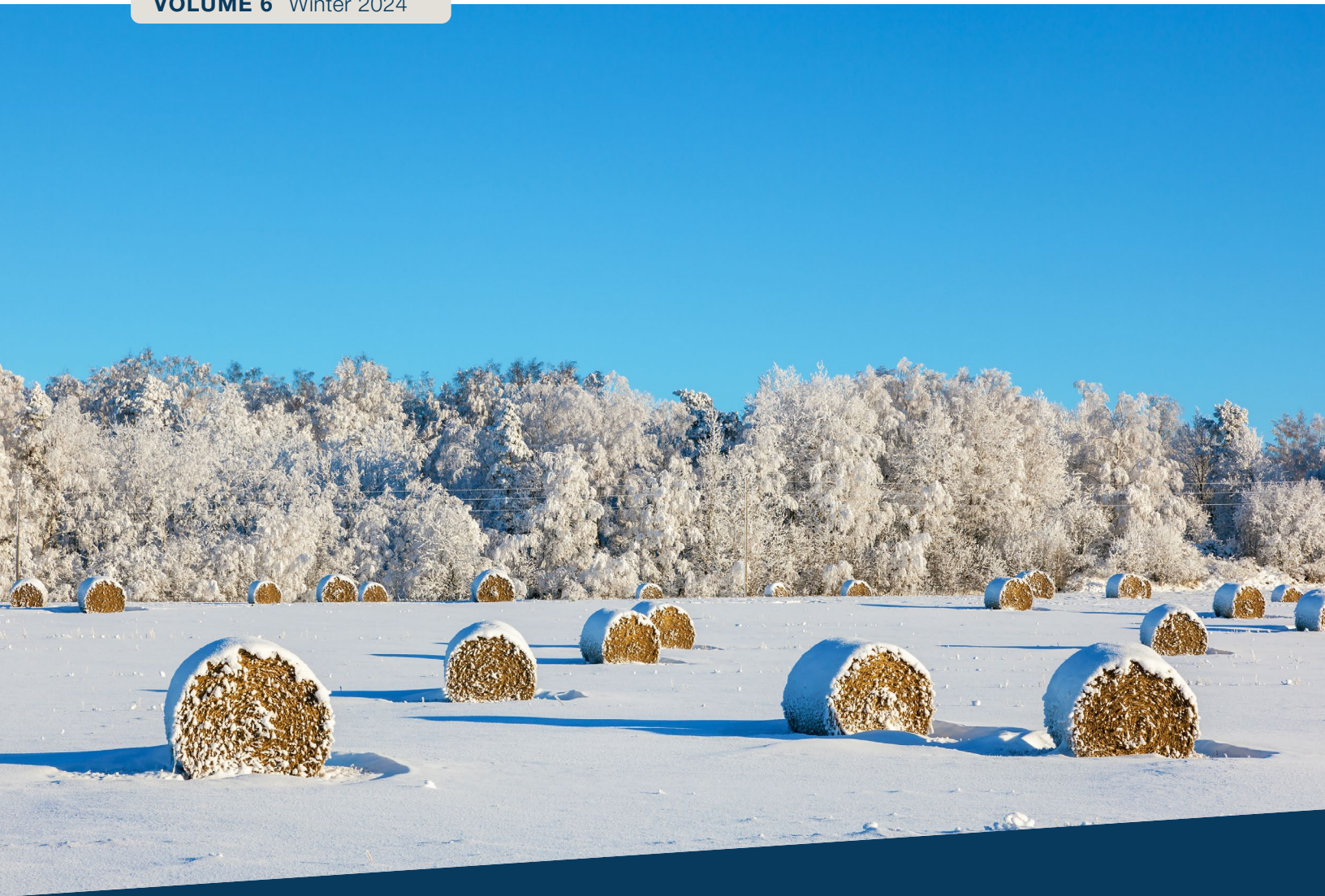




Great American Insurance Newsletter



VOLUME 6 Winter 2024



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The Actuarial and Analytics
Department

"The Great American Crop team continues to focus our efforts on wrapping up RY2023 claims and assisting agencies with product and sales needs as we enter the homestretch of 2024 spring sales closing."

Dale Perry, Divisional President





Letter from the President

Welcome to the winter 2024 edition of our GrAIN newsletter. I hope each of you are doing well and making progress on both your personal and professional goals for 2024. The Great American Crop team continues to focus our efforts on wrapping up RY2023 claims and assisting agencies with product and sales needs as we enter the homestretch of 2024 spring sales closing.

I'm delighted to share that we have successfully integrated the Crop Risk Services and Great American Crop teams and it's exciting to be operating as one organization. I feel truly blessed to be working alongside our team members – new and old - at Great American. Throughout the year, we look forward to connecting you with more of our team as we spotlight individual employees as well as departments within the Division. These are the individuals and teams that help make us successful and create value for America's farmers and ranchers.

As we all push towards the final sales closings for this reinsurance year, I want to thank our valued agents for the trust you have placed in Great American. I know transitions and acquisitions can create anxiety. We truly appreciate your business and are committed to continuing to serve our shared customers. If you have any questions or need any assistance, please reach out to our team. Thanks again, and I wish you each a healthy and prosperous year.

Dale Perry

Alphabet Soup for Farmers: ARC, PLC, SCO & ECO

Throughout the winter months, growers are faced with several risk management decisions when planning for the year ahead – particularly USDA program and Crop Insurance elections. With an extension of the 2018 Farm Bill through September 30, 2024, America’s growers are assured the availability of the ARC and PLC programs for the year ahead. The below summary provides a recap of the ARC-CO and PLC safety net programs and how these enrollment decisions impact crop insurance offerings of ECO and SCO.

The Price Loss Coverage (PLC) program provides price protection for growers and issues payments when the effective price of a covered commodity is less than the respective effective reference price for that commodity. These reference prices are \$3.70 for corn, \$8.40 for soybeans, and \$5.50 for wheat. However, it is important to note the effective reference price can be adjusted higher in times of increasing commodity prices. For instance, when 85% of the 5-year Market Year Average (MYA) price (excluding the highest and lowest price) exceeds the PLC reference price, the lower of either that value or 115% of the PLC reference price is used. The **highlighted** values below represent the 2024 Effective Reference Price as of the USDA December 31st, 2023 report found [here](#).

	2024 Reference Price	85% of 5 Year Olympic Avg Price	115% of Reference Price
Corn	3.70	4.01	4.26
Soybeans	8.40	9.26	9.66
Wheat	5.50	5.05	6.33

Highest of 2024 Reference Price or 85% of 5 Year Olympic Avg. Price

Then, lower of the above value or 115% of Reference Price

If triggered, PLC payments are made on 85% of the farm’s base acres for each commodity covered with a PLC election. These payments are issued after October 1st of the year following the program year.



Differing from PLC, which provides price coverage, ARC-CO payments are triggered by decreases in county revenue. Revenue benchmarks under the ARC-CO program are set by multiplying the 5 year-Olympic average ARC-CO benchmark price by the 5-year Olympic average ARC-CO yield. This revenue benchmark is then multiplied by 86% to set the ARC-CO guarantee. If the actual crop revenue for a county falls below this guarantee a payment is triggered. The difference between the ARC-CO guarantee and the actual crop revenue for the county would then be multiplied by 85% of the base acres of the covered commodity to determine a payment amount. Though, this amount is limited to 10% of the total ARC-CO benchmark revenue.

Below are the 2024 ARC Benchmark prices for 2024:

	2024 ARC Benchmark	ARC Trigger Price
Corn	\$4.85	\$4.17
Soybeans	\$11.12	\$9.56
Wheat	\$6.21	\$5.34

**ARC Trigger Price is defined as 86% of the benchmark price. The ARC program triggers payments when actual revenue is below 86% of the revenue guarantee (benchmark price x benchmark yield). The trigger price is the price at which ARC payments would begin to trigger if actual yields are at benchmark levels.*

An important consideration growers should be aware of when making their FSA program elections is how it may affect eligibility for some crop insurance programs. For cotton growers, producers may not participate in STAX on a farm if cotton seed base acres are enrolled in ARC or PLC. For all other eligible commodities, producers that enroll in the ARC-CO program are not eligible to purchase the Supplemental Coverage Option (SCO) on their planted acres of those covered commodities. SCO is a county-based coverage purchased in conjunction with an MPCI policy. The band of SCO coverage begins at the 86% level and extends down to the level of coverage a producer elects on their underlying MPCI policy. For example, a producer with a 75% RP MPCI policy that elects SCO would have an 11% band of county-based coverage (86% to 75%) if they purchased the SCO endorsement. Though SCO payments are triggered by how a county performs, the amount of liability in SCO is based on each individual grower's expected crop value.

Similar to SCO, the Enhanced Coverage Option (ECO) also sits on top of a producer's MPCI coverage and uses the same expected and final county yields as well as projected and harvest prices that SCO utilizes. How ECO differs is it provides banded coverage up to 90% or 95%, down to 86%. As such, the band of county-based coverage is not dependent on the coverage level elected on an underlying policy. Additionally, a producer's ARC or PLC election does not impact eligibility for ECO.

Like other area-based crop insurance plans, ECO and SCO indemnities are paid in the summer following the crop year, and not at harvest time since these indemnities are dependent upon county yields being finalized and released by RMA. Additionally, since payments are triggered based on county data ECO and SCO indemnities trigger independently from individual based policies. As such, it is possible for a grower to have an ECO or SCO indemnity, but no individual indemnity; an individual indemnity, but no ECO or SCO indemnity; indemnities from both programs; or no indemnity from either program.

Below is summary of some of the key attributes of each of the four programs discussed above.

	ARC-CO	PLC	SCO	ECO
Program Type	FSA Program	FSA Program	Crop Insurance	Crop Insurance
Enrollment Deadline	March 15	March 15	Underlying Crop Insurance Sales Closing Dates	Underlying Crop Insurance Sales Closing Dates
Yield Data	RMA or NASS	RMA or NASS	RMA Yield Data	RMA Yield Data
Price Data	NASS	NASS	RMA CEPP	RMA CEPP
Indemnity Timing	after October 1 of the year following the program year	after October 1 of the year following the program year	Spring/Summer following the crops' harvest	Spring/Summer following the crops' harvest
Coverage Type	County Based Revenue	Price	County Base (Yield or Revenue based on MPCI)	County Base (Yield or Revenue based on MPCI)



When determining which programs may best suit an operation, growers should take inventory of which risks most affect their operation – below are a few discovery questions that may help to identify program fit for an operation:

- 1. Which risks am I most concerned for in the coming year – price, yield or revenue?*
- 2. Do my operation's yields trend with the county average?*
- 3. What cash flow constraints might my operation face in the coming year given when indemnities are paid relative to when a loss occurs?*

A reminder that enrollment for ARC or PLC is March 15th, and regardless of if the FSA has an extension of the enrollment period the RMA will use the election made on/by March 15th to determine SCO or STAX eligibility. If a producer does not make an election for 2024 their enrollment defaults to their prior year's enrollment.

MPCI Spring Training Update

Meetings took place from December 18 – February 7.

**52
in
person**



update meetings for 1,238 attendees

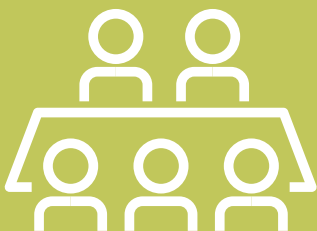


25 states

where in-person
trainings were held

**7
webinar**

trainings
with 979
attendees



59 meetings

with over 2,200 attendees
in an 8-week period

*Those who qualify receive 4 hours of CE.
Licensing requirements vary by state.*

This year's MPCI Spring Update Training for appointed Agents was very exciting for our Crop team. For the first time at Great American, we utilized our newly formed Training Team to assist with the preparations. Over 1,000 slides were generated! While still a full team effort, the Training Team was able to take some of the burden off the operations and business development personnel, which allowed them to focus on their regional topics. Several meetings extended the learning with discussions about Crop Hail / Private Products and/or GreatAg® features. Presenters thoroughly enjoyed spending time with Agents, sharing the NCIS changes, and answering questions.

The number one question, by far, concerned the new rules for Insured Production Reporting (IPR). While this is not a requirement for 2024, there will be penalties in 2025 for those who do not report production by the Insured Production Reporting Date. For more details about IPR, appointed agents can watch Melissa Wesenick's Lunchtime Learning – 2024 Insured Production Reporting webinar (45 minutes) in Crop U. She does a great job explaining the details. As always, please reach out to your Business Developer and/or your Underwriter if you have any questions about IPR or anything else.

The 2024 Spring Update Training Manuals for all regions are posted in both GreatAg and Agent Gateway.



What Do You Do?

A deep dive into the Actuarial Department at Great American Crop



Did you know the Actuaries who work in crop insurance or for American Financial Group, the parent company of Great American, are almost entirely credentialed through one organization- The Casualty Actuarial Society.

Meet Crop's Actuarial and Analytics Department and discover how their work helps maintain the sustainability of the industry.

With nearly 1,000 employees spread across the country it can be challenging to understand or even know about all the different departments that make up the Great American Crop team. This new newsletter feature is devoted to exploring different units within the Crop Division, sharing their roles, responsibilities, insights and how their work impacts the American farmer and rancher. This edition we are excited to showcase the Actuarial and Analytics Department at Great American Crop and gain insights from Nate Schmitt, Actuary Director, about how their work impacts American agriculture.

When it comes to the American farmer and rancher, the Actuarial team helps maintain the sustainability of our industry. "Crop insurance is a key risk-management tool for producers across the country and has expanded dramatically since the public-private relationship began in the 1980s," said Schmitt. "Insurance is a capital-intensive industry. Efficient use of that capital helps attract more and keep rates low. In short, crop insurance helps ensure producers continue their operations (at an affordable rate) and the work of my team helps ensure that Great American can continue to offer excellent service and security to American farmers and ranchers."

The Actuarial and Analytics Department of the Crop Division is made up of three employees: Brian Reilly, Drew Davis and Nate Schmitt. Together, the team's work can be grouped into two primary categories:

- 1) Organize data into reports, to help others make decisions
- 2) Build models to predict optimized outcomes

"We maintain almost 80 reports with hundreds of views that are utilized throughout the Division. The predictive models are used in funding and projecting losses throughout the growing season."

Working directly with a small number of individuals across the various regions and departments, one group is vital to their work: the Crop IT Department. "They provide data and software support that our analysis is built on. There are too many individuals to name, but I'm thankful for their expertise and desire to help." A tool the Crop Division uses for analysis is Tableau – this powerful software allows individuals to take data and visualize it in countless ways. Indirectly, Tableau reports reach almost all areas of the Division, and the team is always open to feedback. "We love to hear from users about how they utilize those reports, as well as ideas for enhancements!" Some of the Tableau reports are available externally to appointed agents as well.

However, beyond running reports and building models, the Actuarial team has over 40 years of combined experience, with 25 of those years in crop insurance. "I wish more people could see the talent I get to work with. Brian and Drew are intelligent and curious individuals who are constantly asking questions and developing solutions to help our Division and the Agents and Producers with whom we do business."



Election Season: Outlook and Perspectives from the Crop Insurance and Reinsurance Bureau

Ashley Smith, Director, Crop Insurance and Reinsurance Bureau (CIRB)



Welcome to a presidential election year! While Congress started the second session of the 118th Congress in January with a singular focus on moving must-pass government funding legislation, March through November will bring us a series of primary elections, party conventions, and extended Congressional recess for elected officials to return home to hit the campaign trail.

Presidency

Republican candidates for president continue to battle for the Republican nomination to take on the Democrat's likely candidate, President Joe Biden. Donald Trump remains the clear frontrunner for Republicans, although Nikki Haley remains in the race despite losses in both Iowa and New Hampshire.

While President Biden and former President Trump have had a myriad of agriculture priorities through their respective agriculture departments, in broad terms, Joe Biden has focused on implementation of climate-smart agriculture practices as well as support for new, beginning, and underserved farmers. During the Trump Administration, the president focused on trade negotiations as well regulatory reforms.

Top issues for voters this election cycle include access to women's health care, border security and immigration, inflation and the economy, as well as the United States' role in foreign aid.

House of Representatives

On the Hill, all House members and 34 Senators are up for reelection. Currently, Republicans hold a two-seat majority in the House – the second smallest majority in the history of our nation – making this election critical to maintain control of the House. According to Cook Political Report, there are currently 24 toss up seats in the House, and seven of those are freshman on the

Agriculture Committee. Eight other ag committee seats are in districts where there could be a competitive race. Additionally, already, one long standing member of the Ag Committee, Abigail Spanberger (D-VA-7), has announced she will not run for reelection.

In the 119th Congress, House Agriculture Committee Chairman Rep. GT Thompson (R-PA-15) is expected to retain his Republican leadership role, but press has speculated that Ranking Member Rep. David Scott (D-GA-13) could face challenges to his leadership if Democrats win the majority. Jim Costa (D-CA-21) and Alma Adams (D-NC-12) are mentioned as contenders.

Senate

On the other side of the Capitol, 23 of the 34 seats up for reelection are held by Democrats. Three of those members are on the Agriculture Committee. Republicans could flip the Senate if they successfully defend all their current seats and either flip two seats or flip one seat and secure the presidency.

Notably, it is expected that Sen. Joe Manchin's (D-WV) seat will flip, and Republicans are targeting several other states including, Montana, Ohio, Pennsylvania, and Arizona. While Republicans have a chance to take back the Senate, many factors including quality of candidates and fundraising will play key roles in the races.

The Senate Agriculture Committee will see significant changes after the election with the retirement of Chairwoman Debbie Stabenow (D-MI). Her Democratic successor will likely be Senator Klobuchar (D-MN). Priority issues for Stabenow have included conservation and nutrition, and while Klobuchar will likely also focus on those areas, she will bring in new priorities including those that have been historically important to her constituents. On the Republican side, Ranking Member John Boozman (R-AR) is expected to remain in his role.

The Future – The 119th Congress

As we look to a new Congress and a new class of freshman members, there will be a period when progress on legislation is delayed due to leadership elections, committee assignments, and staffing changes. If a farm bill is not completed during the current Congress, then it will be punted to the 119th Congress where the process will start again with committee hearings and new policies will be considered. Should this occur, it would likely be several months before we would see votes on the floor for a farm bill. With a new Congress also comes the need for education of new members, which CIRB staff stand ready to do.



Employee Spotlight



Kevin Boeckenstedt,
Business Project Specialist

Kevin has lived in Decatur, Illinois since 1995. He and his wife (Julie) are approaching their 30th anniversary this November. They have three children – two sons and one daughter ages 25, 22, 17. Their sons live in the Champaign-Urbana, IL area and their daughter still lives at home. Julie has an early childhood degree and works as a full-time substitute teacher in area schools. They like to travel and love serving at their church.



Crystal Grout,
Underwriting Manager for the Fargo PC

Crystal lives in Moorhead, MN. She is married with 3 boys ages 20, 15 and 11. She also has 3 little dogs at home. “They all keep me on my toes!”

Q How long have you been working in the crop insurance industry?

A KB: Since 2010. I started shortly after what was once called Agriserve to become ADM Crop Risk Services. My first job with CRS was IT support and I worked with Cindy Oakley and Pall St. John who are also now Great American employees. It was amazing to see all the growth for all those years.

CG: I started in 2001 as a temp and fell in love with it. So, I’m just starting my 23rd year!

Q What do you love most about crop insurance?

A KB: Maybe it is a predictable response, but I love the fact that we provide insurance to growers who are literally feeding the world. There is something super challenging and noble about growing a crop year after year through the good times and the hard times. I think anyone who works in crop insurance should carry a sense of pride that they are participating in this endeavor.

CG: I love that it’s never boring. There is always something new to learn, a new situation that comes up with an insured. Plus, the fact that RMA is always coming out with new plans, programs etc. There’s a new challenge every day! I also feel like I have a career that is impactful and that fulfilling.

KB



CG



Q

What's your favorite thing about being part of Great American?

A

KB: The people. I have only officially been a GA employee for a short time, but I have been impressed with the passion of the people. Everyone has been welcoming and excited to get to work together.

CG: My favorite thing about Great American is the teamwork atmosphere. Not only in my own profit center are we a team across the different departments, but it stretches across to the different PC's as well. You can always find someone to bounce an idea off from or to help answer a tough question. It's truly a wonderful experience where you never feel alone.

Q

What is a unique skill you bring to your job?

A

KB: I am not sure if it is a unique skill, but I love the process and not just the result. To me, how we do work is just as important as what work is accomplished. For me, personal relationships help drive and maximize change both at a departmental level and organizational level. I have been studying Jurgen Klopp's (Liverpool FC – soccer team) leadership the last several months and I love the fact that he gets equally excited about how the team plays just as much as if they win. One game is one game – it is the continuous improvement he is after. I love that.

CG: I'm not sure that it's unique but, for this job, I think empathy goes a long way. Insurance is an industry that's designed to help people and if you are unable to understand where your agents or producers are coming from, it's hard to be effective.

Q

What advice would you give to someone who wants to enter crop insurance?

A

KB: I would tell anyone to just jump in. I am still learning about this complex business we call crop insurance. Never make perfect the enemy of good. Keep learning and developing are the biggest pieces of the puzzle.

CG: I think the main thing for anyone entering the industry is to understand that it's not something that you're going to learn overnight. I feel that at least on the underwriting side, it takes a good two or three years to fully understand a lot of the policies, procedures, and why we do what we do. You need to be patient and willing to put the work in to succeed.

Q

What's the next thing you want to cross off your bucket list?

A

KB: It has been a long time since I went to the Colorado mountains – I would like to do that this summer.

CG: Travel is always at the top of my bucket list, and there are so many places I have yet to see, both domestic AND internationally. I think Washington, D.C. and the surrounding area is pretty high up there. It combines my love of travel AND my love of history.

Q

Share one of your New Year's resolutions, word of the year, or ins and outs?

A

KB: The word for me for 2024 is simplify. I am constantly amazed at how hard it is to keep the main thing the main thing, to eliminate unnecessary distractions and be present with people. So, the goal for this year is to prioritize and make time for the essentials.

CG: Learn to let go and delegate more. As much as I want to believe I'm Superwoman, it's not always the case! Also, self-care should be at the top of EVERYONE's to-do list.

Is your **preferred crop insurance** carrier American-owned?



Source: CropInsurance.org

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