



*Mutual*

**LINK**



## *"66A Company Mergers"*

*Submitted by: John Neal, Attorney, Neal, PLLC*

Last time we discussed mergers between two township mutual insurance companies (67A). This article will address mergers between two statewide carriers (66A). The same steps apply as to a merger between a statewide carrier (66A) and a township mutual (67A).

### **1. Joint Board Meeting**

Once two companies have formed a mutual interest in a merger, the next step is to hold a joint board meeting between the Boards. The purpose of this meeting is to address things necessary to the merger. For example, who will be the surviving entity, what will you do with the spare office(s), coordinating vendors, who will comprise the Board, who will be its officers, *etc.*

If the surviving entity's corporate documents need amending, it can be addressed at this time as well.

Once these items are addressed, the two companies prepare a Plan of Merger, which all directors in favor sign. This is the document you will present to your policyholders for approval at a special meeting.

### **2. Special Meeting**

Each company will hold a special policyholder meeting to approve the Plan of Merger and any amendments to the surviving entity's corporate documents. Each company will need to send notice of the special meeting and meet certain timeframes. A two-thirds affirmative vote of the membership present at the special meeting is necessary to ratify the plan of merger. Any amendment to the surviving entity's corporate documents will be addressed and voted upon at the surviving entity's special meeting.

### **3. Articles of Merger and Amendments to Corporate Documents.**

If each company's members approved the Plan of Merger, the directors of both companies complete and sign articles of merger. The surviving entity's president and secretary also complete additional documents for any amendment to the corporate documents.

### **4. Completed Merger Guideline & Questionnaire**

There are also a number of items each company's managers can work on between the joint board meeting and the special meeting. This includes completing the following forms:

- Complete Comparison of Companies form
- Prepare Territory maps for each company's writing territory prior to the merger
- Obtain a copy the Reinsurance Agreement for the surviving company
- Complete Biographical Affidavits for each Director
- Prepare or obtain a copy of the surviving company's disaster recovery plan
- Prepare or obtain a copy of the surviving entity's written investment policy
- Obtain signed Financial Statements (Pro Formas)

*Continued on Page 2*

#### **INSIDE THIS ISSUE**

<b>Committee Members</b>	<b>2</b>	<b>Understanding Sec 125</b>	<b>7</b>
<b>Member Profile - ReliaFund</b>	<b>3</b>	<b>Legislative Update</b>	<b>8</b>
<b>MAFMIC Golf Outing Registration</b>	<b>4</b>	<b>Blast from the Past 1988</b>	<b>9</b>
<b>Mgr &amp; Director Registration</b>	<b>5</b>	<b>Calendar of Events/Obits</b>	<b>10-11</b>
<b>Sump Pump Backups</b>	<b>6</b>		

## 5. Itemized List of Expenses

The surviving entity is responsible for all expenses related to the merger. The surviving entity must prepare an itemized list of those expenses.

## 6. Merger Endorsement

The companies will prepare a merger endorsement, which will attach to the policies. This endorsement informs the policyholder of the merger and the surviving entity's responsibility for coverages on the policy.

Once complete, everything is filed with the Commerce Department for approval. If approved, the Commerce Department sends notice, and the merger is effective as of the date selected (usually January 1<sup>st</sup> of the upcoming year).

The above is a summarized version of the process. Each merger may be different depending on the companies' circumstances.

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## Associate Member Profile ~ ReliaFund

*Submitted by Greg Lowrey*

ReliaFund was founded in 2001 and is located in Golden Valley, MN. We provide electronic payment services that meet the needs of our merchants and independent software vendors. ACH, credit card, check image processing, and insurance claims payment solutions. World class customer service, and we still answer the telephone! We currently employ 17 employees. Our mission is to set each and every customer up for success. That's why we develop cutting-edge payment processing technology and deliver it with excellent customer support.

To support our mission, we endeavor to:

1. Earn the Respect of our Partners & Customers
2. Conduct Business with Professional Integrity
3. Be Responsive to Industry Drivers
4. Be a Valued Resource for Customers & Partners
5. Responsibly Protect Customer Data

Our goals are to continue our steady growth by enhancing and refining our payment products to ensure the confidence of our customers and their customers in the safe, consistent, and reliable processing of their payments. Our biggest challenge is implementing state-of-the-art security and fraud detection. Adhering to and staying current with all compliance regulations and implementing world class technology advancements.

ReliaFund encourages all employees to be involved in their communities, via individual or community-based services through churches and non-profit agencies that meet the needs of the community in which they live. Many are actively involved in volunteering in their community and neighborhoods. One word that describes our company is as our name states: **"Reliable"**!

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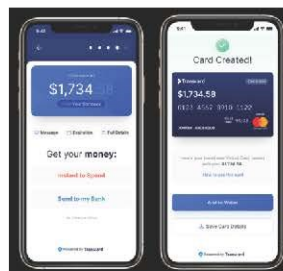
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#### Contact Greg at ReliaFund:

763-226-2005 or [glowery@reliafund.com](mailto:glowery@reliafund.com) for a demonstration of how SMART DISBURSE can transform the way you pay claims.



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# MAFMIC Golf Outing

## BEST BALL SCRAMBLE



Little Crow Golf Resort - Spicer, MN  
Monday, July 15, 2024

10:00 a.m. – Registration Check In

11:00 a.m. – Shotgun Start

4:30 p.m. – Dinner & Awards Ceremony

Register with MAFMIC by Friday, July 5, 2024

### Golf Package - \$125

*Fee Includes: Driving Range, Green Fees, Cart,  
Burger Basket, Beverage Tickets and Dinner*

*Dinner Only - \$25*

*Sponsor a Hole - \$250*

***All Proceeds will be split between the  
MAFMIC Scholarship Fund &  
the Public Policy Fund\*  
Make Checks Payable to MAFMIC***

Name: \_\_\_\_\_

Company: \_\_\_\_\_ Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

*Please check all that apply:*

Golf Package - \$125 per person	\$ _____
Dinner Only - \$25 per person	\$ _____
Hole Sponsorship - \$250 per hole	\$ _____
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TOTAL ENCLOSED	\$ _____

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## Manager & Director's Seminar



St. Cloud,  
Minnesota



Tues.  
July 16  
2024

**MAFMIC** will once again offer a seminar designed for Mutual Managers and Directors. This seminar features topics of interest and importance to managers and board members alike and should benefit their role in the company.

**We will be applying for 3.0 hours of non-company continuing education credits (pending approval).**

**\*\*\* We do not give partial credit for any portion of this Seminar \*\*\***

### AGENDA

8:00 – 8:45 am	REGISTRATION & CONTINENTAL BREAKFAST
8:45 – 9:00 am	Welcome & Association Announcements
9:00 – 10:30 am	The Companies Side to Agent Fraud Speaker: John Neal, Attorney
10:30 – 10:45 am	BREAK
10:45 – 11:30 am	The Diversity of Farming Speaker: Dana Adams, U of M Extension Office
11:30– 12:30 pm	LUNCH
12:30 – 1:30 pm	AAA: 3 Steps to Successfully Navigate Stress, Anxiety and Overwhelm Speaker: Kris Langworthy, Impact Zone Strategies
1:30 – 1:45 pm	BREAK
1:45 - 3:00 pm	Company Culture & Core Values Speaker: Julia Contreras, JR Business Solutions

#### Early registration fee on or before Friday, July 5, 2024

\$100 member early registration (\$120 member late registration)

\$130 non-member early registration (\$145 non-member late registration)

**Hotel:** Please mention you are with **MAFMIC** in order to receive our special group rate.

All reservations must be made on or before **June 15, 2024** in order to receive the MAFMIC group rate.

**Holiday Inn & Suites**  
75 37th Ave  
St Cloud, MN 56301  
(320) 253-9000  
Rate: \$139 + tax (2 Queens)

#### Cancellation Policy

- Cancellation notices received **on or before July 3, 2024**, are 75 percent refundable.
  - Cancellation notices received July 4 to July 11, 2024, are 50 percent refundable.
  - No refunds are available after July 11, 2024. You may substitute a participant at no additional charge.
- All registration cancellations and transfers must be made in writing and sent to [info@mafmic.org](mailto:info@mafmic.org) or faxed to (320) 271-0912.

# **“Sump Pump Backups”**

*Submitted by: Courtney Rachel, ServPro of St. Cloud*

## **Minnesota Spring – Residential & Commercial Restoration**

Minnesota can experience large amounts of rainfall which can lead to water damage where water mitigation and restoration are needed. A common type of water damage that can occur with large amounts of rainfall are sump pump backups.

### **What is water mitigation and restoration?**

Water mitigation is a process that refers to preventing or reversing the damage that was caused by water. It is the process of properly drying, cleaning, sanitizing, restoring, and repairing. Every water damage situation is different from one to the other, but the trained technicians make sure they are focused on creating the best plan of action to each individual water damage.

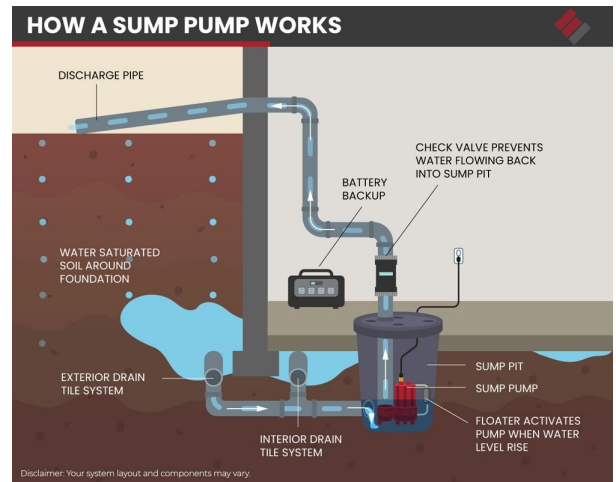
### **What is a sump pump backup?**

A sump pump backup is where a device that alleviates basement flooding by collecting water fails to push the water out of the house. In result, causing damages by flooding the surrounding area.

### **General Steps -**

- Step 1:** Emergency Contact
- Step 2:** Inspection and Damage Assessment
- Step 3:** Water Removal / Extraction
- Step 4:** Drying and Dehumidification
- Step 5:** Cleaning and Repairing
- Step 6:** Restoration

It is important that all types of property owners are prepared to reach out to the specialized restoration companies when water damage occurs to begin the process.



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## **Understanding Section 125 Premium-Only Plans: A Win-Win for Your Mutual**

*Submitted by: Julie Noble, Director of Human Resources, Cain Ellsworth & Company*

A Section 125 Premium-Only Plan (POP) is a benefit plan that saves employers and their employees money by reducing payroll taxes. Through this plan, employees pay their portion of insurance premiums on a pre-tax basis rather than an after-tax basis. The Premium-Only Plan (POP) reduces employers' taxable payroll by reducing employees' taxable income, saving both employers and employees payroll taxes.

### **Why Should You Consider a Section 125 POP?**

Small businesses stand to gain several advantages by implementing a Section 125 POP:

#### **Tax Savings**

- Employee and employer savings on payroll taxes, including FICA, federal, or state income tax.
- Employees see increased take-home pay.
- Employer savings in payroll taxes help cover the cost to administer the plan and offset insurance premiums.

#### **Attracting Talent**

- Offering pre-tax benefits enhances your benefits package, making your mutual more appealing to potential hires.
- It fosters loyalty among existing employees.

### **How to Implement a Section 125 POP: A Step-by-Step Guide**

Here's how you can get started:

#### **Complete the Necessary Plan Documents**

- Draft a written plan document outlining the details of your Section 125 POP.
- Ensure compliance with IRS guidelines.
- Tip: A Third-Party Administrator (TPA) can assist you with the set-up and administration as well as compliance with IRS guidelines.

#### **Employee Communication**

- Notify employees about the new plan.
- Explain the benefits of participating and how it affects their take-home pay.

### **Conclusion**

A well-structured Section 125 Premium-Only Plan benefits both employers and employees and can be started at any time during the year. By understanding the basics and following implementation steps, you can create a more attractive work environment while maximizing tax advantages. If you have questions or are looking for a TPA resource to help manage your plan, we would be happy to connect you to options. Simply contact Julie Noble at Cain Ellsworth, [jnoble@cainellsworth.com](mailto:jnoble@cainellsworth.com), or call (712) 324-4614.

# Legislative Update / CCP Visit to Washington D.C.

## Legislature Considers Additional Measures to Fight Storm Chasers

The Minnesota Legislature is considering making enhancements to the price gouging legislation passed last session that aimed to curb the prevalence of storm chasers operating in Minnesota after severe thunderstorms. The MAFMIC-backed provision prohibits contractors fixing damage related to severe thunderstorms from “charging an unconscionably excessive price for labor in comparison to the market price charged for comparable services in the geographic region impacted by the weather event or charging an insurance company a rate that exceeds what the residential building contractor otherwise charges members of the general public.” The new law, which is tucked into the House version of the Commerce Omnibus Policy Bill, would add restoration companies and tree trimmers to that statute.



Also included in the House Commerce Omnibus bill is a provision that would further curb storm chasing by prohibiting contractors from offering compensation in exchange for:

- allowing the residential contractor to conduct an inspection of the insured's roof;
- making an insurance claim for damage to the insured's roof; or
- referring the residential contractor's services to others when insurance proceeds are payable;

Also included in that provision are prohibitions on contractors offering a contract for service without a good faith estimate as well as making it illegal for contractors to interpret policy provisions or advise an insured regarding coverages or duties under the insured's policy or adjust a property insurance claim on behalf of the insured unless that contractor has a public adjuster's license.

Both provisions are in the House Omnibus Policy bill and have to survive negotiations with the Senate and be signed by the Governor to become law.



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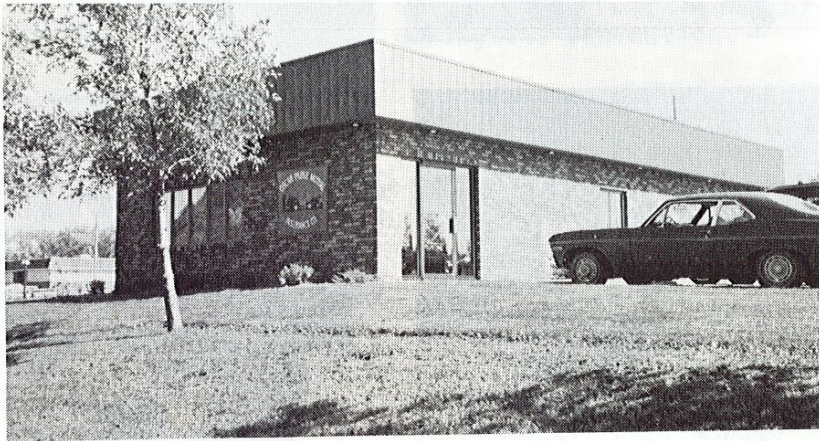


# Association News

## PEOPLE IN THE NEWS

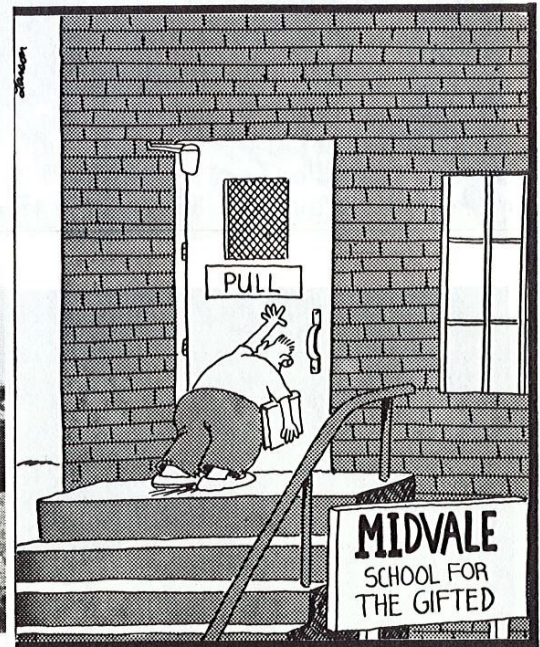
**BONDHUS ELECTED TO EXECUTIVE COMMITTEE** LEE BONDHUS, President of the Reinsurance Association of Minnesota, Esko, was recently elected to the Executive Committee of the National Association of Mutual Insurance Companies at the Annual Convention in Hawaii. Lee will serve the next 3 years on the committee. CLIFF HANSON, North Star Mutual, Cottonwood, is also a member of the committee.

**OSCAR-PARKE MUTUAL HOLDS OPEN HOUSE** - An open house was held on Friday, September 23rd at the new home office of OSCAR-PARKE MUTUAL, Rothsay. The new office is pictured below and is located just off Interstate 94 on the northeast edge of Rothsay. LaVERN AXNESS is the manager of the company. CONGRATULATIONS!



**DECEASED** -- GEORGE BECKMAN, Maynard, passed away on September 8th. George was a member of the board of LEENTHROP FARMERS MUTUAL, Montevideo. George served over 26 years at the company.

**STANDARD POLICY COMMITTEE MET** -- MAFMIC'S Standard Policy Committee met on October 6th and 7th to finalize the new Easy to Read Policy that should be ready for use in July of 1989.



*Minnesota Association of  
Farm Mutual Insurance Companies, Inc.*

**NEWS BULLETIN (USPS 623-320)**  
(ISSN 0747-4490)

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# IN SYMPATHY



**Kathy Martin 75**, of Cottonwood, MN passed away Wednesday, March 27, 2024 at Fieldcrest Assisted Living in Cottonwood. Kathy was born to Thomas and Edna (Johnson) Aunoien on November 11, 1948, in Clarkfield, Minnesota. In August of 1968, she married Alan Martin and together they raised two daughters, Shannon & Kelly. They also ran several local businesses including, Martin Sanitary Service, Martin White Knight Limousine & Gold Dust Woodchips. In 1976, Kathy became the Executive Director for the Cottonwood Public Housing and Redevelopment Authority. She was also a 35 year volunteer for the Cottonwood community and a registered EMT for Cottonwood Ambulance. Kathy is survived by her daughters, **Shannon (Geihl) (underwriter for Norwegian Mutual)** Cottonwood, Kelly (Joe) Kimpe of Minneota and many grandchildren and great grandchildren. Kathy is preceded in death by her parents, Tom and Edna Aunoien; brother, Alan Aunoien; canine kids, Heidi and Toby.

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# IN SYMPATHY



## UPCOMING EVENTS

# 2024



**Richard (Dick) Stanley Haugdahl 84**, died March 8, 2024 he was born on August 19th, 1939, in Bertha, Minnesota. He was the only son of Stanley and Wilma (Schrader) Haugdahl. Richard lived in rural Parkers Prairie where he attended school through 6th grade. His family moved to rural

Henning in 1951 and he graduated from Henning High School. He served in the United States Army from 1958-1960. After his discharge, he worked at the Vining and Henning Creameries, and also started farming.

On September 16th, 1961, Richard was united in marriage to Norma Jean Hagen at the Maine Presbyterian Church in rural Underwood. To this union two sons were born.

Richard loved the land. He raised cattle and farmed all his life, with Norma by his side.. Over the years, he served on numerous boards, one being, as a **director on Prairie Pine Insurance Company board.**

Proceeding Richard in death his wife of 62 years, Norma Jean Haugdahl, who just passed away on February 4th, 2024. Richard is survived by his son Gary (Jenny) Haugdahl, and Alan (Tonya) Haugdahl also of Henning and seven grandchildren.



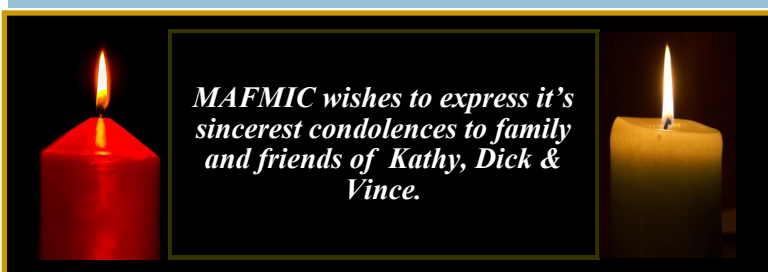
**Vincent "Vince" Stoks, 89**, of Marshall, formerly of Cottonwood passed away on March 10, 2024. Vincent was born on August 7, 1934, in Clifton Township near Dudley, MN, to William and Madeleine (Tramasseur) Stoks. He graduated from 8th grade at Dist. 77 Country School.

On November 6, 1956, he was united in marriage to La Vonne VanKeulen. The couple lived in Marshall for a time when Vince managed the Western Oil Fuel Station in Marshall. In 1967, they moved to Cottonwood and purchased the Coast to Coast store. After five years, they sold the store and Vincent went to work for the Cottonwood Co-op where he worked until retirement in 2000. After retirement, he continued working at various jobs around Cottonwood.

Vincent was a hard worker and was very involved with his community. In 2015, Vincent and La Vonne moved to Boulder States in Marshall. Since 2020, he has been a resident at Avera Morningside Heights Care Center in Marshall.

He is survived by his wife, La Vonne, of Marshall, daughters Diane (Dave) Schwerin of Wood Lake, Shannon (Chris) Martinson of Fridley, **Nancy (Jon) Busack (Administrative Technician at Norwegian Mutual)**, daughter-in-law Linda Stoks of Hoyt Lakes, 11 grandchildren, 19 great-grandchildren.

- |                   |  |
|-------------------|--|
| <b>May 22-24</b>  | <b>NAMIC FARM Mutual Forum</b><br>Nashville, TN                          |
| <b>June 11-12</b> | <b>MAFMIC CCP Visit</b><br>Washington, D.C.                              |
| <b>July 15</b>    | <b>MAFMIC Golf Outing</b><br>Little Crow Country Club, Spicer            |
| <b>July 16</b>    | <b>Manager &amp; Director's Seminar</b><br>Holiday Inn, St. Cloud        |
| <b>Aug 6-7</b>    | <b>MAFMIC Agents Meetings</b><br>Mankato Aug 6 / Mahanomen Aug 7         |
| <b>Aug 20-21</b>  | <b>Risk Assessment &amp; Adjusters Conf.</b><br>Jackpot Junction, Morton |
| <b>Sept 22-25</b> | <b>NAMIC Annual Convention</b><br>Denver, CO                             |
| <b>Sept 23-24</b> | <b>PIA Education Day</b><br>Park Event Center, Waite Park                |
| <b>Nov 20-21</b>  | <b>MAFMIC Short Course</b><br>Holiday Inn, St. Cloud                     |



*MAFMIC wishes to express it's sincerest condolences to family and friends of Kathy, Dick & Vince.*

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