



MAFMIC 2021 Chairman’s Article
Kevin Standberg, MAFMIC Chairman 2021-2022



Challenge Creates Opportunity

*This is the theme I chose for my time as Chairman of MAFMIC. What an understatement, calling 2020 a **challenge**. From the disruption it has caused in the business world, to life at home, as parents continue helping their distant-learning students, the cancellation of many family holiday get-togethers for safety of loved ones, to the terrible illness and loss of life this virus has caused, challenge has been undeniably part of our lives over the last year. Hopefully, and finally, we may be seeing a little light at the end of the tunnel.*

*With that said, how can we make the best of the situation going forward? What **opportunities** will present themselves? With working from home becoming all too common, will we see a population shift from the major metro cities to our more rural areas where our insurance companies do business? One in three working adults now substitutes some or all of their typical in-person work to working from home, compared to just one in twenty before the pandemic. According to USPS data, large cities lost the most population during the first seven months of the pandemic to the suburbs and rural areas.*

Healthcare may change for the better. The world’s healthcare system has shown awe-inspiring efficiency in the development of the Covid-19 vaccine, with several drug companies stepping up to provide a solution to a virus that has gripped the entire world for months; previously the fastest vaccine development took a total of four years, while the Covid-19 vaccine was developed in just a matter of months. The world watched as the brightest minds combined their efforts, applying years of research on related viruses and faster methods of manufacturing vaccines. Although this virus has forced us to adapt, the hope is, some of these factors will translate into faster vaccine development against other diseases in the future. Perhaps in its life-altering way, this virus has provided us with the opportunity of seeing what is possible.

Continued on page 2 ➡

INSIDE THIS ISSUE

Committee Members	2	Highlights of Annual Meeting	10-12
Board Meeting synopsis	3	Recap of interest rates article	13
Member Profile	4	Contingency Plan / Co Bylaws	14
Transfer on Death Deed article	5-6	Blast from the past ~ 1983	15
Legislative Update article	7	Calendar of Events & Obituaries	16
Severe Weather Awareness	8-9		

Chairman’s article continued from front page...

Lastly, maybe not an opportunity, but a benefit of this pandemic is the togetherness many families have experienced. Rather than the warp-speed schedule many families experienced pre-covid (mine included) our lives now include spending time together eating meals around the dinner table, working on projects at home, and taking time to go hunting & fishing, enjoying the outdoors. With uncertainty running rampant in our world over the last year, perhaps it gave us all the opportunity to be closer to our loved ones, and cherish our time with them a little more.

Obviously we are all hoping for a much more normal year as we move forward into 2021. I can’t wait to attend an actual in-person meeting, listening to some speaker ramble on about loss ratios, insurance in force, premium increases or new underwriting rules, while not worrying about my mask fogging up my glasses. I look forward to shaking hands and interacting with real live people; think about how crazy that would have sounded a year ago.

I hope to see you at one of the scheduled upcoming (in person) events on the MAFMIC calendar.

*Best wishes for 2021,
Kevin Strandberg, MAFMIC Chairman 2021-2022*



*Don't forget
to Turn your Clocks
AHEAD
on Sunday*



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- Karla Bauer, ***District 7***, Great Rivers Mutual
- Casey Gibbs, ***Statewide***, Grinnell Mutual Re

With the convention not being held this year, the MAFMIC Board of Directors held their annual financial review and board orientation meeting at the Hilton Garden Inn located in Waite Park on Thursday, February 11. Most board members attended in person with a few members logging in to the meeting via Zoom. The board took the opportunity to receive the routine financial and management reports, district updates, and committee reports. The board also took action on several items requiring approval.

Secretary-Treasurer, Greg Parent presented the 2020 financial statements including the Balance Sheet, Income Statement and Schedule of Operating Expenses. The board approved the financial report as presented. The financial report was then given to the membership during the Annual Business Meeting on Tuesday, February 16 in an on-line presentation via the Zoom meeting platform.

Chairman Dan Rupp recognized the retiring board members, Vicki Hongerholt of Mound Prairie Mutual and Todd Bossuyt of North Star Mutual. Chairman Rupp also welcomed the new incoming board members, Karla Bauer of Great Rivers Mutual and Casey Gibbs of Grinnell Mutual. With Nick Hager nominated for the Vice Chairman position, Chairman Rupp also welcomed Paul Stueven of Fairmont Farmers Mutual as the new District 6 director filling out Nick’s remaining term. The new board members officially assumed their positions at the Annual Meeting on February 16 while the Vice Chairman and Secretary-Treasurer were elected to their positions.

The board approved the revised wording in the PTO section of the MAFMIC Employee Handbook in order to better clarify the process of how an employee accrues PTO hours. The board approved WDRS as a new Associate Member. The board also approved that the net proceeds from the MAFMIC Golf Outing be directed to the Scholarship Fund for 2021.

A very good discussion was held regarding the two valuation cost estimators for farm outbuildings. Several board members were currently using one or both of them while several others had virtually attended the two recent on-line presentations. The board also discussed the possibility of adding some new MAFMIC events or possibly expanding the Short Course. The Education Committee will discuss MAFMIC events at their May meeting and report back to the board in June.

The next scheduled board meeting will take place on June 2-3 at a location to be determined likely somewhere in southeast Minnesota. The auditor for MAFMIC, Matt Taubert, will once again review his annual audit report at the June board meeting. Members are encouraged to contact their MAFMIC District Director with any concerns or issues that may need to come before the board.

Greg Parent

MAFMIC Secretary-Treasurer



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Member Profile ~ Headwaters Mutual



Manager,
Ben Berg

Headwaters Mutual *located in Bemidji*

Headwaters Mutual Insurance is the merger of Farmers Mutual of Clearwater County and Lakeland Farmers Mutual in 2018. Farmers Mutual of Clearwater County was started in 1904 and Lakeland Farmers Mutual was started in 1914. Both companies were originally started by local farmers.

Our mutual writes Package Homeowners, Package Farm owners, and Standard Fire. We package with North Star Mutual Insurance and RAM Mutual Insurance.

Our office employs two full time employees and one part time employee. We also use an independent inspector and independent adjusters to settle our claims. We currently have eight agencies that write business with us.

Our company business philosophy/mission statement is to provide the best service possible to our policyholders anytime they may need it.

Our goals for our company in next five years is to grow our business and stay competitive with other companies that we compete with.

Our company's biggest challenge is keeping up to the changing insurance marketplace. Younger clients coming into the marketplace are looking for the cheapest product available and the easiest way to purchase it. We will need to adapt to keep our rates consistently competitive and make sure the ease of doing business with us compares to other companies in the marketplace.

The ways our mutual is involved in our community is by donating money in our operating area to local charities and functions in the community.

To describe our company in one word would be; Dependable. We work very hard to make sure we take care of our clients. Whether it's a claim or issues with a bill we are always there to help.

Insurance



Insurance Coverage and Transfer on Death Deeds

John Neal, Attorney, Willenbring, Dahl, Wocken & Zimmermann, PLLC

A published Minnesota Federal Court decision determined that a beneficiary does not have insurance coverage when property is passed through a transfer on death deed (TODD). A TODD is an estate planning tool that allows a property owner to automatically transfer real estate to a beneficiary upon that owner's death. It operates similar to a life-insurance policy. The policyholder names a beneficiary on the life-insurance policy. When the policyholder passes away, and assuming there is coverage, the beneficiary receives the life-insurance proceeds. Except in this circumstance, it is real estate. The property owner names the beneficiary on a conveying instrument (*i.e.*, the TODD). When the property owner passes away, the property transfers immediately to the beneficiary. *Layman v. Minnesota Premier Properties, LLC*, 903 N.W.2d 6, 15 (Minn. Ct. App. 2017).

What happens if an insurance loss occurs after the transfer but before the beneficiary obtains his/her/its own property insurance? Is there coverage under the prior owner's/deceased's policy? The Federal Court in *Strope-Robinson v. State Farm*, 429 F.Supp.3d 634 (D. Minn. 2019) answered this question in the negative (no coverage).

In this case, the insured (Strope) executed a TODD on August 10, 2017, conveying his property to his niece, Strope-Robinson (Robinson) upon his death. Strope died four days later on August 14, 2017. Per the TODD, Robinson immediately took possession of the property upon Strope's passing. On August 20, 2017, a fire destroyed the property. Strope had a policy in force with State Farm on the date of loss, but Robinson was not a named insured on the policy. Robinson timely filed a claim with State Farm for damage to the structure. State Farm denied the structure claim as "there was no named insured with an interest in the dwelling" at the time of loss. Robinson sued State Farm, seeking coverage under the policy. The Court upheld State Farm's denial as Strope (the named insured) no longer had an insurable interest in the property at the time of loss and Robinson had no interest in the State Farm policy.

Robinson's counsel argued that it is difficult for a beneficiary, who may be grieving, to immediately obtain coverage for the property when it passes through a TODD. The Court questioned State Farm's counsel, who replied that he would advise insureds, who are considering a TODD, to contact their insurance provider and add the beneficiary as an additional insured or have the beneficiary take out their own personal policy. Absent language providing coverage under the deceased's policy, these proposals may be the only options for a beneficiary that fails to obtain a policy immediately upon the grantor's death. However, these options are not without their own potential problems.



First, if a TODD beneficiary is added to the policy as an "additional insured" on the property (not liability), then the beneficiary would typically be entitled to any insurance proceeds during the insured's life (prior to passing). This could be an unexpected consequence for the insured, as they must now share the proceeds with the named TODD beneficiary.

Continued on page 6

Insurance Coverage and Transfer on Death Deeds

John Neal, Attorney, Willenbring, Dahl, Wocken & Zimmermann, PLLC

Continued from page 5

With respect to the second option, it may be difficult for a TODD beneficiary to obtain a policy on property they do not presently own as they have no insurable interest until the owner passes. There may be an underwriting concern as well if the beneficiary is not known by the company.

MAFMIC has added new language to its PH1 and TP1 policies that addresses these issues. For example, the TP1 (1-21) states, in relevant part:

If “you” die while insured under this policy, any beneficiary who immediately upon “your” death receives title to a “dwelling” insured under this policy shall be an “insured” for 30 days following “your” death, but only with respect to Coverage A – Dwelling and Coverage C – Household Personal Property.

The PH1 (1-21) policy similarly provides, in relevant part:

If “you” die while insured under this policy, any beneficiary who immediately upon “your” death receives title to a “dwelling” insured under this policy shall be an “insured” for 30 days following “your” death, but only with respect to Coverage A – Dwelling, Coverage B – Related Private Structures and Coverage C – Household Personal Property.

In effect, this new language provides a TODD beneficiary with 30 days of coverage following an insured’s death. This should allow a TODD beneficiary ample time to secure a separate policy in their name at the conclusion of the 30-day period.

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PUTTING IT ON
FACEBOOK**

Legislative Update

Adam Axvig, MAFMIC President/CEO

The legislature continues to churn away as the first legislative deadline looms ahead on March 8. With a divided legislature, a vast majority of the bills that have been passed have been greeted with the legislative equivalent of a dial tone in the other chamber. As has become the norm, there are very few compromises being brokered between the two parties. Thus far, three bills have been signed into law.

The property/casualty insurance front has been relatively quiet this session. In my opinion, the combination of a less-efficient legislature due to Covid-19, politically divided legislature, and lack of a permanent commissioner at the Department of Commerce have contributed to a quieter year for P&C insurance. That is not to say there haven't been conversations regarding our industry, but the more-pressing issues of the pandemic and budget have effectively pushed those conversations to the back burner for the time-being.

One insurance topic that has not been on the back burner is health insurance, which has become a perennial topic at the legislature. Despite the success of programs such as the state's individual market reinsurance program, the cost of health insurance remains quite high for the fully insured and individual markets. Unsurprisingly, the House and Senate are taking vastly different approaches toward addressing the problem, with little common ground between the two bodies on how to lower the cost of health insurance.

Workers' compensation insurance has also been a recurring topic with certain classes of employees asking for presumption with regards to Covid-19. Currently, healthcare workers, first responders, childcare workers, and other frontline workers are presumed to have caught Covid-19 at work should they come down with the virus. Teachers have sought addition to the list of presumptive classes as they go back into classrooms, a move supported by legislation moving through the DFL-controlled Minnesota House of Representatives. Republicans in the Senate remain cool to the idea and the Workers' Compensation Advisory Council has yet to take a position on the measure. It remains to be seen if measures such as these end up as part of final budget negotiations.

One issue where it looks like consensus could be reached is the treatment of Paycheck Protection Program or PPP loans for purposes of taxation. The Senate would like to see PPP loans excluded from state taxes across the board. The Tax Committee chair in the DFL controlled House agrees, but would prefer a more targeted approach to the problem in the light of the \$400 + million price tag that goes along with the exemption.

Looming large on the horizon is the state's budget, which we will get a clearer picture of when the February forecast, the fiscal forecast the budget is based upon, is released at the end of the month. It remains unclear which potential policy changes, such as the aforementioned presumption for teachers, may be in play as end of session negotiations begin in earnest. Significant policy changes showing up in budget bills has become a common practice in St. Paul and have become useful bargaining chips for deal-making leaders.

As the clock continues to tick down to the constitutionally mandated May 17 close of session, we will continue to monitor and weigh-in as necessary to support our state's farm mutual industry.

Severe Weather Awareness Week April 12 - 16, 2021

Dan McCue, AINS, Digital Marketing Strategist, Grinnell Mutual

Severe Spring Weather Preparation

Minnesota Severe Weather Awareness Week is April 12---16. Here are simple things you and your customers can do to prepare a home for severe spring weather.

Inspect your home

- **Check your roof.** A do-it-yourself inspection of buildings may reveal weak areas that need attention. Look for loose siding and roofing materials — especially shingles and metal panels. These may blow off easily and take other materials along with them.
 - **Make sure you have surge protection.** A lightning strike or power outage could fry your expensive devices and burn out your wiring.
- **Keep up with tree-trimming.** Dead branches can cause a lot of damage when they land on your house or your car.
- **Clean out your gutters.** If they're plugged up, the water will find somewhere else to go — like your basement, between the siding and exterior walls, or through leaky windows.
- **Test your sump pump.** If it's not working, it won't do you much good if water does end in your basement. ([Learn more how to protect yourself from a wet basement.](#))
- **Batten down the hatches.** If you know bad weather is coming, put away or secure any outdoor furniture, toys, bikes, etc.

Pack your emergency kit

Packing emergency kits for your home and your car will prepare you and your family for severe weather

[Ready.gov](#) and the National Weather Service recommend including the following items in your kit.

- **Flashlights** and extra batteries.
- **First aid kit** that includes necessary medications, as well as bandages, ointment, and disinfectant wipes. If you have small children, also include formula and diapers.
- **Non-perishable food.** Include protein-rich foods such as nuts and energy bars and canned foods. Pack a manual can opener, too.
- **Water** is even more important than food. Pack at least 1 gallon of water per person per day.
- **Basic tools** including pliers, a wrench, and screwdrivers.
- **Important documents** such as your identification, insurance information, and banking information. Not securing these documents could expose you to [potential fraud](#).
- **Radio**, either battery-powered or hand-cranked.
- **Clothes** including gloves, hat, and rain poncho. You may also want a change of clothes for each member of your family.
- **Blankets** or sleeping bags.

Continued page 6

Severe Spring Weather Preparation *(continued from page 5)*

- **Cell phone chargers**, including your standard home and car models, but also portable and solar chargers as well.
- **Pet Supplies** for your pet, including food, water and medicine.
- **Cat Litter** for better tire traction.
- **Jumper cables** for your vehicle.
- **A whistle** or flares to signal for help.
- **Toilet paper** and tissues.

For more information

Visit [Ready.gov](https://www.ready.gov) for more information about how you and our family can [prepare for severe weather](#).



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Awards announced on Virtual Annual Meeting ~ February 16, 2021



2021 Robert C. Seipp Service Award

Dan Rupp,
MAFMIC
Chairman
2020-21
presented to
Steve Knutson,
Manager of
RAM Mutual.



**1896
to
2021**

Dan Rupp, MAFMIC Chairman
Presented plaques to our
Century Companies:
Comstock Farmers Mutual,
Prairie West Mutual, and
Shible Mutual

**Jim Huesman, Manager of
Comstock Mutual**



**Galen Gerdes, Manager of
Prairie West Mutual**



**Mitch Gerdes, Manager of
Shible Mutual**



Awards announced on Virtual Annual Meeting ~ February 16, 2021



Retiring Director for District 7

Dan Rupp,
MAFMIC
Chairman 2020-21
presented plaque to
Vicki Hongerholt,
Manager Mound
Prairie Mutual



Dan Rupp, MAFMIC Chairman 2020-21
Pictured with Elected MAFMIC Secretary,
Greg Parent, German Farmers Mutual



Retiring Director for Statewide Mutual

Dan Rupp, MAFMIC
Chairman 2020-21
presented plaque to
Todd Bussuyt
North Star Mutual

RETIRING DIRECTOR RECOGNITION

Al Brudellie, Fairmont Farmers Mutual
Craig Espeseth, King Town Mutual
Leland Froehling, Madelia-Lake Crystal
Jeff Grommersch, New Sweden Mutual
Melvin Kalthoff, Grove Mutual
Donna Kollar, Spring Vale Mutual
Wayne McColley, Southeast Mutual
Belinda Nehring, Spring Vale Mutual
David Pederson, Farmers Mutual Manchester
Ervin Rocholl, Sverdrup Mutual
Mark Schaefer, New Sweden Mutual
Lowell Simpson, Delaware Mutual Insurance
John Sorlie, Farmers Mutual
Lynn Swenson, Agassiz & Odessa Mutual
Robert Wendorff, Crow River Mutual



MAFMIC welcomes
New District 7
Director, Karla Bauer
Great Rivers Mutual



New Statewide
Mutual Director,
Casey Gibbs
Grinnell Mutual Re





**2021 - 2022 MAFMIC
 Newly-Elevated Chairman**

Kevin Strandberg, Kerkhoven & Hayes Mutual was elevated to MAFMIC Chairman

Dan Rupp presents Kevin with his gavel plaque
 Congratulations Kevin!



**2021 MAFMIC
 Newly-Elected Vice-Chairman**

Nick Hager, MinnValley Mutual was elected MAFMIC Vice Chairman at the Annual Business Meeting, held virtually on February 16, 2021

Congratulations Nick!



**2021 - 2022 MAFMIC
 Chairman Dan Rupp
 Pictured with MAFMIC President/CEO
 Adam Axvig**

Save the Date

**127th Annual
 MAFMIC Convention**

February 13-15, 2022

Radisson Blu-MOA, Bloomington

A Recap of Interest Rates in 2020

Submitted by Alex Coulter, Senior Financial Associate, Schluchter Investment Group

The year 2020 will be remembered for many years to come. Most memories of 2020 will carry negative connotations and associations with the global pandemic. Despite each individual person's experiences in 2020, most can agree they experienced significant changes to their daily routines. Global capital markets also experienced significant changes throughout the year 2020.

Interest rates experienced significant changes throughout the year of 2020. In early 2020, the ten year treasury yield was 1.64 percent on February 5th, 2020. As the global pandemic developed, countries began enforcing travel restrictions, hindering global economies. As a result, the ten year treasury pushed lower. Ultimately, the ten year treasury bottomed on March 9th, 2020, hitting a yield of 0.499 percent.

As the year 2020 progressed and the global economy continued to recover from the global pandemic, interest rates began to move higher. At the end of 2020, the ten year treasury yielded 0.91 percent. Despite interest rates continued upward trend to end the year 2020, the monetary actions to combat the global pandemic kept a cap on short term interest rates. This was accomplished by the Federal Reserve implementing a zero interest rate policy by slashing the Fed Funds Rate. The Federal Reserve has been adamant that they continue to maintain a zero interest rate environment for the foreseeable future.

The current interest rate environment continues to make investing for Township Mutual Insurance Companies difficult. As a result of Federal Reserve actions, interest rates on short term assets are at record low levels. With no significant inflation experienced in the market, the longer end of the yield curve has also decreased to lower yields. Township Mutual Insurance Companies are limited in the scope of their allowable investments, as stated in Statute 67A.231. This restriction on investment, limited to investment grade investments, may have helped to stabilize bond portfolios through the global market selloff in 2020. However, the ongoing struggle for Township Mutual Insurance Companies, as well as income conscious investors, is where to earn competitive yields in a zero interest rate environment.

The current interest rate environment should be reviewed and a topic of discussion for Mutual Insurance Companies. Schluchter Investment Group is happy to meet with your board to discuss the current interest rate environment and to review the investment portfolio.

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Alex Coulter
Senior Financial Associate



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20-SC-02371 (06/20)

“Contingency Plans and Company Bylaws”

By: *John Neal, Attorney, Willenbring, Dahl, Wocken & Zimmermann, PLLC*

The COVID-19 pandemic created unforeseen issues in how we handle our day-to-day lives. This includes our annual meetings. As addressed in the last issue of the Mutual Link, MAFMIC worked with the Department of Commerce to determine the appropriate protocols for handling annual meetings. Unless a member company has/had items on its agenda requiring policyholder approval, such as changes to corporate documents (Articles or Bylaws) or corporate structure, the member company could cancel its annual meeting. Otherwise, the member company needed to hold the meeting and ensure appropriate safety measures were in place to conduct the meeting. One of those measures is holding the annual meeting virtually.

While most company bylaws are silent on the location or format for an annual meeting, it is conceivable that such meetings could be held virtually in the future where the need arises. Or, a combination of in-person and virtual attendance should the member company chose. This may be of special interest, as a contingency plan for future events and to avoid the cancellation of annual meetings.

Such a plan would likely require an amendment to the company’s bylaws since the current pandemic required guidance from the Department of Commerce. A permanent change to the company’s bylaws, if passed by the policyholders and approved by the Department of Commerce, would provide some certainty for future events.

This is something member companies may wish to consider in the future. Any amendment to the company’s bylaws will require member approval, among other things. Steps would need to be put in place for consideration at the company’s next annual meeting or a special meeting called for this purpose, if the company wishes to amend its bylaws.



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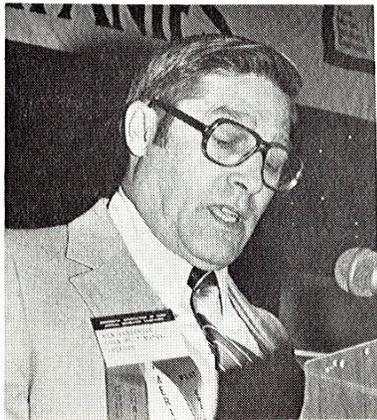
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1983

MAFMIC COMMITTEE CHAIRMEN GAVE CONVENTION REPORTS



KEN BARGFREDE
Credentials Committee



BOB LATHAM
MAFMIC Financial Statement



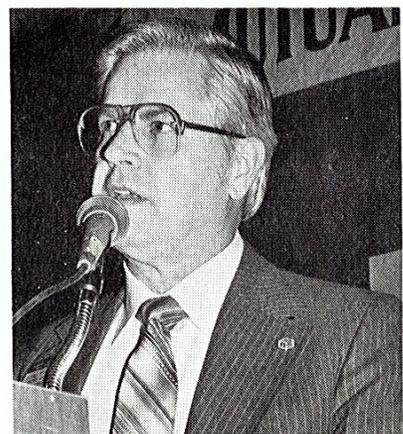
BOB LAIDLAW
National Convention Report



HENRY MINKS
MAFMIC Office Relocation



LEE BONDHUS
Education Committee



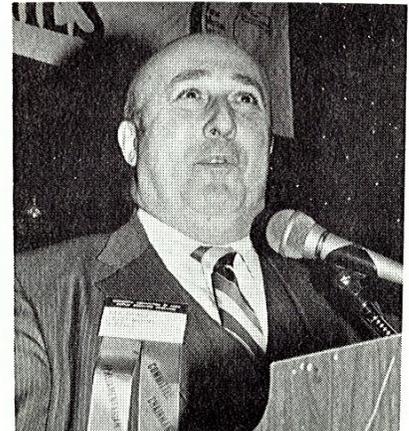
DUANE TROE
Company Annual Report Forms



RICHARD NEWTON
Claims Committee



DALE WILLIAMS
Resolutions Committee



RAY THOMES
Articles & By-Laws Committee

IN SYMPATHY



Sophia A. DeVos, 88, Sophia was born on January 18, 1933, to Alois and Svenina (Larsen) Thooft in Limestone Township of Lincoln County, Minn. Sophie was united in marriage to James Joseph DeVos. The couple made their home in Marshall, Minnesota until they moved to Tyler, Minnesota in 1959.

Sophie is survived by her children, **Priscilla (Don) Hughes of Lake Benton, Minnesota (Cilla is the manager of Hope Mutual, Brenda Vander Sluis of Sartell, Minnesota, Beverly (Dan) Sommervold of Mankato, Minnesota, and Janine (Paul) Matzke of North Mankato; eight grandchildren; six great-grandchildren; and siblings, Alfred Thooft and Doris Vermiere.** She was preceded in death by her husband, James; son, Joseph; son-in-law, Jeff Gilbertson; four brothers, Henry, Alvin, Julius, and Oscar; and sister, Emma.

In order to be near to her family, Sophie relocated to North Mankato, Minnesota in November of 2020. She died peacefully on Wednesday, January 20, 2021, at Oak Terrace Assisted Living in Mankato at the age of 88 years and 2 days.



Richard A. Timm, 74, died on February 3, 2021. Richard was born on March 26, 1946 to Harry and Alma (Humburg) Timm in Fairmont, MN. He served in the National Guard.

Richard was united in marriage to Joan Wilking Sniff on December 4, 1971. He was a hard-working farmer all of his life. He showed them at county fairs and the state fair winning many top awards. The 4-Hers enjoyed the quality birds they purchased from him. He owned and operated the Richard A. Timm Insurance Agency for over 35 years. **He served on the board of directors for the New Sweden Mutual Insurance and he was the treasurer of Belgrade Township from 1986-2018.**

Richard is survived by his wife, Joan; daughters, Barb Balfe (Tom Glynn), Julie Risto (Mike McGowan), and Becky (Luke) Belgard; daughter-in-law, Danielle Timm (Eric Spartz); seven grandchildren. He was preceded in death by his son, Jeffrey Timm; parents; and brother, Roger.



Calendar of Events

2021

- May 4-5** Managers Workshop
Grand View Lodge, Nisswa, MN
- June 14** MAFMIC PAC Golf Fundraiser
Fox Hollow Golf Club
St. Michael
- July 14** MAFMIC Golf Outing
Location TBD
- July 15** Manager & Director Seminar
Park Event Center, Waite Park, MN
- Aug 17-19** Agents Meetings
Locations: TBD
- Sept 19-22** NAMIC Annual Convention
Nashville TN & Virtual

MAFMIC wishes to express its sincerest condolences to family and friends of Sophia & Richard



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