

In the Field

CROP HAIL SUPERSTARS

It's no small task underwriting crop hail insurance in a part of the country where severe storms are born. In our region, that daunting assignment falls to Mary Holle in Lenexa/Robinson and Cassie Deziel in Des Moines.

"We're kind of a one-person show in crop hail, with most of the underwriters handling both underwriting and claims," Mary says. "Some days we're processing applications and claims at the same time, so it can get pretty hectic in the heat of hail season."

Fortunately, Mary can draw on plenty of experience during those high-demand periods. She is a 27-year veteran of the crop insurance industry, the last seven with ProAg®. She also works closely with the other regional crop hail underwriters—Cassie, Ryan Evans in Lexington, Rochelle Knox in Amarillo, Shelly Autrey in Post Falls, and Blanca Sanchez in Fresno.



Mary Holle

"We work closely together and rely on each other for information throughout the season," Mary says of her crop hail counterparts. "We're working together as a group to put processes in place so that if one region gets into a bind, someone from another region with less activity can step in and assist."

In the blood

It seems you would have to love a fast pace and the challenge of turning chaos into order to enjoy crop hail underwriting. Or maybe it's just in your genetic makeup.

"My mom has worked in crop insurance for 25 years, so maybe it's in my blood," Cassie says. She's got about 22 years to go to

match her mother's track record, having worked in banking for several years and at another crop insurance company for a year prior to joining ProAg in April of 2011.

With a background in both multi-peril and crop hail, Cassie is able to cross over when time allows. "The majority of my agents write crop hail right along with their MPCI, so we've been getting a lot of crop hail applications," she says. "We're in the process of adding crop hail to ProAgQuote™, so I've also been involved in testing that. That's going really well."

The future of crop hail

Adding crop hail to ProAgQuote is just one area where ProAg is applying technology to improve customer service. Upgrades to the ProAgWorks™ processing system could make obtaining crop hail coverage even easier for agents.

"We're incorporating changes into the system that will enable agents to go into the system, set up a crop hail policy, print it, hand it to the farmer, and out the door he goes," Mary says. "We're getting really close to making that a reality. We hope to get the field representatives trained in the next few weeks, so they can walk through the process when they're meeting with their agents."

No matter how technologically sophisticated the process becomes, however, it still requires a human element. "Sometimes, as we're underwriting we'll have to check with the weather service to see when a particular storm actually came through," Mary says. And that human element is one big reason Cassie likes her job.

"I like people, and I really like dealing with the agents," Cassie says. "That's a big part of the job. Plus, I like that the business is always changing and there's always something new to learn. You never get bored. Because of the cycles of crop insurance, there is a lot of variety." 🌱



Cassie Deziel



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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OUR PEOPLE ARE THE TALK OF THE TOWN (AND COUNTRY)

By Missy Waters, Regional Vice President

When the guys are having their morning meeting in the local coffee shop and your name comes up, it's not always a good thing. In our case, however, those coffee-shop conversations have been pretty favorable these past few months.

I just want to praise our claims and compliance folks for the fantastic job they did in the field in a tough 2012 production year. I joke about the coffee shop, but positive word of mouth is a powerful tool. Their efforts haven't gone unnoticed, and we're growing our book of business with our current agents and fielding calls from new agency relationships based on what they've heard and seen.

As Russ noted in his article on page 3, we handled more than 33,000 claims, and we handled them with great efficiency. In the face of a record-breaking drought, we set the standard of service for our industry. You really stepped up to the plate and delivered

when it was needed, and that is an accomplishment to be proud of.

This is also a testimony to our long-standing company philosophy of making certain we have boots on the ground where our business is. We were also able to pull people in from other parts of the country where losses weren't as great—North Dakota and Arkansas/Louisiana, for example—to assist our teams in the high-claim areas.

We're also committed to providing our field staff and agents with tools to increase their efficiency and reduce their headaches. The ProAgWorks™ processing system is deployed, and is performing well. Adjuster schools are underway, and our adjusters have received their new tablets. In fact, we've already worked some claims for 2013 on those new tablets.

Good people equipped with the latest technology make a pretty formidable team. We're ready for whatever 2013 has in store. 

