Welcome to the first issue of TODAY® magazine for 2019.

In the final 2018 issue of this publication, we focused on education and training and drew upon the wisdom and insight of Benjamin Franklin. Winding down 2018 and heading into 2019 the world looks to be a fairly uncertain place. And as we looked to one of our Founding Fathers in our last issue for inspiration, perhaps we again require someone to help us put this all in perspective.

As I reflected upon this, it came to me that a fictional character of iconic persona might just fill the bill. Yes, in looking back over the past few years and thinking of the road ahead, one purveyor of common sense and perspective stood out above all the rest - Forrest Gump.

Released in 1994, the movie Forrest Gump follows the life of our hero throughout the 60's and 70's. The fictional character survives Vietnam, meets with Presidents Kennedy, Johnson, and Nixon, invests in Apple Computer, and in the end, after losing his wife, Jenny, is left a single parent taking care of his son. Throughout the film, Forrest overcomes life’s hardships and perseveres with a simple, yet profound wisdom and outlook on life that is heartfelt. “Back when movies were movies…” the film swept the Oscars for Best Picture, Best Actor, and Best Director. Forrest Gump is simply a classic.

“…Mama always said, life is like a box of chocolates, you never know what you’re gonna get…”

Undoubtedly, this is the best-remembered, and most often quoted line from Forrest Gump. And no truer words could be spoken of the world we live in today.

As we pick up our newspaper, iPad, or smart phone, we open up a proverbial box of chocolates each day. From our national politics to international events to our economy, weather and climate, we are continually inundated with changing economic and political realities. At times, it does seem a bit overwhelming.

But like the box of chocolates, we get some good ones and some not-so good ones. And as the old saying goes “…there is no accounting for taste.” “One man’s meat is another man’s poison.” For example, overwhelming support and ultimate passage of the Farm Bill, in our current political environment, could be thought of as an exquisite caramel nougat. Elsewhere in the “box,” agricultural trade uncertainty and an extended government shutdown would perhaps be considered a sour grape(s) covered in bitter dark chocolate. “You never know what you’re gonna get.”

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So, waiting at the bus stop with chocolates in our lap, what else would Forrest have to say about our crop insurance world

The Farm Economy

“What’s Normal Anyway?”

The recent decline in commodity prices and related fall in net farm income from the lofty levels of the spring of 2011 to the fall of 2013 are real. However, “what’s normal anyway?” This not a new phenomenon, real corn prices are down by 61 percent from 2005, soybeans by 47 percent, rice by 65 percent and wheat by 68 percent. Over the same time period world production of corn has risen by 420 percent, soybeans by 1,116 percent, rice by 219 percent and wheat by 222 percent (1).

Considering the increasing trend in production, which currently exceeds world population growth, a decline in prices would be expected, supply exceeds effective demand.

Commodity prices are historically subject to cycles of boom and bust. Since 1960 there have been two major commodity boom periods. The food crisis of the 1970s is one example. Concerns over world food shortages resulted in interruption in U.S. grain exports as an unusually late spring, summer drought and early frost in 1974 resulted in a 17 percent decline in corn production and 21 percent fall in soybean output (2). By 1975, U.S. farmers were back wondering what to do with the expected bumper crop, setting new production records for 5 consecutive years before another drought related set back in 1980. After riding out the two-year world famine crisis, U.S. farmers faced a 40 percent decline in net farm income from a high of $34.4 billion in 1973 down to $20.1 billion in 1976 (3).

Today record crops and disruptions in international markets brought about by tariff policy actions rather than weather, again create difficulties in vital export markets and downward pressure on prices. Net farm income in 2018 is at its third lowest level in the last 20 years (4).

Unfortunately, these historic ups and downs in prices and incomes are our normal and underpin the continued need for an available, affordable and viable safety net for U.S. agriculture.

The Political Landscape

“I’m not a smart man, but I know what love is.”

Elected officials express their love of an issue in votes, and as such, it does not take a smart man to recognize that lawmakers love crop insurance.

Exhibit A was an amendment offered during Farm Bill deliberation on the House floor to devestate crop insurance and other key components of the farm safety net. It was soundly rejected by a whopping 346 vote margin. Exhibits B and C were nearly as lopsided as the Senate and House approved the final Farm Bill, which included a strong crop insurance title, by votes of 87-13 and 386-47 respectively. Not to be outdone, President Trump and Agriculture Secretary Sonny Perdue both hailed crop insurance as a centerpiece of a strong Farm Bill when officially signing it into law.

That kind of support for crop insurance held steady from the very beginning of the debate, when House Agriculture Committee Chairman Mike Conaway proclaimed of the bill’s architects: “Our mantra is ‘don’t screw up crop insurance.’” And it’s easy to understand this position when you consider the priorities farmers were asking lawmakers to set. Cries of “Do no harm to crop insurance” were commonly heard during field hearings throughout the debate, and just prior to a critical vote, more than 600 farm groups sent lawmakers a letter with this blunt observation:

“Crop insurance is food and fiber security insurance, and food and fiber security is national se-

Security. Given the importance of crop insurance... support America’s farmers, ranchers, rural economies and national security by opposing amendments that would harm crop insurance.”

Of course, smart men also know that love can be fickle, and forces looking to tear holes in the farm safety net are always lurking—from the think tanks that want to end farm policy altogether to the extremists who want to take farm dollars to fund their own political agendas. Crop insurers must remain vigilant in 2019 to build on the successes seen in 2018 and keep its relationships strong. That means educating a new Congress that may not be as familiar with farm policy. It means providing our friends in the farming community with a platform to promote the public-private partnership. And most of all, it means continuing superior client service to ensure that farmers and ranchers from coast to coast remain enthusiastic supporters of their most important risk management tool.

“…and that's all I have to say about that…”

Program Integrity

“Stupid is as stupid does…”

Although we will be well into 2019 by the time
of this publication, this issue is our first of the year
and allows us some latitude to ponder a few New
Year’s Resolutions.

That said, I would be remiss in my duties if I
did not take this opportunity to speak to the issue
of Program Integrity.

There are many factors that we simply cannot
control in our current environment and we have
alluded to these earlier in this abbreviated “tome.”
Markets, weather and political uncertainty are just
a few of the usual suspects. What we can control
is how we conduct ourselves in the back office and
in the marketplace. In the back office we have our
corporate standards of professional conduct and
our individual personal integrity to chart our
course. In the marketplace we have a responsi-
bility to our clients and our business partners. I
would take a broad view to include both state and
federal regulators as our business partners. Reg-
ulation and oversight is in place to protect both
consumers and competitors.

For the most part, our industry has accumu-
lated a great stock of political capital. This capital
can be lost at the drop of the hat. Carelessness and
failure to adhere to the “rules of the road” should
not be tolerated. It is our collective and individu-
al responsibility to “color between the lines.” It is
our responsibility to “cross the t’s and dot the i’s”
as best we can. Opponents of farm policy and crop
insurance will take advantage of any self-inflicted
wounds on our part.

“...and that’s all I have to say about that...”

In This Issue

We introduce you to David Case, a third-gen-
eration farmer from Eminence, Kentucky, who
operates a 1,500-acre farm with his brother, their
wives and sons. Located in rural Kentucky, they
raise tobacco, corn, and soybeans, and milking
cows on the farm their father started years ago.
Crop insurance keeps this family in business and
they are grateful to have it.

You can read and listen to more stories like
David’s on the Real Stories section of the Crop
Insurance in America website (www.cropsur-
anceinamerica.org). You can see first-hand why
crop insurance is so vitally important to farmers
across the country.

We have also included a high-level summary
of the 2018 Farm Bill. While it does not cover ev-
everything in all titles of the Farm Bill, it does pro-
vide insight into what was introduced in the latest
bill and what that might mean for crop insurance.
The industry looks forward to working with
USDA/RMA on implementing the provisions of
this important bill.

We also feature a piece that touches on some
of the activities NCIS staff participates in on be-
half of our membership and the industry. We
strive to support our members in all that we do.
Whether it is by analyzing a new policy or
procedure change recommended by RMA, or
by hosting a train-the-trainer conference for the
industry’s trainers, underwriters and supervisors
so they are prepared to provide agent or adjuster
training, NCIS services are extremely important
to the success of the industry.

Dr. Art Barnaby, a well-known agricultural
economist at Kansas State University, and a strong
supporter of crop insurance, retired in late Janu-
ary. We were able to sit down with Dr. Barnaby for
an interview to talk about his accomplishments
and the changes he has seen in agriculture during
his 40+ year tenure in the industry.

We hope you enjoy this issue and we wish you
much success in 2019!

“Run, Forrest, Run!”

(1.) Johansson, Robert. “Roots of Prosperity Outlook for
(2.) USDA, Will there be enough food? 1981. https://
archive.org/details/yot1981/page/n43
(3.) Johnson, Cheryl D. “A Historical Look at Farm In-
(4.) Newton, John. 2019 AFBF President’s Industry
Meeting”, January 2019.