



# Mutual LINK



*Aaron Cocking, MAFMIC President /CEO*



## 2017 CCP Visit

At the end of April, 18 people representing 11 different MAFMIC companies traveled to Washington D.C. for the annual Congressional Contact Program sponsored by NAMIC. Attendees of the trip this year spoke to members of Congress about four different subjects.

The biggest one, from our perspective, is the importance of maintaining state based regulation of the insurance industry. We also stressed that we would like to see the elimination of the Federal Insurance Office (FIO) created under the 2010 Dodd-Frank Act. We believe that the FIO has been a major failure for our industry. The second issue we discussed was the creation of a natural disaster mitigation plan that encourages states and individuals to build stronger homes. The third issue dealt with the reauthorization and reformation of the National Flood Insurance Program. Reforms, such as setting price to risk, are needed in the program to make it fiscally sound. The final issue we talked about surrounded the issue of drones. As a major industry that will utilize drones, we want to see them succeed and that means recognizing property within 200 feet of the ground as private airspace.

We also were able to award Benjamin Franklin awards to Congressmen Paulsen, Emmer, and Peterson, along with Senator Klobuchar. The Benjamin Franklin award is given by NAMIC to members of Congress who have demonstrated support of our industry. If you have never attended a CCP trip before I would encourage you to consider doing so. While these issues may not directly affect you or your company, the relationships we have developed with members of Congress can prove invaluable.

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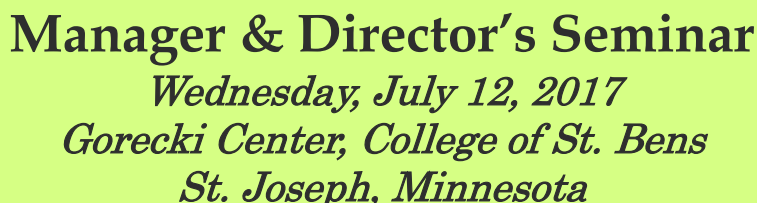
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MAFMIC will be **CLOSED** on  
 Monday May 29th for  
 the Memorial Day Holiday.

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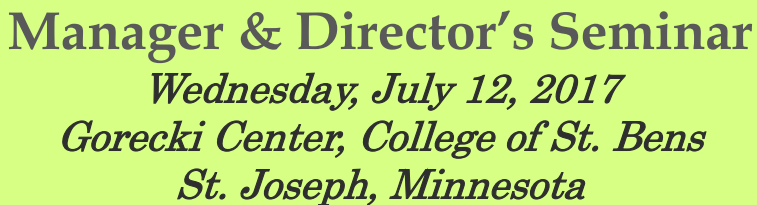
**We do not give partial credit for any portion of this Seminar.**

8:00 – 8:45 am	<b>REGISTRATION &amp; CONTINENTAL BREAKFAST</b>
8:45 – 9:00 am	Welcome & Association Announcements
9:00 – 10:30 am	<b>Topic: “Solid Fuel Heating - What you need to know”</b> <b>Speaker:</b> <i>Dean Kerfeld, RAM Mutual</i>
10:30 – 10:45 am	<b>BREAK</b>
10:45 – 12:00 pm	<b>“Manager Round Tables” (<i>Manager’s Only</i>)</b>
10:45 – 12:00 pm	<b>(FMDC) “Succession Planning” (<i>Director’s Session</i>)</b> <b>Panel:</b> <i>Kerry Knakmuhs, Redwood Cty Mutual, Jerry Zenke, Mound Prairie Mutual, Bob Schlenner, Norwegian Mutual</i>
12:00 –12:45 pm	<b>LUNCH</b>
12:45 – 4:30 pm	<b>Topic: “Burn Cell Demonstration” (Parking lot #12)</b> <b>Speaker:</b> <i>Grinnell Mutual</i>
2:45– 3:00 pm	<b>BREAK</b>

**Country Inn & Suites**  
235 Park Ave S  
St. Cloud, MN 56301  
(320) 259-8999  
**Rate: \$105+tax**

- Cancellation notices received on or before June 30, 2017 are 75 percent refundable.
- Cancellation notices received July 1–10, 2017 are 50 percent refundable.

No refunds are available after July 10, 2017. You may substitute a participant at no additional charge. All registration cancellations and transfers must be made in writing and sent to [info@mafmc.org](mailto:info@mafmc.org) or faxed to (320) 271-0912.



## Early registration fee on or before Friday, June 30, 2017

\$98 member early registration (\$120 member late registration)

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

**Please check box to the LEFT if the registrant is participating in the FMDC Certification.**

**Company:** \_\_\_\_\_

## Manager

☐ \_\_\_\_\_ Lic. #: \_\_\_\_\_ Email: \_\_\_\_\_

☐ Lic. #: \_\_\_\_\_ Email: \_\_\_\_\_

☐ Lic. #: \_\_\_\_\_ Email: \_\_\_\_\_

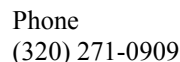
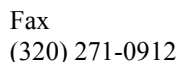
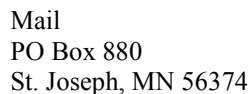
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**(Office Use Only)**

**Date Received:** \_\_\_\_\_ **Check Number:** \_\_\_\_\_ **Amount:** \_\_\_\_\_





# MAFMIC Golf Outing

## BEST BALL SCRAMBLE



*Little Crow Country Club - Spicer, MN*

*Thursday, July 13, 2017*

\*\*\*\*\*

*10:30 a.m. – Registration*

*11:30 a.m. – Shotgun Start*

*4:30 p.m. – Dinner & Awards Ceremony*

*Traveling Trophy for 1<sup>st</sup> Place Team*

*Register with MAFMIC's office by*

*Friday, June 23rd, 2017*

*All Proceeds will go to the MAFMIC Public Policy Fund.*

### ***Golf Package - \$95.00***

*Fee Includes: Green Fees, Golf Cart, Grilled Hamburgers, Beverage Tickets (2), Prizes and Dinner*

***Dinner Only - \$25.00***

***Sponsor a Hole - \$150***

*Mulligans (one per person & four max. per team) will be sold at the Golf Course for \$5.00*

**\* MAKE CHECKS PAYABLE TO MAFMIC \***

**Name:** \_\_\_\_\_ **Average 9 Hole Score** \_\_\_\_\_

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

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

**Please check all that apply:**      *Golf Package - \$95.00 per person*      \$ \_\_\_\_\_

*Dinner Only - \$25.00 per person*      \$ \_\_\_\_\_

*Hole Sponsorship - \$150 per hole*      \$ \_\_\_\_\_

*Other Sponsorship*      \$ \_\_\_\_\_

**TOTAL ENCLOSED**      \$ \_\_\_\_\_

**Playing Partners (3):** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



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## Depreciation of Labor under an Actual Cash Value Determination?

By John J. Neal, Attorney

Willenbring, Dahl, Wocken & Zimmermann, PLLC

Can you depreciate labor in arriving at an actual-cash-value estimate? It depends who you ask.

Some may claim that depreciating labor runs afoul of Minn. Stat. § 72A.201, subd. 5(9), which indicates that one commits an unfair settlement practice by “reducing or attempting to reduce for depreciation any settlement or any offer of settlement for items not adversely affected by age, use, or obsolescence.” Under this view, labor is not an item “adversely affected by age.” But is it? Our friends in Nebraska, and other states, believe so.

Recently the Nebraska Supreme Court determined that labor can be depreciated. *Rosemary Henn v. America Family Ins.*, 295 Neb. 859, 867 (Neb. 2017). The Court reasoned that under an ACV estimate “payment of the full amount of labor would amount to a prepayment of benefits to which the insured is not yet entitled.” *Id.* Presumably the Court was distinguishing ACV from Replacement Cost Coverage wherein the insured is paid full replacement cost, including the full cost of labor, once the damaged property is repaired or replaced.

Likewise, in *Redcorn v. State Farm Fire & Cas. Co.*, 55 P.3d 1017, 1020 (Okla. 2002), the Oklahoma Supreme Court reasoned that labor was depreciable as:

A roof does not have a separate market value from the building it covers. The relevant evidence for determining actual cash value for a roof would include cost of reproduction, the age of the roof, and the condition in which it has been maintained. A building is the product of both materials and labor. Likewise a roof is the product of materials and labor, and its age and condition are also relevant facts in setting the amount of a loss.

*Continued on page 7*



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*Continued from page 6*      **Depreciation of Labor under an Actual Cash Value Determination?**

**By John J. Neal, Attorney**  
**Willenbring, Dahl, Wocken & Zimmermann, PLLC**

The courts in *Adams v. Cameron Mut. Ins. Co.*, 430 S.W.3d 675, 679 (Ark. 2013) and *Bailey v. State Farm Fire & Cas. Co.*, 2015 WL 1401640, \*5 (E.D. Ky. 2015) took an opposition position, finding that labor does not depreciate over time, unlike tangible materials. According to this reasoning, the *Bailey* Court held that “[t]o adequately indemnify its insureds, [the insurer] should pay the cost of materials, depreciated for wear and tear, plus the cost of their installation.” *Id.* at \*8. Under this formula, labor is not depreciated.

Minnesota case law does allow for depreciation of labor under certain circumstances. In *Wilcox v. State Farm Fire and Cas. Co.*, 874 N.W.2d 780, 785 (Minn. 2016), the Minnesota Supreme Court held that “[w]hen a homeowner’s insurance policy does not define the term ‘actual cash value’ or otherwise state whether embedded labor costs are depreciable for purpose of calculating actual cash value, the trier of fact may consider embedded-labor-cost depreciation when such evidence logically tends to establish the actual cash value of a covered loss.”

Both our TP1 and PH1 policies define Actual Cash Value, which make them different from the insurance policy at issue in *Wilcox*, which did not define actual cash value. According to the TP1 and PH1 policy language, ACV “means what property is worth in terms of money including deduction for depreciation and obsolescence.” Is this sufficient to allow depreciation of labor costs? If so, does such depreciation avoid the potential of an unfair settlement practice under Minn. Stat. § 72A.201, subd. 5(9), which prohibits depreciation of “items not adversely affected by age, use, or obsolescence?”

This is a question that remains unanswered at this time.



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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 Priority Data to see how our software solutions can fit your mutual’s needs at [sales@prioritydata.com](mailto:sales@prioritydata.com).

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# TECH CORNER



*By James Doke,  
Priority Data*

## Your Basic Guide To Smart Phone Security - Antivirus, Phishing, Email

Mobile phones have come a long way in 20 years. From giant bulky flip phones that only placed calls, to the latest iPhone or Android. The threats to mobile devices has also changes along with the times; from stealing phone numbers, and making expensive calls, to sophisticated scams and hacks, the creation of the smartphone has had its share of problems too.

So what can be done to prevent such attacks and threats?

Most people consider their smartphone as a phone and not as a computer, when it reality, it *is* a miniature computer. Nearly everything that can be done on a desktop, can be done on a smartphone or tablet, which means, your phone has the same risks as a desktop. Coming to terms with this reality is the first step and often a critical one, as individuals always have an important role in cyber security.

Fortunately, McAfee and Norton have created Anti-virus software for smartphones. These apps will scan for threats that may come in the form of an app, text message, or email.

When it comes to trying to attack a mobile device, two of the most common ways hackers trick people are with app downloads or a phishing scam. Both Apple and Android offer safe market places to purchase and download apps, such as Apple's App Store or Google Play. Developers submit apps to be reviewed by Apple or Google where they check for malicious code and other signs of trouble. Its this additional step that helps maintain a safe market place for secure apps to be purchased and downloaded. Downloading apps on the open internet does not allow for this security and individuals run the risk of allowing their device to be hacked.

Phishing scams are nothing new, and are still a very common tool used in email campaigns. We all know about the Nigerian Prince who wants to send us riches. These same rules apply on smartphones and tablets: Don't click on questionable links sent in emails, or visit questionable sites, and don't make purchases on sites that are not verified as actual retailers.

Finally, to ward off potential viruses, always keep your OS and apps up to date. Yes, the latest version of Android or iOS may have bugs with it, but in the end, Apple and Google will issues patches to correct those bugs. Plenty of individuals keep their devices on older OS' which are open to viruses, similar to hackers choosing to attack outdated desktops.

As mentioned earlier individuals and their behavior often play one of the most important roles in cyber security.







- Make important networking contacts
- Learn about MAFMIC or develop skills
- Teach your skills to others
- Enhance your résumé
- Gain work experience
- Build self-esteem and self-confidence
- Meet new people
- Feel needed and valued
- Express gratitude for help you may have received in the past from an organization
- Communicate to others that you are ambitious, enthusiastic and care about MAFMIC
- Enrichment
- Make new friends



**If you are interested in joining a committee, helping with an event, have an idea... Feel free to contact the staff at the MAFMIC Office**  
**Call: 320-271-0909**



**FARM MUTUAL  
FORUM**

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### **New Name, Renewed Purpose.**

The Farm Mutual Forum is a gathering place for farm mutual industry professionals to connect, engage, and advance. From the flash forum for state associations to the carefully designed Professional Farm Mutual Manager courses, the Farm Mutual Forum is where attendees can find networking opportunities and educational sessions that encompass the aspects of running and working with farm mutual companies. At Farm Mutual Forum – managers, directors, board members, state association leaders, service partners, and up-and-coming – leaders of the industry can benefit from the technical and strategic education offered.

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# IN SYMPATHY



**Elizebeth Berning 92**, died April 11, 2017. she was born on March 16, 1925 at her home in Osage Township, rural Park Rapids, Minnesota. Her parents were the late Daniel Romulus and Mary Ella (Becker) Bower.

On June 29, 1946 Betty was united in marriage to Jerome Charles Berning at St. Mary's Catholic Church in Beardsley.

They resided in Park Rapids for one year, then made their home in Wadena, Minnesota where she was employed at Northwest Bell until 1972. She retired on March 1, 1990 and they moved back to Wadena.

Betty is survived by her daughter, Cheryl (Tom) Speed of Wadena; sons: Ronald (LuAnne) Berning of Moorhead and Darrell (Debra) Berning of Wilmot, South Dakota.

Betty was the *mother of Ron Berning, retired manager of Lake Park & Cuba Mutual.*

## Remembering Those



**Leslie "Les" Tapp, 86**, died Feb. 24, 2017.

Les was born on February 1, 1931 in Northfield, Minn., but spent the majority of his long and active life residing and farming in rural Dexter.

Les is survived by the love of his life, wife, Shirley; five sons, Bryon (Bonnie), Steve (Lesli), Mike, Brad (Julie) and Tracy (Amy); 13 beloved grandchildren; three brothers, Delmar, Gaylord (Erene) and John (Amy) Tapp and many nieces and nephews.

Preceding him in death were his parents, Harvey and Julia; five brothers, Howard, Raymond, Donald, Wayne and Glen; two sisters, Maxine Carmichael and Irene Parker; and one beloved grandson, Alex.

Les served as *director and past president of the board at Mower County Farmers Mutual* for over 46 years.

# 2017 CALENDAR OF EVENTS

- May 9 - 10** Managers Workshop,  
Grand View Lodge, Nisswa
- May 23-25** NAMIC Farm Mutual Forum  
Itasca, IL
- July 12** Manager & Directors Seminar,  
Gorecki Center, College of St. Bens  
St. Joseph
- July 13** MAFMIC Golf Outing  
Little Crow, Spicer
- August 2-3** Leadership Development  
Workshop (NAMIC) – Chicago, IL
- Sept 7** PIA, Education Day & Trade Show  
TBD
- Sept 25-28** NAMIC 122nd Annual Convention  
Denver, CO
- Nov 15-16** MAFMIC Short Course  
Marriot NW, Brooklyn Park

*MAFMIC wishes to express its  
sincerest condolences to  
family and friends of Betty and Les.*

MONDAY  
MAY  
29TH  
2017





## IN SYMPATHY



**Ardella Mae Simacek, 80**, died March 31, she was born on Feb. 28, 1937. Ardella was the oldest child of seven born to Lester & Hattie (Winter) Knutson. She was united in marriage to Ronald Roehrs in 1955, they had 19 years together. Later she married Emil Simacek on November 3, 1975.

While raising six children she was instrumental in many venues. One being founder in a fiber optic company which became Fiber Systems International - a multi-million-dollar company providing communication technology used in our military's national defense

She is survived by her six children, 16 grandchildren and seven great grandchildren. She is the *mother of Sandy Walstrom, manager of Farmers Mutual Manchester.*



**Sylvester (Sy) Lonneman, 88**, died March 23, he was born on June 29, 1929, in Westside Township, rural Adrian, to Antone and Elizabeth (Weidert) Lonneman.

He was drafted into the United States Army in June of 1951. While serving in Korea, Sy was wounded and spent five months in a hospital in Japan. He was sent back to Korea's frontline and left as a Sergeant First Class when he was discharged in March of 1955. He was awarded the Purple Heart, Bronze Star, Combat Infantry Badge and the Korean War Medal.

Sy married Helen Wieneke on February 1, 1956, at St. Anthony Catholic Church in Adrian.

He is survived by his wife, Helen Lonneman, Adrian; seven children, fourteen grandchildren and six great grandchildren. Sy is the *father of Ron Lonneman, manager, Heartland Mutual in Lismore.*



**Leonard J. (Lennie) Binek 83**, died April 3rd, he was born on Nov. 7, 1933. Lennie was born to Joseph and Frances (Pierskalla) Binek. He was united in marriage Alice Kraemer on November 20, 1956, they had five children.

Lennie was an *insurance adjuster, board member & vice president of St. Joseph Mutual* retiring from the vice-president position in March 2017 after serving 43 years on the board.

He is survived by his wife of 60 years; children, Dale of Avon, Karen (Wayne) Parker of St. Cloud, Mitchell (Donna Jackels) of Sartell, Dean (fiancée Sue Erickson) Binek of Winsted, Becky (Scott) Poepping of Rice; eight grandchildren; four great grandchildren; many nieces and nephews. .



**David Wm. Johnson, 75**, died March 13, he was born on November 8, 1941. David was born to Carl Rudolph and Lorraine Anna Christine (Gustafson) Johnson. He was the second of seven children raised on the Johnson family farm northwest of Almelund.

On May 8th, 1965 David married Joanne C. Halverson at Almelund Immanuel Lutheran Church. They lived in St. Paul for two years before purchasing their farm on Amador Hill.

In March of 1968 David accepted a job as an Assessor for the County of Chisago where he was employed for 34 years before retiring in 2002. David also *served on the Chisago Lakes Mutual Fire Insurance Board of Directors for 30 years.*

David is survived by his loving wife Joanne of 51 years, two sons Charles (Tara), Peter (Christine) and five granddaughters Jessica, Mikayla, Abigail, Isabella and Annalina,

**MAFMIC wishes to express its sincerest condolences to family and friends of Ardella, Sy, Lennie & David.**



*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](mailto:info@mafmic.org).*