



The New York State Fair butter sculpture promoted for dairy farming website.

Butter Sculpture Promotes Website

For nearly 40 years the Annual Butter Sculpture at the New York State Fair has been a focal point of the Dairy Products Building. This year's version paid tribute to the place where it all begins: the family farm. Sculpted from around 800 pounds of unsalted butter, this year's sculpture depicts a farmer and his son enjoying a quiet moment with a cow and her calf.

To help teach people about the modern family farm, the sculpture and press releases directed people to the newly created dairy checkoff website, www.dairyfarmingtoday.org. The website educates the public about how today's dairy producers care for their animals and their land while growing healthy farming businesses for future generations. It includes a glossary of terms, virtual tours, and an "ask the farmer" section.

Mission:
To provide access to innovative, quality insurance programs for farmers in production agriculture and ag-business, resulting in economic value.
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Message from the President: New Website to Serve Our Members

Agri-Services Agency (ASA) is pleased to announce the launch of our new and improved website designed to provide our members with another effective way to interact with us. Besides creating a whole new look for our website, we've also added new functionality to provide members the ability to quickly locate important information on ASA's insurance programs.

The Health Insurance pages provide information on the plans offered through ASA. You can even request a quote by filling out the "Request A Quote" online form. These pages also include links to our insurance carrier partners' websites so members can find a participating hospital, physician or other provider in their area. By using a participating provider, you'll get the best benefits while keeping your out-of-pocket expenses down.

The Workers' Compensation pages provide information on the various services available through our programs. You'll find information on underwriting, claims management and safety and loss control. Links are provided to various Safety Resources to provide you with important information to help keep employees safe while on the job.

Our Forms page provides you access to many of the standard forms required by our programs. Our Resources page contains links to a glossary of health insurance terms intended to help make sense of some of the industry jargon. This page also contains links to important health-related sites where you can find

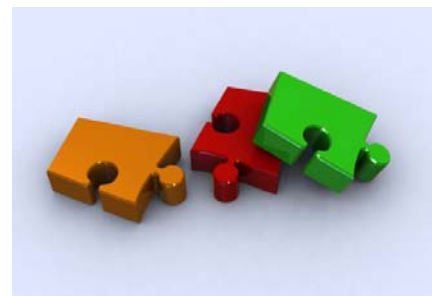
information on a wide variety of topics and resources to help you stay healthy and informed.

If you have not seen our website yet, visit us at www.agri-servicesagency.com.

Do you prefer to talk with someone about your insurance needs? Our professional, courteous sales and service staff are here to serve you! To talk to a **Sales Center** representative about purchasing insurance and to obtain a quote, **call 1-866-297-7729**. If you're already a member and would like to talk with one of our **Customer Service Center** staff, **call 1-800-654-8840**.

Max Gannon
President, Agri-Services Agency

Making sense of your workers' comp premium see page 3



Navigating Your Health Insurance Purchase Decision

One of the most important decisions you can make each year is which health insurance plan is right for you and your family. Why is this so important? Healthcare costs can greatly impact your financial situation. While you can't plan for an unexpected illness or accident, it is important to understand how such an event could impact you.



Each year, your health insurance plan provides an open enrollment time. This allows you the opportunity to take a fresh look at your health insurance needs and make adjustments where possible.

Your next open enrollment is just around the corner, so we put together some tips to help you get started toward making your health insurance purchase decision.

Where do I begin?

- Make a list of known healthcare costs (including insurance premiums, co-pays for prescriptions, physician and specialist office visits, etc.).
- Think about whether your needs are likely to change for 2008 (i.e., a new baby or a recently diagnosed condition). You will want to consider these changes as you weigh your options.
- Find out what coverage options are available to you, if any.

What costs do I need to consider?

- Co-pays/deductibles. What are the plan co-pays and deductibles? How likely will it be that the deductible will be met?
- After deductible, what percentage of my medical expenses will be reimbursed?
- What are the maximum out-of-pocket expenses each year?



What else do I need to consider?

- Is my physician part of the network?
- Is a referral required to see a specialist?
- Is prior authorization required? Some plans require certain medical services be authorized in advance by the insurance company.
- Are prescription medications covered? If so, what is my cost, co-pay or coinsurance? Are certain drugs excluded?
- Are discounts available by purchasing through mail order?
- Could I save money by using generics?
 - ✓Generic Alternative – Different Rx ingredient components but treats same disease as brand.
 - ✓Generic Equivalent – Same components as brand name version (usually patent has run out on brand name version).
- Check to see if vision, dental and flexible spending plans are available.
- Take everything into consideration. Make sure you weigh the monthly premium cost against expenses that you know will occur and those that might occur. Remember, the most comprehensive coverage is usually the most expensive. Be sure you really need that level of coverage.

Have a voice

- Manage your plan by reviewing your Explanations of Benefits and making sure your share of the cost for services is correct.
- If you feel the insurance carrier's claim decision was an error, contact our Customer Service Center at 1-800-654-8840. Sometimes the answer is as simple as the insurance carrier not having enough information.

Keep records for the future

- Be sure someone knows where your files are in case of an emergency.
- Keep a record of your doctors' names and contact information, prescriptions you are taking, allergies to medicines or anesthesia.
- Health history such as blood type, immunizations, hospital stay records. Some carriers have online resources to track this through their website.
- Copy of your insurance policies with a record of premiums paid. You would not want to have a lapse in coverage in an emergency because your premium was not paid.

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For more information, call 1-800-654-8840 or
visit www.Agri-ServicesAgency.com

Understanding Your Workers' Compensation Premium

When an employer applies for workers' compensation insurance, the premium is determined by many factors, including classification of payroll, manual premium calculation and adjustments. The following is a summary of these factors and how they impact your annual premium.

Classification of Payroll

Many insurance carriers use a basic business and industry classification system developed by the National Council on Compensation Insurance (NCCI). Under this system, each classification groups employers with similar exposures for losses. Many employers have multiple classifications on their policies because not all employees do the same job.

For example, a farming business might have employees in the barn or in the field, but they may also have employees delivering milk or working in a retail operation selling dairy products, fruits and vegetables. These employees all face different workplace hazards and, therefore, are assigned different classifications. As a result, NCCI assigns each classification a rate that is based on the collective loss experience of companies within that code.

Manual Premium Calculation

After your employees' payroll has been assigned to the correct classifications, the initial, or manual premium, is calculated. This premium is determined by multiplying the payroll in each classification by its classification rate. The sum of all classifications is the total premium for the policy.

For example:

- \$750,000 (payroll) x .0030 (rate for clerical classification) = \$2,250
- \$1,500,000 (payroll) x .0170 (rate for printing classification) = \$25,500
- \$500,000 (payroll) x .0058 (rate for salesperson classification) = \$2,900

- \$250,000 (payroll) x .0502 (rate for driver classification) = \$12,550
- Total Manual Premium = \$43,200

Adjustments to Premium

With the manual premium determined, adjustments (discounts or surcharges) are made to reflect the individual characteristics of the policyholder to come up with the final premium. One such adjustment is the experience modification or the e-mod.

Like classifications, e-mods are calculated by NCCI. Employers must meet certain criteria to qualify for an e-mod. Generally, employers paying \$3,500 in annual premium for two years of a three-year period, or \$7,000 in premium in one year, are eligible. The e-mod calculation is based on the last three years of losses excluding the most recent year.

E-mods are intended to predict future losses of an individual employer by analyzing its past losses. Generally, the frequency of accidents is a larger component of the e-mod calculation than the severity cost of the accidents.

For example, Company A has one loss of \$100,000 and Company B has 20 losses of \$2,000 each. Company A will probably have a lower e-mod than Company B. However, cost cannot be completely ignored in the calculation. To achieve this blend of frequency versus cost, e-mods are 'split rated.'

Split rating divides the actual costs of a claim between two buckets: basic, or primary, and excess. For each claim, the first \$5,000 is primary. Any additional costs are excess. In the formula, the primary value gives more weight than the excess. In the example above, Company A's primary value is \$5,000 and Company B's primary value is \$40,000.

The expected losses are estimated and also split between the primary value bucket and the excess bucket. The actual losses are divided by the expected losses. The resulting number is the e-mod.

An employer with an e-mod below 1.00 has had less than expected losses during the experience period. An employer with an e-mod above 1.00 has had losses that were more than expected compared to other employers in the same industry.

In the manual premium example above, if the employer has an e-mod of .85, the final premium would be \$43,200 x 0.85 = \$36,720. If the employer had an e-mod of 1.15, the final premium would be \$43,200 x 1.15 = \$49,680 – almost a \$13,000 difference.

An e-mod can be a reward for good safety or a penalty for poor safety. To keep your premiums and e-mod as low as possible, it is essential to create a safe workplace.

For more information on e-mods, you can contact Agri-Services Agency by calling 1-800-654-8840 or NCCI's website at www.ncci.com.

Facts

- E-mods are mandatory for any company that qualifies to be rated.
- E-mods are not calculated by insurance carriers, but by NCCI.
- E-mods include all businesses under common ownership and in all states of operation.
- E-mods are re-rated once a year, usually at policy renewal time.
- Employers retain their e-mod even if they change insurance carriers.
- E-mods can be transferable to new owners, under certain conditions, if the business is sold.



800-654-8840

Call the Customer Service Center



Questions about other products?

Questions about a claim?

Questions about billing?



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