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Information: Sharing is Caring— Lessons from a Day’s Fishing (And Don’t Forget Rule #2!)

Introduction A Fishing Story

Opening Day of catch and release trout season in Missouri has been a tradition for my oldest brother and me for many years now. I am about a 25+ handicapper with a fly rod and can often be confused for Chevy Chase falling in the water and losing my equipment...but I digress. Opening Day is typically on or around Veteran’s Day weekend. So, before proceeding any further, let us take the opportunity to express our appreciation to the men and women of our Armed Services who sacrifice so much for the liberty we enjoy as citizens of this great country. The sacrifices of our Veterans provide us the opportunity to share a day of fishing with our families.

This past Opening Day I was a little late getting down to “ye ol’ trout stream and my brother was already geared up, waders on, attempting to acquire a “piscatorial beauty.” As I approached my brother, he was just finishing up a conversation with a fellow angler who we will refer to as Burt for purposes of this story. Burt walked away and I said hello to my brother who immediately asked me, “do you have any of those black rubber/plastic beetles on you? Burt has been catching fish all morning and I asked him was he was using.” The answer, of course, was obviously those black rubber/plastic beetle “thingies.”

I did not think I was in possession of any such

beetles but proceeded to reach into the pockets of my fishing vest and, lo and behold, the fly box I opened had an array of said black beetles (We’ll come back to this point later). I loaned one to my brother and then tied one off myself. From about 10:30 am to noon, I caught fish left and right, never changing flies, just “stayin’ with the stuff.”

The black beetle “thingies” float so one can watch the fish take the fly and the fun begins, and if I don’t have too many Chevy Chase moments, the fish is successfully netted and subsequently released to fight another day.

Over lunch, my brother and I reflected on our productive morning, which, no doubt, was the result of Burt’s willingness to *share information*. Now to “set the hook” on the rest of our story...

It seems more than cliché to say we live in an Information Age, but we do. For NCIS, information sharing is core to our mission and our role in the industry. Let’s take three primary NCIS functions: actuarial services; loss adjustment research; as well as training and education and see what insights we might glean from fishing.

Actuarial Services We’re all in the risk pool— Sharing Information

As a licensed advisory organization and statistical agent for state-regulated crop insurance,

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NCIS is the primary provider of essential actuarial services for the industry. This service enables companies to pool their actuarial data in order to access and utilize the industry-level statistical database. No individual company possesses sufficient credible data to promulgate its own premium rates. Each year, NCIS members submit their individual company data to NCIS for processing and ultimately that data is used to develop Final Average Loss Costs (FALC) that are filed with the state insurance departments as the basis for companies' premium rates.

Much like Burt sharing his own individual experience, the sharing of individual company data enables all participating companies to better understand the risk pool and better underwrite their respective books of business. By sharing information, we all catch more fish.

Loss Adjustment Research What are they Biting On?

There is a great scene in the iconic fly-fishing film "A River Runs Through It" where Paul Maclean (played by Brad Pitt) asks his brother Norman (played by Craig Sheffer) "what are they biting on?"

To be successful in crop insurance, as in fly fishing, one has to put in the hours of research and trial and error to have the knowledge to be an experienced adjuster or angler. The good angler needs to understand the hatch, the water columns, and the like. Similarly, a crop adjuster must understand the stages of crop growth, the effects of weather, and good farming practices. The adjuster also relies on the loss adjustment procedures, which are developed through years of agronomic research, conducted under the auspices of NCIS. By attending training sessions to learn proper application of those procedures, adjusters become credible representatives of the industry when adjusting losses.

The NCIS industry-funded agronomic research program serves to improve and validate crop loss adjustment procedures for both state and federally regulated lines of crop insurance. This research is conducted at major agricultural universities throughout the United States. Application of science-based crop loss adjustment procedures ensures that farmers are paid fairly and accurately, thus contributing to the integrity of the crop insurance program. The research program enables companies to share in the cost of

developing crop loss adjustment procedures and standards, rather than this cost being borne individually by each company. In effect, the industry research program provides the trained adjuster with a "fully-stocked fly box" of loss procedures in order to be able to adjust a diversity of crops for the myriad forms of crop damage and weather conditions facing the farmer.

Training and Education

"Give a man a fish, and you feed him for a day. Teach a man to fish, and you feed him for a lifetime."

(Anne Isabella Thackeray Ritchie)

Burt took the time to educate my brother on just the right fly to use that morning. Education is fundamental to any successful endeavor. Likewise, training is essential to get the basics down, i.e. how to cast, how to tie off a fly, etc.

Providing opportunities for underwriters, trainers, supervisors, and loss adjusters to learn about the changes in crop insurance—like new crop policies or changes to procedures—will

always be an important role of our trade association. NCIS holds three major training conferences each year—two on underwriting procedures and one for claims. Hundreds of individuals attend those conferences and then use the materials to train other staff and agents. In 2019, NCIS, with the help of the regional/state committees, held 16 schools and field days on almost 20 different crops. Whether it is a national conference or a regional adjuster school, NCIS training supplements the company-provided education to ensure that farmers and ranchers understand their crop insurance options, and know that, if they suffer a loss, their claim will be adjusted accurately and fairly.

Another example of industry training is the NCIS Certified Adjuster Proficiency Program (CAPP). CAPP was developed to help crop adjusters comply with state adjuster training and licensing requirements as specified in the Standard Reinsurance Agreement (SRA) between the USDA Risk Management Agency (RMA) and the Approved Insurance Providers (AIPs). CAPP ensures that adjusters who successfully complete the program are qualified and adequately trained

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to follow the industry loss procedures when working claims. This is a vital component of the industry's program integrity process.

NCIS also strives to provide risk management education and information about crop insurance either directly to limited-resource farmers or to groups who work with them. This helps ensure that farmers everywhere are adequately informed about the benefits of having a solid risk management plan in place and how crop insurance can be part of that.

Again, sharing information through training and education helps us all catch more fish.

Don't Forget Rule #2 Better lucky than good— sort of

Just like the “real NCIS” on television (or streaming), we have rules at NCIS somewhat akin to the rules of Agent Gibbs. As I mentioned earlier, I fortuitously picked up the fly box with the floating foam beetles rather than my usual “go to” Opening Day box of flies. Rule #2 at NCIS is just that, “Better Lucky Than Good.” Unlike fishing, in crop insurance we cannot rely on good fortune to save the day. As the famous golfer, Ben Hogan, used to say, “the more I practice the luckier I get.”

By continuing to add and improve upon the industry actuarial database, by continuing to expand our industry's agronomic research program, and by continuing to train and educate on policies and procedures, the industry is ready at the right time with the right fly at the right place to succeed.

Execution It's one thing to have the information but you still have to “catch the fish”

Information, good fortune, and education all matter, but at the end of the day, the angler must properly set the hook and net the fish. In other words, proper execution matters. Crop insurance has become a highly complex business. A lot of “process” has to come together these days for the industry to succeed. And much like the trout stream on Opening Day we all have to execute coming down the stretch.

The industry can measure its ability to execute on several different levels. First, in terms of participation, nine out of 10 acres of major field crops in the United States are covered by crop insurance. In years such as 2011, 2012, and 2019,



crop insurance indemnities for major weather disasters were paid to farmers in days and weeks, as compared to traditional disaster assistance, which can take months or even years. Lastly, the crop insurance industry's Improper Payment Rate – a closely watched standardized measure of waste and efficiency in government programs – is one of the lowest across all Federal agencies.

There is yet another aspect of execution that is worth noting. How the industry go about its fishing does not go unnoticed. The local game warden inspects for fishing licenses or whether or not only artificial bait is used at certain times of the season. Similarly, both state and federal regulatory authorities check to see if companies are in compliance with all attendant regulations and procedures. All else being equal, there is a lot that goes into a good day's fishing. And, there is a lot that goes into an efficient and effective crop insurance system.

In This Issue

While much of the 2019 crop year at NCIS was focused on helping members serve farmers to get through a very challenging weather year, the NCIS actuarial staff was busy filing new Crop-Hail forms and loss costs with state insurance departments. The work that Therese Stom and her team does each year to file this information ensures companies can continue to write this vital insurance product for farmers. And with new crops to file for 2020, this year was exceptionally busy. You can read more about the changes in the lead article in this issue.

NCIS held multiple summer schools and field days across the United States covering a wide variety of crops. We recap those schools, using pictures to tell the story, beginning on page 8. The schools would not be successful without the help

and support of the NCIS Regional/State Committees who organize them and the plot leaders and instructors who teach. Thank you!

In early October, the International Association of Agricultural Production Insurers (“AIAG”) met in France to hold its 35th Congress. AIAG was founded in 1951 to serve as an educational forum to increase awareness of crop insurance knowledge, practices and experiences from around the world. Sherri Scharff and I attended the Congress on behalf of NCIS, and several representatives from the U.S. crop insurance industry were also present. We provide some highlights from the Congress beginning on page 26.

On page 13 we introduce you to the latest recipients of the NCIS 1890 Scholarship program. These students are among the best and brightest in the country and they represent the next generation of agriculture, whether they are majoring in ag business, food science, or veterinary medicine. We are proud to help fund a portion of their education and look forward to hearing of their successes in the future.

And finally, NCIS visited farmers in New York earlier this year to ask them why crop insurance is important to them. Their “testimonials” can be found on the Crop Insurance in America website, but we have introduced you to them and their stories beginning on page 16. Many of them are first generation farmers rely on crop insurance to protect their investment in agriculture and to ensure the future for the next generation.

As 2019 draws to a close, we would like to take this opportunity to wish you and your families a wonderful and Happy Holiday season. May 2020 bring you much happiness and success! (And Good Luck Fishing!)