

# In the Field



SOUTHERN REGION

WINTER 2018

## Serving You with Experience

**Our account representatives (ARs) are often the faces of the company and a primary point of contact for our agents. We're fortunate to have two experienced ARs in our region, so we'd like to share a few details about these valuable members of the ProAg® team.**

### Stacie Long

Our account representative (AR) for Kansas and Colorado, Stacie has agricultural roots and a diverse resume. After graduating from Washburn University with a criminal justice degree, she managed bank branches for several years. But ag was calling.

"I wanted to raise a family on the family farm, so my husband and I opened a farm store in my hometown," she recalls. "While working there, I also started working part-time as a crop adjuster. I did that for seven years, then tried the agent world for three years before coming to ProAg in 2014."

Stacie's outgoing nature is a perfect match for her AR role, and the work environment at ProAg. "I have a very outgoing and chatty personality, I love that I get to have such great relationships with the agents, many of whom I view as friends.

"The atmosphere here is very laid back and friendly," Stacie states. "I also love that my voice is heard and if I have questions or concerns, I can reach out to any number of people."

Away from the office, it's all about kids and sports for her and her husband of 15 years, Barrett. "Our hobbies include following our kids, Carter, 13, and Brenna, 11, in their sports activities," she says. "We are avid St. Louis Cardinals fans and also enjoy KU basketball." The heavy sports emphasis is not surprising, considering Stacie played four years of college softball and Barrett, college baseball. When the family is not at a sporting event, they can be found tending to cattle or farm needs.



### Tara Appling-Crisp

A former teacher, stay-at-home mom and owner of an event planning business, Tara joined ProAg as a data transmission specialist. After working in underwriting, she took on the role of account representative in 2015, and today serves agents in Texas and Oklahoma.

"The account representative position is perfect because I was able to maintain the good relationships I built with my agents while working as an underwriter," Tara shares. "I enjoy being able to get out and visit with agents and provide the level of customer service they need to keep their business growing."

Her focus on the customer has resulted in many positive responses from the agents she works with. "The most satisfying moments from my work come when I'm able to problem-solve for an agent and reach a satisfactory solution," Tara says. "I have received many 'thank yous' from agents for working hard to resolve their issue. For me, working at ProAg is fun, exciting, challenging and family oriented."

Tara stays busy when not at the office or on the road. "In addition to renovating a home, which I'm not sure we'd call 'fun,' my fiancé and I enjoy traveling and going to concerts of all kinds," she relates. "We're also very involved with our church." 🌿



EMPLOYEE SPOTLIGHT



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# Whole-Farm Revenue Changes for 2

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 MPCI 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 fax number: **(866) 306-3038**

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## Meeting the Challenges of 2018

By Chris Ohm, Regional Vice President – Southern Region

I've had the opportunity recently to travel through our region visiting with agents and adjusters. To be sure, this was a challenging year for many of you. I was in Arkansas in mid-November as snow was falling and peanuts, cotton and soybeans were still in the field. The concern was that these could be zeroed out as winter hit.

In many areas, drought hit early, and wet conditions later in the season created stress for insureds, agents and adjusters as they made sure everything was done and processed as accurately as possible.

The agents I've visited are already planning ahead for 2019 and what their insureds are going to need, whether making changes to their policy, adding coverage or even changing unit structure to try to make up for the 2018 losses.

Our agent update meetings are underway, and this is a great time for the agents to get together with personnel from our underwriting and loss adjustment departments at ProAg to see what might make sense for 2019. Of course, we'll cover the major insurance changes, as well as upgrades to our quoting and mapping software and ProAgWorks®.

It's also never too early to think about our private and named-peril products, whether crop hail or one of the many other options we offer, to complement the MPCl policies.

In closing, I want to thank you for your business and, if it hasn't happened already, I look forward to seeing you at an upcoming update meeting. I wish you and your family a very happy holiday season. 🌾

