

# In the Field



EASTERN REGION

WINTER 2018

## Ready When Disaster Strikes

**The value of insurance and an insurance company is proven by the level of service farmers receive when they make a claim. When it comes to this critical area, we believe that ProAg consistently fields the best team in the business. We'd like to tell you a little more about two of the key members of our Eastern Region claims staff.**

### Andy Mathis

Andy is an 11-year veteran of the crop insurance industry—all but five months of which has been spent with ProAg. “A good friend of mine was a ProAg claims supervisor, and he got me an interview with the claims manager,” he recalls. “I worked as an adjuster for one year before moving to the compliance department, where I’ve been ever since.”

A Georgia native, Andy worked with farmers and did some farming himself after graduating from high school. At the age of 30, he moved to Florida and enrolled in Broward Community College, where he earned a degree in business administration. Now, as a long-term ProAg employee, he appreciates the company culture.

“ProAg is a good company to work for,” he notes. “Even though there have been some major changes to the company over the past few years, it still has the feeling of a family-run business. ProAg not only provides good services to its customers but also support, both professionally and personally, to its employees.”

Andy and his wife, Nicki, have been married for 15 years and have a 10-year-old daughter, Megan. “I enjoy spending time with my family, deer hunting with Megan, and working with her show pigs, playing golf and watching University of Georgia football,” he says.



### Matt King

Agriculture has always been front and center for claims manager Matt King, who got his start in the crop insurance business in 2007. “I was about to graduate from Mount Vernon Nazarene University and needed an income source while returning to the family farm,” he recalls. “An agent friend gave my number to a regional claims manager and the rest is history.”

Matt joined the ProAg team as an adjuster in 2009, and he notes that ProAg has “...provided a small-town boy from central Ohio with more opportunity than I could have ever expected. As a student of agriculture, I get the chance to learn and work with all kinds of crops, practices and aspects of the industry.”

Some of those experiences stand out, like the work he and his team did in Florida in 2017. “Following Hurricane Irma, we showed up nine days after the storm hit to begin loss adjustment on nurseries and orange groves,” Matt says. “I’m still getting comments and compliments from agents and insureds about ProAg’s responsiveness and our staff’s ability to respond to such a big catastrophe so quickly. The claims staff, from adjusters to area claims supervisors, make my job enjoyable and exciting.”

Matt has been married to his wife, Gina, for 10 years. They have two daughters: Mya (6) and Reagan (3). His family farms 2,200 acres of corn, soybeans, wheat and hay in Central Ohio. The farm takes up most of his free time, but he also enjoys hunting and reading. 🍷



EMPLOYEE SPOTLIGHT



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# Changes for Sugar Beets, Sesame, Specialty Corn

By Terri Sell, ProAg Senior Vice President, Underwriting

As new crops grow in popularity, pilot programs expand and insurance products change to meet the needs of our insureds, we strive to keep both our agents and their insureds informed. With that end in mind, I wanted to address several important changes for sugar beets, sesame and specialty corn. Here are the highlights:

- The stage guarantees in the current provisions have been removed and the new language reads, 100% of the production guarantee regardless of stage. Also, the stage removal endorsement option has been incorporated into the base policy.
- In the current provisions, the APH reporting requirements are for standardized tons of sugar beets. The new reporting measurement will be pounds of raw sugar. Stay tuned for more information (check ProAgPortal® and/or with your underwriter) on how this conversion will happen within our processing system.
- An early harvest factor has been added into provisional language to address those occasions when sugar beet processors request an early harvest of their contracted acres. The new language will increase the yield recognized for that year's harvest and prevent a decline in the producer's future insurable yield due to early harvest.

## Specialty corn and sesame

Specialized crop insurance is now available for both white and waxy specialty corn. Coverage is available for white corn in 10 states and for waxy corn in six states.

The Sesame Pilot Program has been expanded to 36 counties and, by written agreement, to an additional 252 counties in Kansas, Oklahoma and Texas for the 2019 and succeeding crop years.

Contact your account representative or visit ProAgPortal for more information on these changes. 

# Whole-Farm Revenue Changes for 2019

By John Sheeley, ProAg Senior Attorney

When the RMA issued the Whole-Farm Revenue Protection plan of insurance, it was well-received by the insurance community and agricultural producers. Two areas, however, did cause some issues—expected yield and expected price. For 2019, the RMA has attempted to address these areas of concern.

One frequent question was, did the expected yield have to match the APH for the underlying MPCl policy? The RMA has added a section on expected yield in the policy, which specifies the expected yield will be the same as the APH unless certain conditions exist. Those conditions would be:

- If the producer can document that the APH is not reflective of the expected yield (+/-) and we agree, a six-year “APH” based

## RMA Changes May Trigger Assigned Yields

By Vikki Blettner, ProAg National Compliance Manager

Important recent changes from RMA will impact the compliance review process for some of our insureds. Prior to the November 30 contract change date for the 2018 reinsurance year, when we did a compliance review that involved an APH review, we would compare the insured's evidence of production and acres to their certified APH. If there were differences between the two, we would correct to the verified information, regardless of the impact on coverage. If coverage went up, we would cap liability using the Liability Adjustment Factor.

With the 2018 reinsurance year, the ability for us to correct these discrepancies was taken away if the difference is greater than 5%. In fact, in those cases, we are required to remove the reported history and apply a penalty by giving them an assigned yield of 75% of the prior year's yield.

The greatest impact, however, is that the new language states that if an insured doesn't have acreage and production evidence that is an exact match for what they certified on their production reports, the RMA defines that as not having verifiable records to support their production report. The exception—if you under-reported or are within 5%, assigned yields won't apply. We will still correct to the verified numbers.

All of this is based on the annual yield within the APH database. If we are working with ten years of history and only one is over-reported, all 10 are penalized and the assigned yields apply to the entire crop. And, if we assign yields and the producer has optional units, they lose their optional unit structure.

Finally, we have to look at total production for the crop. If verified production shows that the total crop was over-reported by more than 5%, we would also assign yields.

We encourage you to attend our training sessions, reference your manual and contact your ProAg account representative if you still have questions. 





on the yields in the whole-farm history period plus the lag year may be used in lieu of the approved yield.

- If there is no underlying policy or APH but the insured has produced the crop, then actual yields in the whole-farm history period plus the lag year may be used. For insureds with less than three years of actual production, the policy now provides a means to add replacement yields to compute a six-year “APH.”
- If the crop is new to the insured, the policy now specifies acceptable sources to use for the expected yield.

Another change for 2019—the producer’s own three-year average price was put into a separate category that can only be used if other sources are not available. Even then, it can be adjusted for local market trends.

Also, if the producer cannot produce documentation to support an expected yield or expected price, it will be valued at zero. But, all revenue from that crop would still be considered revenue to count.

## Expansion factor

Additional guidance is provided on the expansion factor, particularly in regard to new perennials and new orchards coming into production. The current RMA position is that if there is any revenue from an orchard in the farm history period, it does not qualify for expansion.

For livestock, simply increasing the number of head without other physical changes in the operation doesn’t qualify as expansion.

Also, RMA has clarified the fact that it has to be a net physical expansion. For example, if an insured rents an additional 200 acres but loses the lease on another 100 acres, the net expansion is 100 acres.

In the same way, if a perennial operation pulls an orchard larger than the orchard coming into production, there is no expansion. Differences in density and varietal value don’t matter—it’s acres-to-acres.

As a general clarification, the focus is on the actual physical expansion and what is happening on those acres in the year of insurance. The handbook has always contained a formula that clearly shows how to compute an expansion factor. With all the changes made for 2019, it’s extremely important to read the handbook and the policy. 🍌

# The Year in Review— and a Look Ahead



By Kendall Jones, President and Chief Executive Officer

As we move into the holiday season and prepare to close the book on another year, it’s valuable to look back and recall the major events of the past 12 months. We need to appreciate what we’ve accomplished as we work toward the future. As is always the case, our first quarter is all about initial sales, getting prices set and wrapping up claims from the previous year.

In 2018, commodity prices experienced low volatility, which seems counterintuitive, but the trade war hadn’t commenced when prices were set. However, we were already dealing with extensive drought in the Southwest, so we knew we would need to be prepared for claims from Kansas, Oklahoma and Texas.

Drought continued into the second quarter, where it joined forces with extreme heat in the eastern Corn Belt and excessive moisture in Minnesota and Iowa during planting. Opening volleys were fired in the trade war and commodity prices declined, so we began to plan for those repercussions.

July 1 marked the start of our third quarter and the 2019 reinsurance year. That is also the day we moved our underwriting team away from sales and into operations. This move reflected our laser focus on underwriting and taking care of our policyholders. Toward the end of the third quarter, Susan Rivera became the president of our parent company, Tokio Marine HCC (TMHCC).

In the fourth quarter, we had the opportunity to hear from Susan as she spoke at our annual underwriting/sales/operations meeting. It was exciting to hear the future objectives and priorities of ProAg and TMHCC are closely aligned. From an insurance perspective, this quarter was a mixed bag, as drought eased in the Plains while hurricanes Florence and Michael battered the Southeast, and another round of widespread excessive moisture pushed harvest back throughout the Corn Belt.

## Traveling together

I’ve frequently said that we—the people of ProAg—are on a journey together. As we experience the changes and challenges of this business—new leadership, new regulations, organizational realignments and the normal hurricanes, droughts and floods—we change, too. Hurricanes show us a better way to service our policyholders. All weather events give us reason to search for different coverages to reflect the changing coverage needs faced by farmers.

As a result, we are not the people we were last year and ProAg is not the same company. That is a very good thing. People and organizations that cannot, or will not, adapt face a difficult future. We need to celebrate who we are today while looking forward to the company we will be tomorrow.

Because of the support of our parent company, the talent on our management team, and the skill and dedication of our ProAg people, our future is extremely bright. I am proud and excited to be on this journey with all of you. 🍌



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Toll-free phone number: **(800) 366-2767**

Toll-free fax number: **(866) 306-3038**

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## Taking on Mother Nature

By Missy Waters, Senior Vice President of Marketing and Service

If one word could sum up 2018 for the Eastern Region, it would probably be hurricanes. Florence and Michael struck in quick succession, impacting producers in

North and South Carolina, Florida, Georgia and Alabama—all in our region. I was proud of our response to these disasters.

Our number one priority was to assist our agents and their farmers, contacting them as quickly as possible and getting our adjusters into the field. In some cases, the adjusters themselves were impacted by the storm but put their personal concerns aside to assist their neighbors.

Our employees worked as a team to initiate the claims process so insureds could get the assistance they needed as quickly as possible. Two members of the claims staff that played key roles in serving those hit by the hurricanes are featured on the front page of this newsletter.

Many checks have been issued to our farmers, putting money back into the local economies where it is needed

the most to help the region recover. Obviously, an event like this has a huge impact on our workflow, but our team was extremely well-prepared and handled the load with professionalism and perseverance. Through it all, their focus remained on our customers.

Looking toward 2019, we're in the middle of our spring agent training meetings. Thanks to all of you who have already attended a session. If we haven't been to your area yet, we hope to see all of you soon.

Providing agents and insureds with excellent service continues to be a primary emphasis for all of us at ProAg. That includes ongoing efforts to make it easier for you and your insureds to do business with us. To that end, we continue to add features to the myProAg™ platform. For example, we know how important prompt claims payment is to your policyholders. To further speed that process, we began offering direct deposit in October. Together with the online premium payment option we introduced last year, it's now easier than ever for your insureds to manage their insurance financials. You can learn more at [ProAg.com/myProAg](http://ProAg.com/myProAg).

Thank you for entrusting us with your business. I hope you enjoy a wonderful holiday season and a prosperous 2019. 🍁