



In the Field

PROOF POSITIVE

For ProAg compliance supervisor J.R. Estes, the goals for him and his team are fairly basic. “First, to make sure we follow the rules set down by the RMA,” he states. “Two, to do careful and accurate reviews to make certain that the information the farmers are reporting is correct and, finally, to prove their production so there are no delays when it’s time to pay that claim.”

J.R. and his team of compliance reviewers and coordinators are responsible for carrying out those goals in every state east of the Mississippi plus Louisiana and Arkansas.

Generally, a compliance review is initiated for one of three reasons. First, it is required whenever a claim in excess of \$200,000 is filed. Compliance also gets involved when there is a conflict of interest disclosed by an agent or person involved with ProAg. Finally, there are data mining requests from the RMA that involve a growing season inspection, a pre-harvest inspection, and a three-year APH review.

“When we’re working the policies the RMA selects for data collection, we’ll go out and perform the same basic duties that adjusters would,” explains Andy Mathis, compliance supervisor for Florida, Alabama, and Georgia. “When I’m working a compliance claim, I’ll work with an adjuster to complete the review. I also work closely with the supervisors and regional claims manager. It’s always a team effort.”

Checks and balances

According to J.R., a good compliance person is part public relations professional, part accountant, and part detective. “We’re one of the checks and balances in the crop insurance

system,” he says. “Sometimes, we get a bad reputation because of where we fall in the process. A big claim may have been working through the production season for six months, and the last thing to come in is the claim, and suddenly all the pressure is on the review. But we can’t rush that. We have to make sure that everything is right, because nothing is worse than asking a farmer for money back because you didn’t do your job.”

J.R., who lives near Lexington, KY, understands the farmer’s perspective, having worked on a neighbor’s farm when he was young. “The farmer raised tobacco, corn, and bluegrass seed,” he recalls. “Harvesting bluegrass seed—now that was a dirty job.”

He got into the insurance business in 1984, starting out in property and casualty. Eventually, the agency he was working for began offering crop insurance. “I liked farmers and I liked crop insurance,” J.R. says. “It’s a product that people needed. Crop insurance gives a guy with a million-dollar loan some peace of mind.” He joined the ProAg team in December of 2006.

Andy Mathis has worked in compliance since joining ProAg in 2008. He has a strong agricultural background, having worked on the family farm in Georgia until 2000, when he headed off to school in Florida. He moved back to Georgia and began his crop insurance career shortly after graduation.

“The programs are constantly changing, so my job is never the same from one day to the next,” Andy says. “The challenge of doing the research and figuring out the right way to deal with a situation—that’s my favorite part of the job.”

“I am fortunate to have a very good team,” J.R. adds. “I keep up with the rules, and they are great with the crops. We work together very well.

“I enjoy working for ProAg,” J.R. concludes. “They’ve treated me well, and while they’ve grown a lot since 2006, they’re still the same kind of organization they were then. The fact that we can all work closely together makes my job that much easier.” 🌱



THE PAST, PRESENT AND FUTURE OF AGRICULTURAL RISK MANAGEMENT®

INITIATIVES IN 2013 POSITION PROAG FOR PROGRESS

By Missy Waters, Senior Vice President of Marketing and Service

Significant, intentional changes in 2013 have provided a foundation for continued organizational growth and progress as ProAg moves into a new year. One of the new initiatives that laid the groundwork for others was the roadmap process we put in motion roughly a year ago. Each department mapped their needs and goals. Our Navigators group then took these departmental maps and combined them into a company-wide roadmap for progress. You can read more about this process on page 3.

In its first year, this planning process generated some big results. One of the more noticeable was our regional realignment. The realignment, along with the corresponding adjustment of our claims structure, allows us to use our resources more efficiently and strategically. The bottom-line result is better service for agents and insureds. We'll continue to fine-tune our resource allocation as we move through 2014.

We continue to develop our ProAgWorks® policy processing system—a process that will be ongoing. Our goal is faster processing of data from start to finish. As a result of the changes made in 2013, we gained a great deal of momentum in terms of clearing premium earlier and more efficiently. That's a significant plus for agents, insureds, and ProAg.

At the same time, we continued the improvement of our in-house tools for quoting and mapping. We also added new insurance products to differentiate ourselves—and our agents—from the competition.

One of our goals is to be the digital destination of choice for industry news and information. We made huge progress in 2013, particularly in the area of social media. I believe we hold a significant advantage over the competition in this arena, utilizing multiple channels to keep those in our company and the industry informed while simultaneously reaching out to audiences that may not be as familiar with everything that goes on in agriculture. In the process, we've become a key source of information in the ag industry as a

whole and crop insurance in particular.

New year, new opportunities

With one year under our belt, we've been able to check off many of the projects that we identified on our 2013 roadmap. It's been a very helpful tool, keeping us on task in terms of where we need to go and what we need to be addressing. Over the next couple of months, we'll be evaluating our progress, considering the feedback we've received from our customers, and updating those roadmaps. We'll be sharing the maps and updates with both staff and agents.

We've developed our 2014 sales plan, which focuses on growth with our existing customers as well as an emphasis on innovative ideas that will attract new customers to ProAg. We understand that in order to grow our business, we need to continue to deliver a high level of service and provide new tools to help you grow yours.

With that in mind, we will continue to develop and offer new named-peril products as well as enhance our hail products. We're also forming strategic alliances with partners who bring new products to the marketplace, giving our agents tools that their competition may not be able to offer.

On the processing front, a key integration of our mapping system and ProAgWorks is scheduled to be released in time for spring acreage reporting. This much-anticipated addition will create great processing efficiencies for the agent's office staff and give our adjusters access to accurate information in our system that will help with claims processing.

Last, but certainly not least, we have realigned our training department to further focus on the efficiency and effectiveness of our training programs.

We're excited about 2014, and look forward to plenty of growth opportunities for you and ProAg in the coming year. 🌾

THE NOT-SO-SECRET (BUT STILL MYSTERIOUS) WORLD OF REINSURANCE

Reinsurance. It's a word everyone in the crop insurance business has heard, a few pay attention to, and even fewer really understand. But it is critical to ProAg's ability to function effectively and grow as an AIP.

"At the most basic level, reinsurance is simply insurance for insurance companies," says Katie Peace, ProAg Director of Reinsurance. "Like homeowners or auto insurance, it is a way to spread risk and minimize the threat of catastrophic loss."

Art and science

Managing reinsurance for a company like ProAg involves both art and science. One can go into great detail regarding the technical aspects of reinsurance, but covering a couple of main points will provide a good general background.

First, there are two primary sources of reinsurance—the government and commercial providers. ProAg uses both. Our reinsurance arrangement with the government is detailed in the Standard Reinsurance Agreement (SRA), a contract between the FCIC and ProAg that establishes the terms under which the FCIC provides reinsurance and subsidies on eligible crop insurance contracts.

"Under the terms of the SRA, we can designate policies to one of two funds," Katie explains. "The first is the Assigned Risk Fund, where we put undesirable business and any new or pilot program business with an unproven track record. We have to retain 20% of the business in this bucket, with the rest ceded to the FCIC. The other fund is the Commercial Fund, where we put the business we want to retain. We retain 100% of the

business we place in this fund in every state in which we operate."

This is where the art enters in—determining which business to assign to each fund. "As we make those decisions, we'll review our loss history, employ models used by Guy Carpenter, our reinsurance broker, and our parent company, CUNA Mutual, and keep a close eye on the Drought Monitor," Katie says. "We'll also ask our people in the field what they're seeing, and they'll talk to their agents. We process a lot of information, but there is some intuition based on experience involved too."

Attractive partner

After the fund assignments are made, ProAg purchases commercial reinsurance on the business we retain. The two main forms of insurance we purchase are quota share and stop loss. "Most of our quota share reinsurance is provided by CUNA Mutual," Katie says. "Our stop loss is spread among 20-30 companies."

ProAg Chief Operating Officer Kendall Jones explains that the ProAg book of business makes us more attractive to reinsurers than some other companies. "Because we are truly national, our business is not heavily concentrated in one area of the country," she states. "That's one thing that reinsurers like about us."

At every step of the process, there are tradeoffs—just as there is with any insurance. "Our insurers assume a portion of our risk, but they also receive a certain proportion of our profits," Kendall notes. "But reinsurance is a business necessity. You only have to look at a year like 2012 to see the strategic role reinsurance plays in protecting our company and our employees." 🌱

NAVIGATORS CHART THE COURSE FOR PROAG

Within every healthy organization are various groups, each having a life of its own. These operating groups have their own goals, see specific needs that relate directly to their area of expertise, and generate ideas that have a positive influence on the company as a whole.

How do you best keep track of needs, prioritize projects, hear all the voices, and keep everything moving forward in a way that promotes the growth of the entire organization?

Our answer is the Navigators, a group composed of representatives from each area of the company. "This group reviews the projects and priorities generated from each department, prioritizes them, then creates an overall roadmap for achievement," explains Russ Klein, ProAg Chief Financial Officer.

"We don't run every proposed project through this process," adds Vikki Blettner, ProAg Legal Analysis Coordinator. "We generally focus on bigger projects that cross departmental lines. This is a coordinated effort to help ProAg achieve our goals."

Each year, operating groups within ProAg generate a

roadmap—their goals, plans for meeting those goals, and resources they will need to succeed. Those individual roadmaps are forwarded to the Navigators, where the process of creating one overarching roadmap begins.

"It's a really intelligent process," notes ProAg National Training Manager Jamie Hageman. "We started with at least a dozen departmental roadmaps and about 115 proposed projects. Then as a group we narrowed that list down to 24 major projects to prioritize company-wide. We also determined that some projects could be accomplished within the departments."

According to Vikki, everyone wins as the Navigators do their work, the roadmaps are finalized and then fine-tuned, and the process repeats itself each year.

"It's an ongoing process," she emphasizes, "and one of the great things about it is that it gives everyone in the organization a chance to contribute and an opportunity to watch their ideas come to life. Ultimately, the process makes ProAg a better organization to work with, and that benefits everyone." 🌱



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CHANGE AND CONSISTENCY – EXCEEDING YOUR EXPECTATIONS

BY JEFFREY VANLANDINGHAM, REGIONAL VICE PRESIDENT - EASTERN REGION

Change is everywhere in our world, and it is important for us to be open to it and flexible about it. But that doesn't mean all change is good and should be immediately accepted and embraced. It also doesn't mean that consistency and change can't comfortably coexist. At times, the frequency has fluctuated. The platform has changed. The approach has altered. While all of these issues can be factors in our business mainstream, our vision of commitment and service has never been stronger.

In November, we made a national change to better align our service units with a new geographic structure. While the state configurations may have changed, our service personnel located in the field that serve as marketing, claims, and compliance contacts remained unchanged. We also added valuable underwriting staff members who formerly worked in a separate office, gaining their experience as resources for our underwriting team. Our efforts to balance change with consistency are moving forward with positive feedback.

In our continuing effort to exceed service expectations in 2014, recent agent training meetings discussing Spring Update MPCCI policy changes resulted in record attendance. We continue to involve our underwriters, claims, compliance, and marketing team members to advise agents of the ProAg resources that exist both in Lexington



and closer to our agencies. These relationship efforts continue to provide access to the "faces" of leadership and the people that make our business personal – introducing those you value in the agency/company organization relationship.

As we move forward during the spring sales season, the faces of ProAg will remain consistently the same while our efforts to improve our technology, seek private products that address the entire risk management package, and use every opportunity to exceed grower expectations will continue to be our driving force and passion. Our efforts to embrace change have not shifted our core values of service.

As we continue to provide service during the busy spring sales season, we value your feedback regarding our efforts to streamline processing, provide reports that better analyze your business, and introduce products that better define the risks associated with your growers. I challenge our marketing and underwriting team to exceed your past service expectations and establish new thresholds and standards for the 2014 sales season.

I will continue to work with our marketing and underwriting teams to incorporate my personal commitment to the success of your agency, and I continue to offer our team's appreciation for your trust in our business relationship. 