

In the Field



NORTHERN REGION

WINTER 2018

Excited to Serve You

Our account representatives (ARs) are often the faces of the company and a primary point of contact for our agents. In case you haven't met them yet, we'd like to tell you a little about two of our newest faces.

Sharelle Burg

Strong people skills, a management background and crop insurance experience make Sharelle a great fit for her new position as an account representative (AR). "I managed Arnolds Case IH dealership in St. Martin, Minnesota, for years," she states. "I gained the respect and trust of customers, co-workers and management through years of hard work and proven results."



After leaving the dealership, Sharelle wanted to work in the agricultural field and began working as a crop insurance agent. Agriculture is also more than a job for the Burgs—Sharelle and her husband of 23 years, Jason, own and operate a dairy farm.

Sharelle notes that her co-workers at ProAg have been a great help as she works into the role of account representative. "When I need answers for agents, they are happy to help," she says. "I'm excited about the challenge of retaining current agents and gaining new agencies. I appreciate the transparency at ProAg, as I excel in roles that have well-defined goals and the path to achieve those goals."

Once the workday ends, Sharelle's work obviously continues at the dairy. The Burgs also have three children: Brent, a college junior; Calvin, a high school senior; and Skylar, a junior. Skylar's good friend, Sammy, also lives with the family. So, it just makes sense that Sharelle enjoys volunteering at their school.

Kurtis Brundidge

"Working at ProAg allows me to work for a tremendous organization within an industry that I'm very passionate about."



Passionate is a good word to describe new account representative (AR) Kurtis Brundidge. With an ag business degree from the University of Nebraska-Lincoln and an MBA from Bellevue University, he worked in commodity and feed merchandising after college. "After that, I was a crop insurance agent for nearly 10 years in both Nebraska and Minnesota," he says.

Putting in the effort to do things the right way is important to Kurtis. "One of my most satisfying memories is going through a year of extensive prevented planting claims in Minnesota and working diligently with the insureds to ensure all upfront paperwork was done correctly," he recalls. "This allowed the adjusters to work through the claims without any problems while other agencies were having delays."

Kurtis spends much of his free time with his wife, Sasha, and their four-year-old son, Pierson. "I also enjoy spending time outdoors, working on our land, hunting and fishing," he adds. 🍷

EMPLOYEE SPOTLIGHT



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

WWW.PROAG.COM



Whole-Farm Revenue Changes for 2019

By John Sheeley, ProAg Senior Attorney

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. 🌱

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. 🍌



PRSRT STD
U.S. POSTAGE
PAID
VISTACOMM

7950 MAIN STREET N.
SUITE 230
MAPLE GROVE, MN 55369

Easier Dialing

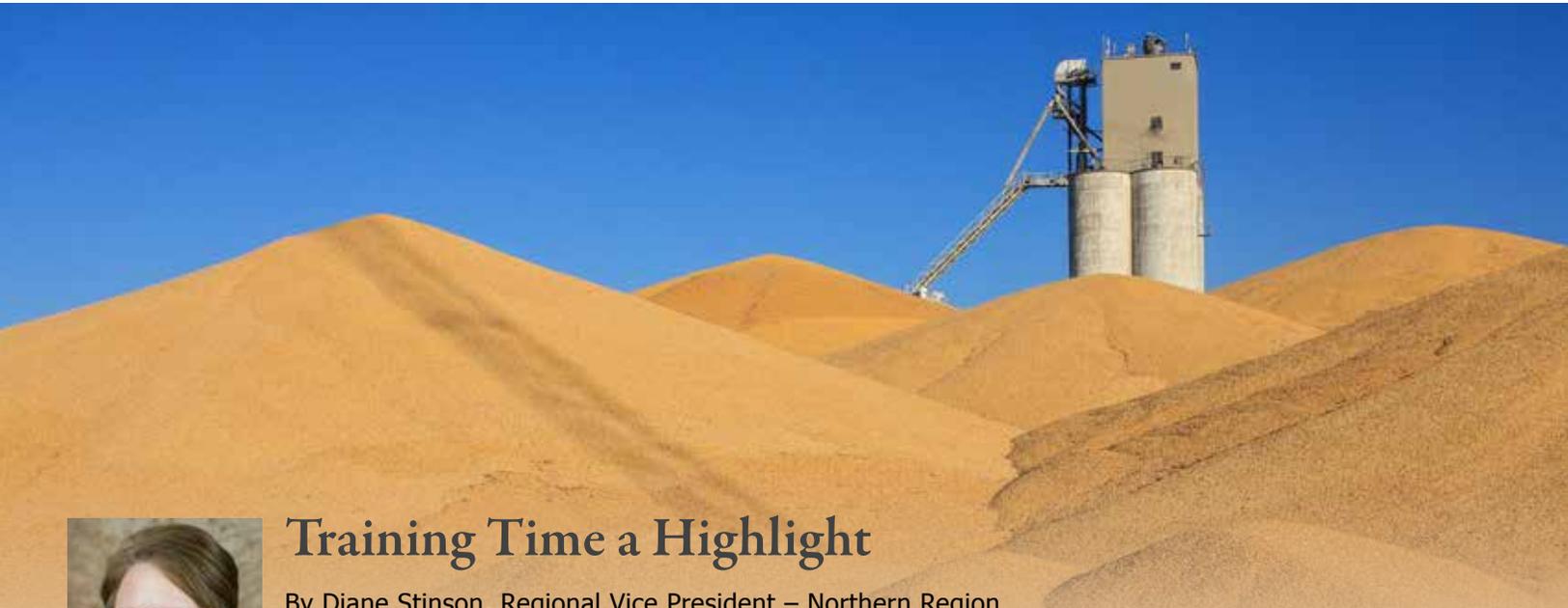
ProAg now has national toll-free phone and fax numbers. The existing local and regional office phone numbers remain the same.

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

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

ProAg.com

USDA is an equal opportunity provider. In accordance with Federal law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating on the basis of race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs)



Training Time a Highlight

By Diane Stinson, Regional Vice President – Northern Region

With 2018 rapidly drawing to a close, I'd like to thank all our agents for your support in the past year. We're working hard to earn your business again in 2019.

We've had the opportunity to see many of our agents at our training meetings and hope to visit with more of you as we continue meeting in January. I always look forward to the opportunity to talk face-to-face.

Many of you have mentioned how much you appreciate our agent training material. While others simply reproduce the entire manual, we've cut what we print down to about 25 pages, composed primarily of bullet points highlighting what has changed from the previous year, accompanied by lots of conversation. We've also made a conscious effort to up our

training game, training our trainers so that everyone gets more benefit from the time we spend together.

In our region, the pending introduction of the Multi-County Enterprise Unit endorsement has been a big topic of discussion. This is a particularly good fit for many producers our agents serve. On the dairy front, we're keeping a close eye on the market. While the prices haven't been conducive to the purchase of coverage, keep in mind this is a year-round program. Dairy Revenue Protection is a policy you can buy every day, and we never know what changes government policy or market fluctuations might bring.

In closing, I hope 2018 has been good to you, and on behalf of everyone at ProAg, I wish you a very happy holiday season and a prosperous 2019. 🍀