

Minnesota Association of Farm Mutual Insurance Companies

Mutual LINK

Chairman's Message

Ron Berning, Lake Park & Cuba Insurance Company, MAFMIC 2011 Chairman



Again this year MAFMIC member companies have been front and center, leading the way through cataclysmic weather disasters, regulatory issues and legislative battles.

Without loyal and dedicated staffs and the core of volunteer leaders, many projects would not be happening, and our advocacy efforts and results to member companies would not be possible.

I am pleased to say you have been successful. Together, we have led our in-

dustry forward, fighting adversity and taking charge of our future, thus taking hold of our destiny, while we "LIGHT THE WAY FOR OTHERS", which is my theme for the year, as your Chairman.

The mission statement of MAFMIC is "To provide services which will assist in the effective utilization of insurance resources and promote a financially sound, competitive farm mutual insurance industry for the ultimate benefit of the consuming public." The strategic goals of MAFMIC, to address the common needs of **Education, Legislation & Policy** have been identified as the major area of emphasis.

We are an uncommon trade association with a unique commitment to stand with and for each other when needed. MAFMIC was built on the simple notion that our strength is our unity.

Marcus Marsh, Government Affairs Manager has informed the Board of Directors of his impending retirement from MAFMIC during the year of 2013. At the direction of the Board of Directors, the Government Affairs Committee has formed a Transition Subcommittee to begin the process of hiring a new Manager.

At the February 9, 2010 MAFMIC Annual meeting the Corporations "Articles & By-Laws" were revised and restated. Part of this action included the removal of the "President" as an employee to eliminate the figurehead position. Any duties required of a "President" have been transferred to the Chairman of the Board/President.

The Transition Committee, and the Board of Directors have met at various times during the past year, to determine the needs of the Association. It has been the general conscience that a Government Affairs Manager be hired, who will, also act as an advocate on behalf of MAFMIC and its' members.

A job description has been developed encompassing the "Essential Job Functions" and "Additional Job Functions". In addition this document requires certain, skills, education, abilities and qualifications necessary to perform this Job. The job description has been reviewed by MAFMIC's legal counsel and the HR department at NAMIC.

We would hope to advertise the position the Fall of 2011, with the hiring process (interviews/hiring) to take place early in 2012.

We are working with Marcus to develop an employment transition agreement, to perform his duties, as the new Government Affairs Manager comes on board, to be MAFMIC's lead regulatory advocate.

It has been a great year in which the foundation has been laid for a successful future for MAFMIC member companies. But, our job is not finished. I am confident you and your MAFMIC colleagues will continue to band together, build consensus on the issues, and carry the industry forward. "Light the Way for Others."

2012 Convention is Just Around the Corner

The MAFMIC 2012 Convention is only a couple months away and it is going to be another year of great speakers. Join Chairman Ron Berning and his wife LuAnne for the Chairman's Reception Sunday night. The theme this year is Disney.

Keynote speaker, Dick Hardwick will surely entertain in the Opening General Session. Tim Eggebraaten will start us off with some great music. Other highlights for the event include a Mutual Celebration at Poolside with entertainment by North Country DJ.

To sign up early, just fill out the registration form included in this Mutual Link or visit www.mafmic.org.

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Risk in Your Fixed Income Portfolio?

Brad Hanson, Fixed Income Trading, Feltl and Company, Member FINRA and SIPC

We constantly hear the question: "What's going on in the Muni market?" Or "What's going on in the Mortgage market?" Or "What's going on in the (pick your market)?" Historically, the tone of the question was casual and really only carried mild interest. I think the past two or three years caused us to ask those very same questions with a heightened level of urgency (or borderline panic). There's nothing quite like hearing Meridith Whitney predict massive muni market defaults while your portfolio is overweight munis!

Obviously, there are many different Fixed Income indexes to look at and portfolio performance can be greatly affected by duration. But, the bottom line is that we saw risk assets underperform the US Treasury market over the past 2 months. The question going forward really becomes "What is your outlook on the US economy?" If you view a solid economic recovery on the horizon then risk assets will outperform US Treasuries.

If you're still cautious and view a double dip recession then you should reduce risk in your portfolio. This may sound rather simplistic but we feel the economy is at a crossroads: We're either going to make a strong recovery or slump into a recession. We do not anticipate any type of a sideways market.

No matter what your view, this is a perfect time to get a better handle on the risk (both duration risk AND credit risk) in your portfolio. By statute your portfolios are high investment grade which definitely helps keep your credit risk relatively low.

Further, performing credit analysis on your municipal and corporate holdings can be conducted with relative ease. However, if you own Mortgage Backed Securities (MBS) now is an excellent time to review the characteristics of each security. Careful review of each MBS will help you better understand the overall credit risk in the portfolio.

Bloomberg is a great resource to use when researching the characteristics of MBSs. Focus on your Private Label holdings (Countrywide, Bank of America, Citigroup, Wells Fargo, etc). The Collateral Composition, Collateral Performance, and geographic distribution of the mortgaged property will help you understand the loans held inside the MBS. On Bloomberg focus on the Collateral Performance (CLP) section. CLP shows you things like 30/60/90 day delinquency, foreclosure data, credit score, bankruptcy, etc. Bloomberg also tracks the above info on a monthly basis which allows for trend analysis.

If you do not have access to Bloomberg please consult with your Fixed Income sales professional/brokerage firm. Armed with raw mortgage data and trend will aid in your buy/sell/hold decision. Understanding risk characteristics in each portfolio is crucial to maximizing cash flow and total return.

It's Almost Winter Are you Ready?

Heating System

Give your furnace a test run. Turn up the thermostat and make sure it is giving off warm air. Have the system serviced by a licensed technician to make sure everything is working properly. Replace the air filter. Furnaces with clean filters run more efficiently. Make sure your propane and fuel oil tanks are topped off and ready to go.

Make sure all vents are clear of debris.

Solid-Fuel Heating Devices

Check the Chimney to be sure it is clear of any nests from birds, squirrels or other animals. Check the Flue Damper Operation and Chimney draft. Clean the Chimney or hire a professional to make sure it is safe to use. Inspect the fire brick for cracks.

Plumbing

Insulate exposed water or drain piping in all un-insulated spaces. In mobile homes you may need to wrap the pipes with electric heat tape before insulating. The exterior faucet of your home needs to have the water supply shut off inside the house and you also need to drain the water from it by opening the exterior faucet. You may want to consider an insulated cover for the hose bib. Remember to disconnect the garden hose from the sill cocks or outside faucets and drain them before storing.

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Hallock Farmers Mutual

Perry Pearson, Manager

Hallock Farmers Mutual, located in Hallock, MN, was established on January 15, 1886 by mainly Scandinavian settlers who realized a growing need to protect their property from fire loss.

The company wrote coverage in only Kittson County until 1986 when three additional counties were added to expand our territory in Northwestern Minnesota.

Our Company philosophy is to provide adequate coverage for our policyholders and give the best service we can to the policyholders and our agents.

Our company is small and has never had an “urge” to try and become “large”. Through the years we have experienced steady growth while trying to write insurance at cost, the mutual way.

Some of the biggest challenges we face today include: 1.) The changing attitudes of insured's as to how they view insurance. 2.) Our declining population and “loyalty toward local company's” diminishing as our older generation passes on. 3.) Adapting to the ever-increasing “size” of the risks we insure.

Hallock Farmers Mutual has two full-time employees, six board members and twenty two agents representing ten agencies.

We have been in business for 125 years and hope to continue on well into the future.



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Withholding Part Payments for Debris Removal in Certain Municipalities on Fire or Explosion claims - Kirby Dahl, Willenbring, Dahl, Wocken and Zimmerman, PLLC

Under Minnesota Statutes Section 65A.50, insurance companies are required by law to withhold part of a loss payment due an insured in order to ensure that structures damaged by fire or explosion located in certain municipalities are repaired or demolished. The law applies to any such claims covered by any policy issued by any statewide property and casualty insurer. The law also applies to township mutual insurance companies whose insureds have sustained a fire or explosion loss on property insured under a "homeowner's policy." In order to be protected by this statute, a municipality must be named on the Department of Commerce's participant list as having elected to be covered by the law.

The current municipality list on file with the Department of Commerce contains the following 64 municipalities: Adrian, Albert Lea, Alden, Anoka, Austin, Balaton, Beardsley, Bemidji, Bird Island, Blaine, Buhl, Chisholm, Correll, Cottage Grove, Crookston, Dawson, Detroit Lakes, Duluth, Eagle Lake, Ely, Eveleth, Fairmont, Faribault, Fergus Falls, Floodwood, Graceville, Grand Rapids, Granite Falls, Hermantown, Hibbing, Hill City, Inver Grove Heights, Jackson, Johnson, Kettle River, Lake City, Lakefield, Little Canada, Littlefork, Lynd, Madelia, Madison, Minneapolis, Mountain Iron, Mountain Lake, Owatonna, Pipestone, Rice Lake, St. Cloud, Sherburn, Silver Bay, Slayton, Staples, Thief River Falls, Virginia, Waite Park, Walnut Grove, Warroad, Watab, Wells, Wheaton, Willmar, Wilton, and Worthington. If the statute applies to your company, before you pay any fire or explosion loss involving a structure in a municipality and the municipality is not listed above, you should check the Department's website in order to see if additional municipalities have been added to the participant list.

Section 65A.50 applies only to withholding proceeds from "final settlements" on claims which exceed 49% of the limit on an insured structure. "Final settlements" are defined as the amount due on a structure as a result of a fire or explosion claim based upon acceptance of a Proof of Loss by the insurer, execution of a release

by an insured, acceptance of an arbitration award by both the insurer and the insured, or a court judgment. When a "final settlement" is reached the insurer must withhold from the claim payment, 25% of the actual cash value of the insured structure at the time of loss or 25% of the "final settlement", whichever is less. If an agreement has been reached with the insured as to the amount of demolition costs or debris removal due on a claim and that amount exceeds 25% of the actual cash value of the structure or 25% of the "final settlement", then you are obligated to withhold the agreed upon cost of demolition or debris removal. These withholding requirements can be avoided if the insured has a contract to repair the insured structure and consents to having you pay the costs of repair directly to the contractor who is performing the repair services.

When withholding must be made, you must give notice of the withholding to the municipality where the insured structure is located, to the insured, to any mortgagee named on the policy, and to the court if a judgment has been entered. The notice must include all of the information required by the statute. In certain instances, a municipality rather than you may retain amounts withheld, however notice of such withholding must be provided to all those entities identified in the statute and the notice must contain all of the information required by statute. Further, the statute provides strict requirements as to when any proceeds held may be distributed.

Finally, when you withhold policy proceeds according to the statute, you, your agents and employees are statutorily immune from liability resulting from your actions..

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117th Annual Convention Registration

February 5-7, 2012

DoubleTree by Hilton (Former Sheraton)

Bloomington, Minnesota

Township Mutual Company

Phone



"Light the way For Others"

~ Chairman Berning

* Must register by January 6 for the Early Bird Rate!

Registration	Early Bird	After Jan. 6
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Delegate	\$315	\$340
Spouse/Guest	\$315	\$340
Nonmember	\$515	\$540
One Day Only	Call MAFMIC Office	

Cancellations/transfers must be made in writing. Substitute another person at no additional charge. Jan. 19th - 75% refundable. Jan. 20th - 50% refundable. No Refunds after Jan. 27th
Application has been made for 3 continuing education credits with the Minnesota Department of Commerce.

Please print names and mark delegate or spouse/guest AND if registrant is first time attendee. Please check necessary additional meals.			EMAIL ADDRESS	LICENSE NUMBER	Delegate	Spouse/Guest	First Time Attendee	Add'l Chairman's Reception \$70	Prayer Breakfast \$30	Add'l Mutual Celebration - \$55	Add'l Monday Lunch \$45	Add'l Breakfast Buffet \$45	Add'l Tuesday Lunch \$45	Add'l Banquet \$70	TOTAL AMOUNT
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Date:

117th Annual Convention At-A-Glance

Sunday, February 5

1:30 p.m. - 5:00 p.m.

Registration & North Star Reception

5:00 p.m. - 10:00 p.m.

Chairman's Reception & Dinner

Monday, February 6

7:00 a.m. - 1:00 p.m.

Registration Desk Open

7:00 a.m. - 4:00 p.m.

Hospitality Break Area

7:15 a.m. - 8:45 a.m.

Prayer Breakfast

9:00 a.m. - 11:30 a.m.

Opening Session & Keynote Speaker

11:30 a.m. - 12:45 p.m.

Public Policy Luncheon

1:00 p.m. - 2:30 p.m.

Legislative Session

2:45 p.m. - 4:00 p.m.

General Sessions

1:00 p.m. - 4:00 p.m.

Optional Auxiliary Program

4:00 p.m. - 7:00 p.m.

Exhibit Show

7:00 p.m. - 10:30 p.m.

Mutual Celebration

Tuesday, February 7

7:00 a.m. - 4:00 p.m.

Hospitality Break Area

7:30 a.m. - 4:30 p.m.

Registration Desk Open

7:30 a.m. - 8:45 a.m.

Hot Breakfast Buffet

9:00 a.m. - 10:15 a.m.

Annual Business Meeting

9:00 a.m. - 11:00 a.m.

Auxiliary Meeting

10:30 a.m. - 11:45 a.m.

Question Box Session

11:45 a.m. - 1:15 p.m.

RAM/MAFMIC Luncheon

1:30 p.m. - 4:00 p.m.

General Sessions

6:00 p.m. - 9:00 p.m.

Banquet & Entertainment

2011 Farm Mutual Director Certification (FMDC)

Awards were announced at the NAMIC Convention in September 2011 in Indianapolis, IN

Buffalo Lake-New Auburn Mutual Insurance Company

Terry Jones

Claremont Farmers Mutual Fire Insurance Company

Lowell Wright

Southeast Mutual Insurance Company

Lawrence Graf, Lyle Kiral and David Klingsporn

St. Joseph Mutual Insurance Company

Joseph Bechtold and Glenn Goenner

Unity Mutual Insurance Company

Marvin Johnson

Get Involved...

Editorial Advisory

This Committee is to establish and review the annual editorial calendar and recommend content and content experts for the newsletter. Terms are served for 3 years.

Who: *Chairman* Karl Porisch, Western Mutual, *Vice Chairman* Jim Barta, Jim Barta CPA PA, Colleen Anderson, Corn Belt Mutual, Kirby Dahl, Willenbring, Dahl, Wocken & Zimmerman, Brad Hanson, Feltl and Company, Deb Liden, Bray-Gentilly Mutual, Patti Rothfork, Melrose Mutual, Dan Stewart, Bearen Claims Service, Inc., *Board Liaison*, Rick Tjarks, Grinnell Mutual and *Staff Liaison*'s, Marcus Marsh and Dani Hennen.

When: We meet Bi-monthly

Where: The meeting is a conference call

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!

Do you have extra prizes?

MAFMIC is looking for your extra annual meeting prizes to give away at the 2012 Convention. As usual, prizes will be given away during the Monday night Exhibit Show.

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2011 MAFMIC Calendar of Events

Nov	8-11	Fall Regional Meetings St. Cloud, Rochester, Morton and Mahnomen
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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 & Mahnomen

In Sympathy



Laura Schiroo, 76 passed away on October 10th. She was an agent for Sumter Mutual Insurance company and also served on the board of directors for 15 years.



Bob Provost, 86, Golden Valley, passed away on September 16 in New Hope after a long illness. Bob was a true American hero and tremendous citizen, a tireless advocate for the insurance industry and a well respected mentor to many who work in it today. Bob spent most of his working years with the Minnesota Insurance Information Center.

MAFMIC wishes to express its sincerest condolences to both family and friends of Laura & Bob.

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