



Mutual **LINK**

THE DICAMBA DILEMMA

Although the controversy over dicamba — a herbicide used to control destructive weeds — is fairly new, the product isn't. It's been used by farmers for almost 50 years, and was historically applied to minimize stubborn broad-leaf interlopers. Today, use of dicamba — some of it illegal — is decreasing crop yields, and the cost can be high, especially with late-season application.

DRIFT CLAIMS MOUNT

Dicamba works like a dream on broad-leaf weeds, but it doesn't always stay put. In hot weather, it forms a gas that can drift for miles, hence the phrase "dicamba drift." Unmodified soybeans — because they haven't been engineered to fight the effects of dicamba — are especially vulnerable to dicamba drift, and farmers are seeing their soybean crops wither before their eyes, sending liability claims soaring. "Insurance carriers are seeing an unprecedented spike in dicamba-based crop claims. It's a challenge, for everyone, to get fields inspected," said Vicky Hartgers, a Grinnell Mutual claims manager.

"We also saw a spike when glyphosate-resistant crops first popped up," said Grinnell Mutual's Assistant Vice President of Claims Ron Nott. "But things improved when farmers started communicating with their neighbors."

Last year, a version of dicamba that's supposed to be less volatile than previous formulations was approved for on-crop use. Despite this, dicamba damage complaints continue to pile up. This isn't a surprise to Kevin Bradley, plant sciences professor at the University of Missouri, who says the combination of an approved formula and new dicamba-resistant crops is a predictable contributor to the increased use of the herbicide.

"It's concerning but not a surprise," Bradley said in a [June 25, 2017 interview with the St. Louis Post-Dispatch](#). "We knew that the acreage that gets sprayed with that dicamba product would be dramatically more than it was last year."

Other factors also could also be at play. Though spraying older formulations is illegal, it appears many farmers around the country have done just that to combat weeds that have developed resistance to other herbicides. Some scientists also believe it's possible that the new formulation carries the same risks as previous ones.

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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.

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THE DICAMBA DILEMMA

Whatever the reason, dicamba drift impact has been damaging to non-resistant crops. Puckered leaves, buckled pods, and stunted growth have affected farms nationwide, resulting in a large influx of lawsuits.

WHAT CAN BE DONE?

Cost estimates of dicamba drift damage continue to rise, and it's important to note that federal crop insurance only covers weather-related peril, like flooding or drought, not chemical-related issues. Liability insurance may cover yield loss, but the challenge is pinpointing the dicamba source when drift occurs.

In the meantime, farmers have been forced to choose between using the dicamba-resistant products or remaining vulnerable to drift — a quandary that's left the agricultural world mired in controversy. Farm claims managers Hartgers and Ryan O'Roake say there are some simple ways to make a bad situation better. Farmers and applicators need to be aware of weather and wind speeds and to be talking to their neighbors about what's been planted and what chemicals are being used. And those who use dicamba need to read and follow label guidelines prior to application.

"Open communication is the key to strong partnerships between farmers, neighbors, applicators, and insurance agents," O'Roake said. "Timely reporting of damage allows for earlier field inspections and presents more opportunities for mindful evaluations."

Member Profile ~ Rice County Mutual

Rice County Mutual was organized March 25, 1895. We have deeds dating back to Sept 30th, 1885; Oct 1st, 1885; April 15th, 1895. Board minutes dated March 16th, 1895, Chairman; Barton, Secretary; Hugh Kane

Our company writes for Fire only.... CPP's/CDO's

Rice County Mutual has one Manager/Agent – Robin Herrley. We have 10 agencies that write for our mutual.

Our mission is to help people manage the risks of everyday life, recover from the unexpected, and build enduring relationships.

Our company's goal in the next five years is to continue to organize our company to make it more efficient and profitable. Our goal is to increase our corporate value by 200%.

Our biggest challenge would be increased selection and competition.

Rice County Mutual donates to the 4-H, Sheriff & Fire department of Rice County.

One word that describes our company would be:

TRUSTWORTHY



Manager/Agent ~ Robin Herrley

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

Thank You To Our Sponsors





**TRAINING
SEMINAR**

Manager & Director's Seminar

Wednesday, July 11, 2018

Holiday Inn & Suites

St. Cloud, Minnesota

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.

Continuing Education Credit -

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 – 10:00 am	Topic: “Role of the Mutual” (CMMM) Speaker: Dan Rupp, RAM Mutual
10:00 – 10:15 am	BREAK
10:15 – 11:45 am	“Corporate Governance for Mutuals” (FMDC) Speaker: Dr. Michael Boland, University of Minnesota
11:45 – 12:45 pm	LUNCH
12:45 – 2:15 pm	Topic: “Board Role vs Management Role” (FMDC) Speaker: Jack Randall, Randall Resources International
2:15 – 2:30pm	BREAK
2:30 – 4:00 pm	Managers Session: “Manager’s Roundtable”
2:30 – 4:00 pm	Director’s Session: TBD (FMDC)

Early registration fee on or before Friday, June 29, 2018

\$98 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 10, 2018** in order to receive the MAFMIC group rate.

Holiday Inn & Suites

75 S 37th Ave North

St. Cloud, MN 56301

(320) 253-9000

Rate: \$96.00 + tax

Cancellation Policy

- Cancellation notices received on or before June 29, 2018 are 75 percent refundable.
 - Cancellation notices received June 30 - July 9, 2018 are 50 percent refundable.
- No refunds are available after July 9, 2018. 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 or faxed to (320) 271-0912.

MAFMIC Golf Outing

BEST BALL SCRAMBLE



Little Crow Golf Resort - Spicer, MN

Thursday, July 12, 2018

10:30 a.m. – Registration

11:30 a.m. – Shotgun Start

4:30 p.m. – Dinner & Awards Ceremony

1st Place Team names will be engraved on Master Trophy

Register with MAFMIC's office by

Friday, June 29th, 2018

Golf Package - \$95.00

Fee Includes: Green Fees, Golf Cart, Grilled Hamburgers, Beverage Tickets (2) 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

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

2018 MAFMIC Golf Outing

Name: _____

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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Restrictive Endorsement for Solid-Fuel and Wood-Burning Devices

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

Wood-burning and solid-fuel devices became much more prevalent during the recession. The National Fire Protection Association suggests that in 2011, heating devices resulted in 5,600 home structure fires within the U.S., causing 400 deaths. This caused \$893,000,000 in direct property damage. After the recession, it appears these devices remain prevalent.

One intended purpose of wood-burning and solid-fuel devices is to reduce heating costs and save money. As statistics indicate, however, these devices can have a significant financial downside when a fire results.

Fire damage from these devices can occur from improper installation and inadequate maintenance, among others. To encourage proper installation and maintenance, companies might consider a restrictive endorsement on their policy, which excludes coverage for any losses resulting from such devices that are not approved and/or inspected by the company. Often times, companies will place this restrictive endorsement language on the policy declarations. A summary of this language is to the following effect:

Coverage shall not exist for any wood-burning or solid-fuel device not approved by the company. The following devices have been approved in the following locations: _____.

This language, in effect, voids coverage for any losses resulting from a wood-burning or solid-fuel device that is not inspected or approved by the company. To ensure compliance, Companies may also remind policyholders throughout the year to inform the company of any newly installed units and to schedule an inspection.

In the end, a restrictive endorsement can be an effective tool to encourage policyholders to take appropriate steps to ensure they have an approved solid-fuel or wood-burning device. This in turn may protect not only their property investment, but the safety of their own lives and those of their family members.



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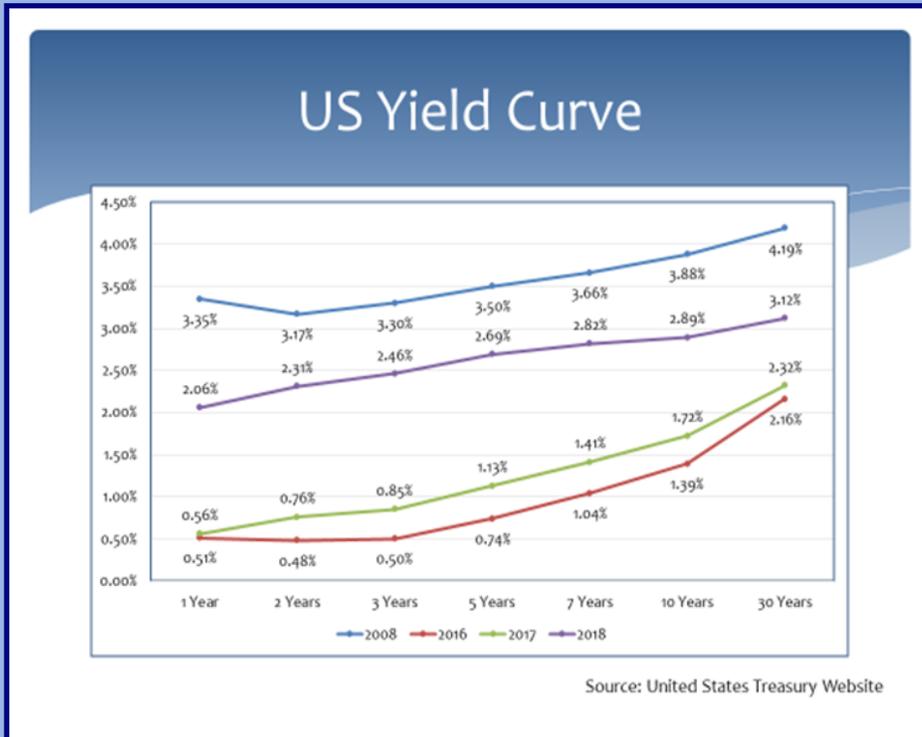


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Impact of Rising Rates on Bond Portfolios

Alex Coulter, Schlachter Investment Advisors

As of the March 2018 Fed meeting, the Fed Funds Target rate is currently 1.50% - 1.75%. The rise in interest rates have shifted the yield curve significantly over the previous 2 years. The diagram below shows the yield curve in 2008 versus the yield curves in 2016, 2017, and March 21st, 2018. The most noticeable move in interest rates have occurred on the shorter end of the yield curve, years 1 through 7. In 2017, a 1-year Treasury Note yielded 0.56%. As of March 21st, 2018, a 1-year Treasury Note yielded 2.06%.



With the significant move in interest rates over the previous 2 years, it is important to be reminded of the inverse relationship between bond prices and yields. As yields increase, the current market value of bonds will decrease and vice versa. There are several variables that will impact the level of the price fluctuation of bonds, such as rating on the bond and bond duration. Although the market value of bonds will fluctuate over the life of the bond, if the bond is not sold prior to maturity, the bond owner will recover the principal investment when the bond is redeemed or matures.

The statutory accounting rules that mutual insurance companies operate within do not require the mutual to mark to market. To explain further, mutual insurance companies do not realize gains or losses on market value fluctuations of bonds. Another point to consider is that price fluctuations are greater for longer maturity bonds. The shorter the bond maturity, the smaller the price movements of the bond.

The change in interest rates over the previous two years should lead to a conversation with your company's investment advisor. Understanding the yield curve can be an important variable when considering bond purchases. It is important to review your bond ladder and monitor the liquidity of the investment portfolio for claims paying ability.

“Corporate bonds contain elements of both interest rate risk and credit risk. The purchase of bonds is subject to availability and market conditions. There is an inverse relationship between the price of bonds and the yield: when price goes up, yield goes down, and vice versa. Market risk is a consideration if sold or redeemed prior to maturity. Some bonds have call features that may affect income.”

“Municipal bonds are federally tax-free but may be subject to state and local taxes, and interest income may be subject to federal alternative minimum tax (AMT). The purchase of bonds is subject to availability and market conditions. There is an inverse relationship between the price of bonds and the yield: when price goes up, yield goes down, and vice versa. Market risk is a consideration if sold or redeemed prior to maturity. Some bonds have call features that may affect income.”

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Impact of Rising Rates on Bond Portfolios

Alex Coulter, Schluchter Investment Advisors

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“Government bonds are guaranteed only as to timely payment of principal and interest, and, if held to maturity, they offer a fixed rate of return and fixed principal value. Government bonds do not eliminate market risk. The purchase of bonds is subject to availability and market conditions. There is an inverse relationship between the price of bonds and the yield: when price goes up, yield goes down, and vice versa. Market risk is a consideration if sold or redeemed prior to maturity. Some bonds have call features that may affect income.”

“Treasury bills are guaranteed by the U.S. government as to the timely payment of principal and interest, and, if held to maturity, they offer a fixed rate of return and fixed principal value. U.S. Treasury bills do not eliminate market risk. The purchase of bonds is subject to availability and market conditions. There is an inverse relationship between the price of bonds and the yield: when price goes up, yield goes down, and vice versa. Market risk is a consideration if sold or redeemed prior to maturity. Some bonds have call features that may affect income.”

“Certificates of deposits (CDs) typically offer a fixed rate of return if held to maturity, are generally insured by the FDIC or another government agency, and may impose a penalty for early withdrawal.”

“This is a hypothetical example and is for illustrative purposes only. No specific investments were used in this example. Actual results will vary. Past performance does not guarantee future results.”

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It is our pleasure to serve MAFMIC members and we look forward to supporting the Minnesota farm mutual industry for years to come.

Contact Priority Data to see how our software solutions can fit your mutual's needs at sales@prioritydata.com or visit us at prioritydata.com.



PRIORITY DATA

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Cyber Liability

You hear a lot about data breaches in the news these days, but what about how fraud affects your business? According to the U.S. Small Business Administration (SBA), consumer identity theft costs over \$220 billion each year. Educate yourself on the exposures and risks of cyber threats and how Grinnell Mutual Cyber Liability and Data Breach Response insurance can save your business and reputation.

YOUR EXPOSURES

When we think about data breaches, what comes to mind are big retailers and restaurants that do hundreds or thousands of point-of-sale transactions every week. But all businesses are exposed in some way. According to the Identity Theft Resource Center (ITRC), a 10-year average showed that the business sector accounted for 24.6 percent of all breaches — ahead of government, healthcare, and financial industry sectors.

Does your company handle any of the following information?

Employee or customer addresses

Employee or customer Social Security or driver's license numbers

Copies of checks or credit card receipts

W-9 forms

Personal employee health plan records

If you have access to any of the above information, you are exposed. The exposure is not just from hackers intruding on electronic systems. Breaches are caused by lost, discarded, or stolen laptops, smartphones, and portable memory devices, to acts by disgruntled employees, to procedural errors.

THE PRICE OF A DATA BREACH

[A 2017 study by the Ponemon Institute](#) put the average cost of an incident at \$225 for each lost or stolen record. The vast majority of that cost is attributed to lost business arising from abnormal turnover of existing or future customers. How does that cost stack up?

A retailer with just 10 sales a day would pay \$806,650 for a year's worth of breached records.

A single lost laptop can cost a business nearly \$50,000, most of that being expenses to respond to data breached or potentially breached.

Resolving a data breach issue can involve lots of legal fees and requirements. [Minnesota is one of 47 Forty-seven states have with breach notification laws.](#) [The Minnesota Department of Administration outlines the steps a business must take to notify its customers about a data breach.](#)

HOW TO REDUCE THE CHANCE OF A DATA BREACH

While data breaches are on the rise, the majority of incidents are fully preventable. Here are a few ways to reduce a chance of a data breach. For more information, the [Federal Trade Commission \(FTC\)](#) offers [free resources](#) for businesses of any size.

Encrypt your devices. *Over 73 percent of the 2013 breaches serviced by Beazley, Grinnell Mutual's Cyber Liability and Data Breach response partner, involving portable devices could have been prevented if the devices were encrypted.*

Automate patch management. *Staying on top of the latest available software patches and moving to automated patch management can protect against a breach.*

Enforce password complexity. *Computer systems can now systematically cycle through all permutations of potential passwords. Don't use passwords that are easy to crack. Dictionary words are capable of being deduced with an algorithm.*

Be alert to phishing. *Most breaches occur because of human error, and cybercriminals use that to their*

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Cyber Liability

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advantage through techniques like phishing — posing as a legitimate company to obtain Financial information.

Training employees to spot a phishing is a critical step in breach preparedness.

Double-check before hitting send. *Double-checking the contents of a file, email address, or mailing details is a must, especially when sending data to outside vendors.*

Keep score. *An easy and proactive way to determine whether or not your business' bottom line is being compromised is to routinely monitor your profile with all three major business credit bureaus.*

[The Consumer Financial Protection Bureau \(CFPB\) recommends a credit monitoring service](#), which will take the guesswork out of the process.

Protect your papers. *Most business owners know to store their sensitive documents in a secure place, but it's also important to invest in either a shredder to dispose of paperwork containing confidential information.*



- 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
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IN SYMPATHY



Allen L. Ross, 77, was born on Feb. 25, 1941. Allen was a lifelong resident of Forest Township, passed away peacefully at his home surrounded by his family on Tuesday, March 27, 2018 after a courageous battle with cancer.

Allen graduated from Faribault High School in 1958 and married Kathleen M. Lagerstrom on April 8, 1972 at Peace Lutheran Church, Faribault.

He served on the Community Co-op Oil Association board for over 30 years and **served on the Rice County Mutual Insurance board until January 2018.**

He served in the U.S. Army Reserves 353rd transportation division from 1962 until 1968.

He is survived by his wife, Kathy of 45 years; one son, Leslie (and Dee Ann) Ross of Maple Grove; three daughters, Allison of Apple Valley, Suzanne of Minneapolis, and Crystal of Forest Township; and three grandchildren, Sarah, Nolan and Kyle Ross.



Joan Mae Oachs, 88, of Herman, Minnesota passed away Tuesday, April 24 at Knute Nelson Care Center in Alexandria, Minnesota. Joan was born on May 13, 1929.

Funeral Services were held Saturday, April 28, 2018 at 11:00 a.m. at Bethel

Lutheran Church in Herman with Rev. Irving Arnquist officiating.

Joan is survived by four children: Mark (Jayne) Oachs of Herman; Bradley (Lezlie) Oachs of Duluth, MN;

Douglas (Kim) Oachs of Herman (manager of Delaware Mutual); and Karen (Tim) Hurlbut of Farwell, MN; nine grandchildren: Jennifer (Lane) Pederson, Matthew (Heather) Oachs, Rebecca Oachs, Emily Rose Oachs, Brian Oachs, Jared Oachs, Jessica (Joseph) Moeller, Scott (Leona) Hurlbut and Joseph Hurlbut; seven great-grandchildren; and three sisters: Harriett Christy of Northfield, MN; Jane (Bob) Theiss of Carson City, NV; and Rose Marie (Rolly) Balke of Hutchinson, MN.

2018 CALENDAR OF EVENTS

- May 8 - 9** Managers Workshop, Grand View Lodge, Nisswa
- May 21-22** NAMIC Farm Mutual Forum Columbus, Ohio
- June 6-8** CCP Visit, Washington DC
- July 11** Manager & Directors Seminar, Holiday Inn & Suites, St. Cloud, MN
- July 12** MAFMIC Golf Outing Little Crow Resort, Spicer, MN
- Aug 13-15** Leadership Development Workshop (NAMIC) – Chicago, IL
- Sept. 5** PIA, Education Day & Trade Show Mystic Lake, Prior Lake, MN
- Sept 23-26** NAMIC 123rd Annual Convention San Antonio, TX
- Nov 14-15** MAFMIC Short Course Arrowwood Resort, Alexandria, MN

MAFMIC wishes to express its sincerest condolences to family and friends of Allen & Joan

**MONDAY
MAY
28TH
2018**



**SALUTING THE VETERANS
MEMORIAL DAY**