



Mutual

LINK



Aaron Cocking, MAFMIC Director of Government Affairs



2014 Legislative Session

Well, the new year is upon us and the legislature will be back in session shortly. Unlike previous years when the legislature started in early January, the legislative session won't start until February 25th this year. This is the third latest start to a legislative session in the state's history. The other late starts took place in 2006 and 1984. When the legislature returns, they will have a number of issues to deal with before they are required to adjourn on May 19th. Even though this isn't a "budget year," the revelation that the state would have nearly a billion dollar surplus to work with will all but ensure that the state finds something to spend that money on.

Another big issue, which took up a large chunk of time last year, will be the need to try and fix or address the problems with MnSure, Minnesota's healthcare exchange. On the insurance front, there are a few issues that we will be watching closely. The tax on farm equipment repair, which was inserted in the final days of session last year, is one many people want to see repealed. The fact that the state has a budget surplus should be good news for hopefully getting that tax repealed.

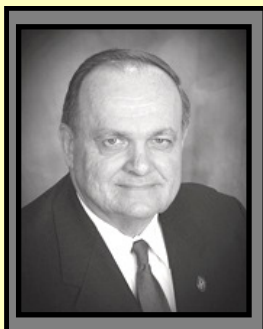
Also, there has been a working group meeting since the end of last session to look at insurance fraud in Minnesota. There will likely be a recommendation on legislation that comes out of that group. The biggest question is how far-reaching that bill will be. MAFMIC has been involved in this process and is hopeful that something will get done regarding this issue.

After the trial attorneys were shut out last year of passing any items on their agenda, it is a sure thing that they will be back looking for legislative success this year. The most likely issues that I have been hearing that they will pursue are: joint and several liability and third party bad faith. As always, I will be keeping a close eye on everything that happens in St. Paul and working to protect our industry from harm. If you hear of anything that you think I should be made aware of, please let me know.

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~ Member Profile of Mound Prairie Mutual



The Mound Prairie Mutual Insurance Company was founded in March of 1884 by farmers from two townships in Winona county and one township in Houston County. The founders were of German decent. The company was named after the Houston County township of Mound Prairie, where the first manager resided. The office was located in the manager's homes until 1955 when an office was built in Houston. In 1937 the company became licensed as a Township mutual under statute 67A., the company operated as a township mutual until July 1996 when it received a license to operate as a "statewide" under statute 60A.

During the relicensing process, several interesting items were discovered in the old by-laws. At one time the company chose not to insure barns that were sometimes used for barn dances. The company would also not insure straw stacks if a steam engine without a spark arrester was used on the threshing machine. The company's agents were prohibited from writing moonshine stills, (they still are today). Since 1996 the company has been underwriting the fire and wind perils and packaging the liability with our reinsurer Grinnell Mutual. The company has been reinsured with Grinnell since 1947. Currently Mound Prairie has three full time employees: Manager Jerry Zenke, Assistant Manager Vicki Hongerholt and CSR Amy Kulas. The company uses independent contractors for inspecting and adjusting. Our Mutual serves 17 agencies with 57 agents. Our mission statement is that we will strive to provide quality insurance products to our member policyholders, while continuing to be a stabilizing factor in the rural insurance market.

Our goal for the next five years is to continue providing good service and expand our product offerings to meet the needs of our members while maintaining the strength of the company. Our biggest challenge going forward could well be compliance with coming regulatory rules regarding accounting practices.

Mound Prairie Mutual has held an annual volunteer fireman's golf tournament for the past 21 years. To date we have raised \$137,722.00 which has been donated to 21 area volunteer fire departments. The company also has purchased animals from the county 4H auction each year since 1982. The company also donates to numerous local events and charities every year.

If I had to describe our company in one word it would be "**Exceptional**" because of our service.

Mound Prairie Mutual Building



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 Arlette Twedt, MAFMIC - *Staff Liaison*

Send address changes to
 Mutual Link, PO Box 880, St. Joseph, MN 56374
 or info@mafmic.org

December 2013 Board Meeting Synopsis *Greg Parent, Secretary-Treasurer*

December 2013 Board Meeting Synopsis

The MAFMIC Board of Directors held their final quarterly meeting of the year on December 18 at the Le St. Germain Suite Hotel in St. Cloud. Numerous items were on the agenda for this busy year-end meeting. In addition to the financial and management reports, district updates, and board liaison committee reports, the board took action on several items requiring approval.

Chairman Jeff Mauland updated the board on the elections for the new District 1 & District 4 Directors, as those two positions were up for election in 2014. Immediate Past Chairman Linda Jaskowiak provided an update on the officer elections for the Vice Chairman and Secretary-Treasurer positions for 2014, and she also announced the selection for the Robert C. Seipp Service Award.

The Strategic Plan Committee had met in October to update the current plan. The board approved the updated Strategic Plan. The revisions to the Articles of Incorporation and By-Laws that the board made at their September meeting had been reviewed by legal counsel. The board approved the revised Articles and By-Laws. This item will be added to the agenda for the Annual Meeting in February subject to approval by the membership.

The MAFMIC Golf Outing was discussed, as the board explored different options regarding this event. This topic was tabled to a future meeting pending further research. The board reviewed the 2014 MAFMIC membership dues. The 2014 MAFMIC Budget was presented by Secretary-Treasurer Greg Parent. The board approved the budget.

Government Affairs Director Aaron Cocking was approved by the board as the Assistant Treasurer for the MAFMIC PAC, and he will be added as a signatory at the bank for the MAFMIC PAC checking account. The board also established an Independent Expenditure Political Committee (MAFMIC Corporate PAC). Further information on its structure and governance will be presented to the membership in 2014.

The next scheduled board meeting is the annual financial review meeting held at the Convention on February 2, 2014. The first quarter 2014 board meeting will be held at the Short Course in St. Cloud on March 11. Please contact your district director or an association officer if you have any items of concern that you would like to discuss.

Greg Parent
MAFMIC Secretary-Treasurer

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The **MAFMIC Choir** is back for 2014!!
If you are interested in singing at the 2014 Convention, please contact the MAFMIC office.



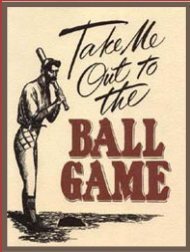
Brenda Derickson will again conduct the Choir for the 2014 Convention. Contact Lori at (320) 271-0909 or e-mail: lori@mafmic.org

Let your talent show at the 119th Annual MAFMIC Convention!



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Chairman's theme this year is "Take me out to the Ball Game" Wear your favorite Baseball Attire!

Please join MAFMIC's Chairman *Jeff Mauland* and his wife, *Lynn* for the 2014 Chairman's Reception. We invite you to dress in your favorite baseball team attire while you enjoy your evening. No worries the Super Bowl will be on three projection screens.

TO: MAFMIC MEMBER COMPANIES

RE: AMENDED ARTICLES OF INCORPORATION & BY-LAWS

This letter serves as official notice that the MAFMIC Board of Directors propose to amend the Articles of Incorporation and By-Laws. This is a result of several editorial changes and the addition of a section in Article IV of the By-Laws regarding the procedure on how to handle a tie in the voting for the offices of Vice Chairman or Secretary-Treasurer. Click on [MAFMIC Articles and Bylaws](#) on the MAFMIC website under "About Us". We have listed the proposed Articles of Incorporation and By-Laws on the MAFMIC Website.

The proposed amendments will be brought before the membership for vote at the MAFMIC Annual Meeting on February 4, 2014. If you have any questions, please contact the MAFMIC office or a member of the Board of Directors.

Thank you,
Jeff Mauland

It's that time of Year Again !!
Time to Register

The MAFMIC Staff will be
watching for your
Convention Registrations !



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2014 MAFMIC Short Course

March 12 ~ 13, 2014

River's Edge Convention Center
10 4th Ave South, St. Cloud, MN

This educational seminar is for mutual officers, directors, managers, office staff, agents, adjusters and inspectors. Registration fee includes attendance at eight sessions, a continental breakfast and hot breakfast buffet, two lunches, breaks, all classroom material and a social hour. Application has been made for 8.0 hours of non-company continuing education credits. We do not give partial credit for any portion of this seminar. **(APPROVAL IS PENDING)**

Cost and Registration

Early Bird Registration fee (before Wednesday, February 26th): \$210 per member & \$267 per non-member. Late Registration fee (after Wednesday, February 26th): \$242 per member & \$299 per non-member. One Day Registration Fee: Please call MAFMIC office for details. Please mark the box if you plan to obtain FMDC credit. Spouses wishing to attend sessions must be registered and paid as a delegate. Those spouses wishing to attend only the breakfasts, lunches or adjustment hours must purchase tickets by prices listed below.

Cancellation Policy

Cancellation notices received on or before February 26, 2014 are 75 percent refundable. • Cancellation notices received February 27 - March 10, 2014 are 50 percent refundable. • No refunds are available after March 10. • A company may substitute a participant at no additional charge. All registration cancellations and substitutions must be made in writing and sent to info@mafmic.org or faxed to (320) 271-0912.

Hotel Reservations

A block of rooms is being held until February 11th at *Best Western Kelly Inn* for \$81 plus tax and *Le St-Germain Suite Hotel* for \$99 plus tax. When making your reservations please make sure you mention MAFMIC in order to get the group rate.

Best Western Kelly Inn
100 4th Ave South
St. Cloud, MN 56301
(320) 253-0606

Le St. Germain Suite - Hotel
404 West St. Germain
St. Cloud, MN 56301
(320) 654-1661

2014 SHORT COURSE REGISTRATION

Company Name: _____		Phone: _____		Opt'l Meal Tickets		
FMDC	NAME (Delegate, Spouse)	Address	License #	Bkfst \$45	Lunch \$50	Adj Hr \$50
<input type="checkbox"/>	_____	_____	_____	_____	_____	_____
<input type="checkbox"/>	_____	_____	_____	_____	_____	_____
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Attending FMDC Director Session: (Number Attending)

Total: \$ _____



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EPL (Employment Practices Liability) Tom Hurlbut, *Haartford Steam Boiler*

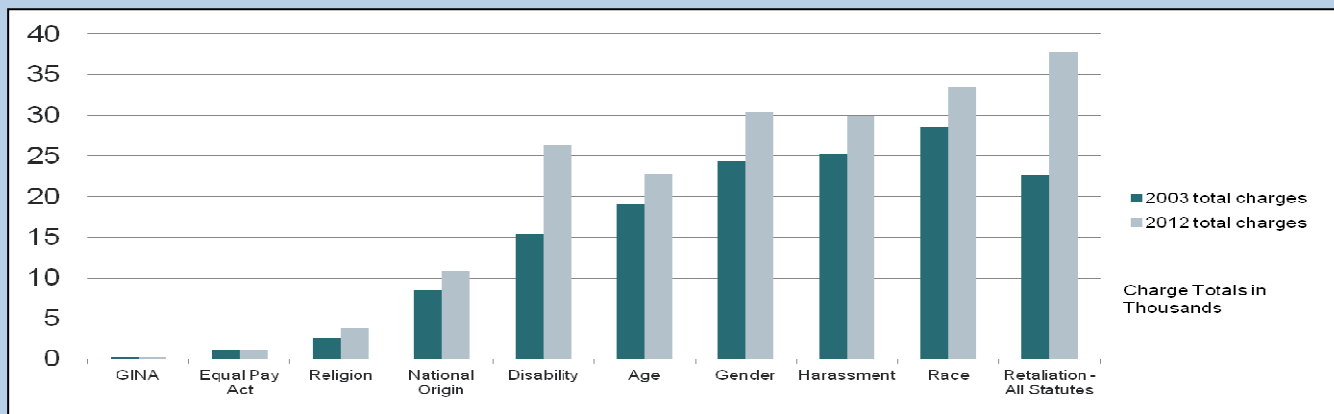
Small Business Owners and Farm Risks Face Increased Employment Practices Liability Exposures
In today's litigious society, small business and farm employers face significant exposures as they interact with and manage their employees. Employers face a myriad of employment-related exposures that they likely do not fully understand, and, may not have sufficient insurance coverage for should an employee bring a claim.

Employment-related claims now come from a variety of causes of loss – all stemming from not only significant broadening of employment law, but an increase in employee awareness of their workplace rights. These legislative changes coupled with the ever changing demographics and cultural shifts within our country have contributed to both record numbers of claims and record settle amounts over the past several years.

Statistics and Trends

In 2012 there were over 99,000 charges filed at the Equal Employment Opportunity Commission (EEOC). This is a record high number for the agency and continues a trend of increasing claim activity that we have seen over the past several years. As in other years, the slow economy, a more diverse workforce, broad employment laws that favor employees, and our litigious society have all contributed to this increase.

10-YEAR COMPARISON OF EEOC FILED CHARGES - BY CAUSE OF ACTION



In total, over \$364 million in monetary settlements were awarded by the EEOC. Like the overall number of charges, this is a record level for the EEOC and reflects the EEOC's mission of providing relief to wronged employees through administrative enforcement. On average, settlement amounts typically fall between \$27,800 and \$50,000 – amounts that could very significantly impact a small business or farm owner's bottom line.

It's interesting to note that over the past several years the leading allegations are retaliation, age discrimination, disability, national origin, and religious discrimination.

These claims show how varied the causes of action can be. EPL coverage today is more than protection against harassment claims, and employers must realize that employees may allege discrimination in a wide variety of cases, legitimate or not.

With EPL claim activity coming from so many varied causes of loss, employers may not realize the extent of the claims activity they will likely face. As more employees bring claims of religious discrimination, age discrimination, disability discrimination, or even genetic discrimination, employers will be vulnerable if they do not have proper coverage in place to insure against these employment-related exposures.

Even the most well-run farm or commercial enterprise may be faced with an EPL claim. In fact, while many claims are groundless, they still require defense costs. Even a meritless claim could still cost an uninsured entity thousands of dollars to defend.

Continued ...EPL (Employment Practices Liability) Tom Hurlbut,

Consider the following claims examples:

A local feedlot ran a classified advertisement looking for a general maintenance person. The feedlot received several inquiries into the position, including one from an applicant who had several years of experience working on a 10,000 head feedlot. In addition to his maintenance capabilities, the applicant also knew how to process cattle, haul feed, and had general livestock care experience. When he was not hired for the position, the applicant asserted that it was due to his age (over 55) and that the feedlot had hired a less qualified, but much younger, applicant. He brought suit against the feedlot alleging age discrimination and demanded \$25,000.

A small beauty salon placed a help wanted ad in a local newspaper for a full-time stylist position. The response to the ad was positive, with many highly qualified candidates responding. The salon owner decided to interview 5 candidates for the position, and ultimately hired the first candidate that was interviewed because of his advanced training at a local school of cosmetology. A minority applicant that was interviewed but not selected alleged race discrimination in the hiring practices of the beauty salon. Although her qualifications and experience did not match those of the chosen candidate, the beauty salon settled for an amount of \$8,000 to quickly end the matter. Legal fees were \$2,000.

What should employers expect for 2014 and beyond?

In addition to the continued diversification of claims from a variety of causes of loss, expect that there will continue to be groundless charges brought against small employers. New workplace exposures such as social media, the use of medical marijuana, and evolving state and Federal laws will continue to make EPL coverage a business necessity for small farm and commercial business owners.

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Update on *Cisar and Betsinger v. Spring Vale, et al.*
By John J. Neal, Attorney
Willenbring, Dahl, Wocken & Zimmermann, PLLC

By the time this article reaches you, the Holidays will have ended. I hope you were able to take some time to relax and enjoy family and friends.

As we reflect on the past year, we saw the *Cisar v. Spring Vale* case come to a conclusion. As we reflect on what lies ahead, mark your calendars for April 5, 2014. The effects of the *Cisar* decision will arguably continue to have some effect until this date. This article explains why.

Background of the Issue

Since at least 1998, it has been understood that township mutuals issuing farm policies (TP-1) were excluded from all the insurance laws in the state of Minnesota, including those laws found in Chapter 65A, relating to homeowner's insurance. This understanding was memorialized in a meeting between MAFMIC representatives and the Department of Commerce on April 15, 1998. The purpose of that meeting was, in part, to confirm the interpretation of Minn. Stat. § 67A.191, subd. 1. That statute stated that policies issued by a township mutual insurance company, other than homeowner's policies, are excluded from all provisions of the insurance laws in this state. The more specific understanding coming from the meeting was that rural property risks, including those with or without a dwelling, and that include agricultural-related property where farming activities are conducted, are excluded from Minnesota Chapter 65A, regarding homeowner's insurance. This understanding continued for nearly fourteen years following the 1998 meeting. Then the Court of Appeals issued its decision in *Cisar* (*Cisar and Betsinger v. Spring Vale, et al.*, 812 N.W.2d 151 (Minn. Ct. App. 2012)).

In *Cisar*, the Court determined that any time a township mutual issues a policy insuring a "dwelling," even if the policy includes agricultural-related property where farming activities are conducted, the policy must contain a two-year suit limitation as set forth in Minnesota Chapter 65A. The basic reasoning from the decision was that any policy insuring a home must conform to the requirements of Chapter 65A, even if

Continued on Page 10...

Continued.....Update on Cisar and Betsinger v. Spring Vale, et al.

the company issuing the policy is a township mutual traditionally protected by the laws of Chapter 67A.

While the *Cisar* case dealt specifically with the two-year suit limitation found in Chapter 65A, the implications of that decision suggested a far-reaching impact. If the two-year suit limitation found in Chapter 65A applied to a township mutual policy because that policy insured a “dwelling,” it stood to reason that any of the other requirements found in Chapter 65A would likewise apply. This would, in effect, render Chapter 67A virtually meaningless, at least with respect to insuring dwellings.

What Followed

MAFMIC, through the hard work of its members and Government Affairs Directors Marcus Marsh and Aaron Cocking, addressed the situation through new legislation. Ultimately, Minn. Stat. § 67A.191 was amended to make clear that farm policies issued by township mutuals that include dwellings enjoy the protections of 67A and are not subject to the more rigorous requirements found in Minnesota Chapter 65A.

What Lies Ahead

With the new amendment, we should be back to the understanding coming out of the MAFMIC meeting with the Department of Commerce in April 1998: farm policies issued by township mutuals that include agricultural-related property where farming activities are conducted, including those with or without a dwelling, should enjoy the benefits and protections of Minnesota Chapter 67A.

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2014 MAFMIC CALENDAR OF EVENTS

- Feb 2-4** MAFMIC Convention
DoubleTree by Hilton, Bloomington
- Mar 12-13** Short Course
River's Edge Convention. Center,
St. Cloud
- April 16** Spring Agents' Meeting, Mankato
- April 17** Spring Agents' Meeting, Mahanomen
- July 16** Manager & Director Seminar,
St. Cloud
- July 17** MAFMIC Golf Outing

IN SYMPATHY



Alma M. Gerdes, 98, of Clara City died Thursday, November 21st at Clara City Care Center. Alma was born on December 13, 1914, in Grace Township, Chippewa County, Minnesota, the daughter of Karl and Martha (Lettau) Teichert. She grew up in Grace Township and attended District 80 for her schooling.

Mother of Galen Gerdes of Prairie West Mutual, Clara City, MN and grandmother to Mitchell Gerdes of Shible Mutual, Appleton, MN.



Dale Mackenthun, 65, of rural Brownton MN. died on Saturday, December 28, 2013. He was on the board of directors for Buffalo Lake-New Auburn Mutual in 2006 and was elected vice president in 2011.

MAFMIC wishes to express its sincerest condolences to family and friends of Alma & Dale.

Death leaves a
heartache no one can
heal, love leaves a
memory no one can
steal.

~From a headstone in
Ireland



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.

Financial Statements

It is also time again to collect company financial statements. You can send them to:
PO Box 880, St. Joseph, MN 56374
or fax to: (320) 271-0912

MAFMIC DUES

Reminder Dues

**Must be paid to attend the 2014
MAFMIC Convention**