

BEFORE THE DIVISION OF INSURANCE  
DEPARTMENT OF LABOR AND REGULATION  
STATE OF SOUTH DAKOTA

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IN THE MATTER OF	)	
PRODUCERS AGRICULTURE	)	CONSENT ORDER
INSURANCE COMPANY	)	

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In resolution of the above titled matter and in lieu of a Notice of Hearing and formal insurance license revocation proceeding, the undersigned parties do hereby agree to the following:

PRODUCERS AGRICULTURE INSURANCE COMPANY (“ProAg”), whose address of record of 16011 College Blvd Ste 210, Lenexa, KS, 66219, is an insurance company holding a Certificate of Authority to transact business in the State of South Dakota;

ProAg is aware that the South Dakota Division of Insurance (“Division”) has conducted an investigation of its insurance-related activities in South Dakota;

The Division alleges the following with regard to ProAg:

- 1) ProAg acted as an Approved Insurance Provider selling Whole Farm Revenue Protection (“WFRP”) under the Federal Crop Insurance Act beginning in 2016;
- 2) Pursuant to the Standard Reinsurance Agreement with the Federal Crop Insurance Corporation, ProAg trained South Dakota crop insurance agents and agencies on WFRP and how to prepare policy applications;
- 3) WFRP has a \$1 million cap on expected revenue from animals and animal products and specific guidelines on how to calculate an agricultural operation’s expected revenue, both of which are outlined in WFRP policies, the WFRP Handbook, and ProAg training materials;
- 4) One particular ProAg insurance agent and agency (collectively “Agent”), appointed by ProAg and other carriers writing WFRP, developed methods to circumvent WFRP program parameters;
- 5) South Dakota agricultural producers relied on the Agent’s invalid WFRP representations and thereby were induced to purchase WFRP products, only to have stated coverage be revised or voided and/or claims be reduced or denied to be in conformance with WFRP policy and procedure required by the Risk Management Agency of the United States Department of Agriculture (“RMA”);
- 6) The RMA suspended and fined the Agent for his conduct in 2021. The Division levied a monetary penalty against the Agent in 2021;
- 7) ProAg is responsible for the conduct of its agent regarding sales of WFRP within the scope of authority granted to the agent and in compliance with guidelines outlined in WFRP policies, the WFRP Handbook, and ProAg training materials, and to properly

underwrite WFRP products in compliance with the WFRP Handbook and other federal guidance;

- 8) During the course of the Division's investigation, ProAg did not initially produce written communications requested by the Division that appeared to implicate ProAg in the allegations contained herein;
- 9) ProAg's conduct described herein amounts to violations of SDCL 58-33-5 and 58-33-66(1) and constitutes grounds to suspend or revoke ProAg's Certificate of Authority pursuant to SDCL 58-6-46.

ProAg is aware of and understands the nature of the allegations and has been informed that it has the right to notice, hearing, and appeal, and while it denies the Division's allegations, and to resolve the matter and avoid uncertainties of proceeding to a hearing and the outcome therefore, it is agreeable with signing this Consent Order;

By the execution of this Consent Order and the payment of a penalty pursuant to this Consent Order, ProAg does not admit to any violations of the laws of the State of South Dakota, but waives the right to contest the allegations contained in this Consent Order in any future actions or licensing procedures with the Division;

In return for ProAg agreeing to and complying with the provisions of this Consent Order, the Division agrees not to initiate proceedings to revoke or suspend ProAg's South Dakota Certificate of Authority under SDCL 58-6-46 for the allegations outlined above, and agrees that this Consent Order will constitute an informal disposition of this licensing matter pursuant to SDCL 1-26-20;

ProAg agrees to pay a monetary penalty in the amount of \$45,000 pursuant to SDCL 58-4-28.1 in lieu of contesting the matter formally; and

ProAg further agrees that this Consent Order may be considered for the purpose of determining the appropriate sanction in any future actions with the Division for any violations of the laws or regulations of the State of South Dakota or any Order of the Director;

Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that ProAg pay a monetary penalty in the amount of \$45,000, which is to be payable to "South Dakota Division of Insurance" and submitted with this completed Consent Order for deposit in the General Fund of the State of South Dakota; and it is further

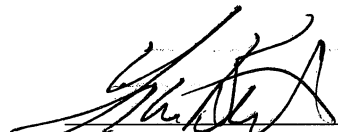
ORDERED that ProAg abide by the agreements made by it in this Consent Order; and it is further

ORDERED that should ProAg fail to comply with the provisions of this Order, the Division may seek the suspension or revocation of Certificate of Authority at hearing pursuant to SDCL 58-30-167 and Chapter 1-26, or seek other remedies available at law; and it is further

ORDERED that the use of this Consent Order for competitive purposes by an insurance agent or third-party administrator holding a license in the State of South Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority; and it is further

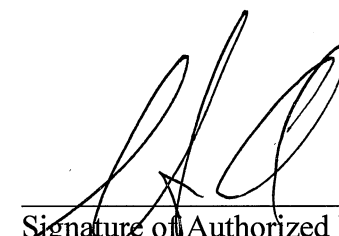
ORDERED that the provisions of this Consent Order shall be effective from the date the Director signs this Order.

Dated at Pierre, South Dakota this 25<sup>th</sup> day of April, 2022.

  
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Larry Deiter, Director  
South Dakota Division of Insurance

The undersigned, on behalf of PRODUCERS AGRICULTURE INSURANCE COMPANY, represents that it understands the terms of this Consent Order and the waiver of its due process rights and voluntarily enters into this Consent Order.

Dated this 18<sup>th</sup> day of April, 2022.

  
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Signature of Authorized Representative  
Grant Adams  
\_\_\_\_\_  
Printed Name  
EVP and COO  
\_\_\_\_\_  
Title