

Dear Federal Crop Insurance Agent:

The Risk Management Agency (RMA), a bureau of the U.S. Department of Agriculture, has contracted with KPMG LLP (KPMG) and Campos Inc (Campos) to conduct a study of the costs of delivery of the Federal crop insurance program. An important goal of the study is to better understand the costs that insurance agents incur in the process of selling and servicing Federal crop insurance policies. Accordingly, you have been randomly selected from a nationwide group of Federal crop insurance agents to participate in the enclosed Survey, designed to collect such information.

Please answer all questions within the Survey. We estimate it will take you approximately 30 minutes to complete it. All Survey responses will remain confidential and anonymous to the extent permitted by law.

Please respond to the Survey by **[Date]**. We prefer that you complete and submit the Survey online through the secure Campos website www.FCIPagent.Campos.com, using the following password **[PIN]** to log-in when prompted.

However, if you would rather take the survey off-line, you can also mail the Survey to Campos using the enclosed pre-paid envelope.

We appreciate your assistance in providing this information that will help RMA to better understand the costs crop insurance agents incur in selling and servicing Federal crop insurance policies. If you have any questions or you need assistance in completing this Survey, please contact **Russell Stammer** at rstammer@campos.com.

Sincerely,

United States Department of Agriculture Risk Management Agency
KPMG LLP
Campos Inc

Federal Crop Insurance Program
Insurance Agent Cost Survey

In this Survey, all questions asked are specifically related to your activities and costs incurred in selling and servicing Federal crop insurance policies for crops harvested in Calendar Year 2011. Please provide your best estimate for each question.

SECTION 1: Demographic Information

1.1 Gender: ₁ **Male** ₂ **Female**

1.2 Age: _____ **years**

1.3 What is the highest level of education you have completed?

- ₁ Less than High School
- ₂ High School Graduate/GED
- ₃ College Graduate
- ₄ Advanced Degree

SECTION 2: Background Information

2.1 In which region(s) did you sell Federal crop insurance for crops harvested in 2011? *(Please mark all regions that apply)*

South <input type="checkbox"/> ₁	Northeast <input type="checkbox"/> ₂	Midwest <input type="checkbox"/> ₃	Plains <input type="checkbox"/> ₄	Mountain <input type="checkbox"/> ₅	West <input type="checkbox"/> ₆
Alabama Arkansas Florida Georgia Louisiana Mississippi North Carolina South Carolina Tennessee Texas	Connecticut Delaware Maine Maryland Massachusetts New Hampshire New Jersey New York Pennsylvania Rhode Island Vermont Virginia West Virginia	Illinois Indiana Iowa Kentucky Michigan Minnesota Missouri Ohio Wisconsin	Kansas Nebraska North Dakota Oklahoma South Dakota	Colorado Montana Nevada New Mexico Utah Wyoming	Alaska Arizona California Hawaii Idaho Oregon Washington
Please indicate the percentage of your premiums sold in each region: <i>(Note: These should sum to 100% of your premiums)</i>					
_____ %	_____ %	_____ %	_____ %	_____ %	_____ %

2.2 Approximately how many years have you been in the Federal crop insurance business? _____ **years**

2.3 Do you sell Federal crop insurance **part-time** ₁ or **full-time** ₂? *(Note: For the purposes of this Survey, part-time is defined as < 35 hours per week and full time is defined as 35 hours or more)*

2.4 Please classify yourself as one of the following:

- Independent Agent** (An Independent Agent works for himself/herself and may or may not be affiliated with an insurance agency)

If you are an Independent Agent, please answer the following questions:

- i. Are you an agency full or partial owner? **Yes** **No**
- ii. How many part-time and full-time agents do you employ to help sell the Federal crop insurance policies? _____ **part-time** agents and _____ **full-time** agents
- iii. How many administrative staff personnel do you employ? _____ **part-time** staff/employees and _____ **full-time** staff/employees

- Sub-Agent working for an insurance agency** (A Sub-Agent works for an insurance agency(ies) or an Independent Agent)

If Yes: Are you an agency owner or partial owner? **Yes** **No**

- Captive Agent working for an insurance company** (A Captive Agent does not own his/her business but works for an insurance company)

2.5 In addition to being an agent, do you also classify yourself as an agricultural producer?

- Yes** **No**

SECTION 3: Policy Information

Note: If you are an Independent Agent who employed sub-agents in 2011, please report the information below for both you and all your sub-agents. For agents who sold Federal crop insurance policies in multiple regions, please report the information related to the Federal crop insurance policies you (and all your sub-agents as applicable) sold in 2011 across ALL regions.

- 3.1 How many producers did you sell Federal crop insurance to for crops harvested in 2011? _____ **producers**
- 3.2 How much Federal crop insurance gross premium (policyholder premium plus the subsidy premium) did you sell for crops harvested in 2011? \$ _____
- 3.3 How many hours do you spend on selling and servicing Federal crop insurance policies in *the average work week*? _____ **hours**
- 3.4 How many weeks do you work on selling and servicing Federal crop insurance in one year? _____ **weeks** (See Question 3.9 for major activities associated with selling/servicing Federal crop insurance)
- 3.5 Please indicate the percentage of your time spent selling and servicing Federal crop insurance in each region. (Note: These should sum to 100% of your time spent selling/servicing Federal crop insurance)

South	Northeast	Midwest	Plains	Mountain	West
_____ %	_____ %	_____ %	_____ %	_____ %	_____ %

3.6 Thinking about the income-generating work you do, what percentage of your work time do you spend on the following activities: (Note: These should sum to 100%)

- Selling and servicing Federal crop insurance _____ %
- Selling and servicing other lines of insurance _____ %

Other activities %

3.7 What other types of insurance do you sell? (Check all that apply)

- ₁ Commercial crop insurance (hail, supplemental coverage, etc.)
- ₂ Homeowners Insurance
- ₃ Auto Insurance
- ₄ Health Insurance
- ₅ Life Insurance
- ₆ Other Insurance, please specify _____
- ₇ None

3.8 What other income-earning services/jobs do you perform? (Check all that apply)

- ₁ Financial Services
- ₂ Marketing Services
- ₃ Farming
- ₄ Other, please specify _____
- ₅ None

3.9 Please note what percent of your time selling and servicing Federal crop insurance is spent on the following tasks. (Note: These should sum to 100% of your time spent selling/servicing Federal crop insurance)

Tasks	% of time spent
a. Consulting with producers on Federal crop insurance program	_____ %
b. Consulting with producers on other farm programs/issues	_____ %
c. Outreach to producers / Educating producers	_____ %
d. Developing relationship/building goodwill with producers	_____ %
e. Preparing producer application	_____ %
f. Collecting production history	_____ %
g. Preparing acreage reports	_____ %
h. Maintaining the crop insurance contract files	_____ %
i. Attending trainings	_____ %
j. Monitoring market conditions	_____ %
k. Mapping services	_____ %
l. Training employees	_____ %
m. Internal agency compliance	_____ %
n. Reporting claims	_____ %
o. Other	_____ %

3.10 If you also **sell property/casualty insurance**, please **ANSWER** the following with respect to the difference between selling and servicing Federal crop insurance vs. property/casualty insurance.

If **not**, please **GO TO** to Question 3.11.

How much *more* time is spent selling a new Federal crop policy vs. a property/casualty policy?

Same <input type="checkbox"/> ₁	< <u>2x</u> as much <input type="checkbox"/> ₂	<u>2x</u> as much <input type="checkbox"/> ₃	<u>3x</u> as much <input type="checkbox"/> ₄	<u>4x</u> as much <input type="checkbox"/> ₅	<u>5x</u> as much or more <input type="checkbox"/> ₆
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How much *more* time is spent servicing a Federal crop policy vs. a property/casualty policy?

Same <input type="checkbox"/> 1	< 2x as much <input type="checkbox"/> 2	2x as much <input type="checkbox"/> 3	3x as much <input type="checkbox"/> 4	4x as much <input type="checkbox"/> 5	5x as much or more <input type="checkbox"/> 6
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3.11 What percent of your total number of Federal crop insurance policies sold for crops harvested in 2011 came from the following crops? (Note: These should sum to 100% of the Federal crop insurance policies you sold in 2011)

Corn.....	_____ %	Fruit/Vegetables ...	_____ %
Soybean.....	_____ %	Sorghum.....	_____ %
Wheat	_____ %	Rice	_____ %
Cotton.....	_____ %	Perennials.....	_____ %
Peanuts	_____ %	Other	_____ %

3.12 Please list the top-three crops, in rank order by premium amount, for which you serviced Federal crop insurance for crops harvested in 2011.

- _____
- _____
- _____

3.13 What percent of your total number of Federal crop insurance policies sold for crops harvested in 2011 came from the following types? (Note: These should sum to 100% of the Federal crop insurance policies you sold in 2011)

Catastrophic Loss Coverage “CAT”	_____ %
Area-Based Plans (GRP, GRIP, PRF, etc.).....	_____ %
Revenue Protection	_____ %
Yield-Based Plans (APH, Yield Protection).....	_____ %
Other Plans (Dollar, Actual Revenue History, etc.).....	_____ %

3.14 Please rate the level of effort required to sell and service the following policy types on a scale of 1 to 5 with 1 being little effort and 5 being a lot of effort:

	Little effort ←————→ A lot of effort				
Catastrophic Loss Coverage “CAT”	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Area-Based Plans (GRP, GRIP, PRF, etc.)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Revenue Protection	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Yield -Based Plans (APH, Yield Protection)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Other Plans (Dollar, Actual Revenue History, etc)	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

3.15 How many of your Federal crop insurance policies sold for crops harvested in 2011 were new policies?
_____ **policies**

(Note: For the purposes of this question, a new policy is defined as a policy where the agent must build a new Actual Production History (APH), i.e., these new policies require more effort than a typical renewal policy)

3.16 What percent of your Federal crop insurance policies sold for crops harvested in 2011 fell into the following categories?

(Note: These should sum to 100% of the Federal crop insurance policies you sold in 2011)

Large Policies (Gross Premium over \$8,000)..... _____ %

Medium Policies (Gross Premium between \$3,000 and \$8,000)..... _____ %

Small Policies (Gross Premium below \$3,000) _____ %

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SECTION 4: Expenses

4.1 Please indicate your best estimate of the total percent of out-of-pocket expenses based on your **average annual gross income***. For example, if your gross annual income was \$100,000 and your total travel expenses were \$5,000 during the same time, the percentage of your travel expense over your total gross income would be 5% or \$5,000/\$100,000.

(*Note: Gross income is the amount you earn for Federal crop insurance prior to taking deductions)

Please report the percent of your Gross Income for expenses resulting from the selling and servicing of Federal crop insurance for each of the following:

a. Pay and Benefits: Employee salary, commissions, benefits, and retirement

0%	0%–5%	5.1%–15%	15.1%–25%	25.1%–30%	Over 30%	N/A
<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	<input type="checkbox"/> ₇

b. Rent, Equipment & Supplies: Office expenses, rent, supplies, utilities, equipment, repairs, and depreciation

0%	0%–5%	5.1%–15%	15.1%–25%	25.1%–30%	Over 30%	N/A
<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	<input type="checkbox"/> ₇

c. Information Technology: Computer software, programs, etc.

0%	0%–2.5%	2.6%–5%	5.1%–7.5%	7.6%–10%	Over 10%	N/A
<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	<input type="checkbox"/> ₇

d. Legal, Professional, Insurance, and Taxes: Legal and professional fees, license, insurance fees, taxes, and workers comp

0%	0%–2.5%	2.6%–5%	5.1%–7.5%	7.6%–10%	Over 10%	N/A
<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	<input type="checkbox"/> ₇

e. Advertising and Marketing: Advertising, meals, and entertainment expenses

0%	0%–2.5%	2.6%–5%	5.1%–7.5%	7.6%–10%	Over 10%	N/A
<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	<input type="checkbox"/> ₇

f. Travel: Travel cost

0%	0%–0.5%	0.6%–1%	1.1%–2%	2.1%–5%	Over 5%	N/A
<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	<input type="checkbox"/> ₇

g. Interest Payment: Mortgage interest, other interest paid on business indebtedness

0%	0%–0.5%	0.6%–1%	1.1%–2%	2.1%–5%	Over 5%	N/A
<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	<input type="checkbox"/> ₇

h. Other: Other miscellaneous expenses, casualty loss

0%	0%–5%	5.1%–10%	10.1%–15%	15.1%–20%	Over 20%	N/A
<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	<input type="checkbox"/> ₄	<input type="checkbox"/> ₅	<input type="checkbox"/> ₆	<input type="checkbox"/> ₇

4.2 Did you perform any clerical/processing work for crops harvested in 2011 on behalf of the insurance companies for which you write Federal crop insurance policies? ₁ **Yes** ₂ **No**

If Yes: How many hours did you spend performing this work in an average week? _____ **hours**
(Note: Please round to the nearest quarter-hour—i.e., 15 minutes = .25 hours)

SECTION 5: Interaction with Policy Holder

5.1 Approximately, how many times do you interact with a policyholder in one year....?

- a. For a Typical (i.e., Non-Loss) Year?....._____ **interactions**
- b. For a Loss Year?....._____ **interactions**

5.2 When you communicated with an average policyholder in 2011, what was the nature of your interaction in percent of total time spent communicating with them?

(Note: These should sum to 100% of your time spent interacting with policy holder)

- Face-to-face....._____ %
- Phone....._____ %
- With a group of farmers_____ %
- Email_____ %
- Other_____ % Please describe _____

SECTION 6: Potential Effects of Program Changes

6.1 Please indicate the potential effects the following recent RMA regulations/new program initiatives **had/will have** on your costs of selling and servicing the Federal crop insurance ***in the SHORT-term*** (within three (3) years of implementation of the respective regulation/initiative).

Recent RMA Regulation/ New Program Initiatives	Areas in which Additional Hours Imposed (Check all that apply)	Areas in which Hours Reduced (Check all that apply)	Estimated Hours/Month (Added/Saved)
a. New Common Crop Insurance Policy (Combo)	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	_____ hours
b. Training and Proficiency Requirements	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	_____ hours
c. Reporting by Common Land Unit	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	_____ hours
d. Personal T-Yield	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	_____ hours
e. Consolidation of Acreage Reporting Dates	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	_____ hours
f. Increased use of precision agriculture technologies and geospatial data as discussed in RMA Managers Bulletin MGR-11-017, Request for Comments to Actual Production History (APH) Potential Enhancements	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	_____ hours

6.2 Please indicate the potential effects the following recent RMA regulations/new program initiatives **may have** on your costs of selling and servicing the Federal crop insurance ***in the LONG-term*** (after three (3) years of implementation of the respective regulation/initiative).

Recent RMA Regulation/ New Program Initiatives	Areas in which Additional Hours Imposed (Check all that apply)	Areas in which Hours Reduced (Check all that apply)	Estimated Hours/Month (Added/Saved)
a. New Common Crop Insurance Policy (Combo)	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	_____ hours
b. Training and Proficiency Requirements	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	_____ hours
c. Reporting by Common Land Unit	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	_____ hours
d. Personal T-Yield	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	_____ hours
e. Consolidation of Acreage Reporting Dates	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	_____ hours
f. Increased use of precision agriculture technologies and geospatial data as discussed in RMA Managers Bulletin MGR-11-017, Request for Comments to Actual Production History (APH) Potential Enhancements	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	_____ hours