

# Crop Insurance and the Farm Bill: A New Paradigm in U.S. Agricultural Policy

October 8-9, 2013

Hyatt Regency • Louisville, KY

  
Louisville



**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 2013 AAEA Symposium on Crop Insurance and the Farm Bill: A New Paradigm in U.S. Agricultural Policy. This symposium could not be timelier against a backdrop where

a new Farm Bill is still being considered and agriculture faces a quickly changing risk environment. 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 third 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. The 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 and the Southern Risk Management Education Center. This support has been instrumental in making this symposium possible.

This symposium on Crop Insurance and the 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,

Julie Caswell  
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:

Gary Schnitkey, *University of Illinois*  
Mike Duffy, *Iowa State University*

## Sponsorship

**Thank you to the following sponsors for their generous support:**

National Crop Insurance Services  
(NCIS)  
Southern Risk Management  
Education Center (SRMEC)

## Upcoming AEA Events

- **2014 ASSA Annual Meeting**, January 3-5, 2014 — Philadelphia
- **Social Networks, Social Media and the Economics of Food Symposium**, May 29-30, 2014 — Montreal
- **2014 AEA Annual Meeting**, July 27-29, 2014 — Minneapolis

Visit [www.aea.org/meetings](http://www.aea.org/meetings) for more information.



## Invited Speaker Profiles

### Keith Collins

Keith Collins currently serves as economic and policy advisor to the President and Directors of National Crop Insurance Services, a crop insurance industry trade association. He retired from the U.S. Department of Agriculture in early 2008 after serving as its Chief Economist for 15 years. As Chief Economist, Keith advised the Secretary of Agriculture on economic impacts of programs, regulations and proposed legislation. He also served as Chairman of the Board of Directors of the Federal Crop Insurance Corporation and Chairman and Vice Chairman of the General Administrative Board of the USDA Graduate School. He chaired the national commission on payment limits created by the 2002 Farm Bill, coordinated analysis for the administration's 2008 Farm Bill proposals, and has been a witness at 80 Congressional hearings. He is a fellow of the Agricultural and Applied Economics Association and received other recognition including five Presidential Rank Awards for Distinguished or Meritorious Executive. He holds degrees from Villanova University, University of Connecticut and a PhD in economics and statistics from North Carolina State University.



### Barry Barnett

Dr. Barry J. Barnett is professor and graduate coordinator in the Department of Agricultural Economics at Mississippi State University. He has conducted research and written extensively about agricultural public policy and insurance both in the United States and in developing country contexts. In particular, his work on index insurance is widely cited in the scholarly literature. He regularly conducts analysis for the Risk Management Agency of the U.S. Department of Agriculture and has testified before the Agriculture Committee of the U.S. House of Representatives. In addition to numerous scholarly journal articles, he has contributed to several World Bank, OECD, and USAID publications. Dr. Barnett teaches undergraduate and graduate courses in microeconomic theory and a graduate course on research methods.



## Invited Speaker Profiles

### Barry Goodwin

Barry K. Goodwin is William Neal Reynolds Distinguished Professor in the Departments of Agricultural and Resource Economics and Economics at North Carolina State University. He holds a PhD in economics from North Carolina State University. He has held faculty positions at Kansas State University and The Ohio State University. His teaching, research, and outreach efforts have addressed a wide range of problems in agriculture including policy, trade, risk management, price analysis, and econometrics. He has been on numerous editorial boards and has participated in a wide variety of activities important to the advancement of the agricultural economics profession. His research is widely cited and he has received numerous research awards, including outstanding article awards from AAEA, WAEA, and CAES. He served on the AAEA Board of Directors from 2009-2011 and is on the Executive Board of the International Agricultural Research Consortium (IATRC). He was inducted as a Fellow of AAEA in 2006.



### Tom Worth

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.



## Tuesday, October 8

- 7:00 am–5:00 pm **Registration Open**  
Hyatt Regency, Second Floor, Regency Foyer
- 7:30–8:30 am **Breakfast**  
Hyatt Regency, Second Floor, Regency Center
- 8:30 am–12:00 pm **Session I: Plenary featuring Invited Speakers**  
Hyatt Regency, Second Floor, Regency North
- The Evolving Role of Crop Insurance in Farm Risk Management  
*Keith Collins, National Crop Insurance Services*
- Crop Insurance Rating: A Historical Perspective and Ongoing Challenges  
*Barry Barnett, Mississippi State University*
- The Role of Reinsurance in the Federal Crop Insurance Program  
*Barry Goodwin, North Carolina State University*
- The Standard Reinsurance Agreement: Defining the Crop Insurance Public/Private Partnership  
*Tom Worth, USDA-Risk Management Agency*
- 12:00–1:30 pm **Luncheon**  
Hyatt Regency, Second Floor, Regency Center
- New Product Development Processes and Available Insurance Products  
*Tom Worth, USDA-Risk Management Agency*
- 1:45–4:45 pm **Session II: Selected Paper Sessions**  
(Break at 3:00 pm)
- Interaction Between Federal Programs and Crop Insurance I**  
Hyatt Regency, Second Floor, Keeneland
- The Demand for Crop Insurance: How Important Are the Subsidies?  
*Erik O'Donoghue, USDA-Economic Research Service*
- Is Crop Insurance Relevant as a Safety Net for Southern Agriculture?  
*Nathaniel Smith, University of Georgia; W. Donald Shurley, University of Georgia*

## Tuesday, October 8

Institutional Barriers to an Insurance-Based Farm Safety Net

*John Anderson, American Farm Bureau Federation; Robert Young, II, American Farm Bureau Federation; Todd Davis, American Farm Bureau Federation*

Regional Considerations in Use of Model Farms for Policy Analysis

*Joe Outlaw, Texas A&M University; Henry Bryant, Texas A&M University; James Richardson, Texas A&M University*

### **Tools and Techniques for Modeling Crop Insurance Performance**

Hyatt Regency, Second Floor, Churchill Downs

Revenue Risk, Crop Insurance and Forward Contracting

*Cory Walters, University of Kentucky; Richard Preston, Preston Farms*

Analyzing Federal Farm Program and Crop Insurance Options to Assess Policy Design and Risk Management Implications for Crop Producers

*Bradley Lubben, University of Nebraska; Matthew Stockton, University of Nebraska; Jim Jansen, University of Nebraska*

Challenging Belief in the Law of Small Numbers

*Keith Coble, Mississippi State University; Barry Barnett, Mississippi State University; John Michael Riley, Mississippi State University*

Evaluating the Interaction between Farm Programs, Crop Insurance and Producers' Risk Preferences

*Todd Davis, American Farm Bureau Federation; John Anderson, American Farm Bureau Federation; Robert Young, II, American Farm Bureau Federation*

### **Crop Insurance Impacts on Farm Management Decisions I**

Hyatt Regency, Second Floor, GulfStream-Hialeah

Deductibles vs. Coinsurance in Shallow-Loss Crop Insurance Policies

*Thomas Sproul, University of Rhode Island; David Zilberman, University of California, Berkeley; Joseph Cooper, USDA-Economic Research Service*

## Tuesday, October 8

Examining Contemporaneous Farm and County Losses Using Farm Level Data

*Carl Zulauf, The Ohio State University; Gary Schnitkey, University of Illinois at Urbana-Champaign; Art Barnaby, Kansas State University; Kevin Herbel, Kansas State University*

Crop Insurance for Energy Grasses

*Ruiqing Miao, University of Illinois at Urbana-Champaign; Madhu Khanna, University of Illinois at Urbana-Champaign*

Adjusting Crop Insurance APH Calculation to Accommodate Biomass Production

*Joseph Dolginow, University of Missouri; Raymond Massey, University of Missouri*

## Wednesday, October 9

7:00–11:30 am

### Registration Open

*Hyatt Regency, Second Floor, Regency Foyer*

7:30–8:30 am

### Breakfast

*Hyatt Regency, Second Floor, Regency Center*

8:30–11:30 am

### Session III: Selected Paper Sessions

(Break at 9:45 am)

#### Interaction Between Federal Programs and Crop Insurance II

*Hyatt Regency, Second Floor, Keeneland*

Incorporating Crop Insurance Subsidies into Conservation Reserve Program Design

*Ruiqing Miao, University of Illinois at Urbana-Champaign; David Hennessy, Iowa State University; Hongli Feng, Iowa State University*

2013 Farm Bill: Potential 2014-2018 STAX and SCO Payments for Cotton Producers

*Jody Campiche, Oklahoma State University*

A Stewardship Endorsement for Crop Insurance: Mitigating Risk and Improving Environmental Outcomes of the Federal Crop Insurance Program through Improved On-Farm Management

*Claire O'Connor, Natural Resources Defense Council*

## Wednesday, October 9

Analysis of the Supplemental Coverage Option  
*Scott Gerlt, University of Missouri; Patrick Westhoff, University of Missouri*

### **Balancing Political and Actuarial Considerations in Rating Practices**

Hyatt Regency, Second Floor, Churchill Downs

El Niño Southern Oscillation Impacts on Crop Insurance  
*Jesse Tack, Mississippi State University; David Ubilava, The University of Sydney*

Accounting for Weather Probabilities in Crop Insurance Rating

*Keith Coble, Mississippi State University; Mary Frances Miller, Select Actuarial; Roderick Rejesus, North Carolina State University; Barry Goodwin, North Carolina State University; Ryan Boyles, North Carolina State University; Thomas Knight, Texas Tech University*

Impact of Crop Insurance Indemnity Payments on Cash Rent and Land Values

*Michael Langemeier, Purdue University*

### **Crop Insurance Impacts on Farm Management Decisions II**

Hyatt Regency, Second Floor, GulfStream-Hialeah

The Effectiveness of Livestock Revenue Protection Insurance for Feeder and Fed Cattle Risk Management  
*Shannon Neibergs, Washington State University*

Specialty Crop Insurance and Risk Management in North Carolina

*James Robinson, Rural Advancement Foundation International; Scott Marlow, Rural Advancement Foundation International*

Moove Over: Will New Government-Sponsored Dairy Margin Insurance Crowds Out Private Market Risk Management Tools?

*Christopher Wolf, Michigan State University; John Newton, The Ohio State University; Marin Bozic, University of Minnesota; Cameron Thraen, The Ohio State University*





# Hyatt Regency Louisville

## Floor Plan Second Floor

