

In the Field

COVERING COLORADO FROM BORDER TO BORDER

With a book of crop insurance business that covers the state of Colorado from Utah to Kansas and encompasses more than a dozen crops, Dell's Insurance Agency in Alamosa, CO, is one of the state's premier crop insurance providers.

"The agency has been in business for more than 40 years," says Chris Eddy, farm, ranch, and crop insurance manager for the agency. "We do crop, farm, ranch, life, and health—pretty much all lines of insurance. We have nine agents involved with crop, farm, and ranch insurance."

Chris got his start in the insurance business as an underwriter and joined the Dell's Agency in 1975. Since then, he's seen their crop insurance business grow from a highly concentrated, seasonal focus to a multi-crop statewide undertaking.

All season shift

Alamosa is located in Colorado's San Luis Valley, an area that is a bit different from other growing areas, due to its location.

"We're at an altitude of 7,500 feet here in the valley, so our production season is short, basically June to September," Chris explains. "So in the beginning, all we did was spring crops—potatoes, malt barley, spring wheat, and oats. Then we began looking at ways we could fill in the rest of the year. We began working with one of our partners, Rob Hasz, in eastern Colorado, and began to insure winter wheat in the area along I-70 from Denver to Kansas and then some spring crops in Kansas. We then started looking at the peaches, apples, and grapes in the Grand Junction

area. So now, we basically do crop insurance year-round."

The agency's agricultural focus extends beyond crop insurance to all facets of insurance. "We coordinate the multiperil and hail insurance, but we also do a lot of farm workers' compensation and property and casualty insurance for them as well," Chris says. "We take care of all the needs of our farmers, including life, health, and estate planning. So we're heavy into agriculture."

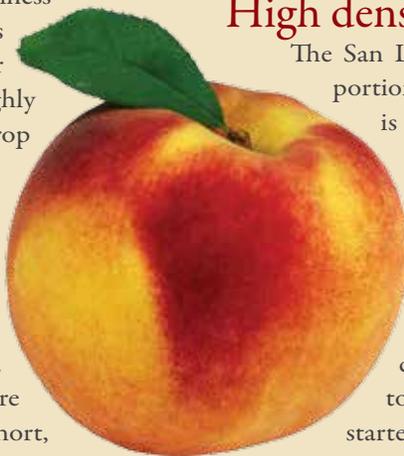
High density, high dollar

The San Luis Valley is still the area where the largest portion of the Dell's Agency's crop insurance business is written. "The valley is different from most areas, in that we concentrate a large number of sprinklers in a small area and then put a lot of high-value crops under those sprinklers," Chris explains. "We need to spread the hail risk among several companies so we can maintain loss ratios and not hammer one company if we have a hail event. We needed to add a company, and that's how we initially started with ProAg® about five years ago."

Chris says that the level of service they've received from ProAg has kept them a satisfied customer. He also notes that working with the ProAgWorks™ processing system has been a positive experience.

"We worked with the new system with winter wheat and now with the spring crops," Chris says. "It is definitely a positive change."

As an agency committed to agriculture and crop insurance, Chris has been following the current farm bill and crop insurance debate with interest. "Though it might change a bit, there will always be crop insurance in some form," Chris concludes. "We'll figure out how to make it work and keep going." 🌱



PA PRO AG®

THE PAST, PRESENT AND FUTURE OF AGRICULTURAL RISK MANAGEMENT®

FORGING A PRODUCTIVE PARTNERSHIP

When ProAg began searching for a resource to help build a new policy processing system from the ground up, it made sense to look for someone who really understood the crop insurance industry. That's why AgWorks was the logical choice.

"I've been in the crop insurance business all my life," states Rafe Hargrove, president of AgWorks. "My dad is a large crop insurance agent in Texas, and I've been working in crop insurance since 1990, so I, and the team here at AgWorks, have a lot of experience in the industry."

AgWorks was formed by Dreamscape Technologies and iNETj to specialize in the development and support of crop processing systems. They have successfully implemented web-based and standalone MPCl and crop hail systems used for quoting, policy administration, fund designation, billing, claims, compliance, commissions, and FCIC reconciliation.

"We've got 48 full-time employees that do nothing but develop crop insurance systems," Rafe elaborates. "Many members of our team have worked together since 1990 and are experienced in both crop insurance and web-based technology."

Collaborative process

When designing a new system like ProAgWorks™ software, familiarity is a good thing, and it was definitely a positive in this process. "We had worked with some of the resources at ProAg for some time," Rafe explains. "We knew each other, knew each of our skill sets, and what we could all bring to the table. ProAg was able to bring a comprehensive, nationwide knowledge of the crop insurance industry, which has been instrumental in the evolution of our processing system."

According to Rafe, the focus over the past two years has been to build the foundation of a whole new kind of policy processing

system that can be built upon in the future. "Going forward, our goal is to build a system that is the best in the industry, bar none," he says.

Constantly improving

Feedback from agents, field staff, and internal ProAg employees contributes to the continual fine-tuning and evolution of the ProAgWorks processing system. "We're excited about the future of this system, and we're in the process of introducing some significant new additions," Rafe notes.

Two important upgrades are scheduled for the near future, according to Rafe. Slated to roll out later this year is a comprehensive suite of mobile applications. "Agents and insureds will use these to access critical pieces of policy information," he notes. "They will be able to quickly and efficiently check claim status, file a notice of loss, or request a copy of a schedule of insurance or billing statement wherever they are with any Apple or Android device."

The second new addition will be the integration of batch scanning into the system. "Every document we print out is bar coded, and you'll be able to put a stack of mixed documents on the scanner and have the system auto-attach the documents to the related policy," Rafe says. "That's a big efficiency improvement."

These will be the first of many pieces, particularly on the mobile side, according to Rafe. "This has been a process that has benefited both parties and will continue to do so," Rafe summarizes. "ProAg has provided us with a set of core knowledge we have used to develop a powerful processing platform. From ProAg's perspective, we have been able to build a system that is more effective and efficient than others in use today." 🌾

STANDING STRONG IN A HISTORIC YEAR

By *Russ Klein, CFO*

It's no longer news that crop insurance was a key element in preserving a healthy agricultural economy in the face of the widespread, devastating drought of 2012. In addition to the continuing dry conditions in the southern plains, the heart of the corn and soybean belt also suffered high loss levels. Our hardest hit area, Illinois, posted a gross loss ratio of more than 500%. Fortunately, those numbers aren't as grim as they sound, as I'll explain later.

Overall, we handled losses from this extraordinary year well. Typically, our goal is to get our production claim losses adjudicated and have checks in the mail by Jan. 1. We came close. Of the more than 33,000 total claims we received, only 2,000 were still being processed by mid-January.

In terms of getting checks out to our producers quickly, while I don't have ironclad statistics, I'm pretty confident we led the industry. Every week, the industry publishes their paid claim loss ratios. Beginning in December, I compared those numbers to our loss ratio, and ours was twice as high—not because our claims were any worse, but because we were paying them sooner.

Unfair advantage

How are we able to process our claims so quickly? Our employees are our advantage. We have 280 adjusters and 40 compliance specialists on staff, and having those dedicated resources enable us to really pound out claims. Many others in the industry utilize contractors to adjust and handle compliance, and in a year like this one, everyone is fighting for the same pool of contractors. Claims get worked when the contractor can get around to it.

We've said before that our people in the field are our greatest asset. I believe the competitive advantage they give us is one of the primary reasons our business continues to expand.

Bottom line

In terms of the financial impact of 2012 on ProAg, I believe we are going to fare better than our competitors and outperform the national average, because we have a truly national mix of business. While we were hit hard in the Southwest and through the Corn Belt, we had a great year in California. We also do quite a bit of business in North Dakota and Minnesota—states that were spared the worst of the drought.

Another positive financial factor is the backstop provided by the government. When losses become extreme, they will step in so that insurance companies can survive and continue to write business in the future. Earlier, I mentioned our loss ratio in Illinois. After government reinsurance plays its part, the loss ratio drops from 500% to around 190%. Then, when you take that 190% and average it in with the rest of our book of business, our net result is not so bad.

Finally, we also carry private catastrophic coverage. Once our losses hit a certain point, we have reinsurance partners who would help us. We didn't come close to using that resource in 2012.

So, while 2012 will likely go down in history as one of those years that will still be discussed in coffee shops decades from now, ProAg more than weathered the storm. That's a credit to our great people. 🌾





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A close-up photograph of a person's hand gently holding a small, vibrant green seedling with three leaves. The seedling is planted in a mound of dark, rich soil. The background is a soft, out-of-focus brown, suggesting a natural setting. The lighting is warm and focused on the hand and the plant.

FRESH APPROACH FROM THE TOP DOWN

By JUSTIN MADSEN, REGIONAL VICE PRESIDENT

Many of the people reading this article know me, but for those who don't, let me give you a little personal background. I've been in the crop insurance business for 18 years, always working on the claims side. I have moved from adjuster to supervisor, then to regional manager and now regional vice president.

I know this is what I'm "expected" to say, but I'm genuinely excited about the changes we're making and what the future looks like for ProAg in this region. From an agent's perspective, we will look different as a company. We have a new underwriting staff, and that means you'll be seeing a lot of new faces. But I'm pretty positive about what those faces are going to be bringing to the company and our ability to serve you.

We're building a team here and looking to the future, and

the face of that future is the ProAgWorks™ policy processing system. That system has been a big step forward for us, and the fact is it will continue to get better, adding functionality and incorporating the suggestions we hear from our agents and our field and claims processing staff.

We're now fully staffed and ready to work. I realize there is always some discomfort that comes with change. I want to encourage you to contact me with your questions and concerns—and also with your positive feedback. ProAg has always been a company focused on building strong relationships and delivering a high level of service. That's our goal in the Amarillo region too.

I look forward to working with all of you in the days ahead. 