



# In the Field

APRIL 2013

## BOTH SIDES OF THE STORY

As both a farmer and a crop insurance professional, Anngie Steinbarger brought a unique perspective when she testified at the Senate Committee on Agriculture, Nutrition, and Forestry's first hearing on the farm bill in February. She brings that same perspective to her work as the new regional marketing manager for the Lexington region.

Anngie farms 1,500 acres of corn and soybeans and runs a small cow/calf operation with her husband near Edinburgh, IN. While farming was always her dream, crop insurance wasn't really on her radar.

"I actually started my career in chemical and fertilizer sales," Anngie recalls. "Then I married a farmer and went back to my family farm. Well, one year I had a replant claim, and I had figured out my yield by the time the agent came out. He asked me how I had come up with my figure, since it was real close to his. He thought I should do crop insurance, and a couple of years later I was."

Anngie has enjoyed her dual career in farming and crop insurance for 18 years, the last seven with ProAg®. She began her career here as an adjuster and then became a claims supervisor. "Then, they asked if I'd help out with the marketing role," she explains. "After doing one thing for so many years, it is a change. But I like it. I enjoy the people, and that's why I do crop insurance in the first place."

"A resource for the agents" is how Anngie describes her new position. "Whatever their questions, whether on underwriting or technology, we're their first call," she states. "I've been spending quite a bit of time on the road, because we have a fair number of new field representatives in my area. We're learning the new processing system together."

### Front-row seat to drought

Her position as a crop insurance professional, and as a farmer directly impacted by the drought of 2012, lent weight to her testimony before the Senate Ag Committee. "I have a friend who works as a

consultant to the American Soybean Association," Anngie says. "She knew my background and asked if I would be willing to testify."

Testifying on behalf of the Indiana Soybean Alliance and the American Soybean Association (ASA), Anngie joined farmers representing the livestock and specialty crop industries in detailing the impacts of the historic drought of 2012 and expressing the importance of protecting crop insurance."

The Steinbargers are avid proponents of no-till farming as one of the ways to manage production risk on their thin, light soil types. In her testimony, she cited crop insurance as another key weapon against environmental uncertainty.

Their other weapon is crop insurance. "We find crop insurance an effective tool in managing risk when we experience these weather events," said Anngie in her testimony. "We began using crop insurance in 1991 as a way to maintain our cash reserves and prevent the need to borrow operating money."

"One of the misconceptions I really wanted to address was this notion that farmers look at crop insurance as a way to make money," she states. "I pointed out that, like all farmers, our goal is not to make money off of crop insurance but to balance our yearly revenue, so we will have operating money for the following crop year. Our decision to purchase crop insurance will keep us in business for the 2013 crop year."

### Bottom-up organization

For her part, Anngie has no trouble speaking positively about her industry or her company, whether in the role of a marketer or a farmer.

"I work with some awesome people—that's truly the best part of what I do," she says. "We still treat each other as family, and we are good at realizing that everyone has a role to play in the success of our business. You don't find that level of support with all companies."

"The thing about crop insurance is that it is driven from the bottom up, not the top down," Anngie concludes. "You have to have great adjusters, because that's what keeps your business. As you can see from how 2012 went, we have awesome adjusters, and I don't think we can say that often enough. Without them, we wouldn't have a job." 



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. 

