

Minnesota Association of Farm Mutual Insurance Companies

Mutual LINK

Accept the Challenge

Chairman Greg Gangelhoff

We all, to some extent, no matter our age face challenges every day. Stop for a moment; How many times can you think of, that you are faced with a challenge whether it is at work or at home?

It is our attitude toward these challenges that helps us get through each day. It's not always easy to have that positive attitude during difficult times in our life. We ask the question, why is this happening to me, my family, and my friends or with my employment. It's not a question of if you will be challenged but how many times during the day or week will you be challenged. So have that mind set as you start your day, that way you're not overwhelmed and alarmed by each trial.

Remember to use your teammates in dealing with those challenges; teammates in your office, in your family and your community. There are people always willing to assist in many different ways.

This past year our association was faced with a challenge that we're all aware of. Thanks to all of you for your



dedicated support, commitment, and willingness to be a team player. The input that we got from our membership helped in setting forth a new path for our association. It doesn't mean that working through those challenges are going to be easy.

MAFMIC is a service association. Our membership wants value for their dues. This same

analogy can be said about each one of our companies and our policyholders. They want value for their premium dollars. We are all in the service industry. What's asked of each of us is that we give 110% in our helping of others.

As your new chairman, I accept the challenges I will face and pledge to give 110% knowing that with all of you on our MAFMIC team, we will take those challenges and turn them into opportunities that will make MAFMIC a stronger association.

I would like to comment on the 115th Convention that was recently held at the Sheraton in Bloomington. I would like to thank the entire MAFMIC staff and all the volunteers willing to help. The work involved in making a convention of this size run smoothly takes many people pulling together. What sets MAFMIC apart from any other association is all the willing volunteers ready to help in so many different ways.

Greg Gangelhoff
Chairman 2010-2011

CCP & Spring Agents' Meeting

Please fill out the ***Congressional Contact Program*** registration form inserted in this issue to show our strength in numbers at the Nation's Capitol May 19-20.

Also inserted in this issue is the registration form for the 2010 ***Spring Agents' Meeting*** taking place April 21 & 22.

Send, fax or email your registrations to MAFMIC.
Information is listed on each form.

INSIDE THIS ISSUE

Board Member Profile	2
Ask The Dep't	3
Unfair Claims/Practices Alert	4
Convention	5-7

Board Member Profile

Karl Porisch, Western Mutual

1. Where did you grow up?

Jackson, Minnesota.

2. Did you attend college – If so, where & what for?

I attended Waldorf Junior College in Forest City Iowa, Mankato State College in Mankato, Minnesota where I graduated with a Bachelor's degree in Biology and Chemistry. Then I received my Master's Degree in Management at Southwest Minnesota State College in Marshall.

3. Are you married? Do you have children?

Shirley and I have been married for 14 years. I have two boys; Chris works for United Health in Minneapolis and Chad works for Qwest. We have two grandchildren; Trevor, 3 and Samantha, 1 ½.

4. What are some of your favorite hobbies?

Golf would be at the top of the list, but competitive barbequing would be a close second. My cooking partner and I enter about 5 contests a year in Minnesota and South Dakota where we compete with as many as 40 or 50 other teams for prize money. These are Kansas City Barbecue Society sanctioned events that are a lot of fun and a good way to meet folks that just love to barbeque.

5. What was your first job?

After getting my bachelor's degree, I entered the Marine Corps and eventually went to flight school where I learned to fly the CH-46 helicopter. I spent 7 months in Viet Nam and in June of 1971 was stationed at Kaneohe Bay Marine Corp Air Station. I think they felt sorry for me and let me live in paradise for three years. My first winter back in Minnesota was the year of the 100 year blizzard. Everyone remembers the storm on January 10th, 1975. What a change from the island of Oahu!

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

About the time I was getting ready to leave the Marine Corps; my father called me and asked if I would join him in his insurance agency in my home town of Jackson, Minnesota. I had already been accepted at graduate school at Mankato State, but since none of my brothers wanted to move back, I took his offer. I think

being my own boss and owning my own business was a big part of the appeal. But getting to know folks and helping them with their insurance needs was also very gratifying.

7. What do you enjoy about your job now?

Believe it or not, the best part of this job is the day to day challenges that occur. Claims coverage issues, keeping our agency force happy, dealing with financial decisions, and making sure the Mutual survives in a sluggish market makes for a busy day. No two days are the same, and the anticipation of what will occur when you show up for work is exciting.

8. What do you strive for professionally?

I think that most folks that are in this position have a deep down desire to be the best they can be. Certainly education is important and NAMIC's PFMM program is a good example of how to increase one's knowledge about our industry. The other important aspect of this job is to learn from your mistakes. I think that applying what you've experienced in the past to what you are experiencing now, goes a long way in making you a better individual and certainly a better manager.

9. Who has been most influential to you professionally?

Without a doubt it would be my wife Shirley. She's the one who challenged me to go back to school and get a masters degree. She's the voice of reason when the German in me wants to act otherwise. She sets a very high standard of professionalism in her own work, so I really have a "built in" guidance counselor so to speak.

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

Being a board member has opened my eyes to the larger community of what we call MAFMIC. It's a great experience to meet with other managers from around the state and be able to share ideas and opinions in an atmosphere of mutual respect.

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

My biggest concern is how our mutuals are going to survive and remain viable in the coming years. Pressure from other competitors, encroachment from regulators both State and Federal, and the increase in the cost of doing business are of great concern to me. We must continue to be aware of what is happening in our industry and be active in both MAFMIC and NAMIC.

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Mutual Link (USPS 623-320) is published bi-monthly by Minnesota Association of Farm Mutual Insurance Companies, Inc. 601 Elm Street East, PO Box 880, St. Joseph, MN 56374. Periodical Postage Paid at St. Cloud, MN 56301. Annual subscription rate for members of the Association is \$2.00, which is included in the membership dues.

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Ask the Department

Jaki Gardner, Asst. Commissioner of the Dep't of Commerce

Q. Audits/Examinations

A. As I recall from the meeting, your group is interested in the questions posed as it relates to member companies like converted TMs that are now included as "mainstream" companies for examination purposes. These companies are 66A companies that have moved away from 67A.241 into 60A.031 for the rules and procedures associated with financial examination requirements. The main difference is in the frequency of exams, which for 67A companies is a 3-year cycle, and for 66A companies, it is a 5-year cycle. The scope of examination is basically the same. Under both statutes, the Commissioner has the authority to perform examinations more frequently if deemed necessary. The cost of examinations varies with the amount of time/hours incurred in performing the exam. The number of hours is a function of the size and complexity of the company's operation. The hourly rate ranges from \$87 - \$175. We try to contain the cost through the use of internal and external auditor workpapers, as well as the results of risk assessment based on the strength of the company's internal controls. (For example, the stronger the internal controls the greater the reliance on the integrity of the company's financial records for determining its financial condition.)

Q. What do companies get back from the DOC?

A. Typically, the examiners prepare a Report of Examination and a Management Letter. These documents report the findings of the examiners and recommendations for improvements in operations and reporting of information. The Report of Examination is a public document and is required to be prepared and made available to regulators and others upon request. We also post it on the Commerce Department website for ready access by interested parties. The Management Letter is a confidential document directed to management that lists observations for improvement or potential problems for the company to address going forward. While the Report is required and public, we expect that the management letter is a helpful and useful tool left with companies that will provide feedback regarding the company's operations, policies, and procedures that can support strategic planning decisions. It also provides an objective analysis of the effectiveness of the company's internal controls environment.

MAFMIC Financial Statements

Please send your company's financial statements to:
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Unfair Claims & Practices Act Alert

Kirby Dahl, Willenbring, Dahl, Wocken & Zimmerman, PLLC

In the 2009 legislative session, the Minnesota Department of Commerce (DOC) sponsored a bill amending Minnesota Statutes 67A.191, Subdivision 2, making it clear that all portions of combination homeowner's policies including those issued by township mutual insurance companies are subject to certain provisions of the Unfair Claims Practices Act. This law was passed by the Legislature and signed by the Governor and became effective August 1, 2009. Portions of the Unfair Claims Practices Act now apply to township mutual insurance companies but only as to claims made on homeowner's policies. A claimed violation of the Act may expose a township mutual insurance company to investigation by the DOC as to whether or not the insurer has committed an unfair claims practice. If it is found that a company did commit an unfair claims practice, the DOC now has the power to penalize and fine the company.

The following are some acts which pursuant to law, constitute prohibited unfair claims practices:

1. Failing to within ten (10) days acknowledge receipt of a claim, provide claim forms, provide instructions on how an insured is to process a claim or failing to provide the insured with the identity of the company representative (including telephone number) who the insured can contact for assistance in complying with policy requirements.
2. As to oral contacts with your insured regarding a claim, failing to keep a written log in your file containing the telephone number called, the identity of the person making and receiving the contact, the time, date and substance of any and all discussions.
3. Failing to accept or deny a claim within thirty (30) days unless within that thirty (30) day period the insured is advised in writing why the investigation is not complete and when it is expected that the investigation will be complete. (When fraud is suspected, you need not tell the insured the reasons for the delay but such information must be made available to the Department of Commerce on request.)
4. Failing to advise an insured of all coverages available on any claim.
5. Invoking forfeiture dates (i.e. two-year suit limitation) unless the insured has been provided sixty (60) days written notice of the forfeiture date (this provision does not apply if an insured is represented by an attorney).
6. Discouraging an insured from hiring an attorney or public adjuster.
7. Demanding information from an insured which would not affect the settlement of the claim.
8. Refusing to settle a claim on the basis that the responsibility for the loss should be assumed by others that caused the loss.
9. If you deny a claim, failing to do so in writing.
10. Failing to provide the specific policy provision or condition or exclusion relied upon in denying a claim.
11. Making an offer of partial or final payment without explaining what the offer or payment is for.
12. Making an offer of settlement on one part of a claim conditioned on settlement of another part of the claim.
13. Threatening cancellation, rescission or non-renewal to force settlement of a claim.
14. Failing to issue full payment of an agreed upon settlement within five (5) business days.
15. Failing to allow for payment for applicable taxes, licenses or fees on claims.
16. Applying depreciation to a destroyed item where the item is not affected by age, use or obsolescence.
17. Denying a claim without having conducted a reasonable investigation of the claim.
18. Failing to maintain a master file as to the company or any agent regarding complaints made by policyholders or the preceding four (4) years.
19. When denying a claim, failing to advise the insured of the insured's right to file a complaint regarding a denial with the DOC or failing to provide the address and telephone number for the DOC for the purpose of filing a complaint.

For a complete listing of all acts which are prohibited "claims practices" that apply to township mutual insurance companies, please refer to Minnesota Statutes 72A.20 and 72A.201.

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115th Annual MAFMIC Convention

Photos by Jonathan Troe, Owatonna Mutual & Bert Tellers, RAM Mutual

The 115th Annual Convention was a successful event and honored many people. Those individuals are mentioned below:

The mutual managers that have received their **Professional Farm Mutual Manager (PFMM) Designation** are: **Kelly Drengson**, Vineland-Huntsville Mutual; **Aaron Grove**, Sverdrup Mutual; **Scott Heidebrink**, Southwest Mutual; and **Larry Webb**, Bloomfield Mutual. Mound Prairie Mutual manager, **Jerry Zenke** received NAMIC's special **PFMM of the Year Award** as well.

Dale Williams, RAM Mutual and **Leon Kirchner**, Madelia-Lake Crystal Mutual are the first Minnesota directors to receive their **Farm Mutual Director Certification Designation**.

For his work at the Minnesota Legislature, NAMIC has honored **Marcus Marsh**, MAFMIC with their **Service Award**.

Larry Johnson, North Star Mutual and **Deb Tollefson**, RAM Mutual received the NAMIC **Merit Award**.

Those honored by MAFMIC include **Lori Anderson**, Oscar/Parke Mutual and **Bill Minks**, McPherson Minn Lake Mutual as **Volunteers of the Year**. **Tom Mrosla**, Mid-Minnesota Mutual was honored as the **2010 Robert C. Seipp Award** recipient. Vasa-Spring Garden Mutual celebrates 150 years in 2010 and Manager, **Jim Nelson** and board members, **Scott Safe**, **Donald Nord**, President and **Mark Sjoquist** were presented a plaque.

MAFMIC has also welcomed two new district directors. **Connie Jaskowiak**, Young America Mutual will join the board as district 4 director, taking over for **Ruth Rothstein**, Paynesville Mutual. **Diane Boucher**, King Town Farmers Mutual will join as district 1 director, taking over for **Deb Liden**, Bray-Gentilly Mutual.

Linda Jaskowiak, Sumter Mutual has been named as MAFMIC Vice-Chairman and will join the Executive Committee and the rest of the Board of Directors.

We would like to congratulate everyone mentioned above for their achievements in the past year as well as congratulate the new board members and the new Vice-Chairman!



Connie Jaskowiak, left, & Diane Boucher, new directors.



Seipp Award recipient Tom Mrosla and his wife, Marlene.



Linda Jaskowiak joins the MAFMIC ranks as Vice-Chairman.

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115th Annual MAFMIC Convention (continued)

Photos by Jonathan Troe, Owatonna Mutual & Bert Tellers, RAM Mutual



Steve and Kari Knutson pose with their daughters, (from left) Kylee, Kallyn, and Kaycee and Kylee's fiancé, Matt Ohme.



Registration Desk Committee. (L-R) Back: **Lori Anderson**, Oscar-Parke Mutual; **Paul Haynes**, North Star Mutual; **Mark Peterson**, Western Mutual. Front: **Lynda Nordstrom**, RAM Mutual; **Linda Jaskowiak**, Sumter Mutual; **Bill Iversen**, Prairie Pine Mutual.



(L-R) **Dean Kerfeld** & **Justin Pape**, RAM Mutual.



North Star Mutual President, **Jeff Mauland** & the happy crew at the North Star Coffee Reception.



Sergeants-at-Arms. (L-R) Back: **Dave Pederson**, Farmers Mutual Manchester; **Jim Nelson**, Vasa-Spring Garden; **Dave Frundt**, Kelso & Shelby Farmers Mutual; **Ron Berning**, Lake Park & Cuba Insurance. Front: **Chris Adams**, Palo Mutual; **Maureen Reineke**, Buffalo Lake-New Auburn Mutual; **Sharon Schmitz**, Jim Barta, CPA PA.



Photographers with the Chairman. (L-R) **Bert Tellers**, RAM Mutual; **Steve Knutson**, RAM Mutual; **Jonathan Troe**, Owatonna Mutual.

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Public Policy Luncheon. (L-R) **Richard Raun**, Woodland Mutual; Commissioner of Labor & Industry, **Steve Sviggum**; **Steve Knutson**, RAM Mutual; **Marcus Marsh**, MAFMIC.



Marketing Committee booth. (L-R) **Deb Tollefson** & **Steve Schwiters**, RAM Mutual and **Tim Iverson**, Prairie Pine Mutual.



(L-R) **Steve Knutson**, RAM Mutual gives **Bill Minks**, McPherson Minn Lake Mutual, one of two Volunteer of the Year Awards. The other went to **Lori Anderson**, Oscar-Parke Mutual.



Convention Chaplain, **Lynda Nordstrom**, RAM Mutual.



(L-R) Keynote Speaker, **Damian Mason**; **Steve Knutson**, RAM Mutual; Opening Session singer, **Stephanie Fisher-Heiberg**.



Auxiliary Officers. (L-R) **Cec Handevidt**, **Lois Ballard** & **Joy Hellie**. Not Pictured: **Denise Swearingen**.



Question Box Panel. (L-R) **Brad Kullot**, Spring Valley Mutual; **Joleen Christen**, RAM Mutual; **Deb Liden**, Bray-Gentilly Mutual; **Paul Stueven**, Fairmont Farmers Mutual; **Linda Jaskowiak**, Sumter Mutual; **Eric Gesell**, Holmes City Farmers Mutual.



Janet Bargfrede; special guest, **Clarence "Buzz" Campbell**; **Ken Bargfrede**, Corn Belt Mutual.



Vasa-Spring Garden Mutual celebrates 150 years! (L-R) **Scott Safe**, **Donald Nord**, **Jim Nelson**, Manager, and **Mark Sjoquist**.



Husband & wife Exhibit Show team, **Jerry & Joan Zenke**, Mound Prairie Mutual.



(L-R) NAMIC President, **Chuck Chamness** & NAMIC Chairman, **John T. Hill**.



Bert Tellers, RAM Mutual pulled on stage at the annual banquet.



Immediate Past Chairman, **Steve Knutson** presents **Greg Gangelhoff**, Stark Farmers Mutual, with the MAFMIC Chairman plaque.

MAFMIC

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Mutual Link

2010 MAFMIC Calendar of Events

March	17-18	Short Course Arrowwood Resort, Alexandria
March	18-20	Owatonna Farm Show Steele County Fairgrounds
April	21 & 22	Spring Agents' Meeting Mille Lacs and Morton
May	19-20	Congressional Contact Visit Washington D.C.
July	14	Manager & Director's Seminar Holiday Inn, St. Cloud
	15	Scholarship Golf Outing Little Crow Country Club

In Sympathy



Melvin Muyres, 86, passed away March 31, 2009. Melvin served Elmdale Mutual for over 40 years.




Floyd Syverson, 86, passed away December 6, 2009. Floyd served King Town Farmers Mutual for 4 years.

MAFMIC wishes to express our sympathy to the friends and family of Melvin and Floyd.

MAFMIC COMMITTEE APPOINTMENTS

If MAFMIC Members are interested in a possible committee appointment, please email 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.

 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.