

# In the Field



WESTERN REGION

SUMMER 2017

## Building on a Foundation of Success



By Kendall Jones, Chief Operating Officer

By now, the news of the leadership transition at ProAg is no longer news. But it is something that is being discussed

and digested, as it should be. With that in mind, I would like to give my thoughts on what lies ahead for our organization.

Choosing to call this a transition was purposeful, and it is technically a two-phased process. In the first phase, I will assume the role of president and chief executive officer on June 30, 2017. Mike Connealy will transition to chairman of the board at the same time. In the final phase, Mike will retire in the second quarter of 2018.

The transition was planned well in advance of this moment in order to ensure

a smooth, seamless process. While there is no procedural manual for this, the goal is to manage the transition in the way that fits ProAg best.

Change brings both challenge and opportunity. Whenever people change roles, you create a new dynamic—and that generates excitement. Because of the nature of the crop insurance business, we're better at adapting to change than most. We've executed transitions very well before, as evidenced by our move from CUNA Mutual to Tokio Marine HCC. I expect us to continue to thrive in the coming years.

As evidence of our positive momentum, we are excited to welcome the agents who have come onboard with our acquisition of International Ag Insurance Solutions. Our team is focused on

*"Kendall is as prepared to lead this company as any chief executive in our history."*

Mike Connealy

integrating and servicing this new business along with our existing book.

As an organization, we've seen great success under Mike's leadership, and I've had a tremendous opportunity to learn from him. In the short term, my goal is to sustain the successes we have enjoyed. Going forward, we will build on that foundation and leverage it for growth. For this to happen will require the support of the entire ProAg team, and your continued engagement in the business plan. It will be a learning process for all of us, but we are not exploring unfamiliar territory.

### The road ahead

We are managing through challenging times for the industry we serve. We are heading into farm bill negotiations amid a multi-year downturn in the ag economy. The continued downturn will further consolidation across the industry and its sectors—from farmers through service and input suppliers to agents and

*"When we acquired ProAg in 2015, the strength and experience of the management team and a solid succession plan were key attributes of the transaction. Mike has guided ProAg through two successful years following the transaction, with excellent prospects for 2017. We look forward to working alongside Mike and Kendall on this transition and then fully supporting Kendall as she leads ProAg forward."*

Chris Williams  
Chief Executive Officer  
Tokio Marine HCC

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ProAg is an equal opportunity provider. A member of the Tokio Marine HCC group of companies.

WWW.PROAG.COM

# Hedge the Uncontrollable

Producers throughout the ProAg network want to know what weather conditions may have in store for them. Not only do we work to keep you, as their agent, informed about the constantly changing weather picture, but we offer innovative insurance products that help give farmers and ranchers better ways to manage the risk posed by weather extremes. That's what eWeatherRisk® products are all about.

## What is a weather hedge?

A weather hedge is a financial product that mitigates risk from adverse weather events. Weather contracts are simple, transparent and objective. There is no adjuster, and it pays when the chosen weather event happens. Weather contracts can be used for virtually any weather-related risk.

## How does it work?

Once the purchaser identifies a weather concern affecting their operation, they elect a coverage period—with no sales closing dates! The next steps include choosing the amount of coverage and picking the National Weather Service weather station. Working

hand-in-hand with eWeatherRisk, ProAg agents can request a quote and execute a sale.

If the weather event happens during the elected coverage period, the contract pays regardless of any underlying insurance indemnity or loss.

## Customized protection

With eWeatherRisk, you can tailor weather protection to fit your specific needs. Product features include:

- Single-peril weather coverage against heat, drought, wind, too much rain and much more
- No sales closing dates—contracts may be purchased up to 20 days before the start of the coverage period
- Over 7,500 available weather stations in the United States
- Timely payments with no proof of loss
- Early purchase discounts are available

Agents should talk to their ProAg account rep, and producers should speak with their agent if they want to protect their valuable crops against weather threats. 🌾

## IMPORTANT CHANGES TO ANNUAL FORAGE COVERAGE

Significant changes were made to the 2018 Annual Forage provisions, the most important of which is the fact that there is now only one sales closing date (SCD) on July 15. There is no longer a December SCD.

We encourage agents to attend our live webinar on June 14, 2017, at 10 a.m. CST to obtain more important information about

the RY 2018 AF changes. You can register by using the ProAgPortal® calendar or by contacting your account rep for further sign up information.

You can also find more information on these changes on ProAgPortal, [portal.proag.com](http://portal.proag.com). 🌾

## Price-Flex® - Success in 2017, an Opportunity for 2018

More agencies, and their insureds, are discovering the risk-management value that the Price-Flex product offers producers as they market their crops. Price-Flex premium volume more than doubled from 2016, as many agencies saw a stronger demand and numerous agencies sold Price-Flex policies for the first time.

The 2018 Price-Flex sales season is underway. We have May 2017 – August 2018 intervals for sale for 2018 crops. We now provide coverage by practice and have added a faster, simpler and more efficient quoter interface.

Price-Flex expands a producer's opportunity to establish the highest possible minimum revenue guarantee. Increasingly, growers and agents are

recognizing the consistent value Price-Flex delivers as the policy enters its fifth year—the longest run of any private product in the market.

Price-Flex provides growers the ability to lock out bottom-side price risk right now, automatically covers costs if the markets rally, then allows them the flexibility to take the most they can out of the markets.

Talk to your ProAg representative and arrange a thorough training session. You will be glad you did as your growers, and those who you want in your book, are anxious to know about Price-Flex. Don't wait—seize the opportunity to show your growers how to take less risk and make more revenue with Price-Flex.

*Price-Flex® is a registered trademark of Watts and Associates, Inc. 🌾*

### Goal: Take Less Risk and Make More Revenue

**First Objective:** Do not lock in a loss. Lock out the bottom side.

**Second Objective:** Find opportunity to cover costs.

**Third Objective:** Take the most you can out of the markets.

# Important Reminders for CLU Reporting

By Terri Sell, Senior Vice President of Operations

With acreage reporting deadlines fast approaching, we wanted to provide a friendly reminder on Common Land Unit (CLU) reporting requirements. *Beginning this crop year, 100% of CLU data is required to be submitted by the acreage reporting date.* If the farm number, tract number and field number are not reported for each planted field, coverage will be denied.

CLU data is required to be submitted for 100% of the acreage for plan codes:

- Yield Protection (YP) (01)
- Revenue Protection (RP) (02)
- Revenue Protection with Harvest Price Exclusion (RP-HPE) (03)
- Area Yield Protection (AYP) (04)
- Area Revenue Protection (ARP) (05)
- Area Revenue Protection with Harvest Price Exclusion (ARP-HPE) (06)
- Written Agreements (WA) when the CLU data is required by the WA
- New Breaking or Acreage coming out of a USDA program
- Native Sod acreage the initial year of planting and all subsequent years, thereafter
- ARPI and STAX, when FSA Farm/

Tract/Field Number is available from FSA

- Units that are based on FSA FN
- Land ID type “C” will count towards the percentages

For 2017, any acreage not reported according to RMA procedures will be considered rejected acreage for CLU reporting purposes.

Additionally, 40% of the total acreage for all other plans not listed above will be required by Nov. 10, 2017.

*Note: An acre for PRF will only be counted once, regardless of whether that same acre is insured in multiple intervals. Acreage for prevented planting will be credited towards the requirement.*

## Identify the location

For an acreage report to be acceptable, insureds are required to report the land identifier for the reported acreage as provided in the Basic Provisions (BP) and identified on the applicable ProAg generated forms. Generally, the land identifier includes the legal description (section/township/range), FSA farm serial

number or section equivalent for unit determinations.

Beginning with the 2017 crop year, insureds must report the field identification as the land identifier for policies insured under the CCIP and ARPI Basic Provisions.

Insureds can meet the acreage reporting requirement for field identification by:

- Using ProAg Mapping
- Handwriting CLU information on the acreage report in the CLU section
- Pre-keying CLU information and printing the Supplemental Land Worksheet

If insureds do not provide the field identification on the acreage report for insurance plans 01-06, then the acreage is considered unreported. All unreported or misreported information penalties would apply under both CCIP and ARPI policies, including rejection of the acreage report and subsequent denial of liability to the insured.

Please visit the ProAgPortal for more information, including instructions regarding keying and printing. 🍌

## Building on a Foundation of Success

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competing AIPs—until prices rebound. And, due to the lengthy confirmation process for Secretary Perdue, we still are without a permanent administrator of the crop insurance program.

The challenges are significant, but our organization is stronger than ever and is well positioned to take advantage of growth opportunities. I am excited about our future.

One final thought. This change will be significant for Mike as he moves into a new role and, ultimately, into retirement. He has provided us with his support during his tenure at ProAg, and we will need to offer him the same as he transitions to a new chapter in his life. I am grateful for his impact on me, personally, and on this company. 🍌

*“May 16, 2017, marked exactly 40 years since starting my first job in the insurance business out of college. Along this journey, many people, especially the Latham family in Amarillo, gave me a chance to succeed. I will be taking the time to thank all of these individuals, as we get closer to my actual retirement date in 2018.”*

Mike Connealy



4910 E. CLINTON WAY  
SUITE 103  
FRESNO, CA 93727

[www.ProAg.com](http://www.ProAg.com)

## Regional Diversity Keeps Us Busy

By Cathy Holen, Regional Vice President – Western Region



In the western region, we experience a wide range of weather conditions as we transition to spring. Here at the regional office, it feels more like summer, with temperatures already into the 80s and 90s.

The big news here at ProAg, as you've seen on the front page, is the transition in leadership from Mike Connealy to Kendall Jones. Mike has provided great leadership to our company, and Kendall has been working very closely with him for many years. She has the leadership ability and skills to lead us in a good direction, and I believe this will be a smooth and positive transition for our company.

It's a busy time in our region. Several sales closing dates—raisins, forage seeding, strawberries, small grains, citrus and avocados—are coming up through the next couple of months. In California, the big news is the fact that many farmers will receive the full allotment of irrigation water for the first time in several years.

We're looking ahead to the RMA audit and review of the Whole Farm program for pistachios and cherries, which will impact our region. We welcome the audit, as the RMA works with all the AIPs to ensure that the program is being interpreted and administered correctly.

Change is one of the only constants in our business, and we look forward to helping our agents, and your insureds, meet the challenges of another production season. 🍌

