



# In the Field

## FROM THE MOUNTAINS, TO THE PRAIRIES, TO THE OCEANS

**D**eanna Nakagaki covers it all. When it comes to compliance, Deanna's territory extends from the plains of Wyoming across the mountains of Montana to the Pacific coastline—and beyond. "Hawaii is part of my territory, too," she states.

As the compliance supervisor for ProAg's Western Region, Deanna deals with a lot of real estate and more than 40 different crops. She is assisted in her efforts by a team consisting of one compliance review coordinator and three compliance reviewers. But what is it that compliance actually does?

"In a nutshell, we work to protect the company, our agents, and the insured by making certain that everything involved in processing certain claims meets the guidelines and rules set down by the RMA," Deanna explains. "While our presence may not be seen as the highlight of the week, we really are the good guys."

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 RMA that involve a growing season inspection, a pre-harvest inspection, and a three-year APH review.

### Understanding both sides

Deanna and her team work hard to make sure, no matter what the initial perception of their presence is, the end result is as positive as possible for all involved.

"I believe it's all in how you approach the situation and how you present yourself," she explains. "If you're coming in all business and just sit down and start firing off questions, you're

likely to raise the tension level. I prefer to start slowly, let them know the purpose of our visit, and take the time to find out a little about them and build a relationship. The truth is, the outcome of these reviews isn't always negative. Sometimes what we find leaves the insured in a better position than when they came in.

"That's one reason I like to attend the agent training," Deanna continues. "It's easier to make connections there rather than when we are in their office because we have a case. Plus, the agents are curious about the process and ask good questions."

Deanna also understands those sitting across the table because she has walked in their boots. She farmed for a number of years in Northern California, raising tomatoes, wheat, corn, safflower, and other row crops, and still lives on the farm place. Prior to joining ProAg in 2007, Deanna worked as an underwriter. "I find my background helps a lot," she comments. "Farmers feel more comfortable around people who understand what they do."

### It takes a team

Deanna acknowledges that she and her team are only a part of the whole when performing compliance reviews. "We work closely with a lot of people in the ProAg organization, particularly in the claims and underwriting areas," she states. "Communication is a key, and we work to keep everyone in the loop."

It's a big job, but one that Deanna enjoys. "People sometimes take a step back when you say the word compliance, but it's not always gloom and doom," she summarizes. "I like it because the government is always changing things, so I'm constantly learning. I enjoy collaborating with the ProAg team, and find the job exciting and challenging." 🌱



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

**R**einsurance. 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

**W**ithin 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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## NEW ADDITIONS EQUIPPED TO SUCCEED

*By BILL HAAR, REGIONAL VICE PRESIDENT - WESTERN REGION*

We were faced recently with the challenge of replacing two key people, both of them field representatives. In our business, few positions are more important, or more challenging, than that of the field representative. They serve as the point person for ProAg, the face of the business to our agents, and need to be familiar with every aspect of what we do as a company.

Fortunately, we found two excellent individuals to serve in these key roles. In Montana, our newest field representative is Trevor Heckford. Trevor has 15 years of experience in the crop insurance business. He is a licensed agent and has worked at a family-owned agency for a number of those 15 years. He knows MPC, crop hail, and the system. In the near term, he will be focusing on getting to know all of the agents in his territory.

In California, Jacqueline Da Rocha is our new field representative. Though she's new to the crop insurance industry, she has an animal science background and understands agriculture. She has begun an intensive training process and will

be working in claims for three months, then moved over to underwriting for training in the system and the guidelines for all the crops we write in California.

Both Trevor and Jacqueline are quality people who have a strong knowledge of agriculture and relate exceptionally well to others. As a company, we make it a priority to provide every employee the resources and support they need to function at their best, and that will be the case for Trevor and Jacqueline. We have high expectations for both.

Like agriculture as a whole, crop insurance is a business built on relationships. We know that your trust has to be earned, and that takes time. But we are confident that both of our new field representatives are going to do that, and provide you with the highest level of service. 🍷

