

28th Annual Crop Insurance Conference
North Dakota State Extension
January 11, 2021

Tara Smith
Crop Insurance and Reinsurance Bureau



Agenda

- **What a Year!**
- **What IS the state of our Union?**
- **What lies ahead for crop insurance?**



What a Year!

One year ago, I talked about:

- Trade as a market driver in agriculture and trade aid spending as a potential issue for crop insurance in the future.
- Weather disasters.
- Climate policy as an issue on the horizon.
- Potential leadership changes at House and Senate Ag Committee.



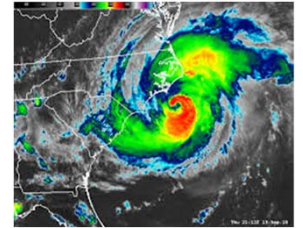
U.S. Taxpayers on the Hook for Insuring Farmers Against Growing Climate Risks

The American Farm Bureau lobbies to protect the status quo, and its own interests.

RollingStone

'Trump Money' Is Buying Silence as Unprecedented Payments Go to Farmers

The amount sent to farmers tops the auto-industry bailout by billions, and was delivered without congressional approval



**Tough
Re-Elect**

What a Year!

Today, any conversation about DC has to include:

- COVID, farmers and the food industry as essential workers, and COVID farm assistance.
- Racial reckoning and discussions around agriculture.
- Elections changed the landscape.
 - Last man (or woman) standing on the Ag Committee is Chairwoman Debbie Stabenow.
 - Climate policy decisions are in the here and now.
 - Priorities for the 2023 Farm Bill.
- And concerns around extreme weather events, climate change and trade haven't gone away!

What a Year! COVID



CFAP 2 Eligible Commodities Finder

Find payment rates for commodities that are eligible for Coronavirus Food Assistance Program 2.

START

What a Year! Racial Justice



What a Year! Elections



What a Year! Elections

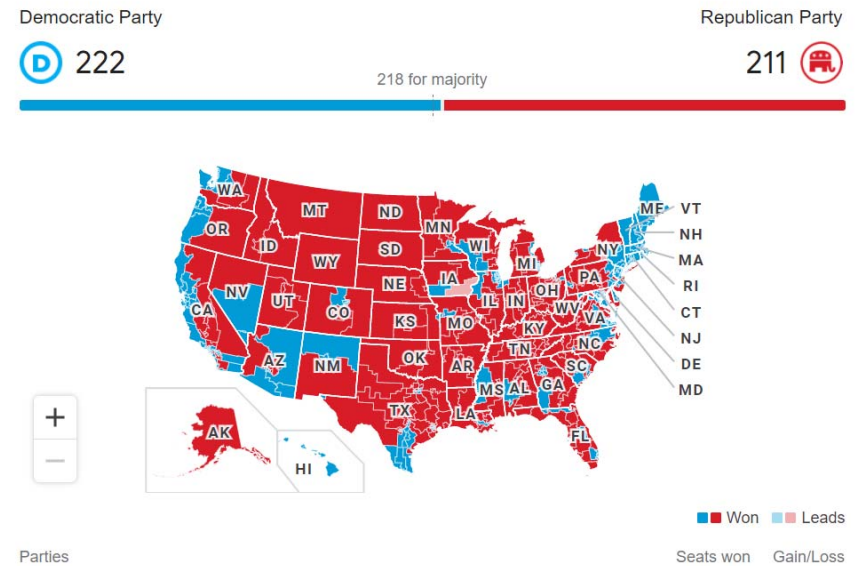
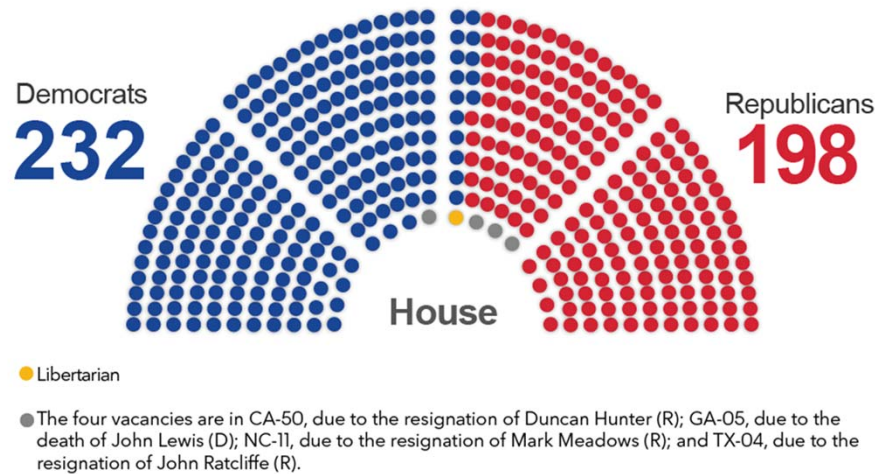


What a Year! Elections



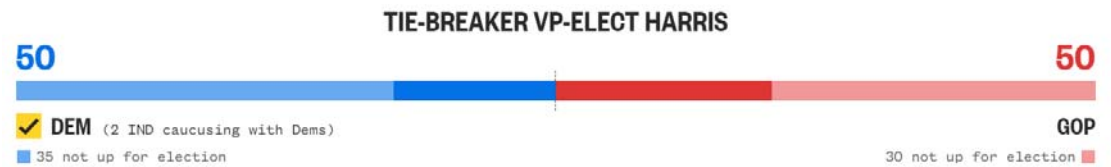
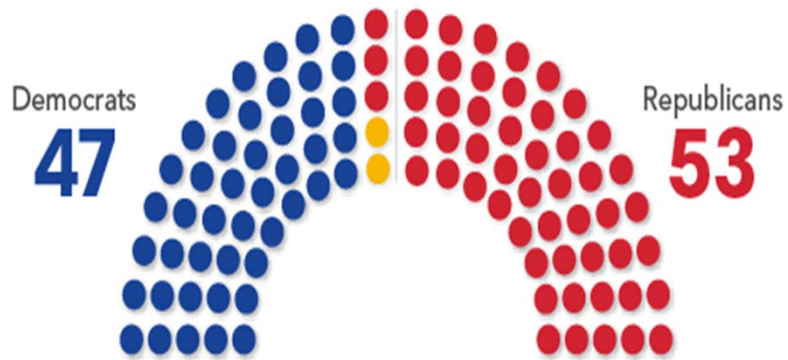
- Trade
- Regulation
- Farm Policy

What IS the State of Our Union!

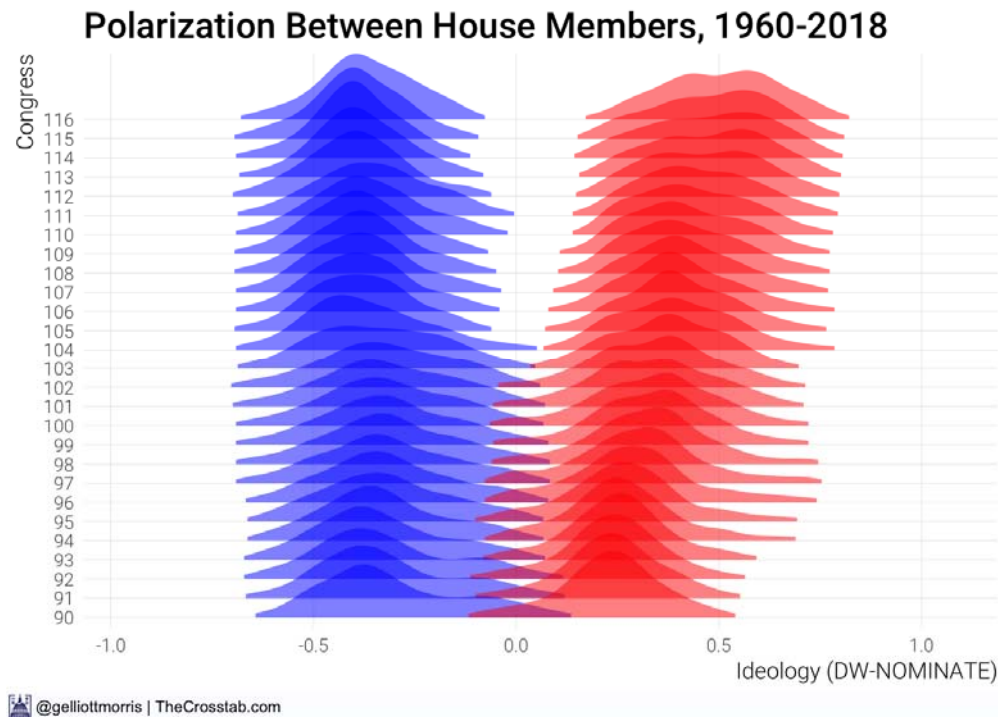


Sources: Bloomberg and Associated Press

What IS the State of Our Union!

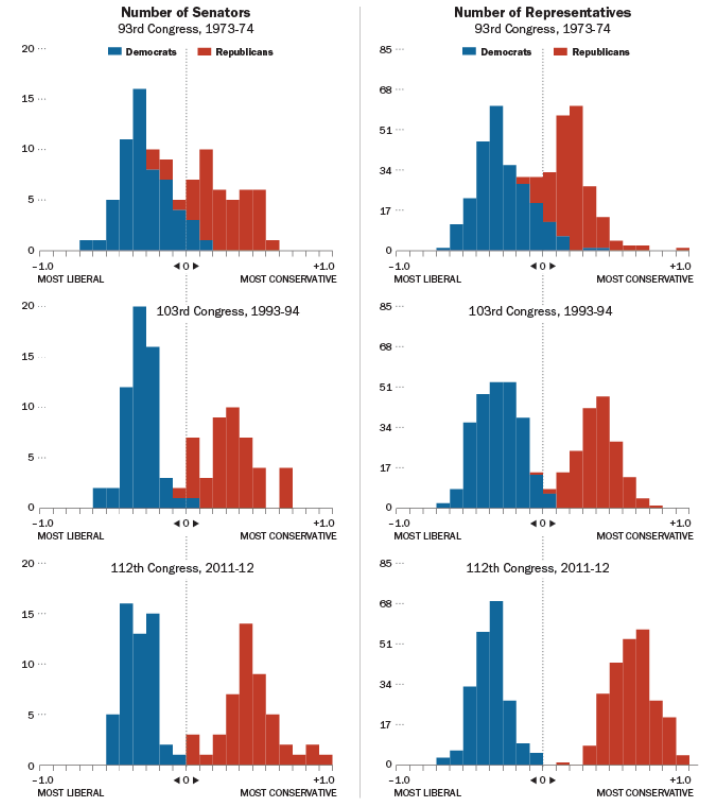


What IS the State of Our Union!



In Congress as Well as Public, the Center Increasingly Cannot Hold

Ideological scores of senators and representatives based on roll-call votes. Negative numbers represent liberal views and positive numbers conservative views



Sources: Royce Carroll, Jeff Lewis, James Lo, Nolan McCarty, Keith Poole and Howard Rosenthal, Voteview.com

PEW RESEARCH CENTER

What IS the State of Our Union!



What Lies Ahead for Crop Insurance?

Administration Changes

- **Administration Changes**
 - Confirmation Hearings
 - New Politicals at RMA
- **Farm Bill Ramp-Up**
 - Lenses of climate change and racial equality
 - A re-emergence of fiscal conservatism
 - Gaps to fill in crop insurance

What Lies Ahead for Crop Insurance? Administration Changes



- **Under Secretary for Farm Policy and Conservation (FPAC)?**
- **RMA Administrator?**

What Lies Ahead for Crop Insurance?

Farm Bill Ramp-Up

Field Hearings

- Most likely to be in Arkansas, Michigan, Georgia and Pennsylvania.
- Likely to be broad, general hearings.
- Likely to begin later in 2020.

DC Hearings

- Numerous hearings likely.
- More targeted subjects.

Subcommittee Markups

- In the House, but unlikely in the Senate.
- Keep in mind that 2023 is a new Congress, so any markups in 2021 or 2022 will be an exercise to air opinions and float ideas.

Full Committee Markups

- Again, 2023 is a new Congress, so any markups in 2021 or 2022 will be to air opinions and float ideas and will likely be repeated in 2023.

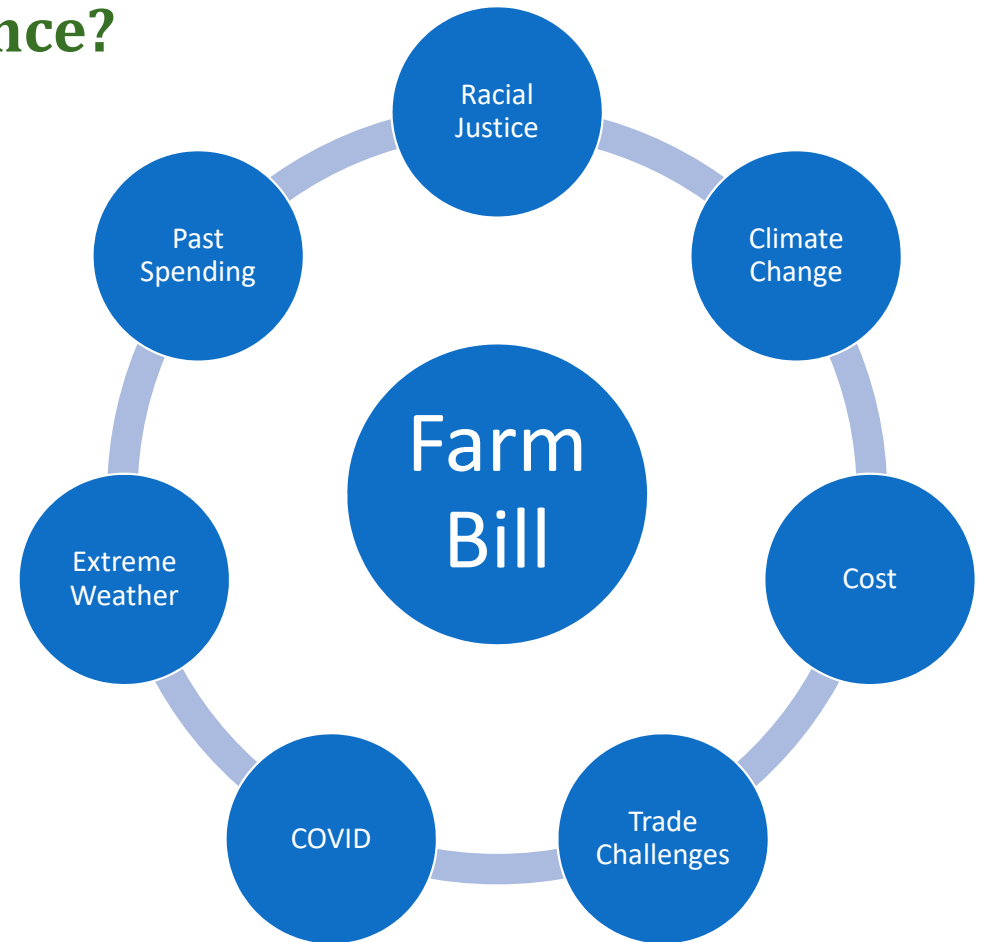
What Lies Ahead for Crop Insurance?

Farm Bill Ramp Up



- **More than 600 companies spent about a half a billion dollars lobbying the 2014 Farm Bill.**

What Lies Ahead for Crop Insurance? Farm Bill Ramp-Up



What Lies Ahead for Crop Insurance?

Farm Bill Ramp-Up – Climate Change

Food and Agriculture Climate Alliance



ECONOMIC +
ENVIRONMENTAL
RISK **COALITION**

- Direct USDA to conduct a study on the interaction between crop insurance and soil health practices.
- Improved integration, analysis and use of agricultural data to demonstrate the connection between conservation and risk reduction

What Lies Ahead for Crop Insurance?

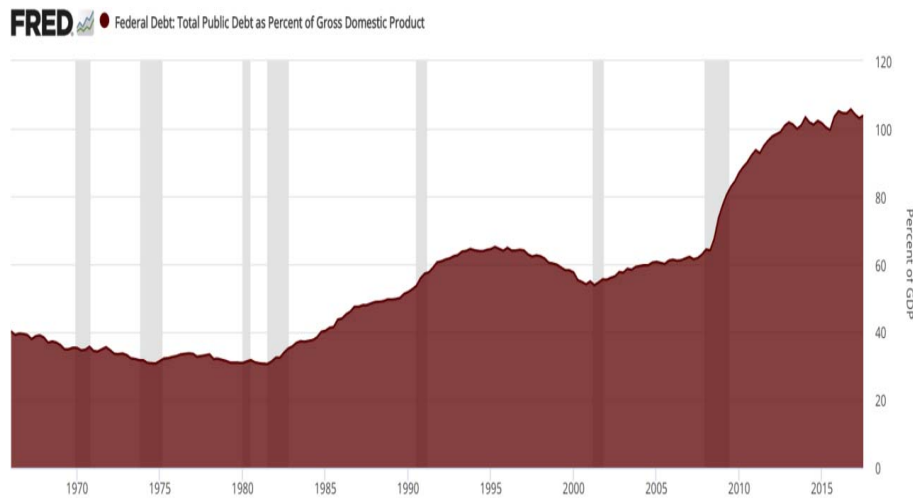
Farm Bill Ramp-Up – Racial Justice

- National Black Farmers Association Founder Calls for Congress to Address the “Subsidy Gap”
 - Allow for public viewing of crop insurance data for individual farmers.
 - Apply limitations on subsidies per farmers, including crop insurance subsidies.
- Encourage the hiring of black employees within the crop insurance agency, including as agents.
- Justice for Black Farmers Act
 - Senators Cory Booker (D-NJ), Elizabeth Warren (D-MA) and Kirsten Gillibrand (D-NY)
- Chairman David Scott (D-GA) has identified this as a priority
 - Expect to see a hearing soon out of the gate.

What Lies Ahead for Crop Insurance?

Farm Bill Ramp Up – Past Spending/Cost

Deficit as a Percent of GDP



The Washington Post

Business

Trump tells aides to look for big spending cuts in second term, sowing confusion about budget priorities

What Lies Ahead for Crop Insurance?

Playing Defense

Position ourselves as the best option

- Predictable
- Timely payments in time of need
- Farmers pay for policies and have choice over coverage levels/types
- Private sector delivery allows farmers choice over their policy provider
- Policies are available to almost all types of farmers in all regions
- Flexibility to meet changing needs of farmers and ranchers



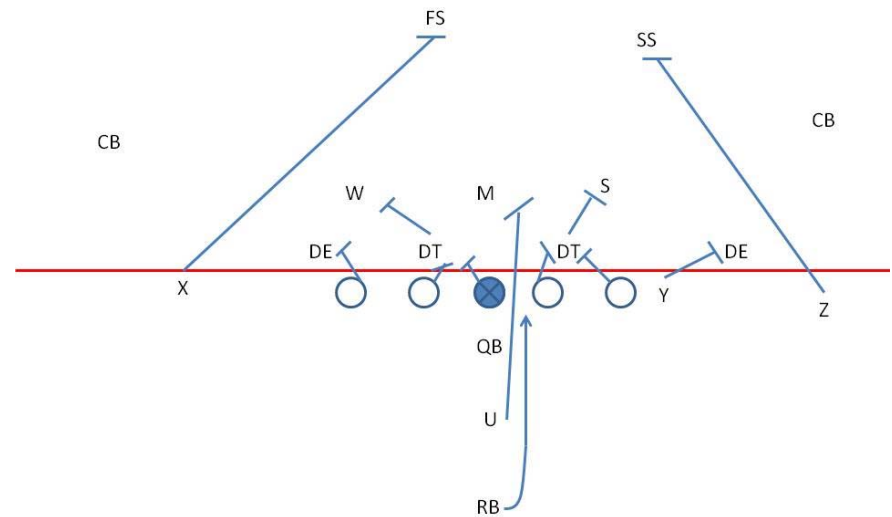
What Lies Ahead for Crop Insurance? Playing Offense

Be prepared to address the gaps that have been identified in the last couple of years

- Hurricane Endorsement
- Prevent Plant

Be prepared to be “for” something as it relates to climate change, racial justice and other key “lenses”

- Cover crop policy
- Data collection



What Lies Ahead for Crop Insurance? Playing Offense

If funding is available to improve farm policy, how could it be best used within the crop insurance space?

Recognize that changes need to be within the boundaries of the program to maintain the underlying integrity of the program


- Respect for actuarial soundness
- Respect for contracts



What Lies Ahead for Crop Insurance?



THE FARM CREDIT COUNCIL

 National Grain and Feed Association



NAMIC
NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES



American Bankers Association®

UNITED  FRESH
PRODUCE ASSOCIATION



ASA
American Soybean Association®

RAA
REINSURANCE ASSOCIATION OF AMERICA



ASSOCIATION OF EQUIPMENT MANUFACTURERS



syngenta



National Cotton Council
OF AMERICA



USA Dry Pea & Lentil Council



What Lies Ahead for Crop Insurance?

Get Involved!



#ProtectCropInsurance



Tara Smith – tsmith@torreydc.com



Thank You! Questions?

Tara Smith, Deputy Executive Director for CIRB

tsmith@torreydc.com