



Mutual LINK

Success through Service *Deb Liden, MAFMIC Chairman*

When I think about my theme for the year “Success through Service”, it makes my mind wander through all the things that I have been involved with in my life and whether or not I would call them successful. MAFMIC is one of those, is it successful, absolutely! Is it the service that makes us successful? You bet it is. Breaking it down, here’s what I came up with:

The Staff - whose service to each of us, is incredible, they go above and beyond what is asked of them. Their goal is to make every event, every meeting and every issue a success for us personally and for our association as a whole. Arlette, who is instrumental in the organization and implementation of the Mutual Link, as well as helping with anything else that needs to be done to keep the office running as smoothly as possible. Her creativity and talent shows in each and every issue of the Link and in her paintings that she so generously donates to the scholarship auction at the convention. Dani who has a natural talent for making people feel welcome and who has the education and the experience to get us the best service possible making our events go off without a hitch, all while remaining remarkably calm. Her organizational skills, people skills and willingness to go the extra mile make her an asset that we are lucky to have. Aaron is the new CEO of the association and in that role, he works very closely with Dani; however, his other role is that of our Government Affairs Director. He is constantly keeping his eyes and ears open to make sure nothing is coming up that would affect our mutual’s negatively. I get a real sense of security knowing he is looking after us. I would be willing to bet that if there was an issue; he would know about it, have a plan for it, and have implementation of that plan in place before anyone else in the insurance world even knew there was an issue.

The MAFMIC Board of Directors – what a great group of people. I love their voices, it is important to have opinions. If you care enough about the association to accept a seat on the board, you definitely must have an opinion on the issues.

Continued on page 2...

INSIDE THIS ISSUE

Member Profile	3-4
Board Meeting Synopsis	5
The Insured’s Obligation...	6
Highlights Managers Workshop	7
Scholarship Photos	8-9
Be Prepared ...article	10-11
The Federal Reserve	12
Technology Tip Corner	13
Announcements	13
Calendar of Events & Obits	14



Success through Service *Deb Liden, MAFMIC Chairman*

Continued from front page ...

Perhaps most importantly you must be able to state those opinions to make sure you are heard, that is the only way that a consensus can be made on what is for the greater good of the association as whole. These people do that, everyone has a voice and everyone uses it.

The MAFMIC committees – these people give so freely of their time and talents, and it's not just the meetings; it's the work outside of the meetings that takes time out of their otherwise busy days. How do we thank them for everything they do for us? Of course, we say "thank you" but what about helping them out to make their jobs a little easier. The education committee values the opinions you give in the surveys that follow every event, make sure you fill them out. Realize that the government affairs committee needs our support (give to the PAC) and answer the call to action when it is needed. Read and share the mutual Link for the editorial committee and tell them if there is any topic you would like to read about. The mutual assistance committee is there to help you, use them. The policy committee is always willing to listen if you think changes need to be made or something needs to be updated in our policies, talk with them. The strategic plan, convention management and the other sub-committee's are there for you, if you have an idea, let them know.

The MAFMIC members – the support and participation from our members is truly amazing. The willingness to help each other by sharing our knowledge and experiences is undeniably a bond that holds us together. We believe in each other as individuals and as one in MAFMIC.

So, what does the success of MAFMIC come down to – I think our 2007 Chairman, Pete Hellie, said it best, "IT'S THE PEOPLE".

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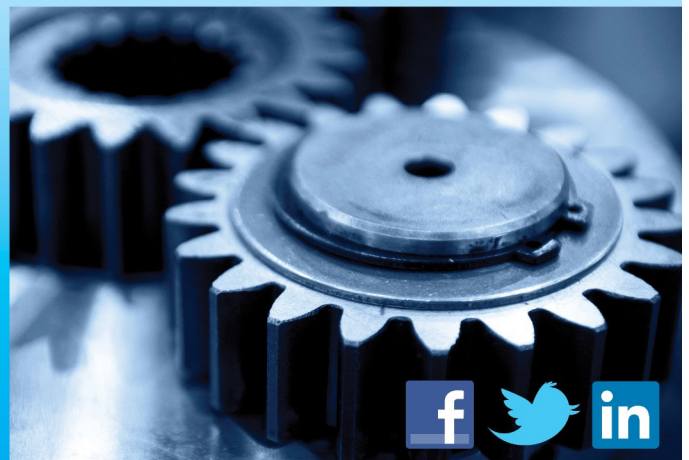
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Member Profile of Fairmont Farmers Mutual

Fairmont Farmers Mutual celebrated its 125th year of operation in 2014. The first minutes were written in English and the company was started by a group of farmers. The Secretary's Report from the first annual meeting was as follows:

Secretary Report for 1889		
Organized February 23, 1889; Commenced Business May 16, 1889		
Policies issued during the year	123	\$1,362.17
Policies expired during the year	1	\$12.70
Policies in force December 31, 1889	122	\$1,349.47
Losses Paid		\$55.00
All other expenses		\$299.15

Fairmont Farmers Mutual writes fire, wind, inland marine, liability and equipment breakdown coverages. We employ 18 full time and 2 part time employees. We serve 57 agencies and approximately 240 agents.

The Mission Statement and Business Philosophy that are printed on our Annual Statement each year are:

MISSION STATEMENT

The mission of Fairmont Farmers Mutual Insurance Company is to be responsive to the needs of our policyholders and the market conditions in which we operate and to provide quality insurance products at a fair price while maintaining the profitability of the company.

BUSINESS PHILOSOPHY

We will provide quality insurance products to our policyholders at a reasonable price. Quality customer service will be delivered to our policyholders. We will handle all of our business relationships in a professional, responsive and ethical manner at all times.

Continued on page 3

Editorial Advisory Committee

Karl Porisch, *Chairman*, Western Mutual
 Jim Barta, *Vice Chairman*, Jim Barta CPA, PA
 Dan Baasen, Northland Securities
 Scott Irvine, Priority Data
 Deb Liden, Bray-Gentilly Mutual
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**Fairmont Farmers
Mutual Building**

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

Continued...Member Profile of Fairmont Farmers Mutual

Management decisions will be made in light of their effect on our policyholders, while striving to protect and increase our financial strength at all times.

We will be a responsible employer. All employees will be treated with the utmost dignity and respect at all times. Employees will be free to offer their suggestions to management for the operation of the company.

Our reputation, based on honesty and integrity, is a history which we are proud of. We will continue to do our best to earn this continued excellence today and tomorrow for the benefit of our policyholders.

Fairmont Farmers Mutual's goal for the next five years is to meet and exceed the expectations of our policyholders and agents.

Our biggest challenges are to meet the demands of a rapidly changing industry and demographics. We are also striving to make sure the company stays relevant.

Fairmont Farmers is a member of the Fairmont Chamber of Commerce, The Chamber of Commerce Agri-Business Committee and the Martin County Pork Producers.

If we were to describe our company in one word it would have to be progressive!

*Paul Stueven, COO/Treasurer
Fairmont Farmers Mutual*



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JUNE 2015 Board Meeting Synopsis *Greg Parent, Secretary-Treasurer*



The MAFMIC Board of Directors held their second quarterly meeting of the year on June 9 at Madden's on Gull Lake in Brainerd. In addition to routine items like the financial and management reports, district updates, and board liaison committee reports, the board took action on a few items requiring approval.

A number of sections in the Board Policy Manual were updated including section 1-8 Election of Officers and section 3-9 Investment Policy. The board approved the various updates. The board also approved the MAFMIC Vehicle Personal Use Policy prepared by CEO Aaron Cocking.

The board also discussed the NAMIC FMDC program as it pertains to the MAFMIC Board. Our current D&O carrier does not have a certification credit, so it was a discussion item only. The board approved a new member application for EVO eZpay. The board also discussed various charitable donation requests that come in from time to time.

The board will meet for their third quarter meeting at the MAFMIC office on September 9. The September meeting will see the annual employee performance reviews conducted by the executive committee and brought forth to the board for review and action regarding salaries and benefits. Members are encouraged to contact their MAFMIC District Directors with any concerns or issues that may need to come before the board.

Greg Parent

MAFMIC Secretary-Treasurer



MAFMIC Executive Board & District Directors

Deb Liden, *MAFMIC Chairman*, Bray-Gentilly Mutual
 Aaron Grove, *MAFMIC Chairman-Elect*, Sverdrup Mutual
 Gary Swearingen, *MAFMIC Vice-Chairman*,
 Has San Lake Mutual
 Greg Parent, *Secretary/Treasurer*, German Farmers Mutual
 Paul Larson, *Immediate Past Chairman*,
 Leenthrop Farmers Mutual
 Kelly Halverson, *District 1*, Vineland-Huntsville Mutual
 Mikel Nelson, *District 2*, Elmdale Mutual
 Lori Anderson, *District 3*, Oscar-Parke Mutual
 Carol Maciej, *District 4*, Mid-Minnesota Mutual
 Mark Nelson, *District 5*, Norwegian Mutual
 Jan Helling, *District 6*, Madelia-Lake Crystal Mutual
 Larry Webb, *District 7*, Bloomfield Mutual
 Steve Reller, *Statewide*, RAM Mutual

The Insured's Obligation to Protect Covered Property at and After a Loss

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

Imagine this situation: An insured sustains a partial collapse to a structure covered under the policy. To prevent further collapse, the insured hires multiple cranes and a construction crew to stabilize the structure. As a result, the insured incurs expenses in excess of \$15,000.

How much does your company pay an insured for taking steps to preserve covered property after a loss? This may depend upon policy language.

For example, some policy language may require the insured to take "reasonable action" to protect property, as a policy condition for coverage. The language may also indicate that the company will pay for reasonable and/or necessary repairs or steps taken by the insured in that regard. And, some policy language may place a limit upon such payment, unless the company gives prior approval.

So, what could be the company's obligation if there is no limit stated for the insured's actions? The company could be exposed for an unlimited amount. The one saving grace, depending on the policy language, may be whether those actions taken by the insured were reasonable or necessary under the circumstances. But, again, this would depend on the certain policy language.

In light of this potential exposure, is there any way for a company to limit or cap the amount if such a limit is not stated in the policy? That would largely depend on a policy rewrite and whether such language would be consistent with Minnesota law.

For example, homeowner's policies must follow the statutory language and coverage requirements set forth in Minn. Stat. § 65A.01. With respect to the insured taking reasonable action to save property after a loss, § 65A.01 provides the following language:

65A.01 MINNESOTA STANDARD FIRE INSURANCE POLICY.

Subd. 3. Policy provisions.

In case of any loss under this policy the insured shall give immediate written notice to this company of any loss, protect the property from further damage....

Because the homeowner's policies must conform with the statutory language in Minn. Stat. § 65A.01, the question arises as to whether a limit could be placed in the policy, capping the amount the company pays when the insured takes reasonable steps to protect the property. This would be worth further consideration.

With respect to policies issued under the authority of Minnesota Chapter 67A (i.e., farm policies), there is no statutory language requirements in this regard. Therefore, unlike the homeowner's policies, a cap could potentially be placed in such policies.

In conclusion, while it may be the rare case that the example provided at the outset (or something like it) would occur, companies should know the potential exposure that could be put in place due to the policy language discussed.



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Manager's Workshop Highlights - Grand View Lodge May 5-6th



MAFMIC 2015 SCHOLARSHIP RECIPIENTS



Julie Kiehl, agent for United Prairie Insurance, Jackson, MN / Fairmont Farmers Mutual presenting **Nathan Jones**, with his Scholarship.



Yvonne Skelton and Rick Raun, Manager, Woodland Mutual presenting **Gabriella Bennett**, with her Scholarship.



Marvin Martinson & Karin Erickson, Manager, Holmes City Farmers Mutual, presenting **Emily Cook-Martinson**, her Scholarship.



Greg Gangelhoff, Manager, Stark Farmers Mutual presenting **Jacob Gangelhoff** his Scholarship.



Robert Wendorff, Manager, Crow River Mutual, **Courtney Halonen** her Scholarship.



Scholarships

MAFMIC 2015 SCHOLARSHIP RECIPIENTS



Rob Hanks, Director for Bloomfield Mutual presenting *Cassidy Harrington* her Scholarship.



Karla Bauer, Manager, Kenyon-Holden-Warsaw Mutual presenting *Brennah McCorkell* her Scholarship.



Angela Campbell, Manager, & Jim Froberg, President, Chisago Lakes Mutual, presented *Hannah Nordby* her Scholarship.



Paul Larson, Manager, Leenthrop Farmers Mutual presenting *Kyla Schuler* her Scholarship.



Jim Bryant, Manager, Hay Creek Mutual, presenting *Klarissa Dankers* her Scholarship.



Be Prepared When Disaster Strikes

By Kevin Kies, Grinnell Mutual Manager of Mutual Services

Peak storm season is upon us. Even though you hope your company and your policyholders will not suffer catastrophic events this year, you need to be prepared. Large claims volume with catastrophe events can create a high stress environment for those affected, including your staff. Now is the time to review your contingency plan so that you can make better, more efficient decisions that will serve the best interests of your customers and your company.

What to do when your own building is hit

During a storm event, your customers may not be the only ones affected. Your building could sustain significant damage. You may not have electricity, phone lines, cell service, or internet.

During a business interruption event caused by a storm or other internal or external forces, the goal is to get the word out as quickly as possible to your customers. Below are a few tips to prepare your business for a disaster.

Have an alternative work location. A good catastrophe plan will include accommodations for communication and temporary offices. You should have an alternate location to conduct your business.

Communicate by mail or email. Mass communications to your policyholders that notify them of how or where to contact your office will aid in the process.

Communicate by radio or through the company website. Running radio ads can also aid in notifying the public of how your company is conducting business. If your business has a website, post the information on the site.

Have an alternative mode of access for policy data. Also, consider that you may no longer have normal access to your policy data. An alternative mode of access is necessary for you to begin the claims handling process.

How to prepare for increased claims volume

A large number of claims tend to be submitted immediately after a damaging storm. Here's how you can manage the swell in claims.

Communicate with your policyholders. It is critical to inform the policyholder what to expect throughout the process. One way to do this is by sending a letter to policyholders who have submitted claims. It can put them at ease and help meet your initial contact requirements. When customers know what to expect, it can lessen their anxiety through the claims process. Inform them of when an inspection will occur, when they will receive their estimate, and what needs to be done to receive payment.

Prioritize your response to claims. Prioritizing claims can help your company stay organized. One technique is to prioritize by severity. For example, handle claims with homes that are uninhabitable prior to handling farm out-building claims. Another method is to sort claims by location for increased efficiency.

Determine if you need outside assistance. The bulk of your claims will come in the first days after a catastrophic event. However, it is important to determine a likely number of claims that may still be submitted. This will help you assess whether you have the ability to handle the anticipated claims load or if outside assistance is required.

You may need to enlist the assistance of a national catastrophe adjusting teams vendor. Keep in mind it typically takes up to 48 hours for a national adjusting firm to arrive in your area. The sooner you make the decision, the better the results. The process of bringing in outside adjusters works best if you have open communication prior to their deployment. Company-specific policy forms should be addressed with any outside adjuster to ensure proper coverages are applied.

How to maintain your high customer service standards

In a catastrophic event, one of the most important elements to consider is how your company will provide the best customer service possible. In your contingency plan, consider the following service issues.

Continued Page 11 ...

Continued from page 10 ...

Be prepared when disaster strikes

How will you handle matching and coverage issues?

Review your state's rules and requirements as they pertain to matching and contractors or public adjusters. Consider hand-delivering a check for additional living expenses immediately after the storm to displaced families.

How will you handle customer complaints? While each claim should be handled on its own merits, neighbors will talk and compare experiences. Prepare yourself and your staff for customer complaints about unfair treatment. Your staff can calm the customer by explaining that each case is handled differently because situations are different. Cases should not be compared. Overall, remember the "Golden Rule" with regard to customer service. Treat your customers how you would like to be treated.

Proactively planning for a catastrophic event can go a long way toward determining how successfully your company will deal with the situation. A good plan will help you manage effectively and efficiently. Your plan will allow your company to focus on servicing your customers rather than focusing on how your company will conduct business. Preparation will undoubtedly help make the best of a difficult situation.

If you have further questions, please contact me at kkies@gmrc.com or 800-362-2041, ext. 5625.

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THE FEDERAL RESERVE

“We’re serious this time”

Dan Baasen, Northland Securities

To say that managing portfolios for reasonable yield these past years has been challenging for investors & especially Township Mutuals is an understatement. For the proceeding five years the Federal Reserve has kept rates at historically low levels as it has tried to fuel a strengthening economy. The only good thing during this period has been that the inflation has also been at historic low levels. Now that the consumer price index has moved up to just under 2%, the FED wants to keep inflation in check by adjusting their discount rate to higher levels. In the last 6 months the rate of return on a ten year US Treasury has moved its range higher from 1.49% -2% in 2014, it now trades in range from 1.85%-2.65%. Again, we believe that reflects a pending increase in the FED regulated discount rate.

The rates of return for the past five years may have set a new “normal” for investors. Even as low as rates have been they have not accomplished “negative” returns that exist in many European and Pacific Rim countries where you actually can get back less than you invested at maturity.

So, what strategies are available to us in a period of rising rates? Let’s examine several examples:

WAIT! Rates are going higher; this could prove expensive as the cost of little or no return for several years and could impact your total income dramatically.

Invest short-term, 1-3 years. It is possible today to get a CD or short term government security return in the 1.5-2% range. This strategy will in effect reduce your total portfolio return and if rates don’t increase during the term of the investment, it too would produce low returns on investments for the ten year period.

Target maturities in the 8-10 year period. In just a few years these maturities will become short term and your rate of return will be significantly higher overall. A difference in return of 1.5-2% over three years becomes up to 6% over just three years.

Invest in the highest returns available on fixed income government or corporate bonds. In the early 1980’s everyone believed that the rates available at that time 15% + on government issued bonds could only go higher. If you had bought government non-callable bonds back then they would still paying you at rates unheard of in today’s environment.

What we are all trying to determine here is what the new “normal” is? Is it 3% bonds or eventually 6% bonds? It could be that 2-3% on 10 year is the new normal.

Think about using municipal tax exempts. They compare very favorably on interest rates alone. Add the fact that the returns are not taxable; the difference is significant, as much as 200% on short term maturities.

Example:

A ten year Edina, MN School District bond was issued today with a 2.80 yield and a 3% coupon. A comparable 10 treasury yields 2.3% and is federally taxable.

Be careful, the cost of “waiting” can be expensive!

Recent Changes to Adobe Reader and Google Chrome

Adobe recently released the latest version of their free PDF viewer—the program you probably use to open declarations, applications and other form-type documents. Designated “Adobe Reader DC” (the “DC” stands for Document Cloud) it’s a major departure from their previous offering, *Reader XI*. *Reader DC* is designed to work with mobile devices like phones and tablets, and will enable users to access their PDF documents from these devices. Claims adjustors, for example, might now be able to pull up the mutual’s saved declarations in PDF format on their Android phone. Sounds pretty cool, and maybe not something you were even thinking about, but software developers cater to the leading edge of technology, so this was bound to happen.

Unfortunately, although this new PDF viewer has many new and exciting features, it also appears to cause some problems with other software that you might be using. In most cases, it’s a pretty smart policy to keep your software as up-to-date as possible. However, in this case, it might be prudent to wait on *Reader DC* until you hear that someone else is successfully using it with all of the programs that you need to use.

In a related development, the Google Chrome browser recently discontinued support of NPAPI plug-ins. These are small “helper” programs that allow a piece of software to talk to another piece of software. One of the more commonly-used NPAPI’s is the one that allowed Chrome to work with Adobe Reader. If you are using Chrome and noticed that some things, specifically PDF’s, stopped working right around the April timeframe, this is probably why. As an example, my company’s fillable application no longer functions in Chrome, as it relied on this NPAPI to allow users to complete these fields. We will be releasing new code to address this very soon, but for now, users will need to use Internet Explorer.



Announcements



We would like to thank Karl Porisch, Manager, Western Mutual, for serving on the editorial advisory committee for the past 6 years. Karl left

his current position as chairman of the editorial advisory committee due to retirement on July 1, 2015.



We would like to thank Jim Barta from Jim Barta, CPA PA, for serving on the editorial advisory committee since 2011. Jim was currently holding the position of vice

chairman of the editorial advisory committee. He also retired in June 2015.

JOB POSTING

Company Manager

Claremont Farmers Mutual located in Kasson, MN is seeking a company manager.

Qualifications include knowledge of insurance, preferably township mutual industry, company & personnel management, marketing, technology, accounting, inspection and adjusting. Salary is based on experience.

Please submit resume to:
Claremont Farmers Mutual

PO Box 218

Kasson, MN 55944

or Email lulve@kmtel.com

2015 MAFMIC CALENDAR OF EVENTS

- July 15** Manager & Director Seminar,
St. Cloud
- July 16** MAFMIC Golf Outing
Little Crow, Spicer
- Aug 5-6** Leadership Development (NAMIC),
Chicago, IL
- Aug 18** New Managers Workshop
MAFMIC Office, St. Joseph
- Sept 9** PIA Education Day & Trade Show
Mystic Lake Casino, Prior Lake
- Sept 27-30** NAMIC 120th Annual Convention
San Diego, CA
- Oct 7-8** CCP Congressional Contact Program
Washington, D.C.

IN SYMPATHY



Armas Sulo Yuhala, 82, died Thursday, May 14, 2015. Armas born was born in 1933 to Sulo and Aili Yuhala in Grand Rapids, MN. He was married to Nancy Salminen in 1961 until her death in 1992.

He was active on the *Itasca Mutual Insurance Board*, *Itasca County Commissioner*, *Itasca County and State of Minnesota Soil and Water board*, *Nashwauk Township Board Supervisor*, and a commercial fisherman. Armas is survived by his wife, Karen; six daughters, four sons, 26 grandchildren, 4 great-grandchildren and several nieces and nephews. The funeral was held in Grand Rapids on May 19th.

MAFMIC wishes to express its sincerest condolences to family and friends of Armas.



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.



PRIORITY DATA

SERVING MINNESOTA



Priority Data would like to thank our 20 Township Mutual clients for their business. It is our pleasure to serve MAFMIC members and we look forward to supporting the Minnesota farm mutual industry for years to come.

Our Agent Rating software is currently being used in nearly every county in Minnesota; and we recently launched our latest cloud-based software, a fully customized policy processing system called PDSpectrum.

Contact us to see how our software solutions can fit your mutual's needs at sales@prioritydata.com or 402.590.2506.