

Mutual LINK

Tornado Preparedness

Karl Porisch, Western Mutual

It started just after 1pm on March 18th 1925 in southeastern Missouri. After traveling 219 miles through Missouri, Illinois and Indiana, it had killed 652 people and injured over 2,000. Sadly, a number of the deaths and injuries were to school children. Here's what made it the worst tornado in United States history:

- It traveled at nearly twice the speed of a normal tornado at 62 mph.
- No warning systems were being used in any of the towns it destroyed.
- The 164 square miles that it destroyed is twice the area of an average tornado.
- Top wind speeds of the funnel were 318 mph which made it an F5 tornado on the Fujita scale.
- Property damage in today's dollars would have been almost 2 billion.
- Communications were cut off instantly allowing for no telephone or telegraph service.
- The tornado was literally on top of the towns before anyone realized there even was a tornado.
- And the best reason? The US Weather Bureau was not allowed to use the word "tornado" for fear of causing panic.

Today's weather warning systems are sophisticated enough that the situation that happened back in 1925 will most likely not be repeated today. The National Weather Service keeps a close eye on all severe thunderstorm activity and issues watches and warnings in a very timely fashion which gives people a chance to prepare for a tornado should one occur.

Here are the three types of warnings issued by the National Weather Service:

- Tornado watch: Conditions are right for tornado development and possible in your area and you should pay special attention to the weather.



A family in Griffin, Ind. and the remains of their home after the worst tornado in history. *Courier & Press archives.*

- Tornado warning: Indicates that a tornado has been spotted in your area or that radar indicates the presence of a tornado. Seek shelter immediately.

- Tornado Emergency: A tornado warning has been issued and it is heading for a densely populated area. Seek shelter immediately.

Here's how you can prepare for a tornado should one occur in your area:

1. Know what to watch for. Tornadoes usually occur in conjunction with severe thunderstorms.
2. Watch for darkening skies, greenish tinge to the clouds, or dust being blown by high winds.
3. Watch for calm or quiet conditions during or right after a thunderstorm.
4. Listen for the continuous roar or rumble of thunder.
5. Watch for persistent rotation of the cloud base in the thunderstorm.
6. Tune in to local radio or television broadcasts.
7. Purchase a battery operated NOAA weather radio.
8. Identify appropriate shelters at home, at work, and at school.
9. Prepare a family disaster plan.
10. Most importantly: Stay inside during severe weather. There is danger from high winds and lightning.

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Board Member Profile

Dave Pederson, Farmers Mutual Manchester

1. Where did you grow up?

A. I was born and raised in Manchester. Manchester is located in south central Minnesota near Albert Lea. Anybody that has driven past Manchester, knows that if you blink, you'll miss it. It is a very small town of about 75. One of the neat things of living in a small town, you get involved in everything. I was, (not all at the same time), Mayor, Fire Chief, City Clerk and Councilman.

2. Where did you attend high school?

A. Albert Lea, MN.

3. Are you married? Do you have children?

A. Nancy and I met in 2000 and were married in 2005. We both have children through previous marriages. I have a son and daughter and Nancy has a son. We have 6 grandchildren between us.

4. What are some of your favorite hobbies?

A. I enjoy traveling, photography, golf, and developing programs on the computer. I'm not so sure I "enjoy" golf, but I do enjoy the companionship of golfing with Bert, Bill and Leon.

5. What was your first job?

A. My first and only other job was with the meat market in Manchester. I started there while still in high school. I worked in all aspects of the trade including delivering, butchering, cutting up beef and hogs, and retail sales. I really enjoyed working there. I was employed there for 14 years. Then in 1979, Duane Troe called and asked if I would interview for the fire prevention job and the rest is history.

6. What about the insurance industry appealed to you as you were starting out?

A. I started with Farmers Mutual Insurance Company in 1979 as their Fire Safety Inspector. Being the fire chief on our local fire department, I was always concerned about fire prevention. This job provided me with a great opportunity to get out and visit with homeowners and farmers about preventing fires and eliminating fire hazards. I was proud of the company I worked with, as they were committed to helping the insured focus on areas that needed attention, not only for the benefit of the company, but for the safety and well being of the insured.

7. What do you enjoy about your job?

A. I enjoy the challenges of the job. Every day can turn up something new, whether it is a new risk that needs to be underwritten, or a new claim that has you studying the policy, searching for a way to help the insured in their time of need.

8. What do you strive for professionally?

A. I feel it is important to attend educational events sponsored by our state and national associations. The learning and sharing experience is priceless.

9. Who has been most influential to you professionally?

A. When I started with Farmers Mutual Insurance Company, Duane Troe was the manager and Doug Iverson was the Adjuster. These two people had a large influence on me. I looked up to them because of their knowledge of the insurance business and their willingness to share that knowledge with me.

10. What do you like about being a board member?

A. District 6 has two meetings a year. We discuss areas of concern both local and state-wide. It gives me the opportunity to hear the thoughts of the managers and bring those concerns to the board meetings. Being appointed as liaison to committees such as the Convention Committee and the Standard Policy Committee has been a great learning experience for me. I feel all managers should experience being a district board member. You will get a better understanding of how our great association (MAFMIC) is run.

Editorial Advisory Committee

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Lindsey Schuler, MAFMIC - *Staff Liaison*

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West Central Mutual

Doug Nelson, Manager

As with most of the MAFMIC mutual companies, West Central Mutual has a significant history and a story of how it has become the company it is today.

Two of the three original companies, all established in the 1880's, merged in 1962 to become West Central Mutual, however, the company wasn't finished growing. In 1997, another merger took place with Acton & Genessee Mutual which moved West Central Mutual from Willmar to Grove City, Minn. Even before these mergers, the three original companies cooperated to share larger risks and to promote loss prevention.

This mutual employs two people in their office, Administrative Manager, Marcy Houk and General Manager, Doug Nelson. They appreciate working with their 50 agents across 14 agencies. The mutual's staff and directors are committed to serving their policyholders and agents by consistently offering comprehensive coverages at reasonable rates while providing prompt and professional service.

Doug added to the company's mission by explaining their main goal for the future. West Central is looking for good growth. Doug clarifies the meaning of good growth as, "acceptable property with appropriate coverages for profitable policies that will maintain our financial stability."

Like many mutuals, updating technology and improving the ease of doing business is an ongoing challenge for their company. One of their main priorities is building personal relationships with agents and policyholders. West Central Mutual believes a balance of these characteristics makes them a company others appreciate working with.

While West Central Mutual is working toward their goals and through challenges, they are not too busy to make time for their community. West Central Mutual has employed high school business students in their office through a "School to Career" program to give them valuable hands-on experience. Also students set up and serve at the mutual's annual meeting to earn funds for their school's business department.

Doug, Marcy and the rest of those affiliated with West Central Mutual are proud of the history West Central Mutual has and keep working through the challenges of a changing society towards their ultimate goals.

Be sure to check out the 2010 Scholarship Golf Outing and Manager & Director's Seminar registration forms inserted in this issue!

Everything we do is designed to help our member mutuals be successful.



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Investment Update

Wayne Schluchter, Schluchter Investment Advisors

Investment update: The convention's investment hour covered a number of topics ranging from 2008's collapse to several major financial institutions, 67A authorized investments, revised FDIC coverage, and the need for an Investment Policy Statement reviewed by each company's board.

Questions after the convention related to three main areas: 1) FDIC limits which are now at \$250,000/account through 12/31/2013. On Jan. 1, 2014 FDIC limits are scheduled to reduce to \$100,000/account. You can read more on the subject at www.FDIC.gov. 2) An Investment Policy Statement (IPS) is strongly encouraged and a good item for board review once a year. The legislature has written a broad IPS which can be custom tailored to each respective company. For an IPS rough draft that can be customized please email wayne@schluchteradvisors.com. 3) Custodial Agreement; each company is expected to have on file, a custodial agreement from their respective investment firms.

Get started on updating your files early. Ask your advisor to provide you with the necessary document.

Session Rolls Along

Marcus Marsh, MAFMIC Government Affairs Manager

The 2010 Legislative Session has been an interesting array of agenda's from budget shortfalls, Bonding Bills and constituent requests to personal ambitions with nine Legislators announcing they were running for Governor.

As of the time of this writing we at MAFMIC have been able to continue to work with Senators and Representatives on a bi-partisan basis keeping harmful legislation bottled up in committees.

MAFMIC is fortunate to have so many active and caring managers and directors who participate in the political process. Our constant vigil of MAFMIC Members talking, calling, writing or e-mailing their Representative and Senator along with our presence in St. Paul is what successful teamwork is all about.

The 2010 Legislative Session is another year of working to protect our companies and policyholders and before we know it, elections will be part of the summer landscape.

The Primary Election has been moved up from the second Tuesday in September to the second Tuesday in August. The General Election stays the same in November.

MAFMIC Scholarship Winners

MAFMIC is pleased to announce the 2010 Educational Scholarship Winners! Congratulations to the following students:

Kaycee Van Eps, Agassiz & Odessa Mutual
Caleb Krusemark, Fairmont Farmers Mutual
Ryan Strobel, McPherson Minn Lake Mutual
Darcee Roeschlein, Mid-Minnesota Mutual

(Pictures to follow.)

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Primer for Insuring Property Held in Trust

John Neal, Willenbring, Dahl, Wocken & Zimmerman, PLLC

Property held in a trust, such as a home, presents an underwriting issue that often may not be realized until after a loss occurs. This article addresses basic concerns relating to insuring trusts by first discussing trusts in general and the reason for their existence. The article then provides certain basic scenarios that may present issues for your company if you are insuring trusts. Finally, the article concludes with some suggestions a company may wish to consider or address before insuring property held in trust.

A trust is a separate legal entity set up by a grantor to transfer something of value (asset) to another person, called a trustee. The trustee in turn manages or controls the assets for the benefit of another, called a beneficiary. The typical scenario involves a grantor transferring financial assets to a bank or other financial institution (trustee), who in turn manages the account for the benefit of a relative or other individual (beneficiary). While a trust generally involves three different persons or entities, namely grantor, trustee, and beneficiary, one single person can occupy two or more of those positions. For example, a person can be both the grantor and the individual who manages the trust, while yet another person is the beneficiary.

Trusts can be set up for a number of reasons. Relevant to our discussion here, a trust may be set up in lieu of a will. This is typically done with regard to real estate, in order to avoid the probate process. The grantor conveys the property to the trustee, but the grantor remains in control of the property. When the grantor passes away, the trustee conveys title to the property to the beneficiary of the trust and the trust is normally then terminated. Situations like this create a number of unique issues with regard to insuring the trust property. Three different possible scenarios are addressed below.

Example 1: Trustee(s) occupies the property: A and B give their homestead to the AB trust, naming themselves as the trustees. A and B occupy the home while it is held in trust. With respect to this example, the trustees A and B occupy the home, but title is held by A and B as Trustees of the AB trust. If the property is insured under A and B as Trustees, A and B individually may have no protection with respect to their personal belongings, since personal belongings are normally not transferred to trusts. Yet, if the property is insured only under A and B, individually, then they arguably have no insurable interest with respect to the home itself because title is held by A and B as Trustees. Thus, to the extent possible, it may be appropriate

to name both A and B as Trustees and A and B as individuals as the named insureds on the policy of insurance, in order to protect all interests and all property.

Example 2: Beneficiary occupies the property: A and B give their property to the AB trust, naming their son C as the trustee and their daughter D as the beneficiary. D is the sole occupant of the property. Title to the property is held by C Trustee of the AB Trust. Similarly, with respect to this example, if the property is insured under C as Trustee, then D, the occupant of the home, may be left without coverage. Yet, if the property is insured solely in D's name, she arguably does not have an insurable interest since title is held by C as Trustee. Again, it may be appropriate to name both the trust and the beneficiary as insureds.

Example 3: Grantor occupies the property: A and B give their property to the AB Trust. A and B retain a life estate in the property, but name their son C as the beneficiary. A and B occupy the house; C lives elsewhere. Title to the property is held by A and B as grantors of the AB Trust. This example presents a situation involving three different parties. Here, title is held by C as Trustee of AB Trust. Yet, the property is occupied by A and B. Again, all three might be added as insureds to protect all interests. This example, however, provides another added element, namely the beneficiary, that being C individually. Yet, C's interest does not come to fruition, if at all, until A and B's interest expires. Thus, C has no present insurable interest. C will not need to be named as insured unless and until C obtains an interest in the property.

In each of the three scenarios, two main concerns from an insurer's standpoint arise: (1) who occupies the property; and (2) who holds title. These two questions will ultimately have to be answered in order for you to determine whose interests need to be insured.

On a final note, some insurers require, as an underwriting guideline, that the named insured be an individual, as opposed to an entity such as a trust. However, if your company is to insure a trust, you must look behind the entity itself to determine the actual risk, that being the party occupying the home, or all parties which may have a present insurable interest in the property. Finally, contingencies must be explored to determine what, if anything, triggers title passing from the trustee to the beneficiary or back to the grantor.

MAFMIC COMMITTEE APPOINTMENTS

Any MAFMIC members interested in joining a MAFMIC committee should email lori@mafmic.org. Also feel free to contact the MAFMIC office with questions regarding appointments, commitment levels, etc. for any committee

A list of prospective candidates is kept in the MAFMIC Office for reference as opening on committees become available.

2010 Short Course Highlights

Arrowwood Resort, March 17-18, 2010

After a year off in 2009, the 2010 Short Course was back in Alexandria at the Arrowwood Resort & Conference Center. The event hosted close to 350 agents, directors, managers, spouses, etc.

This year's Short Course featured some entertaining and informative speakers such as keynote speaker, **Jack McCall**, **Al Hodgeman**, Grinnell Mutual, **Johnny Blowers**, North Star Mutual and **Scott Futrell**, Futrell Consult & Design.

Also, the Government Affairs Committee hosted some extra-curricular activities during the Attitude Adjustment Hour. Attendees had their chance to shoot hoops, toss bean bags or putt to raise money for the Political Action Committee. Winners of these events received trophies and include **Steve Knutson**, RAM Mutual, **Aaron Grove**, Sverdrup Mutual and **Bert Tellers**, RAM Mutual.

Following the event, a survey was sent and yielded some great comments! One attendee wrote, "Overall, the Short Course was wonderful. It was very organized and fun," while another said, "This conference is a great way for me to get to know the people in this industry."

We always encourage attendees to provide us with feedback to make meetings better, so thank you to those that participated!

Next year's Short Course is on the schedule for March 16-17, 2011 back at the Arrowwood Resort.



Vern Lindholm, Spring Valley Mutual, eyes the target carefully.



Teammates, **Scott Heidebrink**, Southwest Mutual and **Jen Visser**, Bird Island-Hawk Creek Mutual are still smiles after a loss in bean bag toss.



Speaker **Al Hodgeman**, Grinnell Mutual.



Winner of Putt for PAC, **Aaron Grove**, Sverdrup Mutual receives his trophy from **Tim Iverson**, Prairie Pine Mutual.



Chair **Greg Gangelhoff**, Stark Farmers Mutual tries his hand at the Hoops for PAC game.



Steve Knutson, RAM Mutual received the trophy for Hoops for PAC from **Greg Parent**, German Farmers Mutual.



Education Committee Chair & Mid-State Mutual Manager, **Mary Thompson** poses with keynoter, **Jack McCall**. **Fun Fact:** Jack actually shares the same name as Mary's father!

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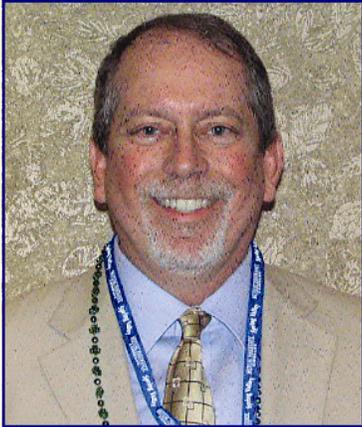
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Speaker **Scott Futrell** was happy to provide info on sprinkler systems.



Rick Tjarks, Grinnell Mutual closed the 2010 Short Course.



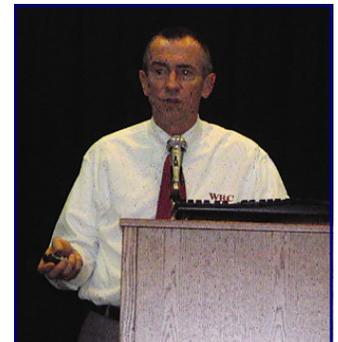
Mikel Nelson, Elmdale Mutual presents **Bert Tellers**, RAM Mutual and **Aaron Grove**, Sverdrup Mutual with the Bean Bag Toss for PAC trophy.



North Star Mutual's **Johnny Blowers** gave the crowd great computer information.



Shannon Geihl, Norwegian Mutual and **Nancy Luthens**, Sumter Mutual compete for a chance at the Bean Bag Toss trophy.



Larry Bray, Wisconsin Reinsurance Corp., spoke for two break-out sessions.

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**2010 MAFMIC
Calendar of Events**

May	19 & 20	Congressional Contact Visit Washington D.C.
July	13	New Manager's Seminar MAFMIC Office, St. Joseph
July	14	Manager & Director's Seminar Holiday Inn, St. Cloud
July	15	Scholarship Golf Outing Little Crow Country Club, Spicer
Aug.	3-5	Farm Fest Gillfillan Estates, Redwood County
Aug.	11	Support Staff Seminar Holiday Inn, St. Cloud
Aug.	17	Adjuster & Inspector Seminar Holiday Inn, St. Cloud

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.

In Sympathy

John "Jack" Butler, 82, passed away April 6, 2010. Jack was manager of Shelby Mutual for 28 years and after retiring, remained on the board for a few more years.



James Croatt, 79, passed away January 30, 2010. James served on Agassiz & Odessa Mutual's board of directors for six years.

Gracelyn Helgeson, 72, passed away April 5, 2010. Gracelyn is a retired manager for Lac Qui Parle Mutual and was employed there for many years. (Picture not available).

Alan Hewitt, 57, passed away suddenly April 9, 2010. Alan has been Grinnell Mutual's Manager of Mutual Services for 13 years.



Deane Lundell, 78, passed away August 1, 2009. Deane served Vasa-Spring Garden Mutual for 20 years and held the position of secretary.

John Sauter, 89, passed away Friday, January 8, 2010. John served Vasa-Spring Garden Mutual for 29 years and held the position of secretary.



MAFMIC wishes to express its sympathy to the friends and family of Jack, James, Gracelyn, Alan, Deane and John.