

Minnesota Association of Farm Mutual Insurance Companies

Mutual
LINK

Chairman's Message

Steve Knutson, MAFMIC Chairman

The MAFMIC board of directors met in regular session on Monday, September 14, 2009. Our main objective was to determine the future direction and staffing needs for MAFMIC. We sought and received input from our membership and utilized that information to assist us in making our decision.

Ultimately, the MAFMIC board of directors has decided not to hire another president or staff member. We are confident that the existing staff has and will continue to provide for the core needs of this great association. We propose that the chairman of the board also assume the title of president during his or her year of leadership. This will require a change to our articles and bylaws at our annual meeting in February.

The current MAFMIC staff will remain intact with Marcus Marsh continuing as the Government Affairs Manager and Lori Olmscheid continuing as the Member Services Manager. They will work together as a leadership team to provide for the needs of our membership. Lindsey Schuler, Communications Coordinator/Administrative Assistant, will continue to provide support services for Lori, Marcus and our membership.

With a permanently reduced staff, MAFMIC may need your assistance during peak workload times. Many companies willingly have volunteered to assist MAFMIC in compiling information necessary for our primary educational functions. These include the Convention and Short Course which fall just over one month

apart. If you are willing to devote time to the MAFMIC association as a volunteer in this capacity, please contact the MAFMIC office to let them know of your interest. Our association must pull together as a TEAM because Together Everyone can Achieve More.

With the staffing reduction, we will continue to look at the MAFMIC dues structure to determine if we can provide some financial relief for our membership. Ultimately, we want the MAFMIC dues to reflect a great value to our membership. The core services provided by MAFMIC include standard policies, legislative presence and lobbying, and continuing educational opportunities for our agents and company staff. However, MAFMIC provides many other miscellaneous benefits outside these core services.

The MAFMIC board and various committees will continue to take a hard look at the needs of our association and craft an educational curriculum that meets the needs of the majority of our membership. Please stay involved with your association so your ideas can make MAFMIC the best it can be.

With a new direction in place, I honestly believe that MAFMIC is poised to provide, "Quiet Strength, Exceptional Service and Unequaled Commitment," consistent with my chairman's theme! I thank you for your ideas, patience and support as we move forward as an association. It is an honor to serve as your chairman!

2010 Convention Just Around the Corner

The MAFMIC 2010 Convention is only a couple months away and it is shaping up to be one of the best yet!

Join Chairman Steve Knutson and his wife, Kari for the Chairman's Reception Sunday night. The theme is basketball so join in the fun and wear your favorite jersey!

Keynote speaker, **Damian Mason** will surely entertain in the Opening General Session, which will begin with patriotic music by former Miss North Dakota, **Stephanie Fisher-Heiberg**. Other highlights for the event include **Eric Gislason** from Kent Hrbek Outdoors, Prayer Breakfast and the presentation of the MAFMIC Public Policy Award.

To sign up early, just fill out the registration form included in this Mutual Link or visit www.mafmic.org.

Please consider sponsorship or exhibiting. Info is also located on the website.



Keynote
Damian Mason

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Board Member Profile

Doug Oachs, Delaware Mutual

PERSONAL

1. Where did you grow up?

A. Herman, the Bachelor Capital of the world!

2. Where did you attend high school?

A. Herman High School.

3. Did you attend college?

A. Yes. North Dakota State College of Science, Agri-Business.

4. Are you married? Do you have children?

A. My wife is Kim and we have two sons, Brian, 17 and Jared, 13.

5. What are some of your favorite hobbies?

A. I am not a big hobby person, but I do enjoy sports, ice fishing and working on the farm.

PROFESSIONAL

1. What was your first job?

A. I worked for a local plumbing and excavating business. Then, after college I started farming and doing construction work as a sideline. I continue to operate a grain farm today with a lot of help from Kim, Brian, Jared and my dad.

2. What appealed to you about the insurance industry as you were starting out?

A. I am the third generation of our family to manage Delaware Mutual, so for many years I have been exposed to and impressed by the people we serve and the ability to help those people in their time of need.

3. What do you enjoy about your job?

A. The challenges of the variety involved in each day of work.

4. What do you strive for professionally?

A. Striving to meet and hopefully exceed the needs of our policyholders and agents while maintaining a strong financial position for the Mutual.

5. Who has been most influential to you professionally?

A. My dad, Gerald Oachs helped me get started in the insurance business and has always stressed that you practice honesty and integrity in everything you do, whether it be professionally or personally.

6. What do you like about being a board member?

A. Working together with other dedicated volunteers for the benefit of all members of MAFMIC.

7. What issues do you think are most important concerning the Mutual Insurance Industry?

A. The effects of legislation handed down from state and national levels.

Another challenge is keeping pace with a changing rural Minnesota and continuing to provide a product that is competitively priced and meets the needs required by the consuming public.

Editorial Advisory Committee

Al Anderson, Chairman - North Star Mutual

Colleen Anderson - Corn Belt Mutual

Kirby Dahl - Willenbring, Dahl, Wocken & Zimmerman

Richard Raun - Woodland Mutual

Patti Rothfork - Melrose Mutual

Wayne Schluchter - Schluchter Investment Advisors

Jonathan Troe, PFMM - Owatonna Mutual

Karl Porisch, Western Mutual - *Board Liaison*

Marcus Marsh, MAFMIC - *Staff Liaison*

Lindsey Schuler, MAFMIC - *Staff Liaison*

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Sverdrup Mutual

Aaron Grove, Manager

Originally known as Sverdrup Scandinavian Mutual, Sverdrup Mutual is located just east of Fergus Falls in Underwood, Minnesota. The company was established on April 7, 1883 by fifty one men gathered at a schoolhouse, aspiring to provide settlers with property fire insurance.

Currently, the mutual employs five office members: Manager, *Aaron Grove*; Underwriter, *Sandy Gamber*; CSR/Data Entry, *Tina Fagerstrom & Camilla Rocholl* and; Inspector, *Gary Larsen*. This list of office personnel may look a little different because of the recent retirement of Manager, *Bricker Johnsen*.

In addition to its staff, Sverdrup Mutual has a seven member board and utilizes 33 agents and 15 agencies. RAM Mutual, Spring Valley Mutual and North Star Mutual all package policies for Sverdrup in the nine counties the company writes for. In the near future, however, the company would like to begin issuing its own policies.

Over the years Sverdrup Mutual has developed a set of values or a philosophy that many mutuals can relate to: "Customer service

is paramount for Sverdrup Mutual. We also strive to offer exceptional coverage at a competitive rate," wrote Manager, Aaron Grove.



*Sverdrup Mutual in Underwood, Minnesota.
(www.sverdrupmutual.com)*

Going "green" is becoming increasingly important and ever-changing technology is allowing companies to go paperless which is what Sverdrup Mutual would like to do in the future. With ever-changing technology, however, keeping personal interaction is proving to be the company's biggest challenge at the moment.

Although maintaining the balance between technology and personal service is a struggle, Aaron still describes Sverdrup in one word as "reliable," and that is something unlikely to change.

working relationships



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Deadline for Mandatory Dep't of Commerce Filings

Kirby Dahl, Willenbring, Dahl, Wocken & Zimmermann, PLLC

All township mutual insurance companies must file amended and restated Articles of Incorporation and By-Laws with the Department of Commerce (DOC) evidencing that your company has complied with the requirements of the 2009 "Modernization Act." The deadline for filing such documents is July 31, 2010.

A template sample of amended and restated Articles of Incorporation and By-Laws is available on MAFMIC's website. The source documents for those Articles and By-Laws were originally created by MAFMIC's Mutual Assistance Committee and have now been updated in an effort to comply with the requirements of the 2009 "Modernization Act" through a collaborative effort of the Modernization Act Task Force, MAFMIC and the law firm of Willenbring, Dahl, Wocken & Zimmermann, PLLC of Cold Spring.

At a minimum, most township mutuals will have to implement the following mandatory amendments in order to comply with the law:

First, the authorized territories portion of your articles of incorporation must be amended and restated to now list the counties in which you operate, not the townships as your articles currently provide. If your current authorized territory is less than 9 counties and if your policyholder surplus, as last reported to the Department was at least \$500,000.00, you may amend and restate your articles by listing up to 9 counties as your "authorized territory" without pre-approval from the DOC. Most township mutuals fall within this category. In such instances, in order to amend and restate your articles, you simply delete the townships listed in your Articles as your authorized territory and substitute the counties in which you intend to do business. The counties must be listed in alphabetical order. The counties must be adjoining. Typical Articles of Incorporation also contain language similar to the following language: "and in all cities and incorporated areas situated within the authorized territory, not exceeding the statutory limits of inhabitants as stipulated by the laws of the State of Minnesota." That language should remain.

Next, if you are currently writing new and renewal business in

any city with a population of 25,000 or more, you may preserve the ability to continue writing in such city, (provided the population of such city does not exceed 150,000,) by simply identifying those cities in the territory portion of your amended and restated articles. Suggested language when seeking to include such a city in your "authorized territory" article is as follows: "Including the city (or in alternate, "cities") of _____." At the time you file your articles with the DOC you must, by separate attestation provide proof to the DOC that as of December 31, 2007, you had insurance in force in the municipality.

Further, any reference in your articles and by-laws to assessments, the levy and collection of assessments, payment of assessments, etc., should be deleted since the "Modernization Act" did away with assessability of policyholders by repealing Minnesota Statutes 67A.17.

Finally, if your Articles and/or By-Laws refer to 67A.17, Subdivision 3, as the statutory authority for including a provision in your governing documents that limits the personal liability of a director, the reference to that statute needs to be deleted since that provision of the law has since been renumbered and is now found in Minnesota Statutes 67A.06, Subdivision (9).

Once the foregoing changes have been made, the documents should be labeled "Amended and Restated Articles" and "Amended and Restated By-Laws." Next, you will be required to follow the amendment procedures set forth in your Articles and By-Laws. Your Board of Directors must by resolution approve the Amended and Restated Articles of Incorporation and By-Laws and order that they be placed on the agenda for approval by the membership at your annual meeting. In your notice of annual meeting, you will need to specify that your Amended and Restated Articles and By-Laws will be submitted to membership for an affirmative majority

(Continued on next page.)

***Thank you to our
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Home Safety Tips for Winter Escapes

Jim Faber, RAM Mutual

The cold weather season is upon us and many of your insured's will be heading to warmer destinations for getaways ranging from a week to several months.

Water damage claims frequency and severity is on the increase with evidence pointing to homeowners

simply turning down their thermostats and leaving. Some of the recurring water damage losses are the result of bursting flexible hoses or connections to kitchen and bathroom faucets, broken water pipes in north facing exterior walls and bathroom fixtures, broken heat piping and radiators.

Turning down the heat and asking a friend or neighbor to look in on an unoccupied home is woefully inadequate. Insured's are required to use "reasonable care" to, a) maintain heat in the residence; or b) shut off the liquid supply and completely empty the system or domestic appliance to comply with policy provisions while the insured premises is unoccupied. Anyone who leaves the water system on in an unoccupied residence during the winter in Minnesota, and relies on an unattended heating system, is not using reasonable care.



Michigan garage after homeowners forgot to turn off the garage plumbing. (Homecheckers.com)

One reliable method is to install a home temperature monitor. These devices call out via telephone dialer when the temperature falls to a dangerously low level. Some models will also allow you to call into the device to check the temperature inside of the home. Available brands include Home Guard, Call-Temp, Temperature Guard and Sensaphone, and they range in cost from \$195 - \$350 depending on features.

Following are some common sense tips to pass along to your clients as they prepare their homes for a winter getaway.

- Shut the main water valve off where it enters the home. This is a MUST DO as heating and plumbing systems can and do fail.
- Install a home temperature monitor, or a complete home security system with professional monitoring service. Alarm systems can also be rented.
- Do not turn heat settings below 50 degrees F.
- Arrange to have walkways shoveled, newspaper deliveries stopped and install timers on lamps to give the home an occupied look.
- Arrange for a reliable person to check the inside of your home at least once a week and more frequently if the weather turns severe.

Deadline for Mandatory Dep't of Commerce Filings *Cont'd*

vote of the members present, in order to bring the company in compliance with the 2009 Township Mutual Modernization Act Legislation. Your annual meeting notice should also state that copies of the Amended and Restated Articles and By-Laws are available in advance of the annual meeting from your office upon request. Once the Amended and Restated Articles and By-Laws have been approved by the membership, you must then file those Amended and Restated Articles and By-Laws with the Department within thirty (30) days of approval along with a filing fee check made payable to the Minnesota Department of Commerce in the amount of \$10.00 for Articles and \$10.00 for By-Laws. The Certificate of Amendment forms required for filing the documents can be found on the DOC's website. It should be noted that the Department will not review or comment on your Articles in advance of your Company adopting the amended and restated Articles and By-Laws.

If you are one of the few companies which seeks to expand your existing territory beyond 9 counties and/or are seeking authority to commence writing (as opposed to continuing to write) insurance in cities with a population of 25,000 or more but not to exceed 150,000, you may do so only with the pre-approval of the Department. The requirements and the procedures necessary for you to follow in such instances are quite detailed and extensive. Please refer to the DOC website for the specific re-

quirements that will apply to the pre-approval process.

As always, you should consult your attorney about your specific needs and how best to modernize your Articles & By-Laws but remember the amending and restating must be completed and filed with the DOC on or before July 31, 2010.



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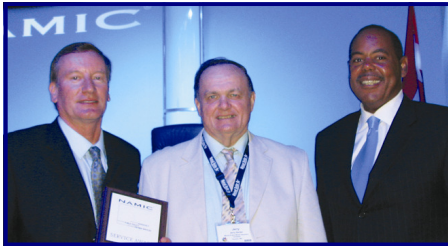
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114th NAMIC Convention

Atlanta, GA hosted the 114th NAMIC Convention and although the weather was a little less than cooperative, (flash flood warnings), the event proceeded from September 20-23. The program boasted Pulitzer Prize winner and Watergate journalist, *Bob Woodward* as well as former White House Press Secretary, *Dana Perino* and *Donna Brazile*, CNN Political Analyst.

The program also boasted nine total Minnesota members as award recipients. MAFMIC Government Affairs Manager, *Marcus Marsh* received one of four NAMIC Service Awards and *Jerry Zenke*, Manager of Mound Prairie Mutual received the Professional Farm Mutual Manager (PFMM) of the Year Award.



(L to R), *Marcus Marsh*, *Jerry Zenke* and NAMIC Chairman, *John T. Hill*.

Recognized for the PFMM designation completions were *Kelly Drengson*, Vineland-Huntsville Mutual; *Aaron Grove*, Sverdrup Mutual; *Scott Heidebrink*, Southwest Mutual and; *Larry Webb*, Bloomfield Mutual. Receiving the Farm Mutual Director Certification (FMDC) designation completions were *Leon Kirchner*, Madelia-Lake Crystal Mutual and *Dale Williams*, RAM Mutual.

Along with those recognized above, *Larry Johnson* from North Star Mutual and *Deb Tollefson* from RAM Mutual received the NAMIC Merit Award.

Congratulations to everyone receiving NAMIC Awards/Designations! MAFMIC is lucky to have to such members dedicated to their profession.

North Star Employment Opportunities

Auto Underwriting Manager. The person hired to fill this position will supervise a staff of 13 and over \$40 million of written premium. Premium writings are presently growing at over 14%. The business is primarily personal auto, which includes farm auto. This position requires extensive auto underwriting experience. Management experience and knowledge of other personal lines is preferred. See www.nstarco.com or call the Human Resources Department at 507-423-6262 for an application.

Northwest Iowa Marketing Representative. Candidates for this position should have a good knowledge of the Iowa insurance marketplace along with good overall knowledge of the state. Duties will include researching and recommending agency appointment prospects; calling on agencies and marketing North Star products; training and educating agencies on North Star products, procedures and processes; and monitoring production and business quality from agencies. See www.nstarco.com or call the Human Resources Department at 507-423-6262 for an application.

Interesting Tidbits

Wayne Schluchter, Schluchter Investment Advisors

The following are some interesting facts I've recently seen and wanted to share with the readers of the Mutual Link.

Back to Higher Levels – The current US recession began in December 2007. Just 29% of Americans anticipate that they will eventually return their spending and savings habits to their pre-recession levels (source: Hart Research Associates).

TARP – The Emergency Economic Stabilization Act of 2008, the bill that established the **Troubles Asset Relief Program** (TARP), was signed into law by President Bush on Friday 10/03/08 or just over a year ago.

The **\$700 billion government rescue plan** was originally designed to buy toxic (i.e., troubled) mortgages and securities. Just over a month later (11/12/08), the Treasury Department **reversed course** and decided to instead accelerate its plan to inject capital directly into financial companies and to private investors (source: BTN Research).

Not As Good As We Thought – 61% of the residential mortgage-backed securities issued between 2005-07 that were **originally rated AAA** by Standard & Poor's have been downgraded to **BBB or lower** (source: S&P).

Down or Flat Since That Time – The last time the Federal Reserve **raised short-term interest rates** was 6/29/06 or more than 3 ¼ years ago, (source: Federal Reserve.)



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2010 Legislative Session

Marcus Marsh, MAFMIC Government Affairs

The 2010 Minnesota Legislative Session starts on Thursday, February 4, 2010 at 12:00 pm and must end Monday, May 17, 2010 at midnight making the session one month shorter than 2009.

Historically, the even year of the biennium is much more combative because it is an election year. Add to that the fact that the State Senate and House are both up for re-election plus the Governor and all constitutional offices will make for a challenging session for MAFMIC Members.

Issues likely to dominate in 2010 will be efforts to override Governor Pawlenty's vetoes. There will be a variety of tax proposals with most to raise taxes. There will likely be confrontations between some Legislators and Governor Pawlenty because of a possible Presidential run as well as this being his last Legislative Session.

In the even year of the biennium there is always a Bonding Bill for a host of projects around the state. I would guess this bill will get very contentious but eventually a compromise will pass

staying close to the time honored cap of 3%. The 3% cap means that bonding bills in Minnesota will be held to no more than 3% of the total state budget.

We don't know what the Trial Lawyers will be up to this session but they will probably try to change the Bad Faith Law and other laws to improve their ability to pursue litigation.

A bill was introduced late in the 2009 Session limiting certain activities and adding requirements to protect insured's from public adjusters, roofing contractors and in particular, storm chasers. The bill is H.F. 2060 with Representative Phil Sterner (D-Rosemount) Chief Author and S.F. 1886 with Senator Kathy Saltzman (D-Inver Grove Heights) Chief Author. We have a good chance to pass this bill in the Senate with Senator Linda Scheid being Chair of the Commerce Committee. This bill is expected to be an up-hill battle in the House.

Without doubt the 2010 Legislative will be intense and political; we at MAFMIC all have to be involved and work together to protect our policyholders and our companies.

MAFMIC needs your extra give-a-ways from annual meetings. These give-a-ways will be used as prizes at the MAFMIC Marketing Committee Booth during the Exhibit Show. Please send your extra gifts to MAFMIC or feel free to call or email for more info. THANKS!

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2010 MAFMIC CALENDAR OF EVENTS

Feb.	7-9	115th Annual Convention Bloomington Sheraton
Feb.	23-25	Central MN Farm Show St. Cloud Civic Center
March	17-18	Short Course Arrowwood Resort, Alexandria
March	18-20	Owatonna Farm Show Steele County Fairgrounds
April	21 & 22	Spring Agents' Meeting Mille Lacs and Morton
May	19 & 20	Congressional Contact Visit Washington D.C.

In Sympathy



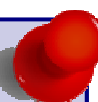
Dick Polipnick passed away suddenly September 30, 2009 at the age of 79 in Sauk Centre. Dick served as RAM Fire Investigator for over 17 years and since 2000, devoted his time to running an agency for Holmes City Farmers Mutual.

MAFMIC wishes to express its sympathy to the friends and family of Dick.

HAVE EMAIL? If you are currently receiving the hard copy Mutual Link and have an email address, MAFMIC would like to send you the electronic version of the Mutual Link. It's easy and convenient, not to mention environmentally friendly! Just get in touch with MAFMIC and we'll take care of the rest!



NO CHOIR 2010 CONVENTION



MAFMIC would usually be soliciting choir members at this time, however, there will be no choir for the 2010 Convention.

Thanks to those always willing and ready to participate.
Keep those voices warm for next season!

To submit an article to be published in the Mutual Link please send them to Mutual Link, PO Box 880, St. Joseph, MN 56374, or email them to info@mafmic.org.

