



Tom Zacharias, NCIS President

# “It Keeps You Runnin’...”

*It has often been said that the crop insurance delivery system is a model of efficiency. But crop insurance would not be where it is today without the more than 6,500 dedicated crop adjusters working with farmers in their time of need.*

2019 has been a “heckuva” year so far, and the end is not yet in sight. Regular readers of TODAY® magazine may have observed this issue is behind schedule. Blame it on the “time of season” or simple procrastination on my part, but this summer has been one for the books—and I hope that for many of us, 2019 is not a book that gets a sequel.

## “Runnin’...”

Since the beginning of 2019, the crop insurance industry has been in “running” mode, which will be our metaphor “du jour” for this issue’s dispatch. As the Doobie Brothers would say, “...it keeps you running...”

*“Time marches on...I knew I was running to something...”*  
—Todd Rundgren

On December 11, 2018, and December 12, 2018, the Agriculture Improvement Act (2018 Farm Bill) was passed by the Senate and House, respectively. The bill passed by wide margins: 386-47 in the House and 87-13 in the Senate. With respect to the Crop Insurance Title, the 2018 bill included very little change, the major exception being the introduction of hemp as an insurable crop. It is, perhaps, safe to say that, with respect to the Crop Insurance Title, the 2018 bill was a reaffirmation of the essential role of crop

insurance in the farm safety net. In contrast to the expansive changes in crop insurance associated with the 2014 Farm Bill, we knew we were “running to something” that was fairly well understood and straightforward to implement. The bulk of the 2018 Farm Bill provisions for crop insurance were implemented by a series of RMA Manager Bulletins dating from February 25-June 28, 2019.

*“Time marches on...and I’m still running to something...”*  
—Todd Rundgren

The flurry of Manager Bulletins and activity associated with farm bill implementation had pretty much died down in the Spring of 2019 while the industry prepared for the 2019 crop year. Projected prices for major spring crops in the Midwest were in line with 2018 offerings: corn \$4.00, soybeans \$9.54, and spring wheat \$5.77. In a sense, the industry knew what it was “running to.”

*“...say where you gonna go, where you gonna hide...”*  
Doobie Brothers—“It Keeps You Running”

But late Winter rains and catastrophic flooding set in and this would “keep us running” for the rest of the year. In a foreshadowing of things

*Continued on page 31*

to come, heavy February rains resulted in widespread lowland flooding in the Ohio and Tennessee Valleys and a series of winter storms struck the north-central United States. By late February, floodwaters were flowing steadily into the lower Mississippi Valley and all-time monthly snowfall records across the Northern Plains and Upper Midwest set the stage for excessive moisture and flooding from impending snow melt.

The conditions played out as expected and by March record flooding, exacerbated by heavy rains and rapidly melting snow, covered parts of the middle Missouri Valley. Most of the nation experienced record moisture levels in April with wet fields interfering with planting across the Midwest, Mississippi Delta, and some areas of the Pacific Northwest. At the same time, the Eastern Dakotas and Mississippi Delta suffered flooding in areas plagued by above normal rainfall and snowmelt, while late snowfall hindered spring wheat planting in South Dakota and surrounding areas.

The deluge continued into May with heavy rains soaking the Plains and Midwest resulting in new or ongoing flooding and record delays in the pace of planting the nation's corn and soybean crops. Problems continued throughout the month with record flooding reported in the Arkansas River Basin along with rivers in the middle Mississippi Valley, where waters reached their second-highest levels on record since 1993. By June the rainfall had lessened, although some areas of heavy rainfall and some flooding were reported in the mid-South and the Ohio Valley. In the end, the record excess moisture in the early part of the 2019 crop year contributed to a record level of prevented planting acres.

## The Response

The industry knew early on that 2019 could be a difficult year for farmers to get their crops in the ground. In its U.S. Spring Outlook dated March 21, the National Oceanic Atmospheric Administration (NOAA) said: "Nearly two-thirds of the lower 48 states face an elevated risk for flooding through May, with the potential for major or moderate flooding in 25 states." The agency added, "The majority of the country is favored to experience above-average precipitation this spring, increasing the flood risk." The report is dated one day prior to President Trump declaring Nebraska a disaster area as a result of flooding.

*"...deadlines and commitments...what to leave out, what to leave in...I found myself Runnin' Against the Wind..."*  
Bob Seger—"Against the Wind"

In response to the severe flooding, excess moisture, and prevented planting conditions, the United States Department of Agriculture (USDA), through the Risk Management Agency (RMA), issued a series of directives for the purpose of providing additional support for those farmers affected by the flooding and excess moisture conditions. Many of these directives had been used in prior years with heavy claim loads, such as 2011 and 2012.

*"...wish I didn't know now, what I didn't know then..."*  
Bob Seger—"Against the Wind"

During the spring and summer of 2019, RMA and crop insurers held multiple discussions and conference calls about how to best handle the catastrophic conditions occurring in the Midwest. At the "end of the day," program dates were moved and reporting deadlines were extended

in an effort to help farmers impacted most by the flooding and excess moisture conditions. As we move into 2020 and beyond it will be important to observe the extent to which 2019 sets precedence for future crop insurance program direction.

## 2019: A very Long year for the Industry's Crop Adjusters

*"Looking out at the road rushing under my wheels, looking back at the years gone by like so many summer fields..."*

Jackson Browne—"Running on Empty"

To get a sense of perspective and the magnitude of insured prevented planting losses, there were 15.4 million acres of prevented planting as of September 27, 2019, according to RMA's Summary of Business. Of this 15.4 million acres, corn and soybeans accounted for approximately 7.7 million and 4.2 million acres, respectively. Prevented planting payments were approximately \$3.4 billion in indemnities, compared to \$4.6 bil-

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lion in total crop insurance indemnities to date for 2019 (roughly 75 percent of the total). The average per acre payments for corn and soybeans was approximately \$274 and \$200 per acre, respectively. Prior to 2019, the highest year of prevented planting was in 2011 when there were 10 million acres unplanted resulting in \$2.2 billion in indemnities.

It is oftentimes the case that the mission critical role of the crop insurance adjuster is overlooked. Adjusters work tirelessly even in “normal” years to service the needs of our industry and, more importantly, to service the needs of those farmers who have suffered devastating crop losses.

The adjuster is the “spoke in the wheel” that ensures that a prevented planting claim is processed and paid properly. Adjusters are relied upon to explain to insureds the rules of prevented planting and what is required of them. Many insureds that filed prevented planting claims in 2019 had little or no experience with the prevented planting coverage provided by their policy and therefore did not always have a full grasp of the coverage. The amount of paperwork involved with a prevented planting claim is not trivial. A prevented planting claim for a large farm could lead to one, two, or more days of work. It is not difficult to imagine how busy the crop adjusting workforce is this year when a single claim could take multiple days to complete.

It has often been said that the crop insurance delivery system is a model of efficiency. But crop insurance would not be where it is today without the more than 6,500 dedicated crop adjusters working with farmers in their time of need. No doubt as we close out 2019, the industry’s loss adjustment force will be “Runnin’ on Empty.” Much appreciation for their efforts.

## Past is Prologue?

*“...I’m older now and still runnin’  
against the wind...”*  
—Bob Seger

It is fair to say the past couple of years have not been “normal.” Starting in September 2018 with arrival of Hurricane Florence, which resulted in severe damage to the Mid-Atlantic region, a series of tropical storms created havoc in the Ohio valley, Northern Mid-Atlantic region and the south-central part of the country. While excess moisture and high winds plagued those areas, wildfires consumed about 7.8 million acres nationally—130



percent above the 10-year average. Then in October, Hurricane Michael, the third strongest storm on record made landfall in Florida causing catastrophic damage in western Florida, southwestern Georgia, and southeastern Alabama.

Following the turmoil in 2018, the industry loss adjustment force has continued to be on call 24/7 as a result of the extreme moisture events of 2019 that caused havoc with farmers’ ability to get crops in the ground. All in all, the crop insurance adjusters’ response to the events of the past couple of year represents a monumental effort on their part.

## The Path Forward

And as this issue goes to press, USDA and RMA have just arranged to work with the industry to help in the delivery of supplementary prevented planting disaster payments, which were approved by Congress as part of the Disaster Relief Act of 2019. The fact that crop insurers were asked to help deliver “top off” prevented planting payments is a testament to the industry’s professionalism and hard work over the years. The efficient private-sector delivery system that defines crop insurance is known for delivering assistance in days—not weeks or years. And that delivery is incredibly accurate, as crop insurance improper payment instances is minimal—less than half the most recent government average.

Under the plan, RMA will determine farmer eligibility and will be responsible for calculating payment amounts. But insurers will dispense the aid supplementing insurance indemnities that are already flowing. This will mark the first time insurers have delivered Congressionally-approved disaster aid. Industry is willing to do our part in helping rural America rebound after a very difficult year, and we realize that this affords insurers a great opportunity to prove once again

why private-sector delivery is so valuable.

With this new chapter of crop insurance being written and our “running” theme I will close with a classic lyric of the late Dan Fogelberg,

*“...and it’s Run for the Roses as fast  
as you can...it’s the chance of a lifetime  
in a lifetime of chance...”*  
Bob Seger—“Against the Wind”

## In This Issue

Earlier this year, NCIS launched the latest website in its repertoire of crop insurance educational resources. Crop Insurance 101 was introduced in conjunction with a Crop Insurance Caucus of Congressional leaders, who are champions of the safety net and want to educate other Congressional leaders and staff on its importance. The 101 website includes the history of the program, a glossary of terms, downloadable fact sheets, and many other resources. We go into greater detail about the Caucus and website beginning on page 5. Dean Strasser, NCIS’ resident Whole-Farm Revenue Protection expert, explains myths and misperceptions of WFRP beginning on page 8. This is a great resource article for those who are working with this increasingly popular crop insurance product. The 2018 agronomic research results start on page 12 and highlight the various research studies NCIS is conducting on behalf of our membership. The results are used in conjunction with past and future years’ research to ensure that NCIS loss procedures are accurate. And finally, we introduce you to the farmers we met while visiting Pennsylvania in early May. These farmers, once again, agreed on the importance of crop insurance whether it was for their vegetable, row crops, or dairy. Be sure to check out their videos on the Crop Insurance in America website.

Gotta run...“feet don’t fail me now...”