I stepped into a little diner for breakfast about 5:30 in the “Texas morning.” I sat down in a booth and the waitress came by with a cup of coffee and took my order.”

“...Two eggs over easy with toast and bacon...” Mr. K replied.

Within less than five minutes the waitress returned with Mr. K’s order. The bacon was burnt and the “over easy eggs” had yolks hard as rubber and the whites were crispy and black around the edges.

Mr. K paused, then looked up at the waitress and asked, “Ma’am, is this how you serve breakfast in your home?”

The waitress paused, stared down at the plate, picked it up and walked away. She returned shortly (and according to Mr. K) with two of the prettiest over easy eggs you ever saw along with perfect bacon. As the story goes, Mr. K reportedly saw the waitress at the grill cooking his breakfast by herself.

Obviously, Mr. K’s anecdote has stuck with me through the years and admittedly there are multiple occasions when I have “...moved faster than I could think” and not taken the time to deliver a quality work product. Learning by failing, I suppose. That said, Mr. K should serve as a constant reminder that we should take our time - “get it right” the first time, not rush the job and provide the highest level of

Continued on page 31

quality service to our customers; the farmers and ranchers of this great nation. Like patrons at any respectable Texas diner, our crop insurance customers have come to expect that their eggs will be cooked to order.

With the modern-day crop insurance system, farmers can tailor their coverage a la carte, mixing and matching the insurance options that work best for their farming businesses. Farmers have come to expect a quality experience from the delivery system. The delivery system starts with a professional crop insurance agent who helps the farmer select the best coverage available for his or her specific risk management needs. In the event of a loss, farmers have come to expect that an experienced adjuster will be there to finalize the claim and deliver an accurate indemnity payment in a timely fashion. As opposed to Mr. K's experience, both the AIPs and RMA are working behind the counter and in the kitchen to ensure that any order on the menu can be met and ultimately served properly to the hungry traveler.

Our proverbial "crop insurance diner" got a lot more business than expected in 2012, yet not a single patron complained amid the worst drought in recent memory. Crop adjusters worked overtime to process a deluge of claims and delivered aid expeditiously and effectively. With so much activity in such a compressed amount of time, the likelihood was high that the eggs might not turn out as ordered. Yet, we emerged successfully thanks to the dedication and hard work of the AIPs, a professional agent and adjuster force, wise investments in infrastructure, and close coordination with our public-sector partners at RMA.

Yes, our diner lost some money back then, but 2012's performance set the stage for today's environment in which crop insurance is more popular than ever with farmers and is widely seen as the primary component of America's farm safety net. Just think, for this year, 2018, we not only saw farmers from every corner of rural America urging Congress to prioritize crop insurance in the Farm Bill, but we also saw a new milestone of 311 million acres of farm and ranch land protected by crop insurance. In other words, "getting the eggs over easy and not burning the bacon" earned our customers' praise in both political action and additional business.

We must be ever mindful that our diner serves breakfast to farmers that purchase both federal-

**We must be ever mindful
that our diner serves
breakfast to farmers that
purchase both federally-
regulated and state-regulated
crop insurance products.**

ly-regulated and state-regulated crop insurance products. Admittedly and understandably so, federally-regulated crop insurance is the focus of much of our attention on a day-to-day basis. But our industry should take a long look in the mirror each morning before we "fire up the grill." Long before federally-regulated crop insurance became the mainstay, the roots and infrastructure of our industry were founded upon crop-hail coverages regulated by individual state insurance departments. The crop insurance industry has invested heavily in its self-funded agronomic research program, along with the investments made in the industry's crop-hail actuarial database, which is the basis of individual company actuarial filings

with each respective state insurance department. Granted, these days, most of the "crop insurance breakfast calories" are consumed with the federally-regulated line of the business, but we would be well-served to make sure our breakfast offerings on the state-regulated page of the menu are cooked and prepared properly. Enough said on this topic.

So where does that leave us for tomorrow as Congress begins to complete its work on the 2018 Farm Bill and our customers cope with economic hardships that are reminiscent of the '80s? First and foremost, it is time to again roll up our sleeves and work closely with RMA and legislators as rules for the new Farm Bill are written and implemented. Following the passage of the 2014 Farm Bill, both industry and RMA worked tirelessly to implement the various provisions of the 2014 legislation. NCIS facilitated countless meetings and conference calls to get "breakfast on the table" and help make certain that "everything came off the grill" at the same time.

Second, once the new legislation has been implemented, it is vital that industry continually invest in training and education to guarantee

Errors and Omission Insurance For Your Agency

Full lines of coverage including MPCCI Crop Insurance

**We will work diligently to offer you quotes with
reputable companies at competitive prices**

To obtain a quote for your agency call **1-800-769-6015**

American Insurance Services, LLC.

Premium financing is available

**We have over 35 years experience in
all lines of insurance**

www.tomstanleyinsurance.com



Mixing and Matching Insurance Options

that our cooks and servers understand what is on the menu and how it is to be prepared. Over the past several years, our industry's improper payment rate has been one of the lowest across government agencies. In 2016, the industry's improper payment rate was 2.02 percent. By comparison, the government-wide improper payment rate was 4.67 percent. A low improper payment rate is indicative of a well-administered program and that both RMA and the industry pay attention to procedure and detail. In short, "no burnt toast."

Finally, we must continue to invest in our "kitchen" and infrastructure. Serving breakfast on over 300 million acres is no easy task. Today's modern crop insurance system is an impressive supply chain with multiple crop coverages available nationwide. This is a tribute to the hardworking crop insurance agents across the country. And as discussed earlier, when disaster occurs, the industry's loss adjustment capacity and capability have no parallel. If history has taught us anything it is to expect the unexpected in agriculture. When will the next drought or flood strike? Will the bottom continue to fall out of the market? It's impossible to know, but I am confident the private-sector delivery system will be ready when the diner opens at 5:30 in the "Texas morning."

So, what's for breakfast in this issue of *TODAY*? First, Matt South estimates the amount of financial risk and outlays that farmers face every year, even with crop insurance supporting them.

These "un-reimbursed or non-insured losses" include the deductibles that farmers must first absorb before an indemnity payment is made. It also includes premiums paid for the purchase of crop insurance. The results of this analysis, however, do not account for any "shallow losses," or crop losses that are small enough that they do not trigger a crop insurance indemnity. The results are illuminating, highlighting the extremely tight margins in farming and further demonstrating the vital role of crop insurance.

With your second cup of coffee, Drs. Mark Zarnstorff and James Houx will serve up the results of the 2017 NCIS Agronomic Research program beginning on page 14. This piece once again highlights the importance of the NCIS agronomic research program ensuring that farmers are paid fairly for crop losses. The 2017 results are important but cannot stand on their own when determining the accuracy of the existing loss adjustment procedures. As the article points out, these results will be combined with past or future results to determine whether or not changes need

First and foremost, it's time to again roll up our sleeves and work closely with RMA and legislators as rules for the new Farm Bill are written and implemented.

to be made to current procedures. The industry owes a great deal to the researchers responsible for the research, as well as everyone involved in the NCIS Regional/State and Standing Committees structure who reviews the results and determines the best way to implement the findings.

Also featured in this issue is the first of a two-part series on NCIS summer loss adjustment schools. Historically attended by more than 1,000 loss adjusters and claims supervisors with all levels of experience, these schools and field days are an important part of the training that all crop adjusters must complete annually to maintain their adjuster certification. Many of these activities also help provide needed continuing education hours to complete state licensing requirements. There are more schools continuing throughout the remaining summer and fall and those schools will be highlighted in the November magazine.

Lastly, we introduce you to Devon Yurosek, a young California farmer who relies on crop insurance to protect his nut and fruit crops and keep this third-generation farm operating from year to year. His farm, located in the San Joaquin Valley, has faced several consecutive years of drought. He told us if it had not been for crop insurance his family would have had to either sell land or take a job off the farm just to make ends meet.

We hope you enjoy your breakfast and this issue of *TODAY*. Please let us know how you like your eggs and we welcome any comments you may have.