



MAFMIC 2023 Chairman's Article
Nick Hager, MAFMIC Chairman 2023-2024
"Tomorrow's Challenge Begins Today"



The insurance industry always seems to be facing some type of challenge. It's hard to say if the challenges we face today are any worse or more frequent than those from the past. What we do know for certain is that challenges will continue and they will change. What will tomorrow's challenges look like?

With changing economic, social, and technological landscapes, it is more important than ever for all of us to prepare for tomorrow's challenges today. Here are just a few challenges we'll face together.

Climate Changes - One of the most pressing challenges facing our industry is climate changes. Until just a few years ago, no one heard of or knew what a derecho was. Now these extreme weather events are considerably impacting rates, available coverages, and reinsurance markets.

Emerging Technologies - Another significant challenge facing us is the rapid pace of technological change. Emerging technologies like drones, artificial intelligence (AI), the Internet of Things (IoT), and blockchain are transforming commerce and the insurance industry, and we must keep pace to remain competitive.

Changing Demographics - The demographic landscape continues to change, with an aging population, growing urbanization, and changing consumer preferences and expectations.

Cybersecurity - With the increasing use of digital technologies, cybersecurity is becoming a major concern for all businesses. As we collect and store increasing amounts of data on our customers, we must take steps to protect this data from local and cyber threats.

Regulatory Compliance - We must also navigate an increasingly complex regulatory landscape. As new laws and regulations are introduced, we must stay abreast of these changes to ensure compliance as well as collectively work together to prevent adverse legislation that may negatively impact our ability to provide comprehensive and affordable insurance coverage for our policyholders.

Supply Chain and Labor Shortages – In the Post-Covid era, we have been plagued with major supply chain issues and labor shortages, which can strain our ability to quickly resolve covered losses and drives loss costs higher.

Most challenges we face will require proactive planning and preparation. By investing in or promoting climate-resilient infrastructure, emerging technologies, market research, cybersecurity, regulatory compliance, and local networks, we can position ourselves to thrive in the face of tomorrow's challenges. To be successful, we must be willing to adapt and innovate to meet the changing needs of our customers, while also maintaining a strong commitment to our core values of integrity and service. For these reasons, I chose "Tomorrow's Challenge Begins Today" as my slogan during my time as your MAFMIC Chairman.

I'm very excited for this coming year and to work closely with the MAFMIC staff and membership. I encourage you to consider attending one or more of the upcoming events offered and to inquire about ways you can get more involved with MAFMIC.

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Happy Easter
To all of our
MAFMIC Members

The MAFMIC Staff
Adam, Dani &
Arlette



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The MAFMIC Board of Directors held their annual financial review and board orientation meeting at the Radisson Blu Hotel in Bloomington on Sunday, February 5, during the convention. The primary focus of this meeting each year is to review and approve the financial statements from the previous year for distribution to the membership at the Annual Business Meeting. Secretary-Treasurer Greg Parent presented the 2022 financial statements. The board discussed several items and approved the financial report as presented. The financial report was then given to the membership at the Annual Meeting on Tuesday, February 7.

Chairman Larry Johnson recognized the retiring board members Jen Visser of Bird Island-Hawk Creek Mutual, Paul Stueven of Fairmont Farmers Mutual, Immediate Past-Chairman Kevin Strandberg of Kerkhoven & Hayes Mutual and Secretary-Treasurer Greg Parent of German Farmers Mutual. Chairman Johnson also welcomed the new incoming board members, Karen Weber of Redwood County Farmers Mutual and Gayle Elston of McPherson Minn Lake Mutual. Chairman Johnson then recognized the incoming Vice Chairman Roger Miller of Lake Park & Cuba Insurance and Secretary-Treasurer Jim Williams of RAM Mutual. The new board members officially assumed their positions at the Annual Meeting on February 7 while the Vice Chairman and Secretary-Treasurer were elected to their positions.

Events Coordinator/Office Manager Dani Hennen provided a MAFMIC Convention and dues update. President/CEO Adam Axvig gave a Legislative update and discussed the upcoming legislative visit to the State Capitol on February 6.

Chairman-Elect Nick Hager provided an update on the Strategic Plan and indicated he should be ready to present a revised document at the June board meeting for approval. Nick Hager and Adam Axvig also gave an update on the proposed loss adjusting accounting revision for financial and state reporting purposes. Adam indicated he received a favorable response from the Minnesota Department of Commerce, so an upcoming meeting with them will be scheduled to move the proposed change forward.

Dani Hennen reviewed the Budget and Charter for the newly proposed Risk Assessment and Adjusters Conference Committee which will be an Education sub-committee. The board reviewed and discussed each document and approved the formation of this new sub-committee.

Dani Hennen updated the board regarding the status of the membership and dues category for Grinnell Mutual in 2023. It was determined that Grinnell Mutual will be an Affiliate Member of MAFMIC in 2023. RAM Mutual will appoint a representative to fill the unexpired term for Statewide Director following the Annual Business Meeting. MAFMIC Committee charters will also be reviewed at an upcoming board meeting.

The board approved that the net proceeds from the MAFMIC Golf Outing be directed to the Scholarship Fund for 2023.

The next scheduled board meeting will take place in June with the exact date and location to be determined. The auditor for MAFMIC, Matt Taubert, will 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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Associate Member Profile ~ IMT Software Services

IMT Software Services is a division of IMT Insurance based in West Des Moines, IA. Our parent company, IMT Insurance, is a mutual themselves founded in 1884 and sells property and casualty insurance through independent agents in 6 midwestern states. IMT Insurance also provided reinsurance coverage for farm mutuals until the year 2000.

Through this relationship with our farm mutual affiliates, in October 1978, IMT Software Services set out to develop a software program to meet their needs. Developing software for the farm mutual insurance industry was a natural fit for IMT with our background in insurance and reinsurance. Another benefit in the development process was that IMT managed a farm mutual that resided within our building. We were able to utilize knowledge sources from each of these entities as we developed a program specifically for the farm mutual industry.

Initially the program addressed the labor-intensive tasks of policy management, billings, claims management, and a general ledger program for financial reports. Over the years, the functionality our programs has grown dramatically.

We began serving the state of Minnesota with our first customer in 1997. In 2013, we acquired the MIPS program which had a long history of serving the Minnesota mutuals. In 2019, we were proud to join together with the experienced and talented PDSpectrum team, previously Priority Data of Omaha, Nebraska. The acquisition led to a rebranding of PDSpectrum and its name changed to Spectrum. Spectrum is a web-based, fully integrated core policy processing platform that provides underwriting, rating, billing, claims management, accounts payable, general ledger, and more to insurance carriers and MGAs. It is an excellent addition to IMT Software Services.

We are proud to serve nearly 80 mutuals in Minnesota in one form or another and over 400 mutuals across 20 different states. IMT Software Services has 48 total employees, and we continue to grow.



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Mutual Tools

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...and more!



Annual MAFMIC Business Meeting announces new positions:
Newly-Elevated MAFMIC Chairman for 2023-24,
Nick Hager
Immediate Past Chairman,
Larry Johnson
Newly Elevated Chairman Elect,
Vicki Hongerholt
Newly Elected Vice-Chair,
Roger Miller



Retiring Director for District 5
Jen Visser, Manager
Bird Island-Hawk Creek Mutual



Retiring Director For District 6
Paul Stueven, Manager
Fairmont Farmers Mutual

Congratulations to our winners !

\$250 cash & \$250 to charity of your choice:
Paul Berg, Madelia-Lake Crystal Mutual
Charity: Bio-Girls

\$150 Cash Winner:
Deb Liden, Bray-Gentilly Mutual

\$100 Cash Winner:
Tony Hughes, RAM Mutual

Hand Crocheted Table Cloth:
Kathy Swanson - Southeast Mutual



MAFMIC welcomes
New District 5 Director,
Karen Weber
Redwood County Farmers Mutual

New District 6 Director,
Gayle Elston
McPherson Minn Lake Mutual

Convention Management
Scott Thole, RAM Mutual
and
Bill Minks, McPherson Minn Lake Mutual



2023 Robert C. Seipp Service Award
Presented to Tim Iverson, Manager of Prairie Pine Mutual
Congratulations, Tim! His father Bill Iverson got his Seipp Award exactly 27 years before, on the same day February 6th!



MINNESOTA ASSOCIATION OF
MAFMIC
FARM MUTUAL INSURANCE COMPANIES

Annual Business Meeting

woodstock
Chairman's
Reception





**Chairman's
Reception**



North Star Crew BEFORE



North Star Crew AFTER



Our Century Companies acknowledged at the MAFMIC Convention



1898—2023
Elmdale Farmers Mutual
Manager, Mikel Nelson

Tara Mutual
Manager, Theresa Grimes



Past Chairman Group



**Retiring MAFMIC
Secretary /Treasurer
Greg Parent**

German Farmers Mutual
Larry Johnson - MAFMIC Chair
presents Greg with a plaque for his
14 years serving on the board.



Volunteer of the Year Award
Larry Johnson - MAFMIC Chair
Adam Axvig - MAFMIC President/
CEO pictured with recipient
Justin Pape, RAM Mutual



Public Policy Award
Larry Johnson - MAFMIC Chair
Adam Axvig - MAFMIC President/
CEO pictured with recipient
Jerry Zenke, Mound Prairie Mutual

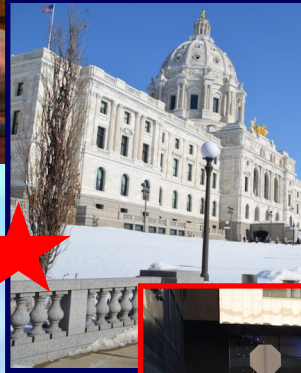
*Now, Jim make sure you
cross all your T's and dot
your I's. And cover every
detail in your reports....*



**Incoming MAFMIC
Secretary /Treasurer
Jim Williams (RAM Mutual)
getting advice from Greg
Parent leaving office.**

The MAFMIC Convention

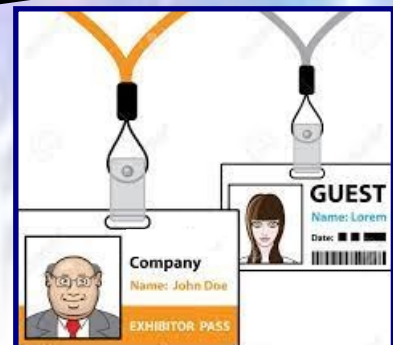
The Visit to our Minnesota Capitol



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A Critical Process for a Successful Partnership

Submitted by Wendy S. Keenan, CPA. Partner

The leadership of an organization, such as the Board of Directors and managers of mutual insurance companies, is responsible for identifying and ultimately engaging the organization's auditor. But choosing an auditor can be a daunting task. How does leadership even begin when tasked with such an important decision? Often the relationship an organization has with its auditor is one both parties wish to keep for years to come. Therefore, making the right decision becomes paramount.

The first step to selecting an auditor is identifying which individuals or public accounting firms are qualified and available to perform the work. Here are some suggestions on how to perform that search:

- Check with the State CPA Society or State Accountancy Board – they will have information on CPA firms and individuals licensed within their state and may be able to provide details on members in good standing or any outstanding sanctions.
- Utilize industry associations – auditors who are knowledgeable about an industry and interested in learning more will often participate in industry associations by attending events or becoming associate members.
- Ask peers within your industry or similar industries – getting a recommendation from another company is a great way to get started. Not only that, but often peer relationships allow for more open and honest conversation regarding experiences and day-to-day partnership with the auditing firm.
- Talk to other service providers you are currently utilizing – often other professionals, such as attorneys, financial advisors, and bankers have experience with a variety of audit firms and may be able to provide suggestions.

Once potential auditors have been identified, they will need to be evaluated prior to making an engagement decision. Here are 5 questions to ask when evaluating a potential auditor:

1. Does the firm or individual have the qualifications, experience, and expertise necessary? Things to consider when evaluating qualifications include:
 - A. Assessing the firm's or individual's reputation
 - B. Gathering responses from references
 - C. Determining their understanding of accounting and auditing requirements for your industry
 - D. Obtaining a copy of their peer review report
 - E. Reading resumes of individual CPAs who will be performing the work
2. What is the cost for the audit and any other services required? While your company's decision-makers will want the cost to fit into the organization's budget, the fees should be reasonable to ensure that they will not adversely impact the quality of the audit.
3. Is the firm or individual independent with respect to the organization under generally accepted auditing standards, or are there any other conflicts of interest?
4. Will the organization and auditor be able to work well together? Intangible things, such as customer service, ongoing support, effective communication, and developing a team approach are often critical in developing a quality relationship between the two parties, which will ultimately lead to a more successful audit experience.
5. Does the firm or individual have the capacity and ability to meet any statutory deadlines or internal timing requirements of the organization?

One bonus question for consideration: how does the potential auditor utilize technology and cyber security to not only make the audit more efficient, but also keep your data secure?

Choosing an auditor is an important task that should not be taken lightly. Asking the right questions and considering the most important items throughout the engagement process can lead to the best decision for your company.

If you would like more detailed information on selecting an auditor or creating a request for proposal, consider reading *Hiring a quality auditor: Your guide to the selection process* as provided by the AICPA at: [hiring-a-quality-auditor.pdf \(aicpa.org\)](https://www.aicpa.org/quality-auditor.pdf)

ORDINANCE AND CODE COVERAGE

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

Late last year, the Minnesota Supreme Court weighed in on ordinance and code coverage following an insurance loss. *St. Matthews Church of God and Christ v. State Farm*, 981 N.W.2d 760. The issue was whether an insurer is required to pay for code upgrades to undamaged property as part of replacement-cost coverage.

In the *St. Matthews* case, a storm damaged drywall within a church. State Farm insured the property with replacement-cost coverage and agreed to pay for the drywall damage. St. Matthews proceeded to obtain a permit from the City for the repairs. During demolition, cracks were discovered in a masonry wall behind the drywall. The City required St. Matthews to repair the cracks. The cracks were pre-existing and unrelated to the storm damage.

The State Farm policy provided an endorsement in line with Minn. Stat. § 65A.10, subd. 1, which requires an insurer to repair damaged property within the minimum code requirements. But in the event of a partial loss, the “coverage applies only to the damaged proportion of the property.” Because the cracks were not part of the storm damage, but rather pre-existing, State Farm denied coverage.

The Court agreed with State Farm’s position and concluded:

Accordingly, section 65A.10, subdivision 1, means that, when a partial loss like St. Matthews suffered here occurs, State Farm’s obligation to bring the damaged portion of the property up to minimum code is limited to repairs necessary to bring up to code that part of the property that was damaged in the insured event. Here, it is undisputed that only the drywall was damaged in the storm. It is also undisputed that the masonry was damaged earlier as a result of a different, unknown cause. Consequently, State Farm is not required to pay for repairs to bring the masonry up to code under section 65A.10, subd. 1.

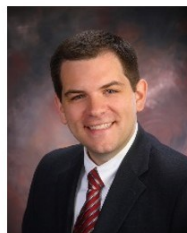
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Legislative Update

Adam Axvig, MAFMIC President/CEO



We are now into our 7th week of the legislative session under complete DFL control, and action has been happening at a breakneck speed since they gaveled in on January 3. We are still pacing way ahead of past sessions as far as committee reports, bills introduced, and movement on major pieces of legislation. Some of the major pieces of legislation that are currently moving through include legalization of cannabis, two major changes to employment law providing short-term and long-term sick time for

employees, codifying abortion rights in state statute, and legislation that requires all electricity in Minnesota to be carbon-free by 2040.

While things have been relatively quiet on the insurance front, that has started to change in the last couple weeks. The last two weeks have seen the introduction of a couple bills that address insurance. Those bills include a prohibition on underwriting based on the breed of dog within the household as well as limits on the usage of certain factors in underwriting for auto insurance. There are almost certainly more bills to come that address insurance.

Also in recent bill introductions is an insurance-sponsored bill that gives homeowners entering into assignment of benefits agreements more time to opt out of those agreements. This bill is an initial attempt to combat the rise of out-of-state contractors who aggressively market in areas hit by significant weather events.

The first deadline is March 10, which will be the first major filter for legislation to remain viable. As always, we remain vigilant at the capitol to fight against any threats to our industry.

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22-SC-00976 (08/22)

Tornado Awareness Week April 24-28, 2023

Knowing the signs and understanding the threat of a tornado can save lives.

Last May had the second most tornado warnings on record in Minnesota. From 1997 to 2022, Minnesota averaged 51 tornadoes per year. In 2022, MN had 83 confirmed tornadoes, which is well above average.

According to the National Weather Service, the key atmospheric ingredients that lead to a tornado are:

- 1) instability – warm, moist air near the ground with cooler, dry air higher up and
- 2) a change in wind speed and/or direction that promotes the rotation.

Be aware of the difference between a ‘watch’ and a ‘warning’. A tornado watch means that conditions are favorable for severe weather. A ‘warning’ means a tornado has been sighted or indicated by radar and you should *act now* to find safe shelter.

Pay close attention to changing weather conditions. Some tornadoes strike quickly without time for a warning.

Signs that a tornado is approaching are:

- A dark or green-colored sky
- A large, dark, low-lying cloud
- Large hail
- A loud roar resembling a freight train



Find shelter if you notice any of these conditions! Ideally, a building’s basement is the safest place to shelter. If there is no basement, the lowest level room without windows is the next best option. It is recommended you not stay in a mobile home but rather find a nearby building for shelter. Contrary to popular belief, you should not open the windows in your home.

If you’re in a vehicle, do not try to outrun a tornado. If there is no nearby building to shelter in, either lay down in your vehicle and cover your head or abandon your vehicle and seek shelter in a low-lying ditch or ravine. Stay away from overpasses and bridges.

No one can know a tornado’s strength before it touches down. As fascinating as it can be to witness the power of an approaching storm, storm chasing is not recommended unless you’re very experienced. Leave the chasing to Helen Hunt from *Twister*. Please stay safe and seek shelter instead.

Submitted by Missy Romano, RAM Mutual



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IN SYMPATHY



Norbert Weinand, 80 passed away on January 27, 2023. Norbert was born on November 30, 1942 to Alfred and Helen (Kugler) Weinand. He grew up on the family farm in Monticello, Minnesota, and graduated from Monticello High School in 1960. He joined the National Guard in 1964 and served until 1970.

On September 9, 1967, he married Marlois Psyk in Albertville, MN. They were married 49 years. They spent their years together on the Weinand family farm where they raised three sons: David, John, and Michael.

He was a lifelong member of St. Henry's Catholic Church and belonged to the American Legion. He also served on the Annandale Co-Op Creamery Board, **Unity Mutual Insurance Board**, and was treasurer of Monticello Township.

Preceded in death by beloved wife, Marlois, and parents, Alfred and Helen. He is survived by sons David (Aimee), John (Melissa), and Michael (Rachelle), & several grandchildren.



Calendar of Events

- May 2-3** **Manager's Workshop**
Grand View Lodge, Nisswa
- 23-25** **NAMIC Farm Mutual Forum**
Louisville, KY
- June 19** **MAFMIC PAC Golf Outing**
Fox Hollow Golf Club
- July 12** **Manager & Director's Seminar**
The Park Event Center, Waite Park
- TBD** **MAFMIC Golf Outing**
Location TBD
- TBD** **NAMIC Ag Risk Inspection School**
Location TBD
- Aug 9-10** **MAFMIC Agents Meetings**
9th - Mankato - Courtyard by Marriott
10th - Fergus Falls - Bigwood
- Sept. 17-20** **NAMIC 128th Annual Convention**
National Harbor, MD
- Sept. 25-26** **PIA-Education Day & Trade Show**
The Park Event Center, Waite Park

Severe Weather Awareness Week April 17-21, 2023



Registration Desk Crew

