




Louisville

Crop Insurance and the 2014 Farm Bill: Implementing Change in U.S. Agricultural Policy

October 8-9 • Louisville, KY



#CROPSYM14



AAEA

Agricultural & Applied
Economics Association



On behalf of the Agricultural and Applied Economics Association, it is my pleasure to welcome you to Louisville for the 2014 AAEA Symposium on Crop Insurance and the Farm Bill: Implementing Change in U.S. Agricultural Policy. This symposium could not be timelier given the prominence of crop insurance and

safety net programs in the 2014 Farm Bill. The one and a half day program offers high quality presentations and great opportunities for discussion and networking around the roles of crop insurance, its design, and evaluating its performance from market and public policy perspectives.

This AAEA symposium is the second event focused on this topic, and the fifth in a series of small and focused research, outreach, and teaching gatherings sponsored by AAEA in cooperation with other partners that bring together colleagues from around the United States and around the world who share an interest in important issues of the day. AAEA appreciates the leadership of our Extension Section in developing this symposium. I particularly want to recognize and thank the symposium's co-organizers H.L. Goodwin of the University of Arkansas and John Anderson of the American Farm Bureau Federation. They have brought together an excellent program within a short time frame. Finally, we are grateful for the sponsorship support of National Crop Insurance Services, Farm Credit Services of America, and the Southern Risk Management Education Center. This support has been instrumental in making this symposium possible.

This symposium on Crop Insurance and the 2014 Farm Bill highlights the contributions of agricultural and applied economists, in collaboration with other researchers and practitioners, to the understanding of agricultural markets, risk management, and the policy impacts of alternative insurance programs. I hope you enjoy your time in Louisville and know you will have a stimulating and productive meeting.

Sincerely,

Barry K. Goodwin
AAEA President

Program Committee

Co-Chairs:

John Anderson, *American Farm Bureau Federation*

H.L. Goodwin, Jr., *University of Arkansas and Southern Risk Management Education Center*

Members:

Michael Langemeier, *Purdue University, Chair, AAEA Extension Section*

Mike Duffy, *Iowa State University, Secretary, AAEA Extension Section*

Sponsorship

Thank you to the following sponsors for their generous support:

National Crop Insurance Services (NCIS)

Southern Risk Management Education Center (SRMEC)

Farm Credit Services of America (FCSA)

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Upcoming AAEA Events

- **2015 ASSA Annual Meeting**, January 3-5, 2015 – Boston, MA
- **2015 AAEA & WAEA Joint Annual Meeting**, July 26-28, 2015 – San Francisco, CA

Visit www.aaea.org/meetings for more information.



Invited Speaker Profiles

Keith Coble, W.L. Giles Distinguished Professor of Agricultural Economics, Mississippi State University

Keith Coble holds teaching, research, and extension appointments in the Agricultural Economics Department at Mississippi State University. His work focuses on risk management, agricultural and food policy, renewable energy, climate, insurance, and experimental economics. Coble has analyzed how farmers can use risk management tools such as futures contracts, crop insurance, and federal commodity programs. Work in renewable energy focuses on the federal policy for renewable energy and economic feasibility of renewable energy. He has testified before Congressional Committees and has co-authored over fifty reports for government agencies. His insurance analysis and studies have modified several billion dollars of U.S. crop insurance premiums per year. Coble currently serves on the Council on Food, Agricultural and Resource Economics' Blue Ribbon Panel of Experts who provide guidance about matters of significance to policy makers. He was instrumental in developing the 2014 Farm Bill as Economist for the Ranking member of the Senate Agricultural Committee.



Tom Worth, USDA-Risk Management Agency

Mr. Worth completed his PhD in Economics from the University of Wisconsin in 1997 and then joined the U.S. Department of Agriculture's Economic Research Service, where he did research on international trade, market structure, and risk. In 2002, he joined the Federal Crop Insurance Corporation (FCIC) as a Senior Economist responsible for commodity price and forecasting models for various aspects of the Federal crop insurance program. In 2004, he assumed the role of Senior Actuary for FCIC. He holds primary responsibility for the methodology and standards used to establish premium rates for the Federal crop insurance program. He also serves as technical expert for the FCIC Board of Directors and for USDA's Risk Management Agency on national actuarial and underwriting policy development matters.



Invited Speaker Profiles

Dr. Thomas P. Zacharias, President, National Crop Insurance Services

Tom Zacharias joined National Crop Insurance Services (NCIS) in July of 1990. He holds a Ph.D. in Agricultural Economics from the University of Illinois, with B.S. and M.S. degrees in Agricultural-Economics from Texas A&M University. Prior to joining NCIS, Tom was an Associate Professor in the Department of Economist at Iowa State University in Ames, Iowa and an Assistant Professor in the Department of Agricultural Economics at Louisiana State University in Baton Rouge, Louisiana. During his tenure at NCIS, Tom has served on several USDA and industry crop insurance workgroups and task forces, most recently part of the 2011 Standard Reinsurance Agreement negotiations. He has also been an invited speaker at reinsurance seminars, commodity association meetings, as well as international insurance association meetings. Tom has authored and co-authored numerous publications including book chapters, refereed journal articles, book reviews in peer-reviewed journals, as well as other professional and agricultural extension presentations. Tom is a member of The American Agricultural Economics Association.



David Lynn, Sr. Vice President, Financial Services, Farm Credit Services of Mid America

An A C A. Mr. Lynn leads a \$3.8 billion loan portfolio with responsibilities including planning, organizing and leading the sales functions for Tennessee, Kentucky and southeast Indiana. He oversees a sales staff of approximately 210 employees. He began his career with Farm Credit Services in June, 1981, and has held several leadership positions during his 21 year tenure. Most recently, he served as vice president for 16 counties in eastern Tennessee. Mr. Lynn is a member of the Tennessee Society of Farm Managers and Rural Appraisers. He graduated from the University of Tennessee, Knoxville in 1974 with a B.S. degree in Agriculture. He received his M.S. degree in Administration and Supervision from UT Knoxville in 1978.



Invited Speaker Profiles

Joe Outlaw, Texas A&M University

Dr. Joe Outlaw is a Professor and Extension Economist in the Department of Agricultural Economics at Texas A&M University. He also serves as the Co-Director of the Agricultural and Food Policy Center (AFPC) at Texas A&M University. In this role, Dr. Outlaw frequently interacts with members of Congress and key agricultural committee staff to provide feedback on the likely consequences of agricultural policy changes. The growing interdependence between agricultural and renewable energy policy has led him to conduct research on several renewable energy topics including plant feasibility studies using alternative technologies and feedstocks as well as supply demand relationships between renewable fuels and their co-products. In 2004 chaired a national energy project that led to a book entitled “Agriculture as a Producer and Consumer of Energy” that he edited along with Keith Collins and Jim Duffield from USDA. Dr. Outlaw led the team of Texas A&M economists who received awards in excellence for their 2002 farm bill education efforts from the American Agricultural Economics Association, the Southern Agricultural Economics Association, the National Public Policy Education Committee, USDA-FSA, and the Vice Chancellor in the College of Agriculture and Life Sciences at Texas A&M University.



James Richardson, Texas A&M University

Dr. James W. Richardson, Regents Professor of agricultural economics, has research and graduate teaching, responsibilities in public policy and simulation analysis. Richardson's research has attracted national recognition by emphasizing quantitative, risk based policy analyses through the use of farm-level simulation models (FLIPSIM). Evaluating the farm-level impacts of agricultural and tax policies on crop, livestock, and dairy farms is Richardson's specialty. His research is largely responsible for the ability of AFPC to evaluate the implications of policy decisions at the farm level – the analytical dimension for which the Center is best known. As new policies are considered, their consequences are evaluated and the results are provided to policymakers, producers, producer groups, and policy analysts. Richardson's research also involves quantitatively evaluating the impacts of new technology on the economic viability of agricultural firms, farm program formulation, farm structure, and competitiveness of U.S. agriculture. Richardson has recently developed a simulation language and data analysis package (Simetar©) for teaching risk analysis and for policy analysis modeling. Richardson received degrees in agricultural economics from New Mexico State University and Oklahoma State University. He has received Lifetime Achievement Awards from the Southern Agricultural Economics Association and from the Western Agricultural Economics Association.



Wednesday, October 8

7:30 am – 4:00 pm

Registration Open

Marriott Ballroom Foyer, Second Floor

7:30 am – 8:30 am

Continental Breakfast

Marriott Ballroom – Salon 7, Second Floor

8:30 am – 12:00 pm

Plenary featuring Invited Speakers

Marriott Ballroom – Salon 7, Second Floor

- Farm Bill 2014: Sausage-making in the Senate Agriculture Committee
Keith Coble, Mississippi State University
- Actuarial Issues for the Federal Crop Insurance System
Tom Worth, USDA-Risk Management Agency
- Industry Perspectives on Crop Insurance in the 2014 Farm Bill
Tom Zacharias, National Crop Insurance Services

12:15 pm – 1:45 pm

Luncheon featuring Invited Speaker

Marriott Ballroom – Salon 7, Second Floor

- Proper Usage of Federal Crop Insurance Program is Necessary for Farm Solvency
David Lynn, Farm Credit Mid-America

2:00 pm – 4:00 pm

Concurrent Selected Paper Sessions

Crop Insurance: Institutional and Structural Effects

Marriott Ballroom – Salon 2, Second Floor

- Is Government Involvement Really Necessary: Implications for Systemic Risk and Crop Reinsurance Contracts
Xiaoguang Feng, Iowa State University; Dermot Hayes, Iowa State University
- How Would Farm Managers Respond to a Limit on Crop Insurance Premium Subsidies?
Todd Davis, American Farm Bureau Federation; John Anderson, American Farm Bureau Federation; Robert Young, II, American Farm Bureau Federation
- Helping Farmers Make Farm Program Participation Decisions: A Farm Organization Perspective
John Anderson, American Farm Bureau Federation

Wednesday, October 8

Dairy and Organic Crops Under the 2014 Farm Bill

Marriott Ballroom – Salon 3, Second Floor

- **Opinion Valuation and Speculative Interest in a Dairy Production Margin Futures Contract**
John Newton, University of Illinois at Urbana-Champaign; Marin Bozic, University of Minnesota; Christopher Wolf, Michigan State University; Cameron Thraen, The Ohio State University
- **Margin Protection Program for Dairy Producers: Implementation, Participation and Consequences**
Marin Bozic, University of Minnesota; Christopher Wolf, Michigan State University; Fanda Young, John Newton, University of Illinois at Urbana-Champaign; Cameron Thraen, The Ohio State University
- **Examining Adverse Selection in Organic Crop Insurance**
James Robinson, Rural Advancement Foundation International; Viola Glenn, Rural Advancement Foundation International

Outcomes of Producers' Farm-level Choices

Marriott Ballroom – Salon 4, Second Floor

- **Comparison of County ARC and SCO**
Scott Gerlt, University of Missouri; Patrick Westhoff, University of Missouri
- **Farm-level Choice of Crop Insurance Coverage Level**
Robert Johansson, USDA-Office of the Chief Economist; Thomas Worth, USDA-Risk Management Agency; Joe Cooper, USDA-Economic Research Service
- **Implications of Rice Variety Selection to Optimize Returns from Crop Insurance**
David Branscum, University of Arkansas; Lawton Lanier Nalley, University of Arkansas; Bruce Dixon, University of Arkansas; Terry Siebenmorgen, University of Arkansas; Jesse Tack, Mississippi State University; Diana Danforth, University of Arkansas

Thursday, October 9

7:30 am – 10:30 am

Registration Open

Marriott Ballroom Foyer, Second Floor

8:00 am – 9:15 am

Breakfast featuring Invited Speakers

Marriott Ballroom – Salon 7, Second Floor

- What is the Latest on the Texas A&M Farm Bill Decision Tool for Farmers
Joe Outlaw, Texas A&M University
James Richardson, Texas A&M University

9:30 am – 11:30 am

Concurrent Selected Paper Sessions

Crop Insurance and Conserving Agricultural Practices—A Marriage Made in the 2014 Farm Bill? – Panel Discussion

Rose, Second Floor

Moderator: *Stephanie Mercier, Farm Journal Foundation*

Discussants: *Paul Wolfe, National Sustainable Agriculture Coalition; Bev Paul, American Soybean Association*

- The Agricultural and Food Policy Initiative Agree—What Are We Trying to Achieve?
Todd Barker, Meridian Institute
- The Legislative Path and Policy Implications of Linking Conservation Compliance to Crop Insurance
Joe Shultz, Senate Agriculture Committee
- Current Scientific Literature: Its Contribution to Crop Insurance and Conservation Practices
Keith Coble, Mississippi State University
- Submitting Proposals for Changing the Federal Crop Insurance Act
Thomas Worth, USDA-Risk Management Agency

Thursday, October 9

Crop Insurance: Risk Management Strategies and Financial Underpinning

Filly, Second Floor

- Does Crop Insurance Crowd Out Other Risk Management Strategies?
Barrett Kirwan, University of Illinois at Urbana-Champaign
- Evaluating the Marginal Risk Management Benefits of New Commodity and Crop Insurance Programs
Nicholas Paulson, University of Illinois at Urbana-Champaign; Gary Schnitkey, University of Illinois at Urbana-Champaign
- The Role of Crop Insurance Participation in Farm-level Financial Leverage
Eric Belasco, Montana State University; Anton Bekkerman, Montana State University

Land Use Implications of Crop Insurance Changes

Thoroughbred, Second Floor

- Impacts of Changes in Federal Crop Insurance Programs on Land Use and Environmental Quality
JunJie Wu, Oregon State University; Christian Langpap, Oregon State University
- U.S. Cotton Acreage Response to Subsidized Crop Insurance, 1995 to 2011
Russell Tronstad, University of Arizona; Ibrahima Sall, University of Arizona; Romilee Emerick, DNV KEMA Energy & Sustainability
- Impact of Increased Crop Insurance Enrollment on Cropping of Environmentally Sensitive Land
Jason Holderieath, Colorado State University

Marriott Downtown

Floor Plan

Second Floor

