

In the Field



WESTERN REGION

SUMMER 2019



Acquisition Strengthens ProAg

Kendall Jones, President and CEO

On May 1st, 2019, ProAg closed on our most recent acquisition of AmTrust Ag. A little over two years ago, we closed on our acquisition of International Ag Insurance Services. Along with our parent company, Tokio Marine HCC (TMHCC) we are excited to transition and integrate the new employees and agents along with their policyholders.

AmTrust Ag provides a complementary platform from which to add business, with a strong portfolio of independent agents. This will improve our profitability and enhance our diversified portfolio through strategic partnerships. This acquisition shows TMHCC's and ProAg's continued commitment to the U.S. crop insurance space.

Moving forward, our transition plan is structured to maintain business as usual while implementing opportunities to improve our organization. ProAg and AmTrust Ag use the same processing system supported by AgWorks, LLC. This will allow a smooth technology transition for both agents and employees.

The strength of this acquisition lies within the incremental growth of the combined book of business supporting diversification of risk, additional employees to support and service the book of business, and ProAg's strong history of profit sharing with our agents.

ProAg is focused on building sustainable, long-term agent relationships by delivering an outstanding customer experience, providing industry-leading claims service and offering actuarially sound and sustainable risk-management products.

Everyone at ProAg is committed to working through the details over the coming weeks to provide a seamless transition for policyholders, agents and employees.

I look forward with anticipation to the energy and growth opportunities this acquisition brings to the members of both organizations. I realize that you may have questions about the next steps, so please don't hesitate to contact your account representative or regional vice president for more information. 🍷



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— Kendall Jones



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Powerful Programs for Livestock Producers

By Jacqueline Da Rocha, Business Development Manager

During these volatile times in agriculture, risk management has become as essential as a planter or combine in farming and ranching operations. For those in the livestock industry, three tools—Livestock Gross Margin (LGM), Livestock Revenue Protection (LRP) and Dairy Revenue Protection (DRP)—are proving their value in mitigating risk.

LGM provides protection against loss of gross margin or the market value of livestock or milk minus feed costs. LRP protects fed cattle, feeder cattle and swine producers from the impact of declining market prices. The DRP program is designed to insure against unexpected declines in the quarterly revenue from milk sales compared with a guaranteed coverage level.

These programs were further improved through the 2018 Farm Bill and, more recently, by the RMA. Regarding LGM, the Federal Crop Insurance Act had limited the amount of funds available to support livestock plans of insurance to \$20 million. The Farm Bill removed that livestock capacity limitation.

Turning to the LRP program, the RMA made the following improvements:

- Expanded LRP coverage for swine, fed and feeder cattle to all states;
- Increased LRP subsidy from the current 13 percent for all coverage levels to a range from 20 percent to 35 percent based on the coverage level selected;
- Updated the Chicago Mercantile Exchange trading requirements to allow for more insurance endorsement lengths to be offered for producers to purchase;
- Increased per head and annual head limits—fed cattle and feeder cattle: 3,000 head per endorsement and

6,000 head annually; swine: 20,000 per endorsement and 75,000 annually; and

- Modified the Price Adjustment Factor for Predominately Dairy cattle to 50 percent for both weight ranges, which allows dairy cattle to reflect market prices more accurately.

Finally, the RMA made these improvements to the DRP program for the 2020 crop year:

- Modified the minimum declared butterfat from 3.50 to 3.25 pounds, making the range 3.25-5 pounds, and the minimum declared protein range is expanded from 3.00 to 2.75 changing the range to 2.75 to 4.00 pounds, affording greater coverage flexibilities for dairy producers;
- Removed the declared butterfat test to declared protein test ratio to simplify the process; and
- Adjusted the coverage levels, removing the 70 and 75 percent coverage levels.

We see livestock coverage as a valuable tool for agents to offer their livestock and dairy producers. These programs provide strong risk-management options and peace of mind for the producer during unpredictable times.

Soon, ProAg will be introducing a new quote module which makes it even easier to provide quotes for DRP. It is very efficient, user-friendly, and utilizes a notification system, making the process worry-free after the initial policy information is entered.

We are committed to helping livestock producers manage their risk and our agents build their business. These programs are a great way to do both. Talk to your ProAg account representative for more information. 🐾

Make Life Easy with myProAg™

Your myProAg portal continues to add features and functionality intended to make life a little easier for both agents and insureds. The latest addition is direct deposit, which gives insureds the ability to have insurance payments sent directly to their bank account. No more waiting for a check in the mail and making a trip to the bank—and there's no chance to misplace the check. Both the insured and their agent receive a notification when a payment is issued.

If you aren't already registered on myProAg, it's a quick and easy process that takes less than 10 minutes. Visit either our website, proag.com and click on the login dropdown, or go directly to my.proag.com.

Once you're registered, you can sign up for direct deposit, check your coverage and claim status and pay your premium.

Another great tool myProAg offers is weather alerts that can be sent to any device. When you register on myProAg, you automatically receive notifications when weather conditions in one or more of your covered fields could result in a claim. An email is sent detailing the weather event, so covered crops can be inspected for possible damage. You can opt-out of these emails at any time. 🐾



'Tis the Season for Billing

The pace is picking up in crop accounting as we head into one of our busiest times of the year. We know you're in the same situation, so we want to share a few key dates and a couple of reminders to help you keep everything on track.

Crop hail cash premium billing dates:

- 6/1/2019 for policies/states with a due date of 7/1
- 6/15 for the 7/15 due date
- 7/1 for the 8/1 due date
- 7/15 for the 8/15 due date (Iowa)
- 7/30 for the 8/30 due date (Nebraska)

Access the ProAgPortal® intranet for manuals with specific state rates and rules, as well as the 2019 Crop Hail Cash Discount Information/Guidelines.

NOTE: Five days after the applicable cash due date for a state, cash policies that remain unpaid will have the payment type changed from "cash" to "other." Policies with "other" payment type are billed in the fall, according to the specific state rules.

The cash discount is only available for crop hail (CH) and annual renewal of crop hail (ARCH) policies. Questions about cash billings should be directed to the crop accounting department.

MPCI billing

The first major MPCI bill date is July 1. The premium is owed regardless of the status of pending or future claims. Interest attaches if the premium payment is not postmarked by July 31 and continues to accrue monthly until the balance is paid in full.

The other major MPCI bill date is August 15. Agents are encouraged to complete processing on policies with the July 15 acreage report deadline by the bill date.

Online payments

ProAg offers the online payment option for both MPCI and CH/named peril. Processing instructions are included with each mailed bill. MPCI premium payments may be made via ACH (withdrawal of funds from a designated bank account). CH and named peril premiums may be paid via ACH as well as a credit card. The instructions include a link to seek assistance with the process if needed: myProAgHelp@proag.com.

To be considered paid the same day, the grower must submit the payment before 9 p.m. Eastern, 8 p.m. Central, 7 p.m. Mountain or 6 p.m. Pacific. This will be especially important when a grower submits a payment on the due date to avoid interest or termination.

ProAg encourages everyone to experience all that *my.ProAg.com* offers and to stay tuned for announcements regarding additional features. 🌱

Preparing for Prevented Planting

Bring together a wet fall, a long, hard winter and a soggy spring and you have all the ingredients for prevented planting. Unfortunately, all those conditions were widespread throughout the Corn Belt in 2018-19.



Photo by John Pattee

Prevented planting is defined as a failure to plant the insured crop with the proper equipment by the final planting date designated in the insurance policy's Special Provisions—or during the late planting period, if applicable. Of course, final planting dates and late planting periods vary by crop and area.

Many of your insureds will likely be dealing with prevented planting situations during this production year, and they will have questions about their policies. To serve as a resource for both agents and insureds, we've prepared a Q & A resource focused on prevented planting. You can find it at proag.com/grower-toolbox/. Choose Claims Related Links for the ProAg Q&A About Prevented Planting. 🌱

TIPS FOR Acreage Accuracy

Few steps in the crop insurance process are more critical than acreage reporting. With the reporting deadlines for major crops approaching, we wanted to provide a helpful Top 12 list—our most important steps toward ensuring an accurate acreage report.

You can find the list online at www.proag.com/news/12-tips-for-acreage-accuracy. Of course, your account representative is always available to answer any questions you may have. 🌱



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Easier Dialing

ProAg has national toll-free phone and fax numbers. The local and regional office phone numbers are also available.

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Staffed to Meet the Challenges of 2019

By Tyffany Basila, Regional Vice President, Western Region

I'm very excited about the staff additions we've made to bring us up to full strength. We've added two underwriters in the Clovis office, Bailey Cook and Blane Strohn. Our new account rep for California, Arizona and Hawaii is Leila Van Patten, while Val Meland has come onboard as our new account rep for Montana.

No stranger to the Western region, Leila is now focusing on sales as an account representative for CA, AZ and HI, while account representative Val Meland's focus has turned to MT. Bob McPherson is now our business development manager for the Pacific Northwest (PNW). Among the three of them, they have been with ProAg for nearly 29 years and have many more years in the industry.

Busy is the operative word here in the western region. The PNW is the largest writer of Whole-Farm Revenue Protection, both nationwide and for ProAg. Between the sales closing date for 2019 and paying claims for 2018, we've been fully engaged. At the same time, we're very excited about what the AmTrust Ag acquisition means for our company.

In California, our growers are dealing with some big citrus and olive issues. Due to weather, we have a very large citrus crop with very small fruit. Consequently, packing houses are overrun with small fruit, so much of that production can't be counted and sold. The issue with our table olives crop is the loss of our Spanish market. Spain has now become a major olive producer, causing California processors to cancel contracts. Many growers are now pushing out their olive trees. I expect those trees will be replaced with high-dollar crops, like mandarins and pistachios.

Weather is always an issue in some parts of our region. The good news is for the first time in a while, California has no water concerns, thanks to a wet winter. Unfortunately, winter was not so kind to the PNW, as very harsh late-season conditions killed hundreds of dairy cattle and damaged the apple and pear crops. Currently, everything is in bloom on the West Coast as the perennial crops really take off.

Agent update meetings will be here before we know it, and I'm looking forward to seeing many of you there. 🐾