



2024 CROP INSURANCE WORKSHOP

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Ken Selzer, CPA

Insurance Policy Advisory Council at the Federal Reserve

Federal Crop Insurance Corporation Board (2020-2024)

Kansas Insurance Commissioner (2015-2019)

Retired Executive-Managing Director at Aon Reinsurance

CPA, CPCU, ARe and FLMI

Advisory board member at KSU's Center for Risk Management

KSU Accounting Hall of Fame

BS in Accounting (KSU) and MBA (USC)

Ag Producer in Miami County, Kansas



Topics

- Property and Casualty Insurance Industry**
- Crop Insurance Industry**
- Reinsurance**
- Farm Bill Cost Drivers**

2023 U. S. PROPERTY & CASUALTY INSURANCE RANKINGS (000's)			
Ranking	Group	Written Premium	AIP
1	State Farm	93,788,130	
2	Progressive	62,711,707	
3	Berkshire Hathaway	59,668,420	
4	Allstate	50,041,693	
5	Liberty Mutual	45,794,527	
6	Travelers	38,596,540	
7	USAA	32,002,399	
8	Chubb	31,691,802	Rain & Hail
9	Farmers	27,220,677	
10	Nationwide	19,766,498	
11	Zurich	18,563,082	RCIS
12	American Family	16,628,159	
13	Hartford Fire & Casualty	15,953,591	
14	AIG	15,931,144	
15	CNA	13,741,404	
16	Auto Owners	13,108,452	
17	Tokio Marine	11,917,448	Pro Ag
18	Fairfax	11,346,543	Hudson
19	Erie	10,056,483	
20	WR Berkley	10,049,013	
21	American Financial	9,174,480	Great American
22	Markel	8,789,377	
23	AXA	7,721,688	
24	QBE	7,559,558	NAU
25	Cincinnati Financial	7,455,996	
	** Industry Total **	960,802,932	

P&C Industry

-Results have been very poor pushing companies to raise premium rates

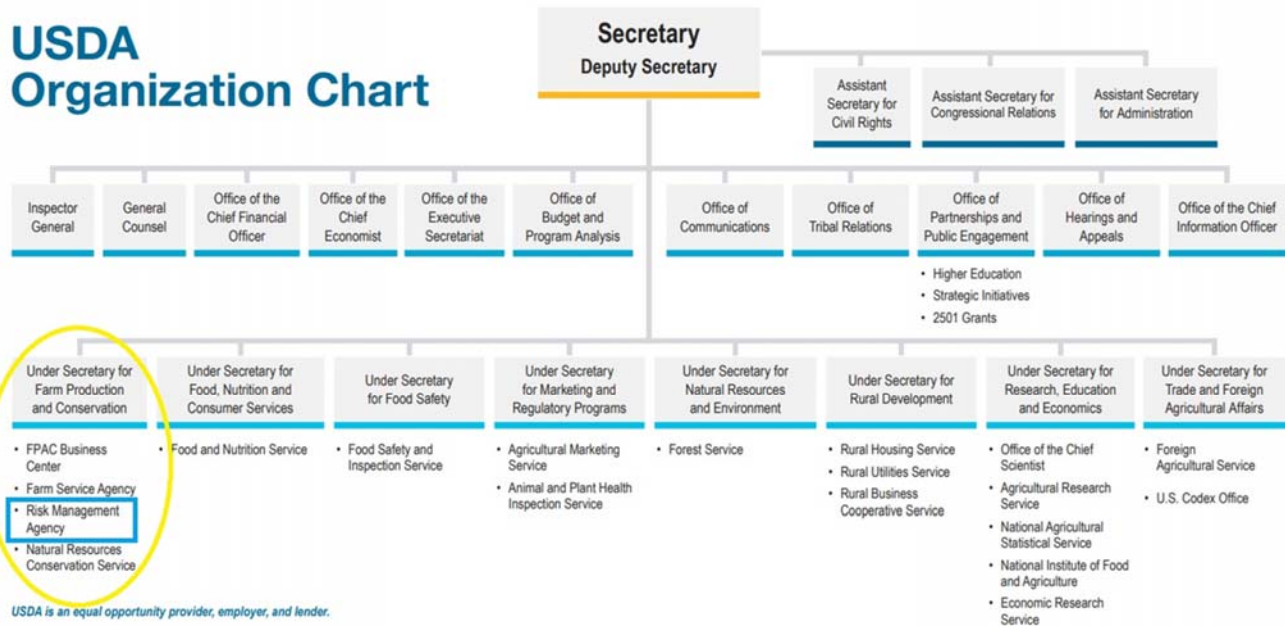
- inflation**
- catastrophic losses**
- legal environment**

-Dog days may be over for now

- easing inflation**
- strong premium gains**
- higher investment yields**

-Personal lines are driving growth, as commercial lines slow

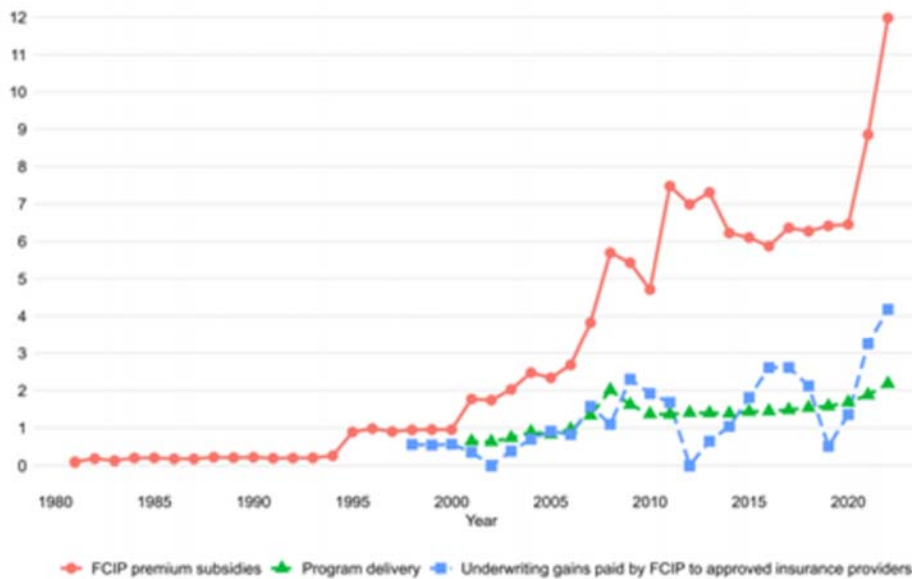
USDA Organization Chart



USDA is an equal opportunity provider, employer, and lender.

Federal Crop Insurance Program cost

U.S. Federal Crop Insurance Program costs, 1981–2022
U.S. dollars (billion)



RMA		Crop Year Government Cost of Federal Crop Insurance Program					RMA
Dollars in millions							
Direct Costs of Federal Crop Insurance Program							
Crop year	Total Premium	Underwriting Gain/(Loss)	Indemnities	Premium Subsidy	Program Delivery Costs	Total Direct Costs	
2014	(10,100)	1,040	9,146	6,224	1,386	7,696	
2015	(9,806)	1,812	6,345	6,104	1,434	5,889	
2016	(9,349)	2,612	3,934	5,873	1,447	4,517	
2017	(10,093)	2,614	5,469	6,362	1,482	5,834	
2018	(9,912)	2,121	7,338	6,271	1,541	7,359	
2019	(10,235)	509	10,686	6,416	1,580	8,956	
2020	(10,377)	1,359	9,191	6,454	1,683	8,310	
2021	(14,295)	3,252	9,726	8,850	1,880	9,413	
2022	(19,249)	1,480	19,983	11,987	2,219	16,420	
2023	(19,196)	2,587	17,130	11,748	2,377	14,646	
Total	(122,612)	19,386	98,948	76,289	17,029	89,040	

Structure of the US Crop Insurance Industry

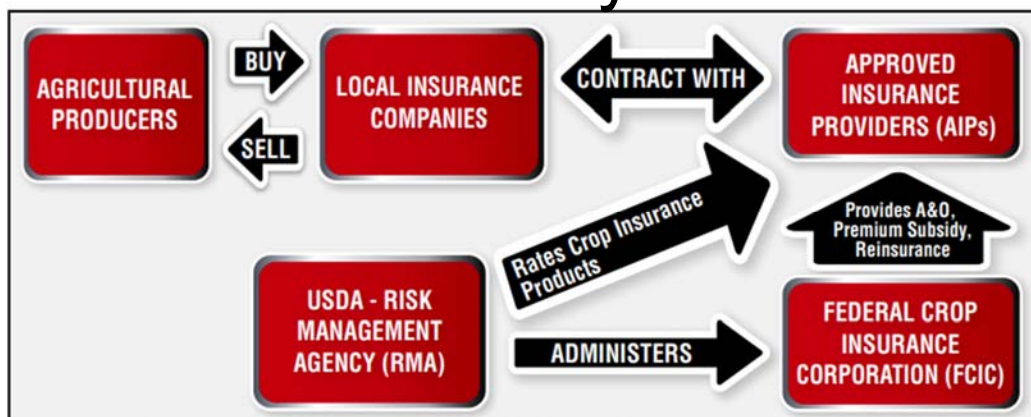
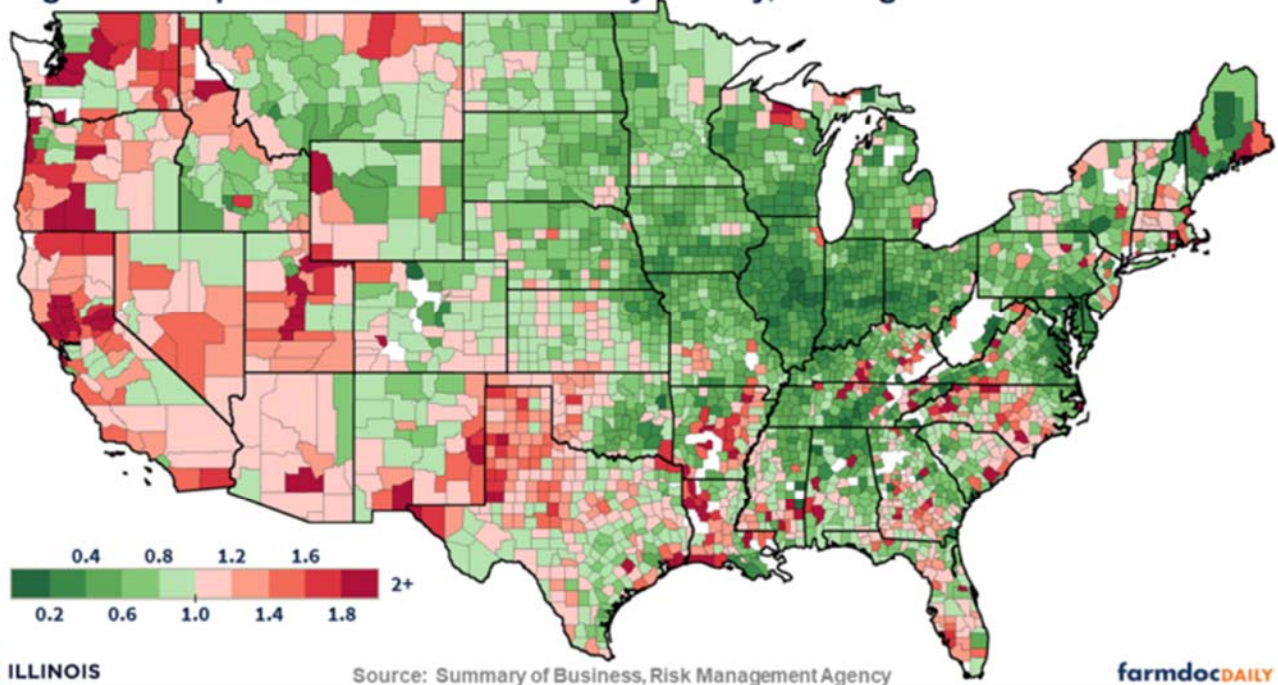


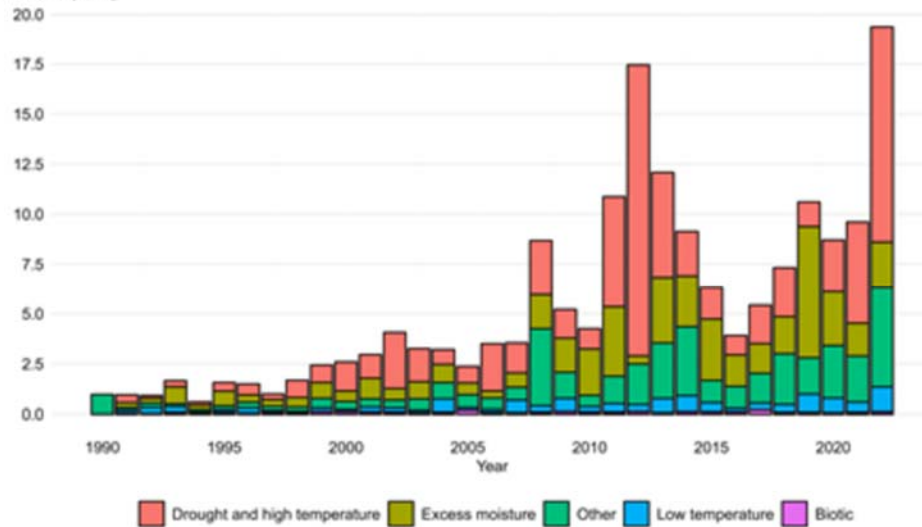
Figure 3. Crop Insurance Loss Ratios by County, Average for 2014 to 2023



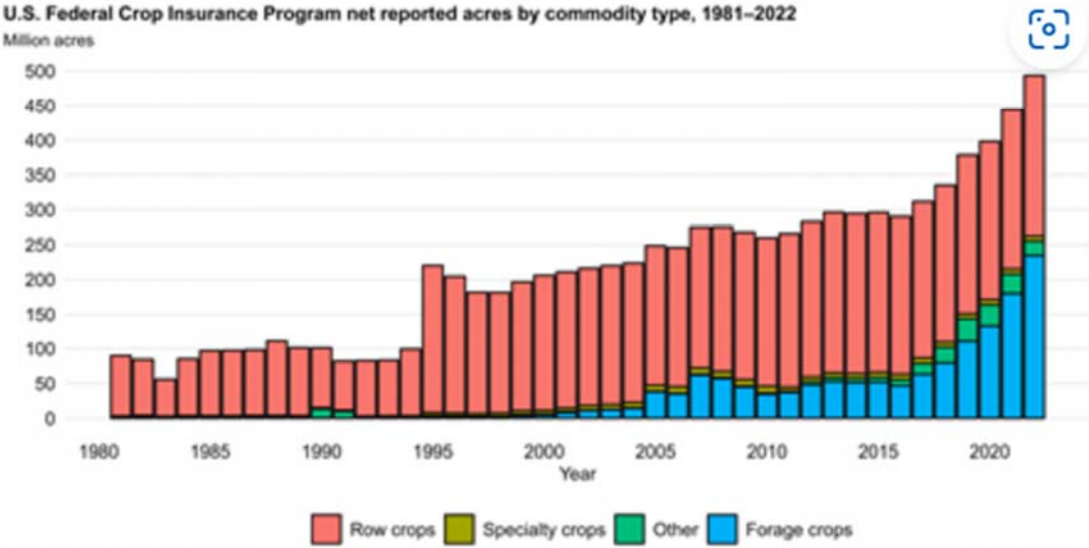
Federal Crop Insurance Program indemnities by cause of loss

U.S. Federal Crop Insurance Program indemnified losses by cause, 1990–2022

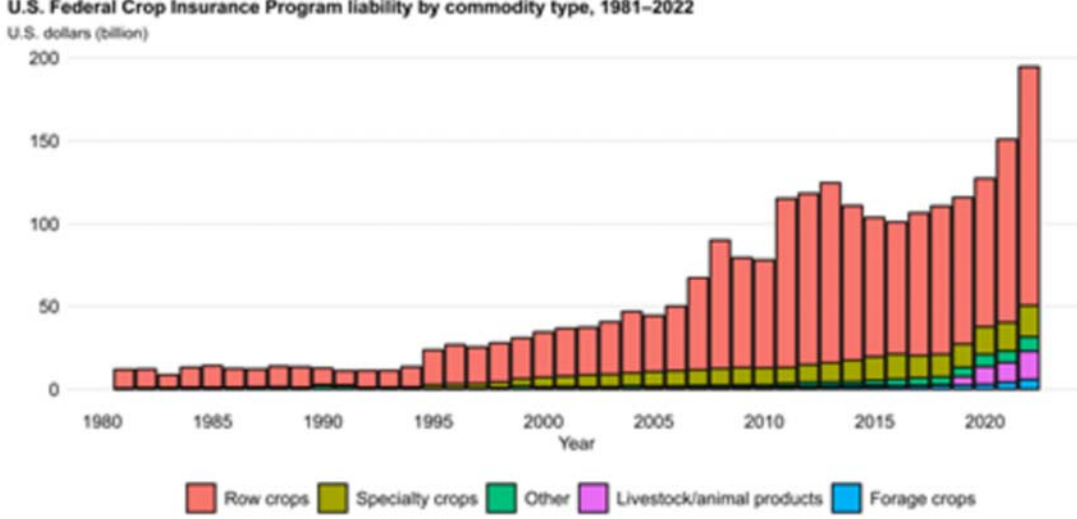
U.S. dollars (billion)



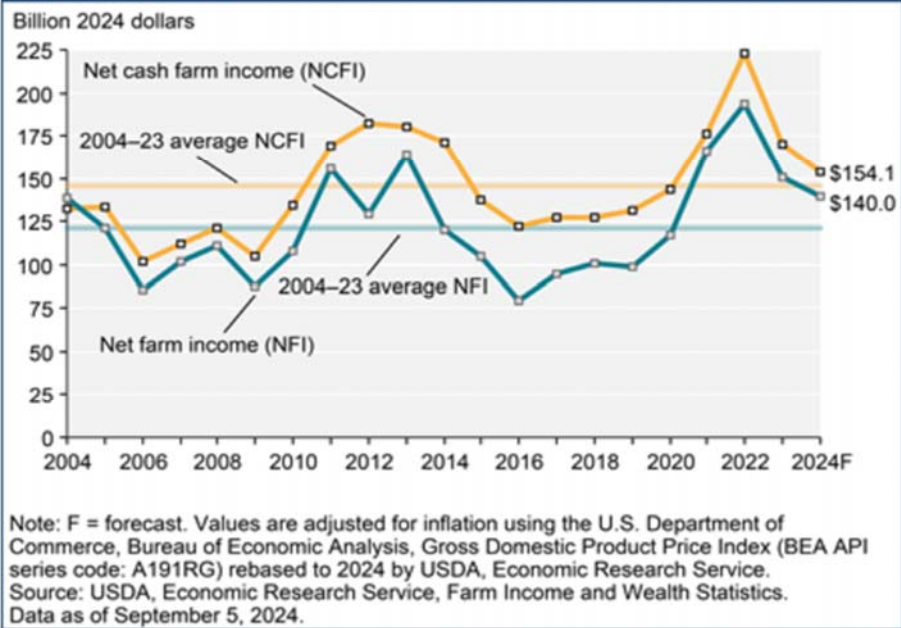
Federal Crop Insurance Program insured acreage



Federal Crop Insurance Program liability by commodity type

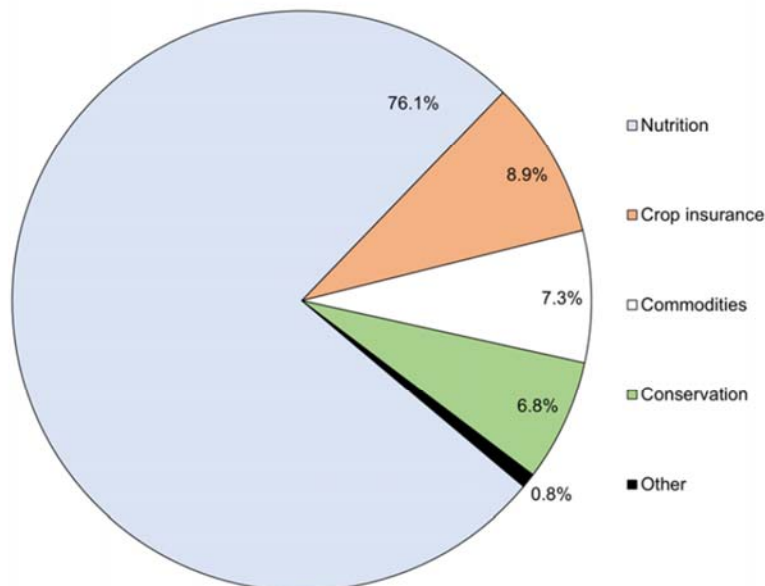


U.S. net farm income and net cash farm income, inflation adjusted, 2004–24F



Projected outlays under the 2018 Farm Act, 2019-2023

Projected outlays under the 2018 Farm Act, 2019–23



Source: USDA, Economic Research Service based on Congressional Budget Office, Direct Spending Effects for the Agriculture Improvement Act of 2018, December 11, 2018.

Figure 4
Supplemental Nutrition Assistance Program (SNAP) average monthly participation and inflation-adjusted annual program spending, fiscal years 2000-23
 Participation rose and inflation-adjusted spending fell in FY 2023

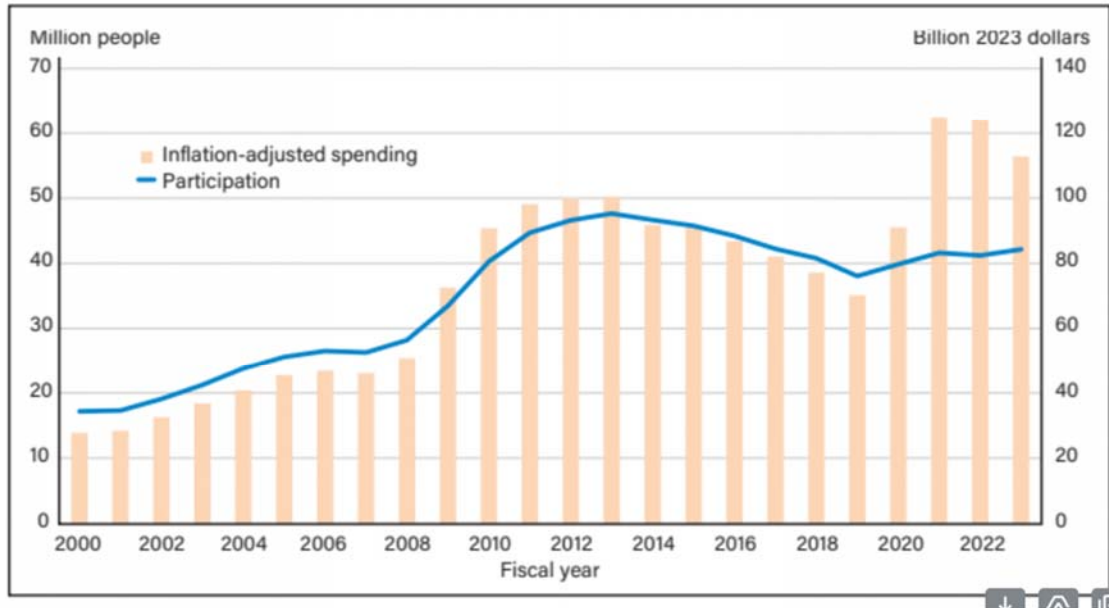
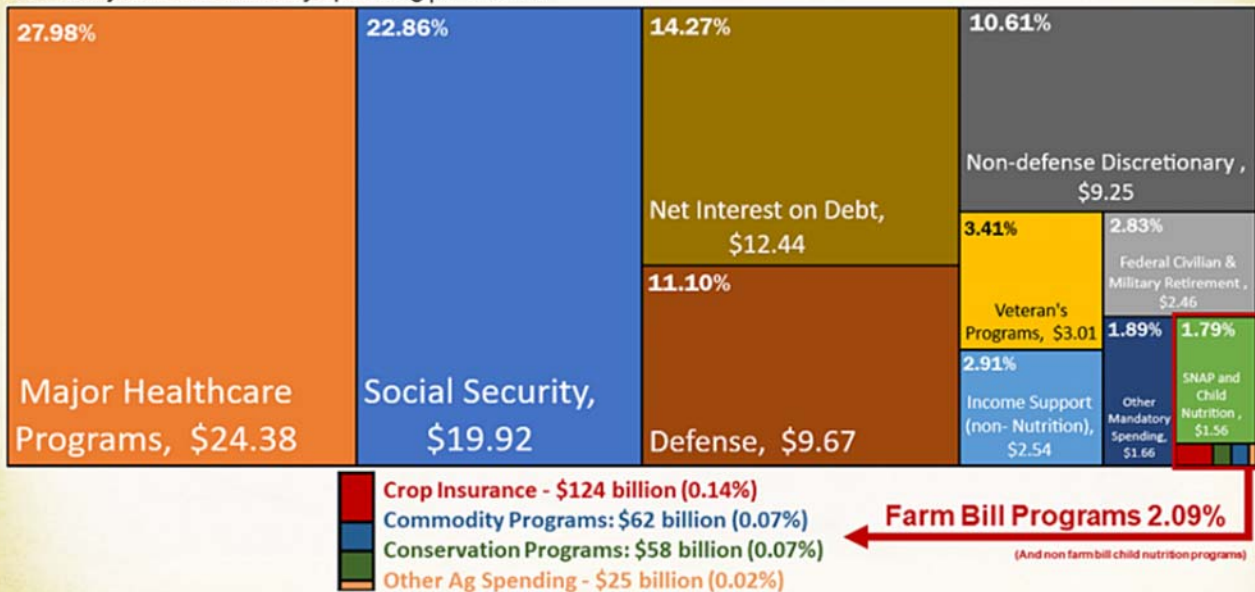
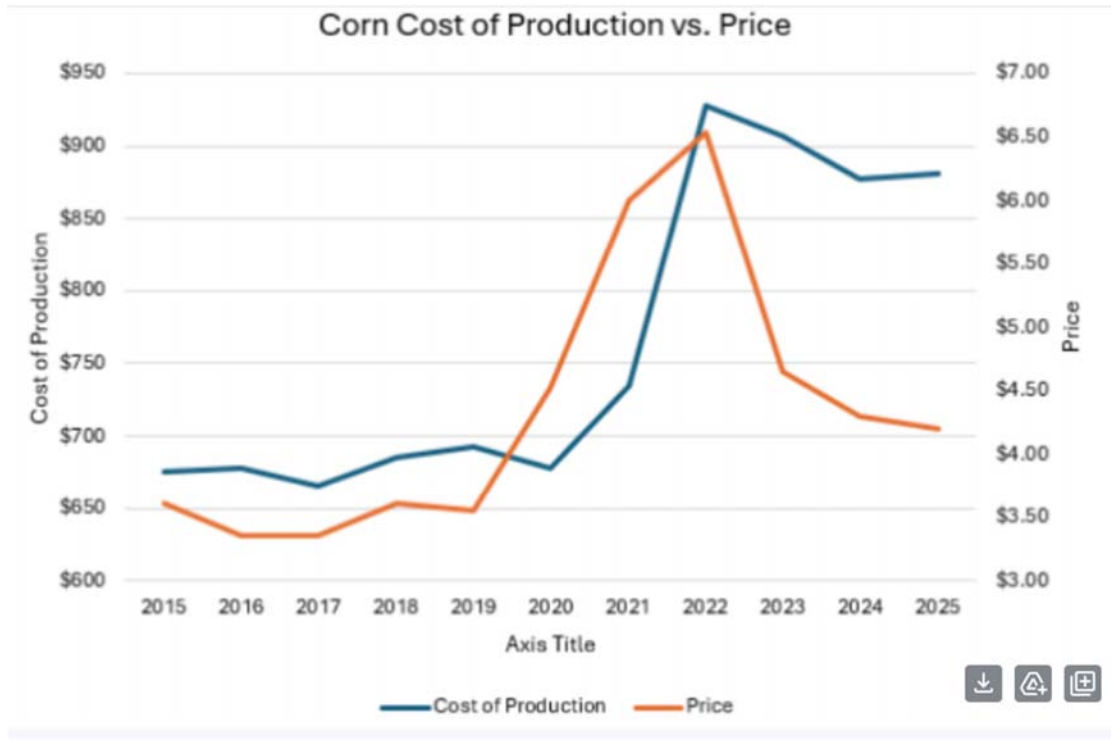


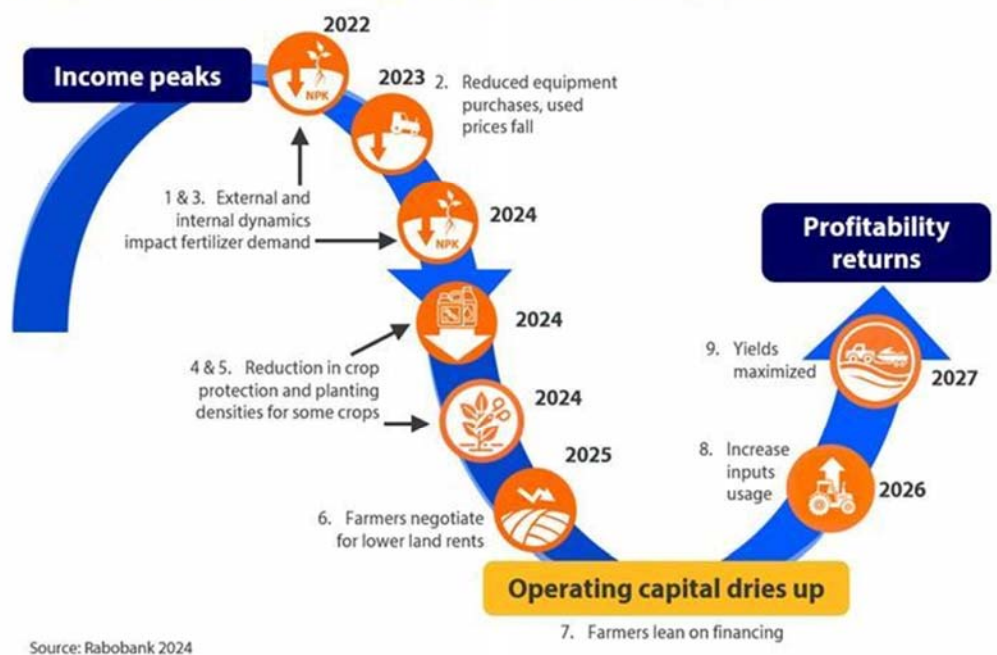
FIGURE 1: 10-YEAR FORECAST OF FEDERAL SPENDING | 2025 - 2034

Mandatory and discretionary spending | \$ Trillions





Stages of behavior during a "typical" row crop cycle



Source: Rabobank 2024

Discussion & Questions