

JANUARY 2004 ISSUE

“A Look Behind - - A Look Ahead”

A Message from President Sherry Ask

Happy New Year everyone! 2003 is now behind us...what a great year it's been for the majority of the farm mutual insurance companies! More premiums, more policies and fewer losses...that's the way we like it!

2003 was a very busy year for YOUR association. In 2002 President Bush signed into law the Terrorism Risk Insurance Act which greatly affected our work load for 2003. Your Policy Committee, with the superhuman efforts of Chairman **Mike Flugum** brought it all together and gave all of the companies what they needed to comply with the law. The Policy Committee also completed the re-write of the TP-1 policy and an upgrade to the Agri Building Valuation Guide.

The 108th Convention was well attended with 510 people present. **Chairman Svir's** convention theme ~ United We Stand ~ was appropriate and very much appreciated by the attendees! Red, White and Blue flourished throughout the halls and meeting rooms! The Short Course in March held the attention of 419 people. We were very fortunate to have good weather for the traveling throngs...no weather delays for anyone!

Government Affairs Committee (re-named from the Legislative Affairs Committee): The Government Affairs Committee and **Marcus Marsh**, Government Affairs Manager, were busy throughout the year. The watch-dog approach by Marcus (making sure bad bills don't make their way through the legislature) is very much appreciated by all member companies. Finally, after many, many years of pushing and prodding, the Joint and Several Liability law was passed – increasing the amount of “fault” to 51% before any one entity can be held liable for 100% of the damages. This is a major tort reform that has been needed for many years. We were all thrilled when Speaker of the House **Steve Sviggum**, Senate Minority Leader **Dick Day**, House Minority Leader **Matt Entenza** and Senate Majority Leader **John Hottinger** addressed 230 MAFMIC members for our “Day at the Legislature” during the convention. But even more thrilling to the attendees, was the “surprise” visit by **Governor Pawlenty**. After these dignitaries spoke to our group, the attendees visited with their Representatives and Senators throughout the afternoon. In June, NAMIC's Washington Visitation also was very well attended. Twenty-three people from MAFMIC visited with both Senators and with four Minnesota Congressmen. Four Congressmen sent their aides as representatives to our group.

MAFMIC's Building Committee: Throughout the spring, summer and fall, your Building Committee has been searching for land for the new MAFMIC Headquarters. As I'm sure you are aware, land has been found, purchased and we are well on our way to starting construction in the spring of 2004. A fund raising project is being done in several thousand dollars....either in pledged monies or a one-time donation. We are very grateful to those companies who have already contributed to our building fund. Thank you so much for your generosity!

Education Committee – Another Successful Year! Speaking of generosity, a great big THANK YOU is owed by all to the Education Committee. Chairman **Jim Dauphinais** has kept the committee on their toes throughout the year. They are responsible for so much that makes MAFMIC membership worthwhile. They literally plan the education events throughout the whole year. The Education Committee plans the convention, the March Short Course, the Support Staff Seminar, the Spring Agents Meetings, the Managers & Directors Meetings, the Policy School, and the Fall Regional Meetings! The Committee is charged with finding excellent speakers for the upcoming year to keep you informed and up-to-date on all aspects of our business. Please send any suggestions you may have for topics or speakers to the MAFMIC office.

The Bulletin by E-Mail? The **MAFMIC NewsBulletin** is undergoing a change. Soon you will be receiving a request for e-mail addresses for your directors and agents. Please complete this request for information and return to the MAFMIC office as soon as possible. Your office is charged (by the Board of Directors) with switching over to an electronic transmission of the **NewsBulletin** by June 1, 2004. We estimate a savings of almost \$10,000 to do this. We know that some of the recipients of the **NewsBulletin** may not have access to the internet. For those folks, we anticipate using the United States Postal Service as we have in the past. We will do everything in our power to make this a smooth transition for everyone.

We here at MAFMIC wish all of you a Happy and Prosperous New Year! 2004 is going to be a very good year!

SYNOPSIS OF MAFMIC BOARD MEETING

By: Pete Hellie, Secretary Treasurer

The MAFMIC Board of Directors met at the Holiday Inn in St. Cloud on December 5th.

President Ask reported that 17 Companies had pledged \$53,000 of which \$22,500 had already been received. She indicated that more pledges were coming in daily.

Secretary/Treasurer Peter Hellie gave the financial report. He indicated that investments had recovered nicely from their lows of 2002. He also presented the 2004 budget for MAFMIC, which included a review of fees charged for the Convention and Short Course.

Jim Svir gave the nomination report for Vice-Chairman and Secretary/Treasurer.

The Robert C. Seipp award nominations were reviewed and a recipient selected.

President Ask reported that Article and By-law changes had been submitted and will be voted on at the Annual Business Meeting at the Convention.

The Board approved two Government Affairs committee recommendations. The first one deals with “adopting” metro-area legislators for the purpose of educating these legislators on rural/metro insurance issues. The second involved inviting the Minnesota Congressional Delegation to the North Star Coffee reception on Sunday, February 1st at the MAFMIC Convention.

The Board approved a recommendation from the MAFMIC Policy Committee that MAFMIC file the revised PH policy with the Commerce Department on behalf of all Township Mutual and Statewide companies.

Mid-State Adjusting Service was approved as a new Associate Member of MAFMIC.

Calendar of Events

February	1-3	109 th Convention
	24-26	Central MN Farm Show
March	16	1 st Quarter Board Meeting
	17-18	Spring Short Course
	18-20	Owatonna Farm Show
April	13&15	Support Staff Seminar
	27-28	Spring Agent's Meeting (North)
May	4-5	Spring Agent's Meeting (South)
July	29	Golf Outing

2004 Legislative Session

Marcus Marsh, Government Affairs Manager

The 2004 Legislative Session is scheduled to start on Monday, February 2nd at Noon. This is the shorter session of the 2 year biennium with all bills introduced in the 2003 Legislative Session still alive this year.

There are always a host of issues that come up during the session, but one issue everyone agrees on is that there will be a Bonding Bill; the only question is the size. Generally speaking, Legislators like Bonding Bills especially if there is a project or two in their Legislative District so they can tell voters about how they got that project and its benefit to the District. The range of discussion for the Bonding Bill is from \$500 million to \$1 billion.

We are always concerned about what harmful bills will be pushed by various groups or organizations such as the Trial Lawyers and without doubt 2004 will not be an exception.

Legislators are now waiting for the February Budget Forecast to decide on any additional spending proposals. The November Budget Forecast had a shortfall of \$180 million dollars which most considered good as the budget reserve is about three times that number. Most Legislators are predicting the February Forecast will be much better as the confidence level of people improves about the economy.

The 2004 election in Minnesota will be a little different then the 2002 election. In 2004, only the State House and U.S. House Members will be on the ballot. No Constitutional Offices, i.e. Governor, Secretary of State, Attorney General, etc., are up for election. Neither will the ballots contain U.S. Senators or State Senate. Your choices in the 2004 election will only include the Presidential election, U.S. House of Representatives, State House of Representatives and any local races.

The MAFMIC Day at the Legislature is scheduled for Monday, February 2nd after lunch (same day as session starts) so it will be chaotic and fun at the Capitol on that day.

Congressional Visitation: In 2004 we will not go to Washington as NAMIC'S new policy is for state affiliates to go to Washington every other year. Our plan would be to meet with members of the U.S. House of Representatives in their Congressional District and meet with each U.S. Senator. With the new MAFMIC database we will be able to notify our members when a meeting is set up for their Congressional District. We will go to Washington again in 2005.

MARKETING MINUTE

The Marketing Committee invites you to visit them during the convention. Members of the committee will be available on Sunday afternoon and Monday morning in a booth adjacent to the Registration Desk. Please stop by to discuss your marketing ideas. Samples of the latest *Come Home* apparel will be available for your inspection, along with copies of the committee's new brochure that will be used to promote MAFMIC companies at the farm shows.

Speaking of the farm shows, the first show of 2004 will be the **Central Minnesota Farm Show** at the St. Cloud Civic Center on February 24th-26th. **Ruth Rothstein**, Manager of Paynesville Mutual, chairs and organizes this event for MAFMIC. If you are interested in working a shift during the St. Cloud show, please contact Ruth at (320) 243-7149. We are also looking for promotional items to give away to visitors at our booth. If your company would like to contribute a promotional item, please contact Ruth or send the items to MAFMIC's office.

The goal of these shows is to promote the mutual insurance industry. A portion of each company's dues is dedicated to marketing activities, so please support the farm show(s) in your area!

If your mind goes blank . . . don't forget to turn off the sound!

TECHNOLOGY CORNER

Kevin Sheehan, Rural Computer Consultants

Backups . . . I know, I know. I hate talking about backups, it feels like bad Karma. The only thing that scares me more than talking about backups, is NOT talking about backups.

Once a year it's good to review your backup procedures, and it IS a new year. As an insurance company you should be well aware that the incident risk is low, but the potential for significant damage is high. If there was such a thing as a "backup underwriter", would he allow your "risk" to be insured?

#1 Rule: Never, EVER, have all your backups in the same physical location. Murphy's Law says that will be the time that something will happen. For example: When you have a set off-site, take a new set off-site before returning the old off-site set back to the office for re-use.

#2 Rule: ALWAYS have a backup set off-site. If I heard the story correctly, a company in Missouri this last summer had their offices completely wiped out by a tornado. Also, the manager's home, where the off-site backup was stored, was also wiped out by the same tornado. They were only able to recover their data due to extenuating circumstances.

#3 Rule: Never EVER, have only one backup set. There should be an absolute minimum of 3 separate backup sets. We recommend 10 sets.

Recommendation #1: We recommend taking 2 backup sets out of use, one at calendar year-end and another at the closing of your General Ledger year-end. This serves two purposes: it saves a permanent archive and by attrition replaces all tapes in a 5 year timeframe.

Recommendation #2: We recommend two different procedures for backups when it is feasible. For example, create a full backup to backup all your data on your computer; and a data only backup of your major application(s). The reason for two separate procedures is that if one procedure fails, hopefully the second procedure will be good.

Recommendation #3: If your system vendor is different from your major application vendor (the hardware vendor is different than you software vendor), we would suggest that the major application vendor review your backup procedure. It's always valuable to have a second opinion when available.

Recommendation #4: Periodically, maybe once a year or every other year, have the application vendor do a "test" restore into a "test" area to be sure the data is extractable. Most backups programs do not have an ability to check the integrity of a tape after the tape has been created. It is possible that it was good when it was made, but something happened to it in the meantime.

Caution: When you save a word processor document or other such documents, where is it stored? Is it stored in a location that is being backed up? If not, is it important to back it up? Some document like correspondence are "nice to have", but manuals that are rather large and took a long time to develop are "need to have" therefore they should be backed up. See your application vendor for specific information on backup procedures.

Not meaning to scare you, but rather to give you information on things that can go wrong: We had a company store their backup in the vault in their office. When we went to use a backup for something rather minor, we found that the data was not intact. So we began to take extra care and did further research. By testing the backup before they went into the vault, we were sure they went into the vault in good condition. After they had been stored in the vault for some time, we found the same backup that had previously been good, became bad. When we moved the location of the backup within the vault they stayed good. The only thing we could figure was that there must have been a transformer in the wall of the vault, and transformers have rather large magnets, and prolonged exposure even to a weak magnetic file erased the information on the magnetically recorded media!

We have had companies converting to our product send CD backups. When we went to convert from the CD's, we found them empty. Further research found none of the CD's had backup data on them. An error in this single procedure could easily have ended in disaster!

On a few occasions system vendors have set backups to only backup changed files. The name for this is incremental. Incremental backups have their place, but it required a disciplined procedure that we consider error prone for companies your size. What happened in our case is the company went to use the backup and they found they were missing files that had not changed for a while. And their backups had been cycled enough that current version of those files were lost and had to be recovered as of the end of the previous year. (Good thing they had removed this set at year end.) *Happy Computing!*

CONVENTION NEWS

“Learn ~ Live ~ Plan”

Make plans now to attend MAFMIC's 109th Annual Convention being held at the Radisson Hotel South in Bloomington on February 1-2-3, 2004. Program details were included in the December NewsBulletin.

North Star Coffee Reception ~ North Star Mutual invites everyone to start the convention by attending their coffee reception on Sunday afternoon. North Star and the MAFMIC Government Affairs Committee have invited Minnesota's congressmen to join us at the reception. As of the writing of this NewsBulletin, their attendance has not been confirmed.



Commissioner Wilson to Address Luncheon

Make plans now to attend the Tuesday Noon Luncheon where Minnesota Commerce Department **Commissioner Glenn Wilson** (above) will be the featured speaker. The luncheon is sponsored by RAM Mutual and MAFMIC and will be hosted by **Steve Knutson**, President of RAM Mutual.

Century Company Honored ~ Congratulations to **Farmers Mutual of Clearwater County** who will be honored for 100 years of service to their policyholders at the Annual Business Meeting on Tuesday morning.

Convention Sponsorships ~ MAFMIC continues to receive sponsorships for the upcoming convention. Recently we received sponsorship commitments from three additional companies.

- **Elmdale Mutual**
- **Gillford Mutual**
- **Lac qui Parle Mutual**

Our thanks to these and all companies who have come forward as convention sponsors!

Choir Members Needed ~ There's still time! If you are interested in joining the MAFMIC Choir at the convention, please contact the MAFMIC office.

New at the Poolside Reception! ~ Please join us at Monday's Poolside Reception where we celebrate you ~ the mutual company. This year a DJ offering karaoke will be there to help us celebrate!

2004 SHORT COURSE

The 2004 Spring Short Course will return to the St. Cloud Holiday Inn & Suites on March 17th-18th.

Registration ~ Registration forms for the 2004 Short Course will be sent to all companies in early February. The registration fee will be \$140.00 for anyone registering through a MAFMIC member company if registered before March 6th. After that date, the fee will be \$165.00. Pre-registration should be done through your mutual office.

Room Reservations ~ Please make your room reservations directly with the **Holiday Inn**. A block of rooms has been reserved at a cost of \$72.95 plus tax per night. To make reservations at the Holiday Inn, please call (320) 253-9000 prior to February 14th. Our room block will be released at that time. The room block has been listed under 'Minnesota Association of Farm Mutual Insurance'.

Program ~ The Education Committee has put together an excellent program offering a wide variety of topics that should allow those in attendance to choose sessions of interest to them. **Dr. Jim Verlengia** will keynote the Short Course with an address titled "You Can't Take it With You".

Other general topics include:

- *Commerce Department Presentation*
- *Surviving the Courts ~ Ken Bouwman*
- *Rural Terrorism Issues ~ Paul McCabe*
- *Closing Address ~ Dan Agnew*

Wednesday afternoon will feature the popular concurrent sessions and will offer the following topics for continuing education credit (subject to approval): *Fire Extinguishers, Successful Restitution, Nuts & Bolts, Wind Generators, Propane Issues, Biosecurity Tips and Residential Insurance to Value.*

For those individuals who do not require continuing education credit, several concurrent sessions will also be offered that do not qualify for CEU's. These include: *Digital Images, Scanning Photos & Documents, Advertising for the Mutuals, The Mutual Website, New Manager's Programs and Round-table Discussions for Managers.*

Continuing Education ~ Application will be made for approximately 8.5 hours of continuing education credit for the Short Course.

COMMITTEE OPENINGS

The MAFMIC Board of Directors will be reviewing the membership of all committees at their February and March meetings. If you are interested in serving on a MAFMIC committee, please submit your name to a board member or the MAFMIC office ~ even if you have done so in the past. We would like to update our list of individuals interested in serving on a MAFMIC committee.

‘MAD COW’

Now that a single case of 'Mad Cow Disease' (Bovine Spongiform Encephalopathy) has been documented in Washington state, some of you may be wondering if it could affect you and your policyholders. MAFMIC received a statement regarding the Mad Cow Case from Robert P. Hartwig of the Insurance Information Institute in New York. According to Dr. Hartwig, "The economic costs associated with the discovery of a 'mad cow' infected could easily be in the billions, as countries impose bans on imported US beef and US consumers avoid consuming it. But the economic costs are very different from the insurance costs." Dr. Hartwig states that ultimately, this boils down to a complex tort issue. He outlines the following as potential types of insurance coverages and exposures involved: animal mortality, product recall, business interruption and tort-related exposures, specifically negligence.

Please contact MAFMIC's office if you would like a copy of the complete article by Dr. Hartwig.

THANK YOU!

The MAFMIC staff would like to thank everyone who remembers us with notes, cards and treats during the holiday season. We appreciate your thoughtfulness and wish you all the best in 2004!

IN MEMORY

MAFMIC would like to extend our sympathies to the families and friends of the following individuals.

George W. Nemeč, 80, Silver Lake, passed away on November 28th. George was an agent and director for **Sumter Mutual** for more than 42 years, serving as Vice-President from 1974-1983 and President from 1983 to the time of his death.

Robert E. Latham, 62, Luverne, died on December 11th. Bob was the manager of **Beaver Creek Mutual** and was very active in MAFMIC. He was a member of numerous MAFMIC committees and was a district director. He served as MAFMIC's Secretary-Treasurer for many years and also as Chairman in 1986-87.

Henry (Hank) Storjohann, 69, Eagle Lake, passed away on December 8th. Hank is the husband of **Karon Storjohann**, Manager of **McPherson Farmers Mutual** in St. Clair.

Jack Verkinnes, father of **Lori Olmscheid**, MAFMIC Administrative Assistant, passed away on December 22nd after a short illness.

May they rest in peace!

Best Wishes for 2004!

MAFMIC Board of Directors & Staff