

MAFMIC NewsBulletin

JANUARY 2005 ISSUE

“COME HOME – PLEASE!”

A Message from President Sherry Ask

The 110th Annual Convention of the Minnesota Association of Farm Mutual Insurance Cos. is beginning to take shape. On the 6th-7th-8th of February, once again, it will be time to take note of all that's happened in the past year and to look forward to the year ahead! Kind of like a New Year's Eve party....old friends talking about the year past and looking forward to the New Year!

MAFMIC's first woman Chairman, Gwen Batalden and her husband Craig will kick the convention off with a "Come to a Garden Party" theme on Sunday night that will feature piano music so that old friends can sit back and chat about all that's happened in the last year. But, for those of you so inclined, we will also be showing (on one of those big screen TVs) America's annual Super Bowl. Take time to enjoy a little of both!

Monday brings the Prayer Breakfast and the opening General Session, featuring one of my all-time favorite motivational speakers, Janie Jasin. She will bring a hilarious laugh to you and maybe you'll shed a tear or two! You will NOT forget her! Following lunch that day is the time for all of us to do our civic duty and go spend an afternoon with our legislators at the Capitol. One of the things I learned in grassroots, at a previous job, is that **numbers work!** In other words, the more people you have, concerned with the same issue, the more the power spreads! Marcus Marsh, our Government Affairs Lobbyist, while excellent at his job, CANNOT do it all....we need your help to spread the word about the mutual insurance industry in the state legislature and work towards providing the best product we can for our insureds.

Back by popular demand Monday night is Karaoke at the Poolside Reception. But this year, we're not starting **until** 7:00 and going until 10:00. There should be plenty of time for you to get back from the State Capitol, go have a bite to eat and then show up at the Poolside Reception. It will be a great time for all the wonderfully talented folks who will actually get up and sing and for those who just love to listen and cheer them on!

Tuesday starts with an Auxiliary breakfast and at the same time, a General Session regarding NAMIC Updates from Chairman Wayne White and from President Chuck Chamness. MAFMIC's annual meeting is at 10:00 where you will hear all about the past year – especially our new building! The ever-popular Question Box Session is on from 1:30 to 3:00 and at 3:00 to 5:00 is our "New and Exciting" Exhibit Show.

Finishing off the 110th Annual MAFMIC Convention is our Annual Banquet. We will have a wonderful meal, the winners of the big quilt raffle being drawn, our NAMIC Merit Award Recipients, our Robert C. Seipp Service Award Recipient, and of course, our entertainment to polish the evening off.

All in all, we're hoping for the best MAFMIC Convention yet. Won't you please "COME HOME?"

Thank you!

The MAFMIC Staff would like to thank everyone who remembered us with cards, gifts and treats during the holiday season. We appreciate your thoughtfulness and wish you the very best in 2005!

BOARD MEETING SYNOPSIS

By: Kevin Strandberg, Secretary Treasurer

The MAFMIC Board of Directors met in the MAFMIC office in St. Joseph on December 3, 2004.

Mike Flugum gave a report from the Policy Committee. He specifically discussed terrorism exclusions, agricultural building cost guide, deferred loss payment clause on the PH-1, and consideration of a federal government legislation study.

Rick Raun gave a report from the Government Affairs Committee, regarding township mutuals writing in second class cities, class action lawsuits, tort reform, statute of limitations, agent compensation issues, and deferred loss for homeowner policies.

Bert Tellers gave a report from the Education Committee. He discussed the Convention being contracted at the Sheraton in Bloomington (formerly the Radisson South) through 2007. The 2005 Short Course is set for Alexandria with 2006 going to Cragun's in Brainerd. He also discussed various other meetings such as the Support Staff Seminar, Spring Agent Meetings and Managers & Directors Meetings that are being scheduled.

Sherry Ask gave the Administrative Report. **Kevin Strandberg** gave the update on the investment portfolio. Kevin said that the money MAFMIC has left in the stock fund had a nice increase in the last few months. Kevin then presented the 2005 budget for MAFMIC. The budget was then approved.

Terry Timm then discussed raising the number of members on the Government Affairs Committee by two members. A motion was made and approved.

Dan Rupp discussed the importance of district directors holding meetings with their district members.

Greg Parent gave an update from the MAFMIC policy committee. He updated the board on the progress of the new PH-1, hoping for Commerce Department approval by the third quarter of 2005.

In old business, **Sherry Ask** discussed adopting an internet and email policy. Sherry is looking at various policies from other companies, and will present a version at the next meeting.

The next regularly scheduled meeting of the MAFMIC Board of Directors will be held on Tuesday, March 15th, at the Arrowwood Resort & Conference Center near Alexandria.

MARKETING MINUTE

*Mark Lageveen, Grinnell Mutual
Marketing Committee Member*

Apparel & Promotional Items: By now we hope that you have had the opportunity to order your apparel/promotional items through our new vendor, Noble Wear. **Ann Roesler** is their representative and you can call her with questions or comments at (320) 420-9415.

Convention Booth: Looking ahead to the convention in February, the Marketing Committee Booth will be set up during the Exhibit Show on Tuesday, February 8th. Please stop by to check out our display ~ we'll have samples of the apparel and promotional items for your review.

Owatonna Farm Show: The Owatonna Farm Show is March 17-19, 2005 at the Owatonna Fair Grounds. **Mark Lageveen** will be organizing this event and will be asking for volunteers to work in the booth during the convention. Please stop at the Marketing Committee Booth to sign up for the time slot that YOU would like to fill. Any time slots left open will be assigned after the convention. You may also email Mark at mlageveen@gmrc.com to volunteer to help at this farm show.

St. Cloud Farm Show Reminder: The St. Cloud Farm Show is being held at the St. Cloud Civic Center on March 1-3, 2005. Volunteers are also needed to attend the booth during this show. Sign up to help at the Marketing Committee Booth or contact **Ruth Rothstein** at (320) 243-7149.

POLICY COMMITTEE

PH Policy Update: The MAFMIC Policy Committee continues to work on revisions to the PH Policy and is close to being able to file it with the Department of Commerce. They will have it available to the membership as soon as possible. Committee members plan to present the proposed changes to the policy at the Spring Agent's Meetings the end of April.

2005 Valuation Guides: The 2005 MAFMIC Standard Agricultural Building Valuation Guide has gone to the printers. Each company should soon receive a camera-ready copy of the guide that you may reproduce for your agents and other company personnel. Thank you for your patience!

NEW HOUSE COMMITTEES FOR 2005

Marcus Marsh, Government Affairs Manager

When the Republicans gained the majority in the Minnesota House of Representatives six years ago they instituted a new rule that a committee chair could only be chairman of a specific committee for six years. For 2005 most committees have new chairs. Several incumbents were defeated or retirements took place – so therefore, members on several committees have many new members.

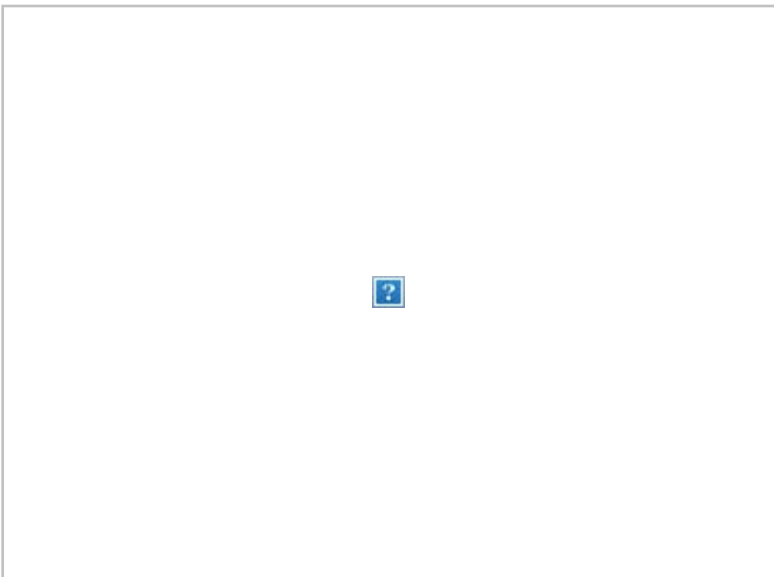
The House Commerce Committee is one of those committees. The new Commerce Committee Chairman is Tim Wilken from Eagan. The Vice Chairman is Paul Gazelka from Brainerd. I am listing the Commerce Committee Members and their home town. All insurance legislation goes through the Commerce Committee. If any of these Representatives are in your district or service area please call or write them introducing yourself and your company. All addresses are State Office Building, 100 Martin Luther King Jr. Blvd., St. Paul, MN 55155-1206. All phone numbers are area code 651.

Tim Wilken (R)	Eagan	296-3533
Greg Davids (R)	Preston	296-9278
Paul Gazelka (R)	Brainerd	296-4333
Bob Gunther (R)	Fairmont	296-3240
Rod Hamilton (R)	Mountain Lake	296-5373
Larry Howes (R)	Walker	296-2451
Paul Kohls (R)	Victoria	296-2451
Joyce Pepin (R)	Rogers	296-7806
Duke Powell (R)	Burnsville	296-4212
Dan Severson (R)	Sauk Rapids	296-7808
Dean Simpson (R)	New York Mills	296-4293
Judy Soderstrom (R)	Mora	296-0518
Ray Vanderveer (R)	Forest Lake	296-4124
Kurt Zellers (R)	Maple Grove	296-5502
Joe Atkins (DFL)	Inver Grove Hgts	296-4192
Karen Clark (DFL)	Minneapolis	296-0294
Patti Fritz (DFL)	Faribault	296-8237
Barb Goodwin (DFL)	Columbia Heights	296-4331
Mike Jaros (DFL)	Duluth	296-4246
Tina Liebling (DFL)	Rochester	296-0573
Diane Loeffler (DFL)	Minneapolis	296-4219
Frank Moe (DFL)	Bemidji	296-5516
Joe Mullery (DFL)	Minneapolis	296-4262
Tom Rukavina (DFL)	Virginia	296-0170
Brita Sailer (DFL)	Park Rapids	296-4265
Tony Sertich (DFL)	Chisholm	296-0172

Our capitol visitation during the Convention is on Monday, February 7th. Please join us to meet and greet your legislators!

CELEBRATES NEW OFFICE

On December 9th **Mower County Farmers Mutual** in Austin celebrated their new building with a ribbon-cutting ceremony. Participating in the ceremony were the Austin Chamber Ambassadors along with Mower County Mutual's board and staff. Other guests attending the celebration included other area managers, company agents and field representatives. The company plans to hold an open house for their policyholders in conjunction with their annual meeting on February 28th.



Pictured at left is Board President **Leslie Tapp** cutting the ribbon to officially open their new building. Also participating in the ceremony are the Chamber Ambassadors, board members and staff.

CONGRATULATIONS!

TECHNOLOGY CORNER

**Kevin Sheehan, Rural Computer Consultants
Technology Committee Chairman**

Last year, Rural Computer Consultants (RCC) was in the process of working with Assurance Partners Bank to add credit card billing to our product. While working on a project like this, it heightens sensitivity to news and experiences involved in the project topic.

Some years back, I remember hearing that the local grocery store accepted Credit Cards for payment. At the time, I thought that was insane. On occasion over the last year, I have run to that same grocery store just to pick up a couple of items. You guessed it, I don't carry checks anymore, so rather than pay cash out of my pocket, I just used my credit card.

Last year, my younger sister Sue, part owner in RCC, went on a cruise to Alaska, paid for by points from the use of her credit card.

I was surprised at the number of RCC employees that use credit cards as they would a check book, charging what they can, using the float, but paying it off every month. Not only do they avoid paying a check charge, they get points for rewards. They ask to use credit cards whenever they can.

"We may be on the way [to a cashless society], it's not a straight line. If you went back 10 and 20 years and were in [the banking/credit card] business, you would have read lots of prognostications that we would be to a cashless society by now. We're not, and nobody knows exactly how it's all going to play out. It's interesting that it is moving. The one part of the system that's actually really starting to drop, although not as fast as many would have predicted, is the checking side of it. Last year for the first time, more transactions were made with debit cards than with checks." (Edward Yingling, incoming president of the American Bankers Association, September 16, 2004.)*

Interestingly enough, in this world of consumers shopping for the lowest insurance rates: Duncan Simester, PhD, of M.I.T.'s Sloan School of Management, in 2000 "embarked on an in-depth study of what he calls the 'credit card premium' to see whether consumers really are willing to spend more for a product when using a credit card. The study found that 'willingness to pay' can be increased up to 100 percent when customers use a credit card rather than cash. Consumers may not even be aware that they do this, but even when they are says Simester, they can't stop themselves from doing it. 'For these types of effects, we find that even when we tell people about it, they still exhibit the phenomenon. What mechanism is driving it is unclear. We're still scratching our heads trying to work out why people are doing what they are doing. The findings are intriguing"*

With the implementation of Check21 banking regulations, checks now clear a persons account much faster then they have in the past, effectively eliminating the float from a person's checking account. (Deposits however have not been affected by Check21 and still take a "normal" amount of time until the funds are technically available.)

It seems, as listed above, the credit card industry, having saturated the retail industry, seems to be targeting the staples of the consumer spending, such as grocery stores, fuel distributors and insurance companies. Even many fast food restaurants now accept credit cards.

Benefits to the Insurance Company:

- Better customer retention.
- Save time and money by automating payment processing.
- Save money with reduced late or lapse notices to print, stuff and mail.
- Reduce collection efforts.
- Minimize impact of rate increases.

Benefits to the Policyholder:

- Save time – no check writing.
- Save money – no stamps or checks.
- One less bill to keep track of.
- No Late Fees.
- On-time credit payments, increases consumer credit rating.
- Option for stable, minimum monthly payments.

If a company is evaluating alternate payment methods, I think they would be remiss if ACH and Credit Card processing were not both considered.

Happy New Year and Happy Computing from the MAFMIC Technology Committee!

* Frontline PBS articles, published on www.msu.edu.

If there are topics you wish to have reviewed in future Technology Corner articles, please submit them to keshaban@rccbi.com. Thank you.

CONVENTION NEWS

"Who You Are Makes A Difference"

Make plans now to attend MAFMIC's 110th Annual Convention being held at the Sheraton Bloomington Hotel on February 6-7-8, 2005. Program details were included in the December NewsBulletin.

Room Reservations ~ The room reservation deadline has been extended to January 24th. If you have any problems with making your reservations, please contact the MAFMIC office.

North Star Coffee Reception ~ North Star Mutual invites everyone to start the convention by attending their coffee reception on Sunday afternoon.

Gwen's Garden Party ~ Remember to wear your hat to the Chairman's Reception on Sunday evening. There will be a prize awarded to the person wearing the 'best' hat!

Hospitality/Coffee Room ~ Grinnell Mutual Reinsurance Company will be sponsoring the Hospitality/Coffee Room on Monday and Tuesday during the convention. They would like to invite all convention delegates and spouses to visit the Coffee Room during the convention.

Silent Auction ~ The Education Committee will be conducting a Silent Auction in the Hospitality/Coffee Room during the convention. Please visit the Coffee Room to place your bids on one or more items. Bids will be accepted until 5:00 on Tuesday afternoon and the winners will be announced at the Exhibit Show. All proceeds will be donated to the Scholarship Fund.

Convention Sponsorships ~ MAFMIC continues to receive sponsorships for the upcoming convention. Recently we received a sponsorship commitment from **UBS Financial Services (Randall Green, Sr. VP-Investments)**. Our thanks to them 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.

Reminder: New Time for Poolside Reception The Poolside Reception celebrating the mutuals of Minnesota will be held on Monday evening from 7:00-10:00 p.m. in the Garden Court. Each person registered for the convention will receive two complimentary drink tickets. See you there!

2005 SHORT COURSE

The 2005 Spring Short Course will return to the Arrowwood Resort & Conference Center on March 16th&17th.

Registration ~ Registration forms for the 2005 Short Course will be sent to all companies in early February. The registration fee will be \$145 for anyone registering through a MAFMIC member company if registered before March 4th. After that date, the fee will be \$170. Pre-registration should be done through your mutual office.

Room Reservations ~ Please make your room reservations directly with the Arrowwood Resort. A block of rooms has been reserved at a cost of \$83.00 plus tax per night. To make reservations at the Arrowwood, please call (320) 762-1124 prior to February 12, 2005. 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 once again put together an excellent program offering a wide variety of topics that should allow those in attendance to choose sessions of interest to them. You won't want to miss our keynote speaker, John Hovde, who will open the Short Course with his address, 'Make a Difference'. Jon is a Vietnam veteran and his keynote was featured on the front pages of the St. Paul Pioneer Press in 1998. He has spoken in over 100 schools and has keynoted many statewide conferences.

General session topics will include a session on engineering by Rodney Nohr; Legislative Updates by Marcus Marsh; Insurance Fraud by Roland Dumond; a session on the use of canine units by Deputy Jason Peterson; and a closing skit titled 'That Deadly Attitude Virus'. You won't want to miss it!

Wednesday afternoon will feature the popular concurrent sessions and will offer the following topics for continuing education credit (subject to approval): *Nuts & Bolts, Inspections, EFT, Farm & Personal Liability, Technology, Propane, Mold, Using Clue & Choicepoint, Successful Restitution, Farm Pollution Dangers, Insuring _____ on a Homeowner's Policy and Manager's Sessions.*

Continuing Education ~ Application will be made for approximately eight (8) hours of continuing education credit for the Short Course.

MANAGEMENT CHANGES

After 16 years, **Sharon Schmitz** resigned as Manager of **New Prague-Ceska-Louisville Mutual Insurance Company** effective

December 31, 2004. Sharon reminisced that she started out managing the company from the porch of her farm home. She remembers when the company converted from 'fire-only' policies to packaged policies with only two agents, an electric typewriter and a copy machine! Although her immediate plans are not definite, Sharon will continue to be a policyholder and agent for New Prague-Ceska-Louisville Mutual.

Carol Weiers has replaced Sharon as the manager of New Prague-Ceska-Louisville Mutual. We at MAFMIC would like to wish Sharon well in her new ventures and thank her for all she has done for the association. We welcome Carol to the 'MAFMIC Family' and look forward to working with her in the future.

FOR SALE

Approximately 1000 hanging file folders (legal size). If interested, contact Paul Stueven at (507) 235-9476.

MANAGER OPENING

Southeast Mutual Insurance Company is accepting applications for the position of Manager until March 1, 2005. Send your resume to: Board of Directors, Southeast Mutual Insurance Company, P.O. Box 647, St. Charles, MN – 55972.

COMMITTEE OPENINGS

The MAFMIC Board of Directors will be reviewing the membership of all MAFMIC 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 contact the MAFMIC office ~ even if you have done so in the past! We would like to keep a current list of individuals interested in serving on a committee.

IN SYMPATHY

George Fischer, 76, Lake Lillian, passed away on December 21st. George served on the Board of Directors of *West Central Mutual* (Acton-Gennessee) in Grove City for 26 years. He was the President of Acton-Gennessee Mutual prior to their merger with West Central Mutual.

Stanley Siggerud, age 75 of Barnesville, passed away on November 27th. Stanley served on the Board of Directors and as the inspector-adjuster for *Oscar Parke Mutual Insurance Company*.

Jim Iverson, age 69 of Echo, passed away on January 1st. Jim was currently serving as the Vice-President of the Board for *Bird Island Hawk Creek Mutual*. He had served the two companies since 1976.