



Q2 REPORT 2020

Quarterly Report
AACI in Action

AMERICAN ASSOCIATION OF CROP INSURERS



MESSAGE FROM THE PRESIDENT



In the midst of new and uncertain times, AACI continues to be nimble and engaged. We continue to look for new ways to fulfill our goals and mission as an organization. In this quarterly edition, we are highlighting how we are adapting and responding to this global pandemic. We are maintaining communications with our membership and key stakeholders; our members are continuing to deliver excellent service to farmers and ranchers in need while navigating work-from-home mandates.

We are proud that our weekly call series continues to be a successful way to provide insight and analysis to our membership.

While we are looking forward to resuming normal operations, it is difficult to imagine non-essential travel to Washington, D.C. for the remainder of 2020. Given this reality, we are looking to host a virtual conference/fly-in later this year. We hope to release more details in due course.

Please feel free to reach out to us if you have a need or a question. We are hoping for brighter days ahead.

Stay safe.

SCOTT GRAVES
President

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AACI Call Series

After the COVID-19 pandemic required social distancing restrictions for the majority of the country, AACI began to explore ways to keep its membership engaged with Washington. As a result, AACI launched its weekly call series, giving its members an opportunity to engage with Members of Congress, administration officials, university professors, and other senior Capitol Hill staff on a weekly basis.

During the calls, Members of Congress and their staff updated participants on congressional activity related COVID-19, such as changes to SBA's Paycheck Protection Program (PPP), complications in the food supply chain and meat processing sector, and details of USDA's Coronavirus Food Assistance Program (CFAP).

On the Administrative side, AACI connected with RMA Administrator Martin Barbre and his staff, who

walked through their agency updates since the start of 2020 and answered a series of crop insurance related questions from AACI members.

USDA Chief Economist Dr. Robert Johansson provided members with an in-depth presentation on the current economic situation and the forecasts for U.S. crops, livestock, and trade. Outside of the beltway, Dr. Bart Fisher, Co-Director of the Agricultural & Food Policy Center at Texas A&M University, provided an overview of relief programs available for agriculture and an in-depth analysis of payment distribution under USDA's CFAP.

In holding these weekly calls, AACI staff hopes to continue to provide valuable insight to the policy landscape in Washington, D.C., and, at the same time, keep its members well-aware of what's happening across the country in the agriculture community.

“I have thoroughly enjoyed the AACI Weekly Calls. The content is informative, timely, beneficial and impactful. I really appreciate and am impressed with the weekly featured guest speakers. These are professional influential individuals who are making a big difference in ag policy. A sincere thank you to the AACI organization for holding and organizing these weekly calls.

Ted Lung, CGB Diversified Services

“The weekly calls have been a valuable alternative to in person interactions that are traditionally held in Washington DC and crop insurance industry events. I appreciate each participant taking the time to join the calls as well as Matt, Scott and Brittney planning the call each week.

Matt Klein, Great American Insurance Group



April 9	House Agriculture Committee Staff (Trevor White & Jake Chisholm)
April 16	Senate Agriculture Committee Staff (Joe Schultz)
April 23	Congressman Glenn "GT" Thompson (R-PA)
April 30	Bart Fischer, Co-Director of the Agricultural & Food Policy Center at Texas A&M University
May 7	Congressman Mike Conaway (R-TX)
May 14	Congressman Austin Scott (R-GA)
May 21	RMA Administrator Martin Barbre
May 28	Robert Johansson, USDA Chief Economist
June 4	Congresswoman Sharice Davids (D-KS)
June 11	Congresswoman Angie Craig (D-MN)
June 18	Congressman Rick Crawford (R-AR)
June 25	Congressman Filemon Vela (D-TX)
July 9	Congresswoman Cindy Axne (D-IA)
July 16	Congressman Rodney Davis (R-IL)
July 23	Congresswoman Abby Finkenauer (D-IA)

COVID-19 & Agriculture

On May 12, House Democrats laid out their opening bid for new stimulus funding when they unveiled their \$3 trillion coronavirus relief bill, the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act. The bill included several agriculture-related provisions, such as: an additional \$16.5 billion for direct payments to agricultural producers to cover losses resulting from COVID-19; aid for biofuels plants and dairy producers; and compensation for livestock and poultry producers who have had to euthanize animals that couldn't be processed. The bill passed narrowly in the House by a vote of 208-199, but is all but dead in the Senate, where GOP Leaders are waiting to see how the first rounds of aid play out. However, Senators are currently negotiating a package of their own with an expected price tag closer to \$1 trillion.

On June 5, President Trump signed into law the Paycheck Protection Program Flexibility Act, solidifying changes that will grant businesses greater flexibility in using the Small Business Administration's Paycheck Protection Program (PPP). Specifically, the law reduces payroll requirement for forgiveness from 75% to 60%, extends the loan forgiveness period from 8 weeks to 24 weeks, increases the minimum maturity for a PPP loan to five years, and changes coverage period for PPP to Dec. 31, 2020, among other things.

After the announcement of USDA's Coronavirus Food Assistance Program (CFAP) in mid-April, the department issued a press release on May 19 providing details about the program, and notified stakeholders that sign-up for CFAP would begin on May 26. By June 7, USDA had distributed \$1.4 billion in payments, with \$676 million going to livestock producers, \$337 million to dairy farms, \$368 to row crops, and less than \$25 million to specialty crops.

As COVID-19 caused a sharp decline in meat processing due to worker infections, temporary closures, and the implementation of distancing and other measures, President Trump's issued an Executive Order on April 28 directing meatpacking facilities to implement the CDC and OSHA guidelines created for the meat and poultry sector. By June 9, Secretary Perdue announced that across the cattle, swine, and broiler sectors, processing facilities are operating more than 95% of their average capacity compared to this time last year.



“

AACI has proven itself the ultimate tool for Crop Insurance Providers. Since the shutdown, it has given AACI members unparalleled direct access to the lawmakers who make a difference in our industry. With AACI, we are not only at the table, we are crafting the menu.

Douglas Carothers,
Personal Ag Management Services, LLC



Connecting

with Congressional Crop Insurance Caucus Members

In July 2019, AACI announced the creation and launch of the bipartisan Congressional Crop Insurance Caucus by Reps. Cheri Bustos and Glenn "GT" Thompson. There are more than 35 members and it continues to grow. In this quarterly edition, we are taking an opportunity to learn more about two caucus members and will spotlight others in future reports.



Rep. Sharice Davids (D-KS-03)

Elected: 2018

Committees: Small Business; Transportation & Infrastructure

Leadership: Regional Whip

Fun Fact: Rep. Davids became one of the first two Native American women to serve in Congress.

I am a proud member of the bipartisan Congressional Crop Insurance Caucus. I know how important crop insurance is for Kansas and the third district, which is home to CGB Diversified and ProAg.

This year has been especially tough for many farmers in Kansas with drought conditions and the Coronavirus impacting the food supply chain. I am glad that Congress was able to secure assistance for farmers, including the Coronavirus Food Assistance Program (CFAP). I recognize the ongoing challenges this pandemic presents to both farmers and crop insurers.

I also requested that the Appropriations Committee support strong funding for rural infrastructure programs in Fiscal Year 2021 that will provide stability to the agriculture industry in Kansas and beyond – including for the Rural Utilities Service (RUS) Electric Loans, the Rural Decentralized Water System, and the Circuit Rider Program.

I will continue to work with my colleagues on both sides of the aisle and with AACI members in support of our agricultural industry and to ensure we are protecting vital risk management tools for our farmers and ranchers.



Rep. Rick Crawford (R-AR-01)

Elected: 2010

Committees: Agriculture; Transportation & Infrastructure; Permanent Select on Intelligence

Leadership: Ranking Member, Subcommittee on Railroads, Pipelines, and Hazardous Materials; Ranking Member, Subcommittee on Counterterrorism, Counterintelligence, and Counterproliferation

Fun Fact: Rep. Crawford plays guitar and sings in a band called Triple Nickel.

America is home to the world's most affordable, abundant, and safe food supply. Industrious producers across America and the 1st District of Arkansas are the source of the food and fiber that feed the millions of mouths here and around the world.

Although in recent months this food supply chain has been tested because of the COVID-19 pandemic, our nation's farmers and ranchers always sustain us during difficult times. Though they are facing new and unfamiliar challenges, they continue to show strength and resilience.

I have supported key legislation and the administration's efforts to support our producers during this time to help them stay in business and put food on the tables of American families.

Additionally, to help alleviate the labor shortage that farmers are experiencing because of the pandemic, I partnered with a number of organizations to launch FARM Corps which connects willing veterans who are struggling with job loss with local farmers. Food security is national security and no two groups understand this better than farmers and members of our military.

I appreciate the efforts of AACI and the crop insurance industry to lend their support to our farmers and ranchers and help them navigate these challenging times and work through the 2020 growing season.

AIPs Respond to COVID-19



Rain & Hail Insurance Services
Scott Arnold, Division President, Chubb Agriculture President

"Fortunately, we had invested heavily in our technology over the past several years, with an emphasis on mobile tools that allow our staff, agents, and policyholders to access information and transact business from anywhere. The COVID-19 crisis made the use of these tools essential for all, but I couldn't be prouder of how quickly and easily our team and customers adapted. Throughout this crisis, business has run smoothly with no gaps in service to our agents or the farmers and ranchers we serve."



ProAg
Kendall Jones, CEO & President

"It has not been business as usual, but it has been business uninterrupted. Despite the recent challenges that the COVID-19 pandemic has brought, ProAg is proud to have provided uninterrupted delivery of claims and underwriting services. Our customers have experienced little if any delays with ProAg's delivery of essential field services such as field inspections, processing of grower applications and reports and critical indemnity payments. On top of this, we remain dedicated to providing the best online tools to our agents and policyholders to manage their crop insurance business with ProAg.

Our pandemic and contingency planning proved to be successful. All of our business operations continued as usual as we navigated various work-from-home mandates, updates to RMA procedures, and followed the recommended guidelines provided by our local, state and national leaders. Since we are deemed an essential service, all our offices have remained open throughout this period while employees who worked in those offices were provided the opportunity to work remotely. We are incredibly appreciative of the way our agents and employees handled the transitions required to deal with COVID-19."



Crop Risk Services
Brian Young, Chief Executive Officer

"Crop Risk Services is fully operational. Our work from home arrangements are helping safeguard our colleagues as we continue to serve our farming customers and agent partners. We remain in a strong capital position, backed by the financial strength and ample liquidity of AIG. Crop Risk Services' core principles will not waver. We support the American farmer proudly by helping manage their risks."



Great American Insurance Group
Tim Weber, Divisional President

"Great American Insurance has had business continuity plans in place for several years and while these plans were originally designed for business disruption caused by physical damage to office facilities, they have served us well during this COVID pandemic. Great American is currently maximizing its work-from-home capabilities while working with our agencies to serve our policyholders. We are committed to providing the service our agents, farmers and ranchers come to expect from Great American as we work through the 2020 growing season and beyond."



NAU Country
Jim Korin, President

"We have been able to keep up our level of service while having most of our staff working from home. It is an incredible feat and a testament to the high degree of automation and awesome technology we have at NAU Country Insurance Company. We are doing our part to follow all the state, local and federal orders and mandates during this situation. We have stepped up on a national basis, donating over 100,000 N95 masks to care facilities in need, equipped our workforce in the field with masks and hand sanitizers, and donated countless hours and dollars toward COVID-19 causes. We have received a lot of positive feedback from our many great agents regarding the ability of our people and systems to move forward on a business-as-usual basis."



CGB Diversified Services
Ron Miiller, President

"CGB and DS made the decision at the onset of the "stay at home" decisions to protect the financial security of each of our employees by announcing the continuation of all salaries. DS closed all offices nationwide and continues through July 6 to provide service to all our agents and insureds from home. We are very proud of the way in which all staff has stepped up in this chaotic time to provide the level of service we were providing prior to the pandemic."

Meet the Inaugural Leadership Class

Beginning in 2021, the American Association of Crop Insurers (AACI) is launching its leadership development program, *Seeding the Future*, to identify and train a new generation of leaders within the crop insurance industry. The program will focus on giving these individuals the tools and resources needed to be effective representatives of AACI and the crop insurance industry both in Washington, D.C. and throughout the country, including assisting in the development of important relationships and building out a network of policy influencers. The individuals selected for the program will participate in four separate courses over the span of two years, followed by two other activities the following year. A brief summary of the four courses are as follows:

- History & Mission:** To understand the history and evolution of the federal crop insurance program and AACI.
- Communication & Leadership:** To understand the political messaging around how to communicate effectively with members of the press and policy makers.

- PAC, Grassroots & Policy:** To understand how PACs work and how to organize events, to gain an understanding of how district offices function; NCIS's role as it relates to AACI, and the industry as a whole.
 - Political & Policy:** To understand policy development and implementation through legislative and executive branch decision-makers, as well as other leaders of agriculture and conservation organizations.
- After successful completion of the four courses, leadership class participants will be required to complete two or three additional activities with the help of AACI staff before being recognized at the AACI-NCIS annual meeting. AACI hopes the creation of the leadership program, *Seeding the Future*, will help encourage AACI members to become more involved with the association and help prepare individuals for potential leadership positions within the association



Meet the individuals selected by AACI leadership to be a part of the inaugural class of our leadership development program.



Douglas Carothers
Bakersfield, CA
Personal Ag Management Services



Matt Klein
Union, KY
Great American Insurance Group



Lucas Conmey
Deforest, WI
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Casey Krueger
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Crop Risk Services



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