

Member Update

Spring Issue, 2011

More Farm, Insurance Cuts Likely

Leaders Urge Members to Write Senators, Representatives

Representatives of the Independent Farm Insurance Agents of Illinois (IFIAI) in April visited Capitol Hill, counseling Senators and Representatives as they ponder cuts to rectify the federal budget deficit. IFIAI representatives included President Dwain McAfee, Past President Jay Peterson, Chris Klein and Drew Emery. They asked for a "no more cuts" approach to the farm insurance industry. While leaders called the effort "worthwhile," they left Washington D.C. alarmed, with a very uncertain outlook for the future.

"Honestly, farm agents are facing a very uncertain future, in terms of commissions, and even in terms of their role in delivering federal insurance products to farmers," said IFIAI President Dwain McAfee. "Everything is at risk right now."

McAfee's remarks stem from the IFIAI's reception in Washington. IFIAI leaders met with Senators, Representatives and their agricultural aides there. They pointed to agent's tremendous success in delivering crop insurance products to farmers, and in substantially expanding use of federal risk management products. Further, said McAfee, "We pointed out that the company/agent side of the industry already has sustained two major cuts, totaling roughly \$10 billion. We told elected officials, 'We've done our part. Commissions and premiums should be off the table. We've given enough.'"

However, at least one Congressional agricultural aide told IFIAI leaders the request would not fly, saying point blank: "You will see more cuts. You will be cut. "In fact, one plan, proposed by House Budget Chairman Paul Ryan (R-Wis.), calls to "reduce fixed payments to farmers, irrespective of price levels" and "reform the open-ended nature of the government's support for crop insurance."

"We have to take the prospect of more cuts very seriously," McAfee said.

To preserve an efficient, effective insurance delivery system IFIAI leaders are urging member agents to contact Senators and Representatives and communicate these points:

- Farm insurance agents and companies have already absorbed two huge cuts in an effort to help reduce the federal deficit. These total roughly \$10 billion. The industry conceded early in the process, and should be "off the chopping block" for this round of cuts.
- Private farm agents are part of a federal product delivery system that works. It is a very efficient and effective form of outreach, as proven by a substantial increase in federal crop insurance use in recent years.
- Carefully consider the potential impact of changes to farm bill premiums and direct payments. Premium increases and payment reductions will lead to policy loss, putting the food supply system as a whole at increased risk.
- Find contact information for your Congressional representatives quickly at: <http://www.contactingthecongress.org/>.

FSA Employee Union Postures for Farm Insurance Take-Over

With the threat of a major farm program overhaul looming, Farm Service Agency (FSA) employees could soon have much less to do. This likely explains recent FSA union (NASCOE <http://nascoe.org>) posturing. Letters and discussion from NASCOE voice the group's interest in making FSA responsible for federal crop insurance enrollment.

FSA has zero experience in insurance administration, and does not have the appropriate software, trained adjusters, trained underwriters or a trained sales force. In recent IFIAI Board discussions about the move, IFIAI Past President Jay Peterson noted, "It's important that we take NASCOE's posturing seriously. We shouldn't assume that this idea won't be pursued in Washington."

Contact your representative today and point out in simple terms that the current system is highly effective, and FSA presents many shortcomings for any potential role delivering farm insurance products.



Upcoming Events

IFIAI Annual Meeting – June 16-17, 2011, at the Doubletree Hotel, Bloomington, Ill. Registration is \$70 for members; \$40 for your spouse. IFIAI has secured a group hotel rate of \$119/night, available to those who reserve lodging by May 25th. Watch your mailbox for additional details, or find additional information at the IFIAI website: www.iffarmagents.com.

Golf, Trade Show & More – The Annual Golf Outing will take place Thursday, June 16, 2011, at Prairie Vista Golf Course, Bloomington, Ill. The scramble begins with a shotgun start at 10 a.m. A \$50 per person fee includes golf and cart for 18 holes. The IFIAI Trade Show floor will open from 5-6:30 p.m. for social time, drinks and snacks. Watch your mail for registration details.

Ethics Training—IFIAI is offering 3 hours continuing education credit beginning at 9 a.m. on Friday, June 17th. Todd Davis will present ethics training at 9 a.m. June 17th, during the IFIAI Annual Meeting in Bloomington. Davis was licensed and started his insurance career at age 15 by working for the family agency in the office. In 1985, he became a partner and then purchased the agency in 1992. Todd has taught the Errors and Omissions Loss Prevention Seminars, as well as a wide range of Personal Lines and Commercial Lines courses for the Independent Insurance Agents—Illinois, as well as instruction in Iowa, Wisconsin, Minnesota, North Dakota, and South Dakota.



Davis to Train Members on Ethics—Todd Davis of Davis Agency Insurance, Peoria, IL, will present ethics training at 9 a.m. June 17th, during the IFIAI Annual Meeting in Bloomington. Davis was licensed and started his insurance career at age 15 by working for the family agency in the office. In 1985, he became a partner and then purchased the agency in 1992. Todd has taught the Errors and Omissions Loss Prevention Seminars, as well as a wide range of Personal Lines and Commercial Lines courses for the Independent Insurance Agents—Illinois, as well as instruction in Iowa, Wisconsin, Minnesota, North Dakota, and South Dakota.

Member News in Brief

Coverage Gap Survey

Farm Employee Coverage Gaps: Send Your Thoughts —IFIAI works to help members address questions in underwriting, insurance gaps and more. Some agents are grappling with the best means to insure farm employees for accidental injuries involving employer vehicles. Some agents and insureds are finding a problematic gap. When injured in or on a semi tractor, for instance, medical costs may be excluded both by the farm liability policy (because it's auto-related) and the commercial auto policy (because it involves an employee). Has your agency experienced similar gaps? How have you addressed these? Tell us more by [clicking here](#).

New Membership Option Available—Dues notices will soon arrive in member mailboxes. Take a close look at your renewal letter, and consider the expanded membership option. New for the coming year: take advantage of powerful, low-cost advertising opportunities coordinated through IFIAI on behalf of participating members! See your mailing for details, and look for a sample advertisement and enrollment information at the IFIAI Annual Meeting June 16-17th in Bloomington.

IFIAI Directors, Officers to be Elected—IFIAI's members, their ideas and leadership are what makes the organization meaningful to the independent farm insurance industry. The board observes term limits, and regularly looks for new leadership. The term of Director Chris Klein is complete, and Keith Storck of St. Peter Agency in St. Peter, IL, has been nominated to fill her seat. Drew Emery of Tampico, IL, has been nominated to serve a three-year term, as well. A vote will take place at the IFIAI annual meeting. Additionally, officers will be elected for the coming year. The slate to be voted upon includes: President, Pat VanDeVelde; Vice President, Linda Carlton-Huber; and Randy Jacobs, Secretary-Treasurer.

IFIAI Capital Update



"For-Hire" Interpretation Disputed —A recent US Department of Transportation ruling means farmers who have crop-share leases don't qualify for the agricultural exemption from more stringent transportation rules. That's the view of some government auditors, though all do not agree. USDOT has interpreted federal transportation regulations to mean farmers delivering grain from crop-share acres are hauling "for hire" for the landlord. Cash rent acres are not affected. Illinois Farm Bureau (IFB), among others, is concerned and working to modify ruling interpretation. IFB representatives expect anticipate a resolution within the next few weeks. For more information visit www.FarmWeekNow.com.



To remove your name from our mailing list, please [click here](#).

Questions or comments? E-mail us at dwain@mcafeeiins.com or call IFIAI President Dwain McAfee at (217) 562-4002.