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Minnesota Association of Farm Mutual Insurance Companies

Mutual LINK

Chairman's Column

Linda Jaskowiak, 2012 –2013
MAFMIC Chairman

As the MAFMIC Chairman, I'm privileged to write an article for the Mutual Link. At MAFMIC we are blessed to have so many people involved in our committees. In this issue I would like to spotlight the Government Affairs Committee. Shortly after the convention we made some trips to the Capitol to protect our Statute 67A due to a pending lawsuit with one of our member companies. I am not very political, but following the process on how something becomes a bill, was to say the least, interesting. To see how the Government Affairs Manager and the Government Affairs Committee work behind the scenes to make things happen was an eye opener for me. It certainly gave me a close up look at the importance of the Government Affair Managers' position and the committees' commitment to MAFMIC. During the process of clarifying the language within our statute there were a couple committee hearings. The first Committee hearing in the senate went well and it passed on the floor but when we went to the house the bill was sent to the Civil Law committee for a hearing. Marcus and the Government Affairs Committee asked for some reinforcements from the membership. The 1st day of the hearing there were about 28 Mutual Managers in the room. It was great to have so many managers come to support the association that day, not to mention all the other members who called or emailed their senators and representatives. The 2nd day at the hearing was really something when toward the end of the hearing Marcus gave his "Mr. Smith goes to Washington" speech. Ultimately we won and our bill was signed by the Governor. If it would not have been highly inappropriate, I would have given everyone a high five when we left the hearing. The grassroot efforts that was made by the membership and the MAFMIC staff during this time was awesome to see. It was a very proud moment for MAFMIC and gratifying to see us all work together toward a common goal. Congratulations and "thank you" to all who participated in any way. I believe the reason for our longevity and strength is our members!

In May a group of people from MAFMIC went to Washington D.C. Approximately 20 from MAFMIC go every year. That is a nice number for the NAMIC Staff to handle, they were our chaperones when we arrived. Both the NAMIC Staff and our Government Affairs Committee help out with the where, when and how's of the trip. Again another eye opener for me was to see how our presence there makes a difference for our companies here at home. It also showed me that we should support our elected officials at both levels in any way we can. MAFMIC is recognized in the insurance industry as a very reliable source for information. The people in the NAMIC office in Washington are some of the nicest young people you will ever meet, and the city itself is beautiful. If you have the opportunity to go to Washington D.C., please do so, you will not regret it.

MAFMIC is blessed with members who have a strong sense of ownership and involvement in the association. Our leadership and Staff are dedicated to meeting our member companies' needs and giving them exceptional value for their investment in MAFMIC.
I wish you all a **FABULOUS** summer and hope to see you all at the Manager/Director's Seminar!

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Board Member Profile

Gary Swearingen, PFMM, Manager of Has San Lake Mutual

Personal Questions:

1. Where did you grow up?

I grew up on a farm south of Ellendale, Minnesota.

2. Where did you attend high school?

Graduated from Ellendale High School.

3. Did you attend college?

I attended the University of Minnesota Waseca for Agriculture Structures and Business Sales Management.

4. Are you married? Do you have children?

I have been married to my lovely wife Denise for 34 years. We have three adult children Gregory, Brooke and Holly and two granddaughters Taylar almost eight and Brynn who was just born in April.

5. What are some of your favorite hobbies?

I like to run, fish, snowmobile, ride 4-wheeler and spend time with family whenever I can.

Professional Questions:

1. What was your first job?

My first real job other than baling hay and etc. was as a gas station attendant for Mikes Union 76 Station in Ellendale, MN.

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

I considered it a good paying and stable job at the time. As the years have come and gone I have learned to love the fact that we are always trying to help people at a time that is stressful for them.

3. What do you enjoy about your job?

I enjoy the fact that I can come to work and look forward to being here. I have a great staff, board and group of agents to work with which makes my job much easier.

4. What do you strive for professionally?

To be honest and do the very best that I can for our policyholders, agents, board and staff.

5. Who has been most influential to you professionally?

I would have to say John "Jack" McHugh. Jack was an attorney by trade and former president of Norwest Banks in Minneapolis. He gave me the work opportunity and taught me more about business than any classes that I took in college.

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

By being on the board I can help the association continue being one of the most respected associations in our industry and to improve my knowledge of the inner workings of our industry through the association.

7. What issues do you think are most important concerning the Mutual Insurance Industry?

The Mutual companies offer a product that is comprehensive in coverage offerings and are very competitive in price since we do not have stockholders waiting for the value of stock to go up and dividends to be paid out. We are not a big bad insurance company out to just make a profit; we are there for the benefit of our policyholders only.

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Hay Creek Mutual

Jim Bryant, Manager

Hay Creek Mutual was founded in 1879, by farmers in Hay Creek Township, Goodhue County. We write Farms, Homes and Inland Marine. We have two full-time employees and one part-time. Our company contracts for Inspections and Adjusting. We are a Statewide Company and have 11 Agencies that write for us. Our company's business philosophy/mission statement is that "We believe in offering a good affordable product and very good customer service." Our goal is to slowly grow and continue to be a financially sound and vibrant company.

Our company's biggest challenge is that the Insurance business is always changing. The weather patterns seem to be ever changing. The storms seem to be bigger and more of them. What we used to think was rare, now appears to be the norm. Rates and competition are ever changing. Rates we see today are going to seem like a bargain in the years to come. Besides being the Manager of Hay Creek Mutual, I am also in my 14th year as County Commissioner of Goodhue County and active in the Goodhue Lions and Red Wing High School Booster Club to name a few. The one word I would use to describe this Company is…..Outstanding.

Cliff Hanson Retires from North Star Board

After 58 years of service with North Star Mutual Insurance Company, Cliff Hanson recently retired from the company's Board of Directors. At the North Star Annual Meeting on May 9, Cliff was honored for the huge contributions he made to the company and to the insurance industry.

Cliff was elected to North Star's Board in 1973 and was named company president that same year. He served as president/CEO until his retirement in 2001. He was chairman since 1989.

While still in high school, Cliff began part-time employment with North Star in 1953, in 1954, he became a full time employee. Cliff was also Secretary and Board Member of Norwegian Mutual Insurance Company from 1973-1993. From 1984-2000, he was President of Walle Mutual Insurance Company and then oversaw the company's merger with North Star.

During his time with North Star, the company grew from a small local company to currently being one of the larger Midwest regional property/casualty insurance companies with annual premiums of over $250,000,000.

At the reorganization meeting on May 9, North Star President/ CEO, Jeff Mauland was elected to replace Cliff as Chairman of the Board.

June 2012 Board Meeting Synopsis

The MAFMIC Board of Directors held a regular quarterly meeting on June 12 at the Arrowwood Resort in Alexandria. The board reviewed routine items including the financial report, an education and office update, district updates, and board liaison committee reports. Several other important topics were on the agenda. The board took action on items requiring approval.

Chairman, Linda Jaskowiak reviewed a request from the Interview Committee and the human resources consulting firm handling the hiring process for the new Government Affairs Manager. This person will take Marcus Marsh's place when he retires in June 2013. The request was made to the Executive Committee, to consider for approval, an employment offer for one of the applicants. The Executive Committee met on June 6 to discuss the request for an employment offer involving annual salary and the standard benefits package. The Executive Committee approved the request and sent their recommendation to the board. The board ratified the request to hire a new person effective October 1, 2012 for the position to be known as Director of Government Affairs and to notify the membership as soon as possible.

The board discussed the committee chairman meeting held on June 5 and the Managers Policy Review held on June 6 in St. Cloud. The board approved a new associate member, the MAFMIC Salary Survey, a special recognition night at the convention for Marcus Marsh, and a request to increase the budget for the Washington DC trip each spring. The board also discussed and took action on an important matter involving the posting of Chapter 67A Township Mutual Yellow Book financial statements on the Minnesota Department of Commerce website.

Immediate Past Chairman, Ron Berning reported that he was continuing his work on updating Section 2 of the Board Policy Manual involving committee structure and updating the Employee Handbook. Ron hoped to have the changes ready for presentation at the September board meeting. The board felt it would be prudent to have an independent human resource consultant look at the Employee Handbook prior to approval.

The next scheduled board meeting will take place on September 12 at the MAFMIC office in St. Joseph.

Greg Parent
MAFMIC Secretary-Treasurer

Get Involved…
Mutual Assistance Committee

The purpose of the Mutual Assistance Committee is to assist member companies to ensure proper operations of their company. To develop criteria for and conduct a New Manager's Seminar as needed. The committee is comprised of one individual from a member company from each of the seven districts, two individuals from a statewide member company, one individual from an associate member company, and two representatives from the MAFMIC Board of Directors/MAFMIC Chairman. Committee members can serve two consecutive terms of three years each. Additional terms may be served after one year off of the committee.

Who: *Chairman,* Jim Svir, Roseau County Mutual, Paul Larson, Leenthrop Farmers Mutual, Jim Barta, CPA PA, Reiny Hanneken, Pioneer Lake Mutual, Michael Kaufman, Unity Mutual, Dan Rupp, RAM Mutual, Muggs Zabel, McPherson Minn Lake Mutual, Jerry Zenke, Mound Prairie Mutual, *Board Liaison,* Carol Weiers, New Prague-Ceska-Louisville Mutual, *Staff Liaison,* Lori Olmscheid, MAFMIC.

When: This Committee meets approximately twice a year.

Where: Generally this committee meets at the MAFMIC Annual Convention and MAFMIC Short Course and on a needed basis.

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2012 MAFMIC Scholarship Winners

Leenthrop Farmers Mutual Manager, Paul Larson presenting Derek Rodeberg with his Scholarship

Farmers Mutual of Manchester Manager, Dave Pederson & Agent Joy Oudekirk, presenting Megan Ellis with her Scholarship

New Prague-Ceska-Louisville Mutual Manager, Carol Weiers presenting Lauren Solheid with her Scholarship

Stark Farmers Mutual Manager, Greg Gangelhoff presenting Rebecca Hinderman with her Scholarship

Holmes City Mutual & Soderholm Insurance's, Scott Soderholm & Kim Collins presenting Amber Guenther with her Scholarship

McPherson Minn Lake Mutual Manager, Muggs Zabel & President, Dale Westphal presented Ben Johnson with his Scholarship

Owatonna Mutual Manager, Jonathan Troe presenting Lauren Larson with her Scholarship

Fairmont Farmers Mutual Manager, Paul Stueven presenting Kaleb Grev with his Scholarship along with Kaleb's father David Grev

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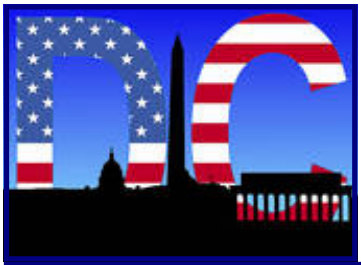
HIGHLIGHTS OF WASHINGTON DC TRIP



Pictured with Senator Al Franken is Rick Raun, *Woodland Mutual*, Jerry Zenke, *Mound Prairie Mutual* and MAFMIC Chairman Linda Jaskowiak, *Sumter Mutual*

2012 LEGISLATIVE SESSION WRAP-UP

Marcus Marsh, MAFMIC
Government Affairs Manager

The 2012 Minnesota Legislative Session ended with a flurry of spending bills including a $566 million dollar Bonding Bill that was in addition to a $500 million dollar Bonding Bill in the 2011 Session. A bill passed for a new Vikings Stadium of just under $1 billion dollars after 10 years of on and off political posturing.

We at MAFMIC had an excellent session, first no harmful bills passed. Second our bill to fix the Minnesota Court of Appeals ruling against our TP-1 (Farm Policy) in which MS 65A would apply to the house instead of MS 67A was passed. The bill S.F. 1934 Senator Gary Dahms (R-Redwood Falls) and H.F. 2342 Representative Greg Davids took a great deal of hard work through the Legislative process.

This bill showed what MAFMIC is all about, it was our members at their best all working together. Most company managers responded on short notice to two questionnaires that helped provide vital information about our companies to Legislator's. Managers and board members came to St. Paul to lobby the bill. Many of you called, e-mailed or talked personally to your Representative, Senator and Governor's Office. MAFMIC Office Staff helped coordinate activities and information. MAFMIC Legal Council provided outstanding testimony in House and Senate Committees.

2012 Congressional Contact Program

Marcus Marsh, MAFMIC
Government Affairs Manager

The 2012 Congressional Contact Program (CCP) saw 21 people from MAFMIC attend and participate in this important outreach with all members of the Minnesota Congressional Delegation in Washington DC.

Issues of importance, we talked to members of Congress or their staff which included the Small Mutual Tax Inflation Update which would index this tax to inflation. The legislation was first passed in 1986 and has not changed since that time. The current law states, companies with direct or net written annual premiums not exceeding $1.2 million, can elect to be taxed on their net investment income. Indexing to inflation the number would go to $2,390,000 and be indexed in the future. Minnesota Congressman Erik Paulsen (3rd District) is Chief Author of H.R 2198 to index this tax. Congressman Collin Peterson (7th District) is a Co-Author of our bill. We asked all the Members of the U.S. House to be Co-Authors and discussed with our two Senators about supporting this Legislation, including asking Senator Amy Klobuchar to be Chief Author in the U.S. Senate. NAMIC Lobbyists will follow up as well as MAFMIC Members on this important matter.

Please don't hesitate to e-mail or call both Senator Amy Klobuchar and Senator Franken about this Legislation as well as your member of the U.S. House. Their e-mail addresses and phone numbers are on the MAFMIC Website.

We discussed the future of Insurance Regulation and the importance of keeping regulation at the State Level and not the Federal Level. Concerns are the newly created Federal Insurance Office (FIO) that is suppose to be an information office only could quickly become a Federal Regulator.

MAFMIC Members urged Members of Congress to reauthorize the National Flood Insurance Program (NFIP) which has expired numerous times over the last few years. It should be reauthorized for several years instead of the current piece meal process.

We appreciate everyone who attended from MAFMIC and we appreciate the NAMIC Washington Staff, everyone did a great job.

Make sure to read more and view pictures on the MAFMIC Website.

NOTICES

JOB OPENING: MAFMIC Government Affairs Committee has an opening for a new member. If you are interested on serving on this committee please contact Lori at the MAFMIC office at (320) 271-0909 or by email lori@mafmic.org

JOB OPENING: Palmyra Farmers Mutual Insurance Company has an opening for an Assistant Manager position. If you are interested. Please send Resume to Palmyra Farmers Mutual, PO Box 128, Franklin, MN 55333 or call (507) 557-2221.

Cisar Case — *John Neal, Willenbring, Dahl, Wocken & Zimmermann,* PLLC

As you are all aware, Governor Dayton recently signed legislation that amends Minn. Stat. § 67A.191, which allows township mutuals to issue policies on homes. The new statute clarifies the old by explicitly providing that township mutuals may write policies for "dwellings" on qualified property. It further clarifies that these policies are exempt from the insurance laws of the state, including Chapter 65A, dealing with homeowner's insurance.

The new legislation comes after the Minnesota Court of Appeals' decision in *Michael Cisar and Sharon Besinger v. Spring Vale Mutual, et al.* In that case, the Court of Appeals held that the dwelling portion of any combination policy issued by a township mutual constitutes "homeowner's" insurance and therefore the mutual must abide by all homeowners' insurance laws/requirements, including Chapter 65A. Generally, township mutuals must follow only the law set forth in Chapter 67A. So, the Court of Appeals' decision effectively created additional requirements for township mutuals to follow.

Willenbring, Dahl, Wocken & Zimmermann, PLLC petitioned the Minnesota Supreme Court to review the Court of Appeals' decision. The Supreme Court accepts only a little more than 10% of the petitions before it. Generally the case has to have state-wide importance.

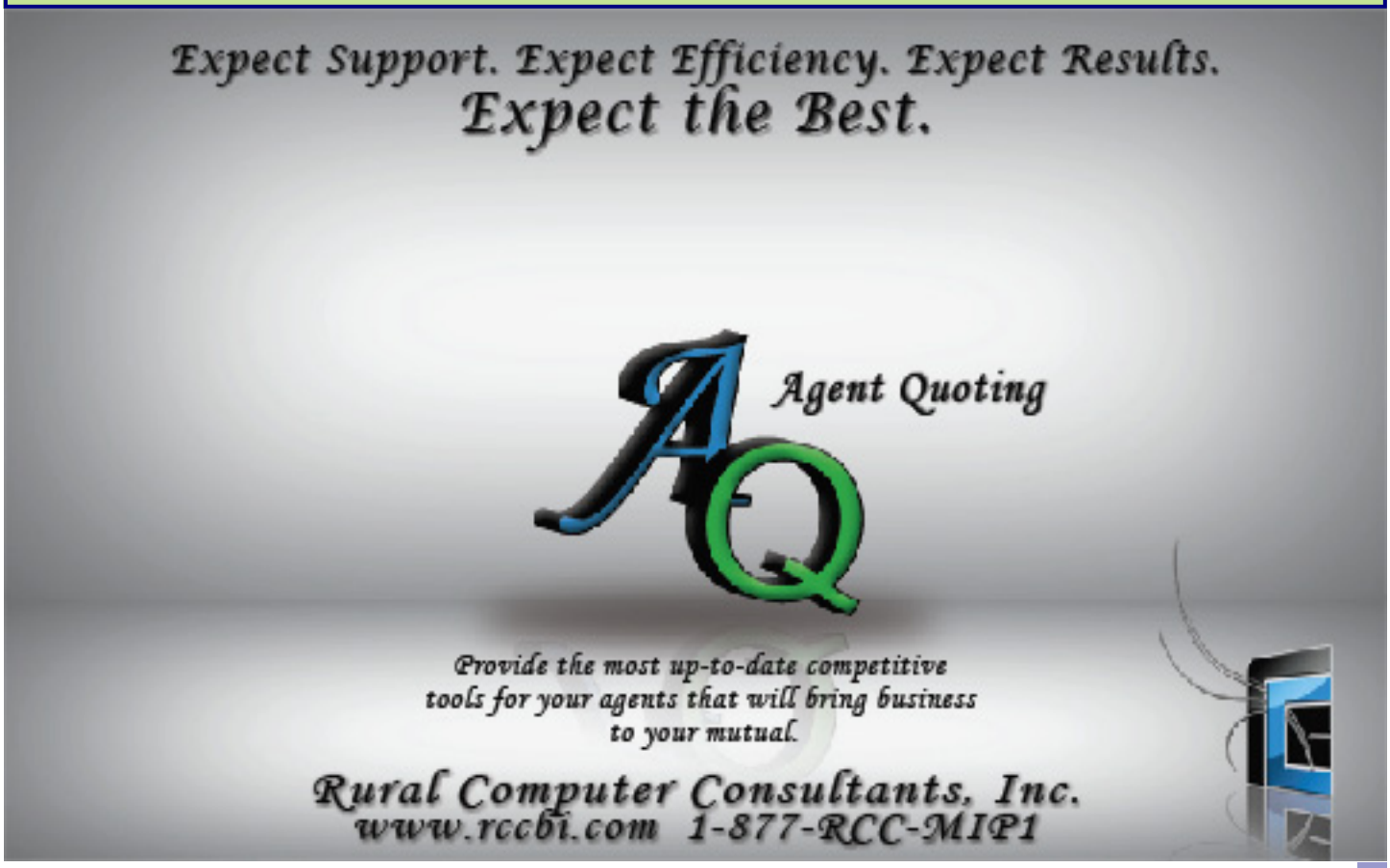
Here, the Supreme Court accepted the petition and agreed to hear the case, which is a testament to township mutuals and the important role they play in Minnesota.

Shortly after the Supreme Court accepted the competition, Governor Dayton signed the new law. Thereafter, the Supreme Court dismissed the petition.

Presumably the Supreme Court felt that the new statute corrected the uncertainty raised by the Court of Appeals' decision and that the appeal was effectively rendered moot. The court case is now remanded back to the district court where both sides will likely file new motions for summary judgment. Summary judgment is an opportunity for the trial court to dispose of the case without a trial as long as the facts are in line with the law.

As discussed in previous correspondence, policies reviewed or written after April 5th and claims related to dwellings arising after said date should be governed by the new statute. Claims arising before this date may be affected by the Court of Appeals' decision, so you may want to contact Willenbring, Dahl, Wocken & Zimmermann, PLLC if you have any questions or concerns relating to this topic.

MAFMIC and a number of our mutual companies were instrumental in getting the new legislation passed and everyone should be congratulated on their hard work and efforts. Needless to say, the mutual community is alive and well.



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2012 MAFMIC Calendar of Events

July	17	**New Manager's Seminar** St. Joseph, MN
July	18	**Manager & Director's Seminar**
July	19	**Scholarship Golf Outing** Little Crow Country Club, Spicer, MN
Aug	7-9	**Farm Fest** Gilfillan Estates, Redwood County
Aug	14	**Adjuster & Inspector School**
Sept	6	**PIA**– Education Day & Trade Show

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In Sympathy

Victor Stolpman, 88, of Eden Prairie passed away on April 4, 2012. Victor worked at Agassiz & Odessa Mutual Insurance Company in Odessa, for 19 years as Manager from 1964-1983.

Dilman Christie, 86, of Stewardville, passed away on June 6, 2012. Dilman was on the board of Spring Valley Mutual Insurance Company for over 29 years before his retirement in the 1998. He was a self-employed insurance agent from 1967 until 2006.

Clayton Helling, 92, of Madelia, Father of Jan Helling, Manager of Madelia-Lake Crystal Mutual passed away on June 17, 2012.

MAFMIC wishes to express its sincerest condolences to both family and friends of Victor, Dilman & Clayton.

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.