

Mutual LINK

Success in 2007 Legislative Session

By Marcus Marsh

The 2007 Legislative Session is over. The Governor signed all the finance bills but has vetoed the Tax Bill. We don't need the Tax Bill so it will be up to the Governor if he wants to attempt to negotiate with Legislative Leaders a new Tax Bill that he can sign.

The session was very grueling with long hours and constantly dealing with the lies of the Trial Lawyers. It is hard to repeatedly have to explain to Representatives and Senators that this latest amendment is not a compromise agreed to by everyone as stated by the many Trial Lawyer Lobbyists. Normal lobbying doesn't get into this realm of finger pointing and accusation.

The Minnesota Trial Lawyers Association have changed their name to the Minnesota Association for Justice. They are also in the process of hiring a Communications Director for dealing with the news media.

In any case, we were successful in beating back bad faith bills by the trial lawyers. We are very appreciative of Governor Tim Pawlenty who was willing to veto the Omnibus Public Safety Bill as well as other bills containing bad faith language. The Trial Lawyers tried three times in the Senate to pass the second Bad Faith Bill S.F. 2173 sponsored by Senator Tarryl Clark (D-St. Cloud) but we were able to stop them all three times. Clark finally pulled the bill for the session on Sunday evening, May 20th. My Legislative Wrap Up that is provided to all company managers has the recorded floor vote in the Senate as to who supported us and who supported the Trial Lawyers.

Senate Commerce Committee Chair, Senator Linda Scheid (D-Brooklyn Park) and Representative Marty Seifert (R-Marshall), the House Minority Leader were great to work with.

Representative Tom Emmer (R-Delano), an attorney who does insurance defense work, was also very helpful. These three Legislators did so much on our behalf, I would meet with them most days and sometimes several times in a day depending what the Trial Lawyers were up to that day.

MAFMIC members did a great job calling and e-mailing Legislators as well as a dozen managers coming down on Tuesday, April 17th to help lobby.

Senator Scheid is planning to have hearings on the bad faith issue late summer or early fall. She wants to have a discussion in the light of day instead of last minute amendments in the dead of night.

We will need to be ready and testify at these hearings. It will be a positive to have Senator Scheid set the agenda for these hearings.

I know most of my Legislative Reports focused on the Bad Faith issue that was obviously a very critical issue. To cover a few other areas of the session for this article the state budget was a major fight as the Governor vetoed five major finance bills and wanted to hold spending increases to 5% per year or a 10% increase with the two year biennial budget. With a \$2.3 billion dollar budget surplus this could be accomplished without any tax increase. Ultimately, the Governor prevailed over those who wanted major tax increases.

I know from talking to many of our members there was interest in the Transportation Bill because of road and bridge needs in Greater Minnesota.

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House Minority Leader, Rep. Marty Seifert speaks to a delegation of 300 MAFMIC members in February. Rep. Seifert's efforts along with those of MAFMIC's grassroots, helped prevent bad faith legislation.

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Letter from the President

By Wes Gainey, MAFMIC President

You are no doubt aware that we were successful in preventing bad faith from becoming law in Minnesota. Considering what we were up against, this is a pretty amazing fact. The biggest single factors contributing to our victory -- the message and the messengers.

Our message was simple and honest -- this law is unnecessary in Minnesota and would raise insurance rates and increase fraud while enriching trial lawyers. Conversely, the message from the trial lawyers was constantly evolving and filled with outright misrepresentations and half truths. Our message was communicated clearly and honestly through incredible messengers -- MAFMIC's messenger, Marcus Marsh and a wonderful coalition of partners that included the Insurance Federation of Minnesota, Professional Insurance Agents of Minnesota and NAMIC. The resounding message was also delivered through personal visits and testimony, phone calls, letters and e-mails from the tremendous grassroots efforts of our membership. THANK YOU!

I look forward to welcoming another messenger for truth to Minnesota in October. Bob Ash's presentations are based on a life

time of valuable experiences. He is an outstanding communicator who inspires people to great achievement. Bob has served in several different public education positions. He was a teacher, principal, and superintendent of schools. During this time, Bob gained notable recognition as a speaker, leading him to create his company, Life Lessons. Bob also played a few years of professional baseball with the Cleveland Indians Baseball Organization.

Bob will provide the keynote address at the MAFMIC Short Course on October 30 – 31, 2007. His presentation, "Great Leaders Always Wear Clean Underwear" will reinforce simple truths we learned from "Mom", such as being a person of integrity in all situations.

Speaking of integrity or those who lack it, I find it especially ironic that the Minnesota Trial Lawyers Association has now found it necessary to change their name to the Minnesota Association for Justice. After the way they have behaved this year, if they can do this with a straight face I think it would only be fitting for MAFMIC to change its name also. How does the "Minnesota Association for Truth, Justice and the American Way" sound to you?

Member Profile

Farmers Mutual Insurance Company

Dave Pederson, Manager

When was your company founded?

Our company was organized at the Central Church of Freeborn Norwegian Lutheran Congregation on December 7, 1876. Its membership consisted of 102 members with \$135,172 insurance in force. The minutes of the company were written in Norwegian up until 1900.

What lines do you write?

We write the Fire and Additional Lines perils on both farm and homeowners policies. We package with RAM Mutual and North Star Mutual for the wind and liability perils.

How many employees do you have?

Our office has 3 full time and 2 part time employees. Our 17 agencies cover a 6 county area.

What is your company's business philosophy?

To be a true benefit and assistance to its patrons.

What are your company's five year goals?

Our 5 year goal is to expand our business into our new writing territory and continue to provide the coverages our policyholders need today and into the future.

What is your company's biggest challenge?

Competing with the stock companies.

How are you involved in your community?

We support our local 4-H groups by participating in the annual 4-H livestock sale. We also provide 3 scholarships annually to graduating students in our area.

Describe your company in one word.

Accommodating.

Farmers Mutual is located in Manchester.

Editorial Advisory Committee

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Chairman
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Farmers Mutual
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Marketing Coordinator

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Send address changes to Mutual Link, PO Box 880, St. Joseph, MN 56374

Claims

Hail and the Damage it Causes

By Don Hughes

There are six key factors affecting damage to roofing systems from hail. The first two factors involve intensity, and the remainder affect damageability issues. All of these factors need to be considered when evaluating potential damage to the roof system.

1) **Hail size and solidity.** Hail can vary from as small as pea size to softball size (over 5" diameter). Stones can be smooth and round or jagged. Further, hailstones can be soft, due to air trapped in the ice when the water freezes or from the warm temperatures encountered during its fall to the ground, or hail can be frozen rock hard.

2) **Velocity and angle of impact.** Logically, wind driven hail can result in higher energy impacts than hail merely falling from gravity. Local weather reports can help verify wind speeds at the time of the hailstorm.

3) **Substrate involved.** This is a good term to know since many technical evaluations use it. Substrate is simply the materials found under the roofing membrane (shingles, for instance), and would include base sheets, insulation, decking, etc.

4) **Condition of roofing material.** Pliable, resilient roofing products typically are more resistant to hail impact than those which are extensively weathered and brittle.

5) **Age of roofing material.** Composition shingles become brittle with age and likewise more sensitive to hail impact-caused damage. Shingles on more severe exposures, the south and west, age more rapidly.

6) **Temperature at the time of the storm.** All roofing applications are more brittle at lower temperatures. Hail has been known to occur in temperatures as low as 50 degrees. Conversely, warmer temperatures (over 60 degrees Fahrenheit), cause the roofing application to be more pliable, hence less likely to be damaged by the sharp impact of hail. Hot (or very warm) weather hail storms tend to produce larger, harder hail. Cool weather hail storms tend to produce smaller, softer hail. These opposing factors could mitigate hail damage.

Don Hughes, Claims Adjuster with Hope Mutual in Tyler.

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Legislative Session

...continued from page 1

The bill that was promoted had a five cent per gallon gas tax increase but also had other tax increases that didn't make many of the media stories about the bill. There was a .5% sales tax on gas, a license tab increase of about \$100 per vehicle and a county option to charge a \$20 per vehicle wheelage tax. The projected tax increase for the average Minnesota family with two vehicles was about \$500 per year. The bill was vetoed by Governor Pawlenty and eventually a Transportation Bill was passed and signed that didn't have these tax increases.

We will be having meetings with Legislators around the state this fall. We will try combining them with MAFMIC District Meetings. We need to be ready for the 2008 Legislative Session as the Trial Lawyers (Minnesota Association for Justice) will be back with a vengeance. The 2008 Legislative Session will begin on Tuesday, February 12th. Thanks again to all MAFMIC Members for the great job in the 2007 Legislative Session.

Rise for Today. Plan for Tomorrow.

WS

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Mutual Support Staff Seminar

Thursday, August 9, 2007
 Holiday Inn Hotel & Suites
 St. Cloud, MN

Education, networking and fun are important for EVERYONE in the township mutual business! And, most of all, it's important to build solid relationships. Please take this opportunity to "Build Relationships" with a day of fun and educational opportunities. This seminar is designed for township mutual company and agency secretaries, office assistants, customer service representatives or anyone else who provides support to your company or agency. Application will be made for 3.5 hours of non-company continuing education credit.

Seminar Schedule

- 9:00 am **Registration & Coffee**
- 9:30 am **Welcome** *Picture yourself with old friends and new.*
- 9:45 am **Building Solid Relationships** *It's not what you know, it's who knows you!*
- 11:15 am **Technology: Spam/Anti-Virus/Back-ups** *A great 'how to' session.*
- 12:15 pm LUNCH
- 1:00 pm **Round Table Discussions** *A time to discuss items of mutual concern.*
- 2:00 pm **Self Defense Part II** *Watching out for yourself.*
- 3:00 pm **Closing & Final Announcements**

Cost and Registration

Seminar registration fee is \$75 per member attendee (\$110 per non-member attendee). Fee includes materials and handouts, lunch and morning and afternoon breaks. Please complete the form below and return with payment to MAFMIC.

Cancellation Policy

- Cancellation notices received on or before July 26, 2007 are 75 percent refundable.
- Cancellation notices received July 27 – August 8, 2007 are 50 percent refundable.
- No refunds are available after August 8, 2007. 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.

2007 Mutual Support Staff Seminar

Name	Address	License Number
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____

Topic(s) for Round Table Discussions? _____

Township Mutual/Agency: _____ Telephone Number: _____

 Mail
 PO Box 880
 St. Joseph, MN 56374

 Fax
 (320) 271-0912

 Phone
 (320) 271-0909



Adjuster & Inspector Seminar

Wednesday, August 15, 2007
Holiday Inn Hotel & Suites
 St. Cloud, MN

This seminar is designed to offer continuing education for township mutual adjusters and inspectors along with other company personnel who deal with claims and inspections. Application has been made for 6 hours of non-company credit. Here are some questions you'll get answered...

Seminar Schedule

- 8:30 am **Registration & Coffee**
- 9:00 am **Water & Mold Damage** *What steps are necessary in handling claims?*
- 11:00 am **Lightning Claims** *What are the ways to identify legitimate lightning damage?*
- 12:00 pm LUNCH
- 1:00 pm **Roof Hail Damage** *What are some proven techniques for assessing roof damage?*
- 2:00 pm **Solid Fuel Burning** *Which one is right for you?*
- 2:50 pm **Red Flags of Fraud** *What are key indicators to better analyze claims and reduce fraud?*

Cost and Registration

Seminar registration fee is **\$80** per member attendee (**\$120** per non-member attendee). Fee includes materials and handouts, lunch and morning and afternoon breaks. Please complete the form below and return with payment to MAFMIC.

Cancellation Policy

- Cancellation notices received on or before August 1, 2007 are 75 percent refundable.
- Cancellation notices received August 2 – 14, 2007 are 50 percent refundable.
- No refunds are available after August 14, 2007. 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.

2007 Adjuster & Inspector Seminar

Name	Address	License Number
------	---------	----------------

1. _____	_____	Adj/Insp _____
2. _____	_____	Adj/Insp _____
3. _____	_____	Adj/Insp _____

Company Name: _____ **Phone:** _____



Mail
 PO Box 880
 St. Joseph, MN 56374



Fax
 (320) 271-0912



Phone
 (320) 271-0909

Legal

Proper Cancellation Procedures for Township Mutuals (Part II)

By Jason J. Bartlett



In part one of this article, out-right cancellation procedures for township mutuals were discussed. Due to space limitations, cancellation of a PH1 (homeowner's) policy through non-renewal was omitted. But the fact remains that a township mutual can effectively cancel a PH1 policy by refusing to renew it prior to the end of the policy's term.

Non-renewal of a policy requires that the township mutual mail written notice to the insured at least 60 days prior to the effective date of non-renewal. Only proof of mailing (not certified or registered mailing) is required to prove non-renewal of PH1 policies. It is a good practice to include three additional days for mailing time. The notice of non-renewal must contain the specific underwriting or other reason for the non-renewal, the name of the insurer, the date that the notice was issued, and the effective date and hour of non-renewal. The notice must also be written in easily understandable language that clearly conveys the basis for the insurer's refusal to renew the policy.

Since PH1 homeowner's policies are subject to the requirements of Chapter 65A, a township mutual issuing a PH1 policy should adhere to the rules incorporated into Chapter 65A by reference which limit the acceptable reasons for the non-renewal of a PH1 policy to the following:

1. Any of the reasons allowed for mid-term cancellation discussed in part one of this article.
2. Use of the premises for an illegal activity.
3. The termination of an agency contract, except as provided under Minnesota Statutes, section 60A.171, unless the insurer assigns the terminated agent's book of business to another agent. The insurer must transfer the policy to another agent if the insured makes a written request prior to the non-renewal date. Notification of this right must be included in the non-renewal notice.
4. Violations of local laws or ordinances which increase the possibility of a loss.
5. Refusal of the insured to eliminate known conditions which increase the potential for loss after notification by the insurer that the condition must be removed. Before a non-renewal notice can be issued under this item, two written requests stating the condition to remove and the reason why the condition increases the potential for loss must be sent to the insured. The first notice must inform the insured as to any time limits for compliance. The second notice must inform the insured of the intent to non-renew the policy if the condition is not removed.
6. A substantial change in the quality or availability of fire protection services.

7. If the insured has two or more losses during the experience period, but not to include:
 - (a) losses caused by natural causes including but not limited to lightning, wind, or hail; or
 - (b) losses for which no payment was made by the insurer; or
 - (c) losses for which insurer recovers 80 percent or more of the payment through subrogation.

However, no homeowner's policy may be non-renewed based on the insured's loss experience unless the insurer has sent a written notice that any future losses may result in non-renewal due to loss experience.

8. The insurer ceases to write homeowner's insurance in Minnesota.
9. Failure of the named insured to provide necessary underwriting information upon written request from the insurer, provided that before a non-renewal notice can be issued under this item, two written requests asking for the information must be sent to the insured stating the reasons why the information is necessary. The second request must inform the insured of the intent to non-renew the policy if the information is not received.
10. If real property taxes owing on the insured property have been delinquent for two or more years and continue delinquent at the time notice of non-renewal is issued.
11. The named insured no longer owns the property or resides at the insured location, unless the spouse resides at the insured location and retains ownership, in which event the spouse will be endorsed onto the policy as the named insured.

If an insurer has grounds to non-renew a homeowner's policy on a primary residence of a named insured, homeowner's policies on secondary residences of the insured may also be non-renewed, but not vice-versa. If an insured fails to renew the primary residence with an insurer, the insurer may non-renew the secondary residence.

A non-renewal notice must be on a form approved by the Department of Commerce and the following information must be furnished to the insured on the front of the notice:

- A. The specific reasons for the termination, which if based on loss experience must include the date of the loss, the type of loss, and amount of payment.
- B. A statement advising the insured of their right to send a written letter of complaint to the Commissioner of Commerce within 30 days of receiving the notice.

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Technology Corner

Help!!!

By Paul Stueven



We all have our favorite resources to search for assistance when we are not sure how to add a chart to a word document or how to take the information we have in an excel spreadsheet and show it as a graph. We generally use only a small portion of the options available to us in the programs we use everyday. The following website is a good resource for any Microsoft product: <http://office.microsoft.com/en-us/default.aspx>. There are tabs for 'help and how to', 'downloads', 'clipart and templates' in addition to many other helpful items.

Under the 'help and how to' tab there is a section where you can browse 'help and how to' by product. This allows you to search for help based upon the windows versions you are using. There is also a 'Crabby Office Lady Column' which contains a variety of information, some of which may be useful.

Hopefully you will add this to your favorites and find it a valuable resource.

Paul Stueven, Manager, Fairmont Farmers Mutual, Fairmont.

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Legal

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- C. A statement advising the insured of the availability of insurance from the Minnesota Property Insurance Placement Facility.

Lastly, if the insurance policy forms that make up the policy differ from the law, you must use the more restrictive method of non-renewal. Insurance policy language can provide insureds with more protection than the law requires, but not less.

It is a good practice for township mutuals to work with their statewide package companies to make sure that the statewide companies properly non-renew their portions of combination policies. However, PH1 non-renewal procedures for township mutuals should not be relied upon by the statewide companies, which may be subject to different laws and regulations.

Jason Bartlett, is an Attorney with Willenbring, Dahl, Wocken & Zimmermann, PLLC, Cold Spring.

Scholarships Awarded

MAFMIC awarded eight scholarships to this years graduating seniors. Congratulations to the following recipients of the 2007 MAFMIC Scholarship Award: **Michael Amborn**, Montevideo; **Amanda Holst**, Lake City; **Brandon Dingmann**, Cold Spring; **Anthony Holwerda**, Danube; **Melissa Lax**, Sleepy Eye; **Christina Plaetz**, Wabasso; **Kristina Sukalski**, Fairmont; and **Michelle Wendinger**, Gibbon.



Mike Amborn of Montevideo receiving congratulations and award from Paul Larson, Manager of Leenthrop Farmers Mutual.



Kristina Sukalski of Fairmont receiving congratulations and award from Justin Borchardt with Borchardt Insurance and Paul Stueven, Manager of Fairmont Farmers Mutual.



Michelle Wendinger of Gibbon receiving award from George Altmann, President of New Sweden Mutual.



Anthony Holwerda of Danube receiving award from Judy Schroeder, Manager of Flora Mutual.

Shown above are four of our young men and women receiving their awards. Congratulations to all of our graduates and we wish them the best of luck for a bright future!

working relationships



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Company News & Notes

New Associate Members

MAFMIC is excited to welcome and recognize four new associate members.

Groom Construction, 2818 Washington Avenue North, Minneapolis, MN 55411, Greg Covell, (612) 247-2786. Groom Construction is a complete restoration service.

NCA Group, 6858 Wallington Road, DeForest, WI 53532, Greg Goetsch, (608) 846-9013. NCA Group provides claims adjusting and claims administration.

ServiceMaster Professional Services, 501 17th Avenue North, St. Cloud, MN 56301, (320) 252-4622. ServiceMaster is a leader in the restoration industry.

TDE Group, LLC, 600 Spring Hill Road, West Dundee, IL 60018, (630) 242-4880. TDE Group is a property adjustment and consulting company.

For more information regarding our new associate members, refer to MAFMIC's Resource Guide or visit our website at www.mafmic.org.

Short Course Just Around the Corner



Don't forget to mark your calendars for the dates of October 30th and 31st. The 2007 Short Course will be held at the Arrowwood Resort near Alexandria.

Please send an article for consideration to: Mutual Link, PO Box 880, St. Joseph, MN 56374, or email them to info@mafmic.org.



MAFMIC Calendar of Events

July	18	Manager & Director Seminar <i>Holiday Inn, St. Cloud</i>
	19	Educational Scholarship Golf Outing <i>Little Crow Country Club, Spicer</i>
August	7-9	Farm Fest <i>Gilfillan Estates, Redwood Falls</i>
	9	Support Staff Seminar <i>Holiday Inn, St. Cloud</i>
	15	Adjuster/Inspector Seminar <i>Holiday Inn, St. Cloud</i>
Sept.	16-19	NAMIC Convention <i>Gaylord Texan Resort, Grapevine, TX</i>
Oct.	30-31	Short Course Seminar <i>Arrowwood Resort, Alexandria</i>

In Sympathy

Harvey Totzke, husband of Vyonne Totzke, manager of Tara Mutual in Wheaton, passed away on April 20th after a short illness.

Norman Wassink, father of Deb Liden, manager of Bray Gentilly Mutual in Thief River Falls, passed away on April 28th. Deb would like to pass on her sincere thanks to all who extended their sympathies and kept her in their thoughts. The kindness, generosity, and prayers were of much comfort to her.

MAFMIC wishes to express its sincerest condolences to both Vyonne and Deb.

MAFMIC

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