

In the Field

LATHAMS' CONNECTION TO PROAG STILL STRONG

In 1926, Jess Latham began selling crop hail insurance, launching a family business that spanned four Latham generations and grew to become Producers Ag Insurance—today's ProAg®. Jess "Ben" Latham joined his grandfather's company in 1974 as a hail adjuster. Through the years, he rose through the company ranks to become COO and CEO before retiring from ProAg earlier this year. Although he no longer works at ProAg, Ben—and the Latham family—are still closely connected to the company.



Ben Latham

"We're connected through our reinsurance organization, Longhorn Re," Latham explains. "We receive a portion of the business that ProAg does, so their production and profitability have an impact on our success as well."

As a member of the ProAg board of directors, Ben still has a firm handle on the direction ProAg is headed. Though all crop insurance providers operate under the same basic RMA guidelines, he believes that the way that ProAg handles claims sets them apart from others in the business.

"It appears that ProAg is expecting an increase in policy count," Ben states, "and I think that's because we're far ahead of the rest of the industry in getting our claims adjusted this

year. That's reflective of the fact that we have full-time adjusters who were ready to go when the drought claims came. We were prepared to get those claims processed and out the door. We've received very positive feedback on that, and I believe that's going to get us more new business."

ProAgWorks™ a plus

Ben notes that the traditional ProAg focus on excellent customer service will only be enhanced as the new ProAgWorks policy processing system is fully implemented.

"ProAgWorks appears to be very well received by our agents," he says. "It's a very positive project that is going to contribute to an ease of doing business with ProAg, and that in turn is going to help generate new business. I think it's all looking pretty positive for 2013."

Though some uncertainty remains regarding the final role of crop insurance in a new farm bill, there's no uncertainty about the Latham family's continued involvement in the industry and in ProAg.

"What happens at ProAg is very important to us, and we're pleased with what we're hearing and seeing," Ben concludes. "We're still involved through Longhorn Re, and we plan to stay connected moving ahead." 🌱



THE PAST, PRESENT AND FUTURE OF AGRICULTURAL RISK MANAGEMENT®

WOMEN IN AGRIBUSINESS SUMMIT AN EYE-OPENER

When five ProAg® employees headed to New Orleans to attend the inaugural Women in Agribusiness Summit, they weren't exactly sure what they would take from the experience. What they brought home were some new connections and a deeper understanding of the role women are playing in agribusiness today.

ProAg was a Gold Sponsor of the event, organized by HighQuest Partners and held September 17, 2012. Missy Waters, Kim Haar, Terri Sell, Diane Stinson, and Linda Miller made the trip south.

"We got to listen to an impressive list of speakers, and had a chance to network and talk about the challenges we face as women in the ag industry," Diane says. "It was a good start to what they hope will become an annual event. I guess I'll have something to do with that, because I'm on the Summit advisory board now."

"One of the stats I wrote down was that there has been a 30% increase in farm ownership by women since 2002," adds Terri. "In 2007, NASS published a report estimating that 14% of all farms are owned or operated by women now. That fact was one of the drivers behind the organizers putting together this conference."

Terri noted that the winner of Monsanto's Mom of the Year award, who was recognized at the summit, was the primary decision maker on their farming operation. "It was a kind of role reversal, where she managed the farm and her husband worked off the farm," she elaborated. "It took me back to when I was 16 years old, my siblings were in college, and I was helping my father carry irrigation pipe from field to field while all my friends were dating."

Strong speakers

From banking to insurance to transportation and grain marketing, the speakers represented all aspects of agriculture. Both Diane and

Terri mentioned two presenters in particular: Mary Shelman, director of the agribusiness program at Harvard Business School, and Janine Mansour, commercial manager at the Port of New Orleans.

"First, I was somewhat surprised that Harvard Business School had an agribusiness program," Terri recalls. "Mary talked about how they are working to change the perception of agriculture as a 'male' profession. She pointed out that in industry worldwide, statistics show that some of the most successful companies are led by women."

"Janine talked about the condition of our transportation system, and how important the condition of our infrastructure is to agribusiness," Diane adds. "That's an area I didn't know a great deal about. That was one of the great things about this conference—hearing presentations from people from so many different parts of the industry."

Outside the lines

Both Terri and Diane stressed that some of the best takeaways from the conference were captured outside of the formal sessions.

"The evening social events, and just the time between sessions, gave us a chance to meet people from different markets we haven't partnered with yet," Diane states. "That could lead to some interesting opportunities."

"On Sunday night before the sessions really kicked off, there was a reception for the 'early arrivers,'" Terri says. "It was a beautiful evening, so a bunch of us were sitting outside, and I got into a conversation with a grower of large amounts of rice in Arkansas. Of course, I had to bring up crop insurance. She didn't have it and didn't want it, so she told me all the reasons why. The chance to visit with her was as valuable as anything else I took from the formal sessions." 🍷



THE ART AND SCIENCE OF CROP HAIL INSURANCE

Crop hail insurance is a different animal, and the people who work with it are a breed apart as well. It's a different world, and ProAg® is fortunate to have a team of experts that know that world extremely well.

Tom Vetter, national crop hail coordinator for ProAg, was the third generation of his family to sell crop hail insurance. After heading up the crop insurance division of Continental Insurance Company, Tom started his own company, Crop Growers Insurance, in 1974. He was also one of the 10 people from the crop insurance industry who assisted in writing the Crop Insurance Act of 1980.

"Crop hail products have been developed by the industry over a 50-year period," Tom notes. "The crop hail and named-peril adjusting and claims staff have to have an entirely different knowledge base and use a completely different approach to adjusting." Tom has developed many of those adjusting procedures, as well as written many of the industry adjusting manuals.

ProAg also has underwriters and claims processing staff specifically trained on crop hail and named-peril insurance. "It's almost a company within a company," Tom says.

Creating new products

Barry Cermak traces his roots in crop insurance back to his early days as a crop hail adjuster in his home state of South Dakota. Today, he is the member of the ProAg crop hail team most closely associated with the development of new named-peril products.

"Named-peril is an area that has seen quite a bit of growth in recent years, and that trend is continuing," states Barry, who is based in Des Moines. "It is a very competitive part of the industry, because while the multi-peril is the same for everyone, named-peril is a way to differentiate yourself from the others in the crop insurance business."

New named-peril products are suggested all the time, Barry notes, but a good idea has to pass through several filters before it is actually brought to market.

"First we ask, is this product marketable to the farmer?" Barry explains. "Then you have to determine if it is an actuarially sound product. Next, can an adjustment procedure be developed that will allow adjusters to accurately determine loss? If it passes those tests, you may have a marketable named-peril product."

Central to that assessment is another member of the crop hail team, Kansas-based Mark Lesperance. "Mark comes up with the formulas from which we can develop our rates," Tom says. "The production staff gives us their wants, needs, and desires, and we work with Mark and

others to convert that into policies with a rate that will sell but will still return a profit for us."

Barry notes that popular named-peril products vary by region. Supplemental replant coverage, for instance, generates a great deal of interest in the Midwest. In California, citrus freeze and grape cluster freeze products are in demand.

"Named-peril products are a very important part of an agent's arsenal," Barry states. "They need to have products that are needed in order to provide full service to their customers. In fact, we get a lot of requests for new named-peril products from our agents. We tell our agents that if there is a named-peril product that would benefit you, your customer, and ProAg, we're always willing to review the request."

Fine-tuning the system

The universe of crop hail and named-peril products, of course, has to be efficiently handled by the new ProAgWorks™ processing system. That's where team member Mary Holle comes in.

"I've worked with crop hail for 26 years," says Mary, who serves with ProAg as the crop hail underwriter for the Lenexa/Robinson region. "I'm kind of unique among the underwriters in that I handle all aspects of the crop hail business, from underwriting to claims to the accounting portion."

That global understanding makes Mary the perfect person to help fine tune the ProAgWorks system to properly process crop hail named-peril claims. "I'm part of the testing squad," she explains. "I go through what our needs are in terms of rules we need to put in place, making sure that the rules are all correct, the endorsements work correctly, and that the screen setups are right."

"We're currently running through the entire system using the winterkill endorsement in the Northwest, since that is one of the first endorsements we process each year," Mary continues. "The crop hail team continues to make suggestions, working to make this the best system it can be. So far, it's going really well."

With a depth of experience that would be tough to equal in the industry, the crop hail leadership team and their staff of dedicated underwriters, adjusters, and claims processors stand behind the ProAg lineup of crop hail and named-peril products. 🌟





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WE STARTED IN TEXAS, AND WE'RE STAYING IN TEXAS

By KENDALL JONES, CHIEF OPERATIONS OFFICER

As everyone knows, we're in the midst of a leadership transition in the Amarillo Region. Whenever an unplanned change takes place at this level, you can count on the rumor mill to get cranking. So here are a couple of short statements. No, the Amarillo office is not going away. Yes, we are in the process of seeking a new regional vice president for this region.

Far from becoming less important, our vision for Amarillo is that this should be our flagship office. This is where ProAg® began more than 80 years ago, when the Latham family began selling crop insurance. Their focus on customer service with honesty and integrity enabled the business to grow from a local agency to a national force in the crop insurance industry.

We want to continue to deliver that level of service here, to

the point that everyone we serve in Texas absolutely loves doing business with ProAg. When we need to find someone who will say good words about us, we want to start in Texas.

Transition is seldom easy, but we are fortunate in the fact that we have an excellent, experienced staff in Amarillo who understands what it takes to deliver excellent customer service. Texas is our largest state in terms of premiums. It is home. It is important, and will remain one of the primary points of focus in the ProAg system.

We will keep you updated as we work to identify a new regional vice-president. If you have questions during this time, please give us a call at 763-233-0230. 🤝

