

Minnesota Association of Farm Mutual Insurance Companies

Mutual LINK

Annual Convention Just Around the Corner

Chairman Ron Berning, MAFMIC Chairman 2011-2012

"Research is to see what everybody else has seen, and to think what nobody else has thought."

If you attend the 117th Annual Convention at the DoubleTree by Hilton Bloomington Minneapolis South (former Sheraton Bloomington) on February 5-7, 2012 you may become an expert and know more and more.

By this time, I hope you all have registered and have gotten your hotel rooms reserved, if not get ahold of the Mutual's manager and then "get'er done".

My theme this year has been "Light the Way for Others" and the Chairman's Reception on Sunday evening is "Walt Disney", so come dressed as any Disney movie or Disneyland character and enjoy theme park food. Of course the Super Bowl will be on the large overhead screens for your enjoyment!

On Monday morning we will start with the Prayer Breakfast, if you have lost a dear friend and associate this past year and would like to have them remembered during the memorial portion of the program, please get the information to the MAFMIC office right away so no one is left out.

The speaker will be Erv Inniger, who has been a senior associate athletic director for development, and for the past 33 years has been of service to NDSU's athletic department as a coach and administrator. Come to the Prayer Breakfast and hear the Passion that he has for everything that he does.

Tim Eggebraaten, Chief of Police for the City of Detroit Lakes will be providing the music for the Prayer Breakfast and Opening Session, you won't believe his voice range.

Dick Hardwick, is our keynote speaker during the General Session. In this day and age of "blue" humor Hardwick proves there is a great demand for a comedian who doesn't litter his speech with four-letter words.

You won't want to miss hearing NAMIC's Chairman, James J. Kennedy from Ohio Mutual Insurance Group, Bucyrus, Ohio. The impact he has isn't so much about his position, as it is for his passion for developing leaders and modeling effective leadership. You can't image the message he will leave with you!

And we always enjoy hearing from NAMIC's President, Chuck Chamness, as he brings us up-to-date on federal government affairs.

At the Public Policy, noon luncheon, Department of Commerce Commissioner Mike Rothman will join us and bring us up-to-date on Minnesota government as seen from the Commerce Department.

Monday afternoon will start out with U.S. Senator Amy Klobuchar (invited) followed by Speaker of the Minnesota House, Representative Kurt Zellers. Joe Thesing, VP of State Affairs (NAMIC) will discuss state issues from across the nation.

Jamie Novak – Fire Investigator will speak and show photos of Gas Explosions.

There will be an optional Auxiliary session on Cake Decorating for those who wish to attend. Make sure your Manager has you signed up if you plan on attending the optional session.

We will again have the exhibit show and reception from 4:00 pm to 7:00 pm and the "Mutual Celebration" reception from 7:00 pm to 10:30 pm at poolside with North Country DJ's.

Tuesday morning starts out with a "hot" breakfast buffet. I don't want to hear anyone say there was too much food to eat, because you will be "serving yourself", so you CAN take a smaller portion, if you wish!

The Auxiliary meeting and program will be from 9:00 AM to 11:00 AM.

The MAFMIC Annual Business meeting will come to order at 9:00 AM and go until 10:15 AM. We will again be offering the ever popular "Question Box" with an "All Star Panel" to provide answers to all of your claims/coverage questions.

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Prairie Pine Mutual

Tim Iverson, Manager

Prairie Pine Mutual Insurance Company has the history of three mutual companies all melded into one. Our beginning dates back to March of 1886 with the formation of Parkers Prairie Mutual Fire Insurance Company. This company was formed by a group of local Swedish Immigrants seeking protection from fire and lightning losses to their homesteads.

In 1960, Parkers Prairie Mutual merged with Effington Farmers Mutual Fire Insurance Company and became Parkers Prairie Effington Mutual Fire Insurance Company. (Effington Mutual began as Effington German Mutual Fire Insurance Company back in 1895) Undoubtedly Effington German Mutual was formed by the German immigrants in our area. You can tell already that we were becoming Americans when the Swedes and the Germans were working together. The company operated as such until 1986 when Parkers Prairie Effington merged with Bluffton Mutual. (Bluffton Mutual Fire Insurance was formed in 1903 and operated out of Bluffton, MN)

The new company took on quite a variety of ethnic backgrounds and was spread in territory from the prairie in the south to the pine trees of the north. Norbert Klimek who was a board member from Parkers Effington Mutual came up with the new name, Prairie Pine Mutual and it stuck.

We currently write package policies for both farms and homes in conjunction with North Star Companies and RAM Mutual Insurance Company. Our territory is in the center of Minnesota in nine counties, Ottertail, Wadena, Becker, Hubbard, Cass, Morrison, Crow Wing, Todd & Douglas. This geographical

area provides lots of cabins and non primary properties so we write coverage on a lot of seasonal lake and hunting properties.

Our current in office staff consists of company manager, Tim Iverson, assistant manager, Linda Tabbert, administrative assistants, Judy Lahman & Jean Zarn. We currently have two contracted inspectors, Richard Bergquist & Bob Harris as well as two contracted adjusters, Wayne Ristvedt from Quality Adjusting and Bruce Lien. We sell our products through an independent agency network of 12 agencies scattered throughout the territory.

Our company mission statement reads as follows:

To be a financially sound mutual insurance company, perpetuating a stable insurance market for farm owners and homeowners on a local level. To protect our policyholder equity by insuring quality risks. To provide insurance products which are competitive in price and comprehensive in coverage. To be prompt in our claims handling and to excel in our service to our agents and policyholders.

Five years from now I hope that Prairie Pine will have reached the \$4 million surplus level and premium income tops \$2,000,000. We want to be a viable market for our agents and want them to consider us for all their good property business.

Current challenges we face include trying not to be adversely selected against in this technologically advanced world where most everyone is credit scoring, running loss history reports and picking off the best accounts with lots of credits. Hopefully we can get our technology on a more even playing field and do it soon.

The Prairie Pine Mutual staff members are all longtime employees and they are very involved in the community through church, school and civic organizations. Most of the staff has held some sort of leadership role in one or more of these organizations. They are good people and I'm proud to be one of them.

If we had to describe our company in one word, I hope the word would be one of these two: either "Service" or "Friendly". I don't see how you could go wrong with either one of those!

Editorial Advisory Committee

Karl Porisch, *Chairman* - Western Mutual

Jim Barta, *Vice Chairman*- Jim Barta CPA, PA

Colleen Anderson - Corn Belt Mutual

Kirby Dahl - Willenbring, Dahl, Wocken & Zimmerman

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Patti Rothfork - Melrose Mutual

Dan Stewart - Berean Claims Service, Inc.

Rick Tjarks, *Board Liaison* - Grinnell Mutual

Marcus Marsh, MAFMIC - *Staff Liaison*

Danielle Hennen, MAFMIC - *Staff Liaison*

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Annual Convention Just Around the Corner... continued

The RAM/MAFMIC noon luncheon on Tuesday will have Chad Sanow, a Fairmont, Minnesota Policy Officer speaking on "Officer Down", his experience during an ambush incident while he as responding to a dwelling fire call.

The Tuesday afternoon General Session will have Professor, Tom Stinson from the University of Minnesota to inform us of the "Rural Trends" they see developing in our backdoor. There will be a final legislative update presented.

The closing General Session on Tuesday afternoon will be Bob Loonan & Son. If you have been to any of MAFIC's ethics classes you will remember Bob, but this will be twice as good, because you get two "Loonan's" at once! This should prove to be a "feel good" time!!

It is now time to go up to your room, change your clothes, get back down and wait for the Ballroom doors to open so you can find that blasted table you picked out when you came in Sunday afternoon. Now who didn't exchange the Banquet ticket for the table number ticket? I'll bet it wasn't the Company Manager!

After you have eaten and all the head table mucky muck is over with, you will get a bathroom break, before the evening's entertainment begins. The band with singers is the "George Maurer Jazz Group" from the St. Cloud area. The George Maurer Jazz Group features a seven-piece ensemble with highly polished performers who don't take themselves too seriously and will provide Gershwin to the Beatles (and about the hippest version of the "Peanuts" theme song you'll ever hear)! They are the legacy of American swing and pop.

We know everyone is busy and has a lot of things to do, but if you attend the 117th MAFMIC Annual Convention Sunday, February 5, 2012 to Tuesday night, February 7, 2012 you will come away knowing you can create and build leaders at all levels of your Company. Those emerging leaders drive our innovation and have assumed ownership of our current and future success. "Light The Way For Others." "Thaaaat's all folks!"

MAFMIC COMMITTEE APPOINTMENTS

The various MAFMIC Committees may have openings for a February appointment to specific Committees. If MAFMIC Members are interested in a possible appointment please e-mail the committee you would be interested in serving on to Lori Olmscheid, Member Services Manager at lori@mafmic.org.

A list of prospective candidates is kept in the MAFMIC Office for reference as opening on committees become available.

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2012 LEGISLATIVE SESSION

Marcus Marsh, MAFMIC Government Affairs Manager

The 2012 Legislative Session starts on Tuesday, January 24 and is expected to end before the constitutional deadline of mid-May.

All bills introduced in the 2011 Legislative Session are alive for the 2012 Legislative Session because Minnesota works in a biennial system.

The "Minnesotan's For Lawsuit Reform" which we are a member will again pursue the four bills that passed the Senate and were filibustered in the House.

S.F. 373 (Senator Ortman R- Chanhassen) H.F. 654 (Rep. Wardlow R-Eagan) which reduces the statute of limitations from six to four years on certain lawsuits and four to two years on others.

S.F. 530 (Senator Ortman R- Chanhassen) H.F. 770 (Rep. Mazorol R-Bloomington) which lowers the interest rates on verdicts, awards and judgments from 10% to a government bond rate with a floor of 4%.

S.F. 149 (Senator Ortman R- Chanhassen) H.F. 211 (Rep. Wardlow R-Eagan) which reforms Minnesota class action lawsuits by putting in state law, an appeal process of the class action's certification.

S.F. 429 (Senator Scott Newman R- Hutchinson) H.F. 747 (Rep. Mazorol R-Bloomington) which cuts off attorney's fees in cases where a

plaintiff rejects a reasonable settlement offer but then wins less later at trial.

Legislators were thrilled with the latest State Budget Forecast of a projected surplus of about \$850 million dollars. There will be another forecast in late January.

In addition to the Protection Of Marriage Constitutional Amendment (passed in 2011) you will see another Constitutional Amendment pass the Legislature and be on the ballot in November for all of us to vote on. That amendment would require anyone voting to have a photo identification. There is the possibility of a third Constitutional Amendment which would require 60% vote in the House and Senate to pass a tax increase.

There will likely be a Bonding Bill for state projects, the only question is how big it will be.

You will see a laundry list of harmful bills introduced as usual, but probably more this year as it is an election year and there will be re-districting. Which means all the lines for the State House, State Senate and U.S. House will be re-drawn based on the states population.

MAFMIC Dues/Financial Statements

This is just a reminder that in order to attend that 2012 MAFMIC Convention, dues **MUST** be paid.

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

Position Opening

Holmes City Farmers Mutual Insurance Company is accepting resumes for a new manager. Please contact Edna Goracke at (320)762-0730 or e-mail at hcfmic@rea-alp.com

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! It's easy, convenient and environmentally friendly! Just get in touch with MAFMIC and we'll take care of the rest!

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CANCELLATION BY AN INSURED DOES NOT CANCEL THE POLICY AS TO THE MORTGAGEE

By: Kirby Dahl, Willenbring, Dahl, Wocken and Zimmerman, PLLC

The insured may cancel a policy at any time by simply providing the company written notice of intent to cancel. Both PH1 (5-08) and TP1 (1-09) policy forms contain the following identical **policy conditions**:

"2. Cancellation.

- a. By **You**. **You** may cancel this policy at any time by giving **us** written notice or returning the policy to **us** and stating when thereafter the cancellation is effective."

The question arises as to what happens to the coverage provided the mortgagee when an insured exercises their right to cancel the policy in accordance with the above policy condition. Put another way, if the insured cancels the policy in accordance with the above policy condition, does the coverage for the mortgagee also terminate on the date the insured has stated as being the effective date of the cancellation. The simple answer is no. The term "**You**" does not include the mortgagee, so in order to fully understand the rights of the mortgagee, we need to look to the mortgage clause. The standard mortgage clause found in both policy forms states in part that the interest of a mortgagee "shall not be invalidated by any act... of the mortgagor or owner of the within described property..." If the named insured purports to unilaterally cancel the policy in accordance with the above policy condition, that conduct is an "act" within the terms of the policy and although it cancels the policy as to the named insured, it does not invalidate or cancel the policy as to the mortgagee. If the mortgagee's interest in the policy has not been cancelled and a loss occurs after the insured purports to have cancelled the policy, the coverage will continue as to the mortgagee. Fortunately, the standard mortgage clause contains language that gives you the right to cancel the policy as to the mortgagee without cause. That portion of the standard mortgage clause is the same for PH1 (5-08) and TP1 (1-09) policy forms and reads as follows:

"**We** reserve the right to cancel this policy at any time as provided by its **terms** but in such case this policy shall continue in force for the benefit only of the mortgagee (or trustee) for ten (10) days after notice to the mortgagee (or trustee) of such cancellation and shall then cease, and **we shall have the right, on like notice, to cancel this agreement.**" (emphasis added)

Because this policy language does not require the use of certified mailing in order to cancel the policy as to the mortgagee, cancellation under the provisions of the standard mortgage clause may be accomplished by providing written notice stating the effective date of the cancellation mailed to the mortgagee's address as shown on the policy by first-class U.S. Mail, postage prepaid. You should also allow a three day mailing grace period by advising the mortgagee that the cancellation will become final on a specific date, which date is computed by you counting thirteen days from the date you mail the notice of cancellation. The cancellation procedure as to the mortgagee does not require that you provide a reason for the cancellation, however, the "best practice" would be to tell the mortgagee that the insured has cancelled the policy, therefore, the mortgagee's interest in the policy is also being cancelled.

Lastly, the premium refund should be prorated as of the effective date of the cancellation of the mortgagee and the named insured should be advised of that practice when they cancel the policy, which practice may encourage the insured to have the mortgagee join in or consent to the cancellation.



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Deb Liden, Bray-Gentilly Mutual

I found a new gadget a while back, it's call the "Washer Watcher" and of course, my first thought was, think of the claims we could prevent. The Washer Watcher is designed to prevent water damage from overflowing of laundry tubs but can also be used with stand pipes or wall boxes.

I bought one and my daughter easily installed it. You simply plug in the control module, attach the sensor to the discharge hose and plug the washing machine into the control module.

Now when the water level in her laundry tub gets too high the control module shuts off the washing machine so it can no longer pump water into the tub, an alarm also sounds to alert you of the problem.

The unit cost around \$70 but worth every penny if you have ever cleaned up from a water loss.

I thought this was the latest and greatest but while checking out their website, I found the "Water Watcher." This unit is totally versatile and can be used on washing machines, coffee makers, dishwashers, and anything else that uses water and electricity. To install all you do is plug the Water Watcher in to 115VAC outlet, place the sensor on the floor plug the appliance that needs protection in to the control module and it's ready. If the unit detects a problem such as water on the floor it automatically shuts off the machine and will not start again until reset by you. This unit costs around \$83 but again, worth every penny.

Website you can locate these items:

Washer Watcher:

http://www.washerwatcher.com/washer_watcher.htm

Water Watcher:

http://www.washerwatcher.com/water_watcher.htm

Get Involved...

Education Committee

This Committee is to assist the educational needs of the MAFMIC membership and develop educational opportunities for members. This Committee is made up of 14 members and includes the Convention Management Chairman, one township mutual inspector/adjustor and three representatives from statewide companies.

Who: *Chairman*, Larry Johnson, North Star Mutual, *Vice-Chairman*, Aaron Grove, Sverdrup Mutual, Kelly Drengson, Vineland-Huntsville Mutual, Eric Gesell, Holmes City Farmers Mutual, Jan Helling, Madelia-Lake Crystal Mutual, Vicki Hongerholt, Mound Prairie Mutual, Michael Kaufman, Unity Mutual, Kim Long, Grinnell Mutual, *Ex Officio*, Bill Minks, , McPherson Minn Lake Mutual, Bert Tellers, RAM Mutual, Jonathan Troe, Owatonna Mutual, Jen Visser, Bird Island Hawk Creek Mutual, *Board Liaison*, Diane Boucher, King Town Farmers Mutual and *Staff Liaison*, Lori Olmscheid

When: This Committee meets four times a year and attendance is essential at all meetings.

Where: Generally two meetings are held at the MAFMIC office in St. Joseph. The other two meetings are held at the Annual Convention and Short Course locations.

RETIREMENT!!



Al Muehlhausen signs his last check and Nick Hager takes over management of Kelso & Shelby Farmers Mutual January 1st, 2012. Al has been the manager of Kelso and Shelby Farmers Mutual for 10 years.

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December 2011 Board Meeting Synopsis

The MAFMIC Board of Directors held a regular quarterly meeting on December 15-16. In addition to routine items of business and a review of the Association's finances, several other important topics were on the agenda. The board took action on items requiring approval.

Chairman Ron Berning provided updates on committee liaison duties, uniform committee structure, recent activity involving the Transition Committee, and the membership status of Spring Valley Mutual. The board also reviewed 2012 membership dues.

The board conducted a review of employee salaries for 2012 and approved the 2012 operating budget. The board discussed and approved various items involving the process of transitioning to a new Government Affairs Manager. A detailed email was sent to the membership a few days after the board meeting with an update of where MAFMIC is at in the process and the projected timeline for 2012 and 2013. The board also approved a two-year employment contract with Marcus Marsh, as Marcus is planning to retire on June 30, 2013.

The next scheduled board meeting will take place on Sunday February 5, 2012 at the MAFMIC Convention. This meeting will focus on the financial report for the Annual Business Meeting, board liaison appointments, and any other items of routine business that require board review or approval.

Greg Parent
MAFMIC Secretary-Treasurer



Rick Tjarks, Grinnell Mutual Reinsurance Company is presented with a 100 year plaque from Ron Berning, MAFMIC Chairman at the December 2011 Board Meeting.



Lori Olmscheid, MAFMIC is being congratulated by Greg Gangelhoff, Immediate Past Chairman on 20 years of dedicated employment to MAFMIC.



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2012 MAFMIC Calendar of Events

Feb	5-7	MAFMIC 117th Annual Convention Bloomington, MN
Feb	28-Mar 1	Central MN Farm Show St. Cloud, MN
Mar	14-15	Short Course St. Cloud, MN
Mar	15-17	Owatonna Farm Show Owatonna, MN
Apr	9/10/12	Spring Agents' Meetings Mankato, St. Cloud & Mahanomen
May	7-8	Congressional Contact Visit Washington, D.C.



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.

In Sympathy



Ralph Holte, 88, Fergus Falls, passed away November 20th. Ralph worked part-time as an Adjuster for North Star Mutual Insurance Company and Inspector for Lake Park and Cuba Insurance Company.



Leonard Morrill, 80, Clinton, passed away November 24th. Leonard was a director for 20 years with Shible Mutual Insurance Company.



George Servatius, 87, Melrose, passed away December 10th. George was elected to the board for Melrose Mutual in 1957 and served as President from 1967 until 2001.



Lorenz Nelson, 82, Blackduck, passed away December 25th. Lorenz was a director for Lakeland Farmers Insurance for 30 years and was President for 25 of those years.

MAFMIC wishes to express its sincerest condolences to both family and friends of Ralph, Leonard, George and Lorenz.