



## 2018 Legislative Session

*Aaron Cocking, MAFMIC President/CEO*



With 2017 behind us, it is time to look forward to 2018. 2017 was a good year for MAFMIC on the legislative and regulatory front and we look forward to continuing that success in the new year. Commerce Commissioner Mike Rothman stepped down towards the end of 2017 and he was replaced with Jessica Looman who, thus far, seems to be more willing to work together with us. 2017 also saw another record year for the MAFMIC PAC, with half of all member companies contributing at the “quarterbacker” level. With a November election upcoming, we will put those funds to good use to help elect candidates friendly to our industry.

The 2018 legislative session will begin on February 20. It remains unclear how productive the next session will be. If you recall, the 2017 session ended with the Governor line-item vetoing the funding for the legislature. After a court battle that ended at the Supreme Court, the court ruled that the governor was in fact within his right to veto their funding. Immediately after that decision, he basically said that he would allow them to be funded once the session started. We could have saved a lot of tax dollars if he had come to that conclusion 4 months earlier.

The interim has also provided a number of other interesting twists going into next year. In November, 2 legislators stepped down because of alleged sexual harassment. A special election will be held in February for both of those seats, one a House seat vacated by a Republican and the other a Senate seat vacated by a Democrat. The Senate GOP holds a 34-33 advantage currently. The outcome of the Senate race could have significant implications for future control of the Senate. One of those implications is coming about because of the resignation of Senator Al Franken. Franken was forced to resign after multiple women accused him of sexual groping. Following the announced resignation, Dayton appointed his lieutenant governor to the seat. That means that the president of the Senate is elevated to the position of lieutenant governor. In this case, it is Republican Senator Michelle Fischbach (R – Paynesville). Fischbach and Republicans claim that based on prior history she can do both jobs. Dayton and Democrats disagree saying she must resign her Senate seat. If the Democrats hold onto the other seat in the special election, and it is determined that Fischbach must step down, control of the Senate would be up for grabs in that special election. With all that going on, I do not expect much to happen in the 2018 legislative session.

In November 2018 all 134 House members, the Governor, Secretary of State, State Auditor, Attorney General, and both United States Senators will be up for election. Prepare to be inundated with television ads from now until November. Even among all these unknowns, MAFMIC will continue to work hard for the best interests of our members. I wish you and your companies nothing but the best in 2018!

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**December 2017 Board Meeting Synopsis** *Greg Parent, Secretary-Treasurer*

The MAFMIC Board of Directors held their final quarterly meeting of the year on December 6 at the MAFMIC office in St. Joseph. In addition to the financial and management reports, district updates, and board liaison committee reports, the board took action on several items requiring approval.

District 1 recently held an election to elect a new director to begin serving a four year term in February. Jackie Sirjord of Garfield Mutual will be taking over for Kelly Halvorson. District 4 also held an election to elect a new director to replace Carol Maciej whose term expires in February. Jenny Eiyneck of St. Joseph Mutual will be the new District 4 director. The board also discussed the idea that each district should plan to hold a meeting at either the Managers Workshop or the Short Course beginning in 2018.

Chairman Gary Swearingen then provided an update on the nominations for the Vice-Chairman and Secretary-Treasurer positions for 2018. Dan Rupp has been nominated for Vice-Chairman and once again Greg Parent for Secretary-Treasurer. The board also discussed the recipient of the Robert C. Seipp Service Award which will be presented at the convention in February.

The board reviewed membership dues for 2018. The 2018 MAFMIC Budget was presented by President/CEO Aaron Cocking. The board approved the budget.

The board voted to hire Bob Harris for an extended Strategic Planning Session at the June 2018 board meeting in order to revise the current MAFMIC Strategic Plan and the process by which it is developed and maintained.

The board continued to discuss the proposed program that would be the equivalent of the current NAMIC PFMM Certification. Any such program would certainly not replace the NAMIC program but rather act as a supplement to it in order to focus on education matters relevant to the operation of township mutual companies here in Minnesota. Aaron Cocking will continue to work on this project.

The board discussed the future of the MAFMIC Auxiliary. A detailed discussion will take place at their convention meeting in February.

The next scheduled board meeting is the annual financial review meeting held at the MAFMIC Convention on February 11, 2018. 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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Dan Baasen - Northland Securities  
Ben Berg - Farmers of Clearwater County Mutual  
James Doke - Priority Data  
Vicki Hongerholt - Mound Prairie Mutual  
Erica Johnson- Southeast Mutual  
Dan McCue - Grinnell Re  
John Neal - Willenbring, Dahl, Wocken & Zimmerman  
Jim Williams - Abdo, Eick & Meyers, LLC  
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#### **MAFMIC Executive Board & District Directors**

Gary Swearingen, **MAFMIC Chairman**,  
Has San Lake Mutual  
Mikel Nelson, **MAFMIC Chairman - Elect**  
Elmdale Farmers Mutual  
Mark Nelson, **MAFMIC Vice Chairman**,  
Norwegian Mutual  
Greg Parent, **Secretary/Treasurer**,  
German Farmers Mutual  
Aaron Grove, **Immediate Past Chairman**,  
Sverdrup Mutual  
Kelly Halvorson, **District 1**,  
Vineland-Huntsville Mutual  
Eric Johnson, **District 2**, Woodland Mutual  
Roger Miller, **District 3**, Lake Park & Cuba  
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Mutual  
Jan Helling, **District 6**, Madelia-Lake Crystal  
Mutual  
Vicki Hongerholt, **District 7**, Mound Prairie Mutual  
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Chairman's theme this year is  
"Navigating the Future ~ Together"

### "COMPANY PRIDE"



Please join our MAFMIC Chairman,  
Gary Swearingen and his wife, Denise  
for the 2018 Chairman's Reception.  
Gary & Denise invite you to proudly  
wear your company colors.

Denise & I plan on making our way around the room  
to greet as many of you as possible. We will not do  
the meet & greet at the entrance as in the past.

This is the time to relax, get re-acquainted with  
friends you don't see that often, and just enjoy others  
who share the success of Minnesota Mutual  
Insurance. The food at the buffet, and a friend at  
every table, it is sure to be the perfect way to start  
our 2018 convention.



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## Highlights from Short Course, November 2017



**Chad Nordstrom ~**  
CliftonLarsonAllen, *"Emerging Risk"*



MARRIOTT  
MINNEAPOLIS  
NORTHWEST

Our New Venue  
Seemed to be a  
hit ...

**Tim Gabrielson,**  
*"The Magic of  
Positive Change"*  
....Sooo does  
anyone have a  
\$100 dollar bill?



**Todd Richardson ~**  
Swiss Re  
*"Renewable/Alternative  
Energy at Home  
on the Farm"*



**Fred McGuire ~**  
ServiceMaster Restore  
*"Handling a Hoarding Dilemma"*



**Wayne Schluchter ~**  
Schluchter Investment Advisors  
*"Investment Perspective"*



**Lori Anderson & John Kaufman**  
MAFMIC Education Committee



**"Greg Sather ~ Closing session  
PIA of Minnesota  
"Industry Perspective"**



**Vicki Hongerholt &  
Larry Johnson**  
MAFMIC Education Committee



## Highlights from Short Course, November 2017



Jim Bryant, Manager Hay Creek Mutual and Jerry Tipcke, Hay Creek Mutual were presented the Trophy by Aaron Cocking for **Bean Bag Champs!** They were the reigning champs from the **2015 Short Course!**

By John Neal, Attorney  
Willenbring, Dahl, Wocken & Zimmermann, PLLC

### **Claims Handling, Cancellations, and Disclosures**

Certain constituents of the MAFMIC membership requested an article concerning claims handling, cancellations, and disclosures. Each of these are important topics worthy of their own individual article or book. Each are important topics regardless of the type of policy issued: homeowners or farm. Below, I have attempted to highlight the aspects of claims handling and cancellations, as a refresher.

The very first question one should ask when approaching any of these topics is: what type of policy are we dealing with. For township mutual insurance companies operating under Chapter 67A, the answer to this question is imperative on how you proceed.

For that reason, the article is divided into farm policies and homeowner's policies. For township mutuals operating under Chapter 67A, this makes a difference. However, generally for those companies operating under Minnesota Chapter 66A, policies should generally default to those provisions regarding homeowner's insurance, even if the policy is written on a farm. The reason is that Chapter 66A does not make a distinction between farm and homeowner's policies with respect to these provisions.

#### **Farm Policies**

By virtue of Minn. Stat. § 67A.191, subd. 1, the Unfair Claims Practices Act does not apply to farm policies issued by township mutual insurance companies. Therefore, the claims handling provisions are inapplicable. The same is also true with respect to the cancellation provisions found within Minn. Stat. § 65A.01. The standard TP1 policy allows a township mutual to cancel with ten days' written notice for any reason or no reason at all.

#### **Homeowner's Policies**

By virtue of Minn. Stat. § 67A.191, subd. 2, township mutual insurance companies must adhere to the unfair claims practices act found at Minn. Stat. § 72A.201 and those provisions found within Minn. Stat. § 65A.01, when writing homeowner's insurance policies. The same is also true for 66A companies, regardless of the type of policies it issued.

##### *A. Claims Handling*

The unfair claims practice act regulates claims handling, fair settlement offers, releases, claim denials, and communications with the Commerce Department.

With respect to claims handling, the act requires an insured to acknowledge receipt of a claim within ten business days and provide contact information and forms for completion of the claim. The act also requires an insured to accept or deny a claim within 30 business days, unless the investigation cannot be reasonably completed, in which case the insurer shall notify the claimant within that time period as to the reasons why the investigation cannot be completed. The insurer must also notify the insured of all available benefits and coverages under the policy and period (if the insured is not represented by an attorney). The act also requires the insurer to advise the insured within 60 days after receipt of a properly executed proof of loss, as to whether the company will pay the claim or deny coverage.

With respect to settlement offers, the act requires an insurance carrier to explain to the insured any payment of benefits. The act prohibits an insurer from settling a claim contingent on the insured settling another part of the claim left unresolved. The act prohibits a company from denying the claim where there is no good-faith dispute regarding coverage.

*Continued on page 8*



*Article by John Neal, Attorney Continued from page 7*

An insurer cannot threaten cancellation or non-renewal of a policy as part of any negotiations in a settlement. The act also requires the insurer to pay a claim within five business days after receipt of any agreement with the insurer. The act prohibits other actions not specified here.

With respect to releases, the act prohibits an insurer from requesting or requiring an insured to sign a release that extends beyond the claim. The act also prohibits an insurer from issuing a check that contains language that depositing the check constitutes a final release of all obligations arising from the loss.

With respect to claim denials, the act requires an insurer to notify the insured of the policy provision upon which a claim is denied. The act further requires the insured to make a reasonable investigation into the claim.

The act requires the insurer to provide a basis for the denial, and include the contact information where the insured can take questions regarding the denial, the claim number and policy number of the insured, and the insured's right to file a complaint with the Department of Commerce regarding the denial. The act also prohibits an insurer from denying a claim on the basis that the insured refused to exhibit the damaged property under certain circumstances.

Finally, in communicating with the commerce department, the act requires an insurer to respond to any inquiry within 15 working days of receipt and make specific claim-file information available to the commissioner. The act further requires an insurer provide additional information to the commerce department, as set forth by the act.

### *B. Cancellation*

Unlike farm policies issued by a township mutual insurance company, there are limited bases upon which a company can cancel or non-renew a homeowner's policy. Contrary to popular belief, a policy cannot be non-renewed for any reason.

The following are reasons for cancellation under Minn. Stat. § 65A.01: (1) non-payment of premium; (2) misrepresentations or fraud by the insured in obtaining the policy or pursuing a claim; (3) an act or omission of the insured which materially increases the risk originally accepted; (4) physical changes in the insured property which are not restored within a reasonable time; and, (5) non-payment of dues to an association or organization in which the insurance was obtained.

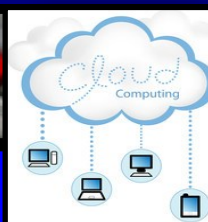
With respect to non-renewal, those reasons set forth for cancellation also apply, in addition to the following: (1) use of the premises for an illegal activity; (2) termination of an agency contract; (3) a violation of local laws or ordinances that increase the possibility of a loss; (4) refusal of the insured to limit any known conditions after being notified at least twice; (5) a substantial change in fire protection services; (6) two or more losses within a three year period, not including losses caused by nature, losses for which no payment was received, or for losses in which 80% is recovered through subrogation; (7) an insurer ceases to write homeowner's insurance in Minnesota; (8) failure of the insured to provide necessary underwriting information upon request after two written requests have been made; (9) delinquent property taxes for two or more years; (10) the named insured no longer owns the property, unless the spouse does; (11) geographic area in which the property is located or the age of the primary structure; (12) the insured was denied coverage by a different insurer; (13) the insured was previously insured through the Minnesota Fair Plan; and, (14) the insured inquired about a hypothetical claim regarding coverage.

This is a summary of certain requirements. As you can see, they can be voluminous. You'll want to ensure appropriate actions are taken with respect to any cancellation or claims-handling matter.



By James Doke  
Priority Data

## TECH CORNER



### Save Often – Computer Backups and Storing Data In the Cloud

Overall, modern computers are fairly reliable if you maintain regular updates, stay away from malicious sites, and employ security software. However, as we all know, they can also be extremely fickle. We have all worked that one machine that seemed to have a mind of their own or is barely chugging along even though it's only a few years old.

Whatever the case, there are times when you may be working on a project and your machine takes a dive. We all hope for the best when it comes time to reboot the machine and find out the fate of our precious files.

One of the most basic rules of doing anything when it comes to working on a computer is to save often. Younger generations are taught this from day one, however, for those that did not grow up with a PC, there is a learning curve.

As simple as it is, "Save Often" is solid advice; whether working on a simple Word document, or an intensive ledger in Excel, saving frequently will limit lost productivity and headaches in the event something goes wrong. It may seem like a hassle to stop in the middle of working just to save, but doing so will ensure precious time is not lost.

But saving to your hard drive will only protect you so much; it is a very good practice to back up your computer to an external hard drive or the cloud. Depending on what you have stored on your computer may sway your mind one way or another, but in general backing up documents or hard drive is a good idea.

If you do choose to backup your computer using an external hard drive, make sure you have adequate storage available for multiple backups; getting a hard drive that has 2-4 terabytes should allow for several backups before it may rewrite over old backups. Some external drives come with software that makes this process easier or even automate the process for you entirely.

The other option would be to backup individual documents to the cloud, such as Microsoft's OneDrive, Google Drive, or Dropbox. Most cloud storage services also have an app that will let you sync your computer with the cloud, meaning you do not have to log in every time you need to backup a file. Just drag files into the cloud folder and it should sync them with the cloud service any time you are connected to the internet. Some services might be free, come with products you have purchased, or they might be a paid service, but one big benefit to this option is that your data is available to you anywhere you can connect to the internet.

Whether you choose cloud storage or an external hard drive, just make sure you ***Save Often!***

## Calendar of Events 2017-18

Feb. 11-13	2018 MAFMIC Convention	Radisson Blu, Bloomington
Apr. 12-13	MAFMIC Spring Agents	12th Mankato – 13th Fergus Falls
May 8-9	Managers Workshop	Grand View Lodge, Nisswa
May 21-23	NAMIC Farm Forum	Columbus, Ohio
July 11	Manager & Director Seminar	TBD
July 12	MAFMIC Golf Outing	Little Crow Golf Course, Spicer
Sept. 23-26	NAMIC Convention	San Antonio, Texas
Nov. 14-15	MAFMIC Short Course	Arrowwood Resort, Alexandria



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Day

## IN SYMPATHY



**Tyler Thomas Mundy, 44**, of Kasson passed away peacefully on Tuesday, Nov. 28, 2017, at his home. Tyler was born May 20, 1973, in Rochester to Larry Mundy and Linda (Thompson) Mundy. He was a 1991 graduate of Hayfield High School and went on to attend

Winona State University and Riverland. Tyler worked as a machinist at PALS in Owatonna for 18 years before starting his own machine shop, Heavy Metal LLC in Blooming Prairie.

On Feb. 8, 2008, he married Heather Dunn in Lake Geneva, Wisconsin.

Tyler is survived by his wife, Heather; children, Katelyn, Breanna and Caleb, all of Kasson; mother, Linda (Dale) Ulve, of Kasson; father, Larry (Carol) Mundy. **His mother Linda Ulve has worked at Claremont Farmers for 28 years serving as both the past manager and office administration.**



**Barb Brandt, age 65** of Olivia, died Monday evening, December 18, 2017 at her home surrounded by her family. Barbara Ellen Brandt was born September 18, 1952 at Willmar, MN, to Gordon and Mary Ann (Summerlet) Hillstrom.

Barb married Brad Brandt on May 31, 1975 and they were the parents of two children. She has made Olivia her home ever since.

She was employed at a variety of occupations and always managed to balance her career and her household, most recently she worked for Rural Computers and **IMT Computer Services**. IMT Computer Services is an Associate member of MAFMIC.

Barb is survived by her husband Brad; her daughter Sara of Olivia; her son Scott of Andover. her granddaughter Heavyn of Olivia; her parents Gordon and Mary Ann Hillstrom of Willmar.



**Marcella Thorene, 96**, passed away on Saturday, December 9, 2017.

Marcella was a lifelong resident of Stillwater and worked in the insurance industry for over 75 years. She owned the Whalen Insurance Agency from

1971-2017 and was Secretary of the German Farmers Mutual Fire Insurance Company from 1967-1997.

**She was an Aunt to Greg Parent, manager, German Farmers Mutual in Stillwater & MAFMIC secretary / treasurer.**

*MAFMIC wishes to express its sincerest condolence to family and friends of Tyler, Marcella and Barb*

**Dues must be *paid in full* in order for a member to vote at the Annual Meeting, held at the MAFMIC Convention, February 11-13, 2018**

Please submit your Membership Dues to:

*MAFMIC  
P.O. Box 880  
St. Joseph, MN 56374*

### Financial Statements

It is also time again to collect company financial statements.

PLEASE send them to:  
PO Box 880, St. Joseph, MN 56374