

# LAUTUM *news*

## Duties and Responsibilities of a Mutual Insurance Company Board of Directors



### *Also* **INSIDE**

- **Legislative Update**
- **Technology Corner**
- **Property Inspections**



# Chairman's Message Mike Davis, CIC, Forrester Mutual Insurance Company



"Everyone can be great, because everyone can serve."

— Martin Luther King, Jr.

"To thine own self be true"— advice passed on from generation to generation and a saying I am mindful of as I serve as your Chairman. Your

volunteers and employees at IAMIC try to focus not only on the immediate, day-to-day issues facing the association, but also on the daily issues our members face.

To that end, IAMIC volunteers spent many hours of work in planning the successful Director Round Table seminars held last December; in February, Bill Peck and his

The Mutual industry is rapidly changing, and all of us need to continually expose ourselves to the type of high quality education IAMIC has been able to present. As usual, we are preaching to the choir. Please spread the word to everyone you see of the opportunities available. There are hundreds of qualified people associated with our association that would certainly benefit from our services. We only ask, please give us a chance.

A look at our association history tells us that very small groups of people have now become rather large companies and these same groups have continued to support the efforts

*The Mutual industry is rapidly changing, and all of us need to continually expose ourselves to the type of high quality education IAMIC has been able to present.*

committee planned and presented an informative and well received Claims Seminar; this was followed by Linda Ware's Underwriting committee hosting the always-popular Underwriting Seminar; presented in between these two seminars, Roger Needham and his Education Committee presented the Regional Meetings, which by all accounts, were well received.

At each of these meetings it appeared attendance was slightly down, an issue disappointing to those dedicated volunteers. They began to doubt themselves as the choices of speakers, topics, locations, etc. As your Chairman (and the one with the microphone at the end of day) I tried to send a strong message to those attending. I stated the following to our audience; "With your continued participation, support and feedback, IAMIC is able to continue to offer affordable education events. We hope you would promote these events to your fellow Directors, Company Managers and employees. IAMIC plans and promotes these opportunities to our members, but without the Directors' support, encouragement and backing, we can only make an attempt to reach out and offer the services your dues provide.

of IAMIC with their dues. In fact, the backbone of our association has been the dues from each of you, year after year. Through the progress of growth and increased dues revenue, your association has been able to maintain, and in some instances, improve on the value of our services. IAMIC wants to be absolutely sure all of our members, large or small, have the tools they need to prosper. These tools are necessary to keep our backbone mutuals in business. As an association, we stay invigorated by helping mutuals help themselves. As we try to help the members who got us where we are today, we need to be mindful of our roots and the members who make us such a strong, prosperous state association. Please help us spread the word to the entire IAMIC family, education and self-improvement is not an expense, but more importantly an investment in all of our futures'.

For those doubtful and/or skeptical of IAMIC's value, please step forward. No idea, constructive criticism or complaint will go unheeded. We receive glowing compliments from our members taking advantage of our programs, why not attend and see for yourself what you are missing. ❖

## CONTENTS

Chairman's Message .....	2
Robert Meier Scholarship .....	3
Insurance Education	
Foundation .....	3
Legislative Update .....	5
Duties and Responsibilities	
of a Board of Directors .....	6
IAMIC Spring Meetings .....	10
Committees Need Volunteers ...	11
Technology Corner .....	12
Insurance Industry Day .....	13
Property Inspections .....	14
Congressional Contact	
Program .....	15
Scholarship Recipients .....	16
New Manager's Meeting .....	16
Career Advice .....	17
President's Message .....	18
Mutual News .....	18
IAMIC Calendar of Events .....	19

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## Robert Meier Scholarship Awarded

Melissa Pherigo of Manito, Illinois was selected as the 2005 recipient of the Robert Meier Scholarship.

Ms. Pherigo is a senior at Illinois State University, where she is majoring in Business Administration and minoring in Insurance. She maintains a 3.25 grade point average and expects to graduate in December 2005.

The Robert Meier Scholarship, named for former IAMIC Chairman Bob Meier, is awarded annually to a student at the Katie Insurance School to help them further their studies in the field of insurance.

We are able to provide this scholarship through the generous donations of our member companies. If you are interested in learning more or donating to the scholarship fund, please contact the IAMIC office at leadership@iamic.org or 800-694-2642. ❖

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## IAMIC Support Illinois Teachers and Students

Earlier this year the Illinois Association of Mutual Insurance Companies donated \$1,500 to the Insurance Education Foundation (IEF). This donation allowed Stacey Gibbs, a Tri-Valley High School teacher in Downs, Illinois to participate in the IEF Institute held at Illinois State University.

The Institute helps our teachers learn methods for teaching their students about insurance. The goal of the program is to enable tomorrow's consumers to develop positive attitudes toward insurance as they learn how to make wise consumer decisions regarding risk control.

For more information on the IEF and how you can get involved, log onto the IEF website at [www.ief.org](http://www.ief.org) or contact them at 800-433-4811. ❖

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### FOR INFORMATION CONTACT:

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**Mike Davis, CIC**  
AAIS Forms Committee Chairman  
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815-946-2542

# Legislative Update

The following is a synopsis of Illinois legislation under watch by IAMIC. For complete bill information, log onto the Illinois General Assembly website at [www.ilga.gov](http://www.ilga.gov). Please contact the IAMIC office at [leadership@iamic.org](mailto:leadership@iamic.org) or 800-694-2642 with any questions.

## **House Bill 265 – Use of Credit Information**

House Sponsor: Representative John Millner  
Senate Sponsor: Senator Bill Brady

House Bill 265 amends the Use of Credit Information in Personal Insurance Act. The bill requires an insurer that uses credit information to underwrite or rate risks to review and consider an exception to the insurance risk score based upon “extraordinary life events”. The review/consideration must come after receiving written and signed notification from the applicant or insured explaining how they believe the event adversely impacted their score. “Extraordinary life events” are defined as a catastrophic illness or injury to an applicant or insured or their immediate family member; the death of their spouse, child or parent; involuntary loss of their employment for 3 months or more; theft of their identity, or; dissolution of their marriage.

This legislation has bi-partisan support, passed the House of Representatives on a unanimous roll call and at the time of this writing, was on Third Reading (final passage) in the Senate.

## **House Bill 316 – Business Entity; Illinois Guaranty Fund**

House Sponsor: Representative Joanne Osmond

Senate Sponsor: Senator Bill Peterson

House Bill 316, as amended in the House, changes the name of business organizations licensed to sell insurance from registered firm to business entity to conform usage to changes made by Public Act 92-386. The legislation was also amended in the Senate to include provisions relating to the Illinois Guaranty Fund. The legislation received a unanimous vote in the House of Representatives and at the time of this writing

was on Third Reading (final passage) in the Senate. Should the legislation pass the Senate, it will return to the House for concurrence on the Senate Amendment.

## **House Bill 1633 & Senate Bill 1479 – Personal Information Protection Act**

HB 1633 -House Sponsor:

Representative John Fritchey

Senate Sponsor:

Senator Ira Silverstein

SB 1479 –House Sponsor:

Representative Sidney Mathias

Senate Sponsor:

Senator Ira Silverstein

Virtually identical, House Bill 1633 and Senate Bill 1479 both create a Personal Information Protection Act. The Act will require those who collect personal data (such as first name, last name, social security, driver’s license, account, credit or debit numbers, passwords) to disclose to consumers if there has been a breach in the security of their data system. Notification may be by written or electronic notice. A violation of the Act would constitute a violation of the Consumer Fraud and Deceptive Business Practices Act.

Senate Bill 1479, a bill with strong bipartisan support, passed the Senate unanimously. It is currently in the House Executive Committee awaiting consideration. House Bill 1633 passed the House of Representatives and the Senate Executive Committee. The bill is currently on Third Reading (final passage) in the Senate.

## **House Bill 3532 – Meth Lab Cleanup Protocol**

House Sponsor: Representative Don Moffitt

Senate Sponsor: Senator Dale Risinger

House Bill 3532 provides that the Illinois State Police, Environmental Protection Agency and the Department of Public Health shall jointly develop a protocol to be followed in determining whether a dwelling, structure, or other site at which methamphetamine had been illegally manufactured may again be safely put to its intended legal use.

The bill received a unanimous vote in the House of Representatives and is currently on Second Reading in the Senate. ❖





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# Duties and Responsibilities of a Mutual Insurance Company Board of Directors

By Gayle Cobb,  
Cameron Companies and  
Freistatt Mutual Insurance  
Company

It must be noted that service on a mutual insurance company board is different than any other corporate entity that you might represent. While it is true that you must be aware of normal corporate laws and requirements, please be ever mindful that you are directing a company that operates under a very unique insurance law, different than any other type of insurance law. As a result, please keep in mind that insurance and insurance-related decisions you must make may or may not be similar to the rest of the insurance industry.

Each state has its own "mutual" insurance law in addition to "general" insurance laws and thus it's not unusual to get some wrong information when seeking counsel from attorneys or even the Division of Insurance as they are much more accustomed to dealing with general insurance statutes.

To further complicate the matter, there are also a number of different types of "boards" within the mutual insurance industry. The most unique of which is the "director/agent". Many farm mutual type companies are comprised of all director/agents who in

most cases also manage the company, employing an office secretary with little or no management authority. Some mutual boards combine director/agents with directors only, while others have no director agents. This combination of different modes of operations makes it difficult to list the duties and responsibilities of a mutual insurance company board of directors. However, there are a few common responsibilities.

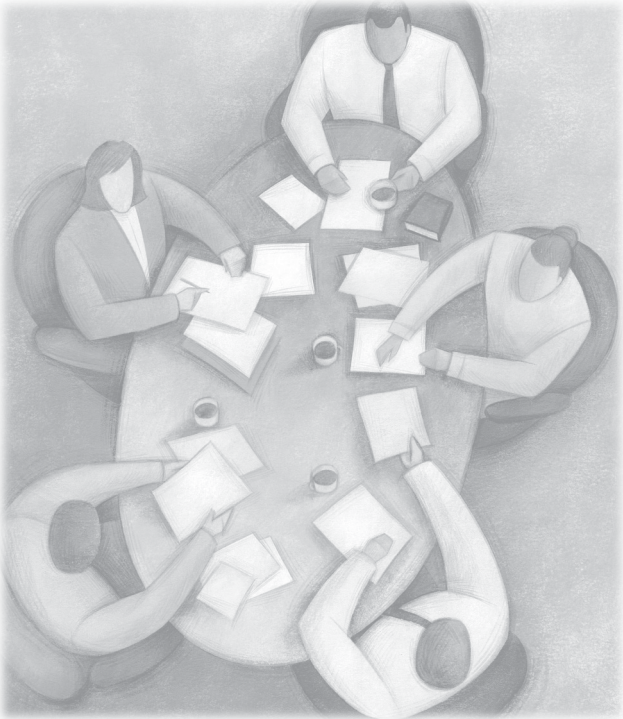
There are some items, which this author believes is absolutely necessary for directors to have regardless of the size of the company or its mode of operation. I sincerely believe each company should have a "Directors' Manual" that contains the following:

1. Copy of the state statutes under which your company operates.
2. Copy of your own company articles and by-laws.
3. Copy of your company policies and procedures.
4. Copy of your company business plan.
5. Copy of your company's most recent annual statement as filed with the Division of Insurance. (Please note, that I believe it is extremely important that each member of the board understands each entry on that statement.)

Before listing duties and responsibilities I want to point out that it is very important that whatever goes on in the boardroom "stays in the boardroom"!

Also, we must remind ourselves while a Board of Directors are a group of individuals who plan and establish guidelines for the company it is also a "legal" representative of the policyholders and thus may be held legally accountable for its actions. If an individual is not prepared to accept the responsibility of such service, then that individual should not consider service on the board.

It should be noted that companies do themselves and their policyholders a disservice when they don't actively seek "qualified and informed" individuals to serve on their board and it goes without saying the same for the manager. A board of directors is called upon to make decisions covering a wide variety of subjects including investments, personnel situations, legal issues, etc. in addition to insurance matters, thus the individuals who make up the board should represent a variety of interests to have a well rounded board.



Historically, farm mutual companies had farmers who made up the board and that was fine as long as the company was primarily a farm writer. However, today most farm mutual companies have as much "town" business, homeowners, etc. as they do farm business and while there are some very competent farmers serving on our boards, the board should reflect the entire group of policyholders. In the case of the "director/agent" boards, this "mix" of directors is very difficult to attain, but it is something that in the opinion of this author should be a goal of each company. (You may want to look at accountants, teachers, professionals, and lawyers, geographic area, etc.)

In general, it is the responsibility and duty of each board member and the board as a whole to:

- Establish and abide by the Articles of Incorporation and By-Laws of the company. (This is your company Bible. Remember, Articles of Incorporation can only be changed at a special meeting of the membership or the annual meeting. The
- By-Laws can be changed by the majority vote of the Board.)
- Make every effort to understand the insurance products offered by the company, and to be aware of consumer needs, technological advances and market competition. This is particularly true if the board chooses not to employ a company manager.
- Understand the governmental regulations under which the company operates and develop a policy and procedures manual relating to the company's operations including personnel matters, office hours, work flow, etc.
- Establish and periodically review a company business plan defining the purpose and objectives of the company. (Your Business Plan should set goals and direction for the company. Such as: add X# of new agents, purchase new computer software, engage in talks to merge with another company, etc.)
- Employ a company manager and allow the manager to manage within the scope of established guidelines.

*Today most farm mutual type companies have as much "town" business, homeowners, etc. as they do farm business, and while there are some very competent farmers serving on our boards, the board should reflect the entire group of policyholders.*

—continued on next page

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**(RESPONSIBILITIES—continued from page 7)**

- Review the company's financial status on a regular basis to assure the protection of the policyholders and compliance with governmental requirements.
- Hold regular meetings, elect officers, fill vacancies on the board and attend all meetings of the board. (It is impossible to attend every meeting, but whether you are present or absent, you are still held accountable.)
- Abide by all decisions reached by the board majority.
- Regularly attend seminars, educational courses, conventions and meetings to increase knowledge of the insurance industry. (Extremely important in this ever-changing insurance industry.)
- Abide by proper meeting practices and disqualify a director from voting whenever a conflict of interest arises. I sit on a local farm mutual and on the reinsurance company board. When issues came up on the local farm mutual board discussion of reinsurance, I leave the boardroom. The same is true about issues that would come up from the reinsurance company discussion. My copy of the board minutes did not reflect the discussion or the decision of the board.
- Define the manager's duties and responsibilities (in writing) and review all personnel matters including salary, fees, per diem, etc. of officers, directors, managers, and staff.
- Be informed and abide by laws and regulations that apply to the insurance industry and more specifically the laws under which your company operates. Please remember just because you have operated a certain way and had a certain practice for many years does not always mean it is right, the law changes as does court decisions affecting the way we do business.
- Consider policyholder requests to bring certain matters before the board. (There may be reason to honor a letter of request to appear before the entire board. Do be discrete, most requests can be handled by management and do not require the full board's time and attention.)
- Require that an accountant or CPA who is knowledgeable in insurance law and taxes as well as accounting practices examine the records and accounts of the company annually. (GAAP Accounting vs. Statutory Accounting)
- Establish and regularly review investment policies and make sure the company investments comply with the state investments statutes and regulations.
- Provide adequate insurance (Office, General Liability, Worker's Compensation, Health, etc.) and reinsurance protection for the company in compliance with the state statutes under which the company operates.
- Provide appropriate office facilities and equipment for the company, and if someone other than the company staff (agency, agents, etc.) occupies or uses the company office and/or equipment provide a method of rent, reimbursement, etc. back to the company and its policyholders.
- Develop underwriting, rating, claims procedures in written form and periodically review such to assure adequate rates and procedures for continuing underwriting profit.
- Approve an annual operating budget, designate company depositories, and approve the purchase and sale of capital items above an established level.
- Require and analyze operating reports from management. (Growth, Loss Ratios, Agency performance, Policyholder Surplus ratios, etc.)
- Require and approve agent contracts.
- Purchase and maintain Directors and Officers liability insurance protection.
- Communicate to staff and agents clearly and concisely. Misunderstandings cause rift, hard feelings, and disharmony within an organization.

### **Legal Responsibility**

A director is personally responsible for all decisions, actions or lack of actions, which the board makes or fails to make. This requires each director to perform his/her duties in a reasonable and prudent manner and in the best interests of the policyholders as a whole.





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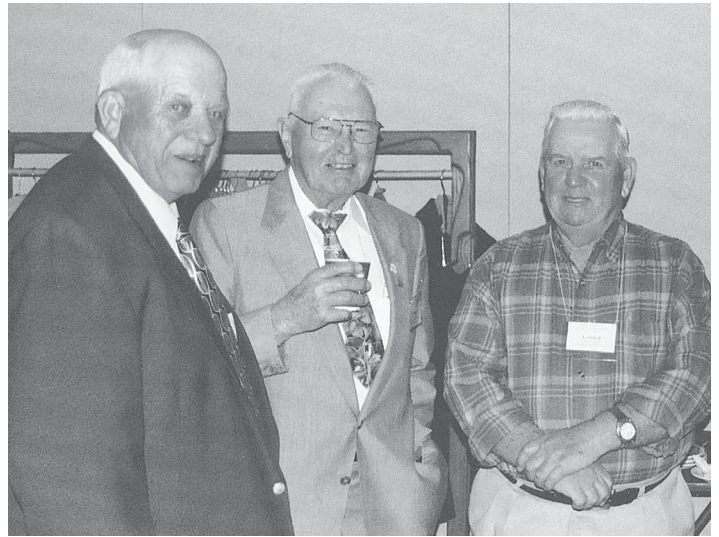
Some typical legal actions that have been brought against officers and directors include:

- Failure to stop an action resulting in damage to the company. (Sexual misconduct, employment practices, wrongful terminations, etc.)
- Incurring income tax penalties (timely deposits, allowable deductions, etc.)
- Unwarranted dividend payments. (Paying a dividend when in fact the policyholder surplus is inadequate.)
- Failure to attend board meetings.
- Misuse of company funds. (Personal loans, credit card purchases—situation in Missouri, where 1) the manager was also connected to the local bank and used mutual money to fund bank loans, 2) manager use the company credit card to purchase several thousand dollars of personal items.)
- Neglect to defend the company against an invalid claim. (Arson, fraud, material misrepresentation claims, etc.)
- Misstatement of financial reports.
- Exceeding authority granted by company articles and by-laws and state statutes.
- An action that results in loss of anticipated gains for the company. (Conflicts of Interest sales or contracts)
- Misappropriation of funds by an employee, which could have been prevented by careful supervision by the board of directors, (credit card situation, an outside audit would have caught this.) ❖

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*This article was taken from Gayle Cobb's Regional Meeting presentation on the Duties and Responsibilities of a Mutual Insurance Company Board of Directors. Gayle currently serves as a board member for Cameron Companies and Freistatt Mutual Insurance Company, and as a local school board member in Missouri. He is a producing partner in an independent insurance agency and has been very active with the mutual insurance industry over the years. He is a past board member of MAMIC and NAMIC. He is also a former manager of Billings Mutual Insurance Company.*

# IAMIC Spring Meetings





# Lighten the Load

*"No one is useless in this world who lightens the burden of it to anyone else."*

— Charles Dickens

This quote reminds us that being involved in the association lightens the burden for us all. As a member-driven association, we depend on the time and energy of our volunteers; we need your enthusiasm, knowledge and willingness to help to continue to make the association effective.

Please review the list of committees below and let us know if you are interested in sharing your talents.

## Budget Committee

This committee reviews budget recommendations from the president, makes additions or deletions as necessary and recommends a final budget to the Executive Committee and Board for implementation.

## Convention Committee

The convention committee plans the Annual Convention.

## Education Committee

The purpose of the committee is to plan education programs that will meet the needs of the members. The committee is responsible for the education content of the Claims Seminar, Regional Meetings, Underwriting Seminar, Convention, Manager's Retreat and Director's School.

## Forms Committee

The purpose of the forms committee is to oversee the AAIS Forms Affiliation Program and serve as the liaison between affiliated members and AAIS.

## Government Relations Committee

This committee is responsible for guiding the course of the IAMIC government affairs through counsel with the president.

## Internet Committee

The committee oversees the development of the IAMIC website, [www.iamic.org](http://www.iamic.org).

## Investment Committee

This committee makes investment decisions on behalf of the IAMIC Board of Directors, according to the IAMIC Investment Policy.

## Public Relations Committee

This committee promotes the activities and services available to member companies by providing communication support to the association. ❖



I am interested in getting involved in the following committees (please mark all that apply):

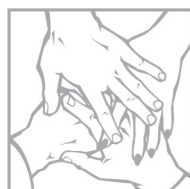
- |   |   |
|---|---|
| <input type="checkbox"/> Budget Committee     | <input type="checkbox"/> Government Relations Committee |
| <input type="checkbox"/> Convention Committee | <input type="checkbox"/> Internet Committee             |
| <input type="checkbox"/> Education Committee  | <input type="checkbox"/> Investment Committee           |
| <input type="checkbox"/> Forms Committee      | <input type="checkbox"/> Public Relations Committee     |

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Please complete and return this form to:  
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Any questions? Please call 800-694-2642.



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## Technology Corner

By Kevin Sheehan,  
Rural Computer Consultants

Last year, Rural Computer Consultants (RCC) was in the process of working with Assurance Partners Bank to add credit card billing to our product. Working on a project like this heightens sensitivity to news and experiences involved in the project topic.

Some years back, I remember hearing that the local grocery store accepted credit cards for payment. At the time, I thought that was insane. On occasion over the last year, I have run to that same grocery store just to pick up a couple of items. You guessed it, I don't carry checks anymore, so rather than pay cash out of my pocket, I just used my credit card.

I was surprised at the number of RCC employees that use credit cards as they would a check book, charging what they can, using the float, but paying it off every month. Not only do they avoid paying a check charge, they get points for rewards. They ask to use credit cards whenever they can.

"We may be on the way [to a cashless society], it's not a straight line. If you went back 10 and 20 years and were in [the banking/credit card] business, you would have read lots of prognostications that we would be to a cashless society by now. We're not, and nobody knows exactly how it's all going to play out. It's interesting that it is moving. The one part of the system that's actually really starting to drop, although not as fast as many would have predicted, is the checking side of it. Last year for the first time, more transactions were made with debit cards than with checks." (Edward Yingling, incoming president of the American Bankers Association, September 16, 2004.)

Interestingly enough, in this world of consumers shopping for the lowest insurance rates, Duncan Simester, PhD, of M.I.T.'s Sloan School of Management, in 2000 "embarked on an in-depth study of what he calls the 'credit card premium' to see whether consumers really are willing to spend more for a product when using a credit card. The study found that 'willingness to pay' could be increased up to 100 percent when customers

use a credit card rather than cash. Consumers may not even be aware that they do this, but even when they are, says Simester, they can't stop themselves from doing it. 'For these types of effects, we find that even when we tell people about it, they still exhibit the phenomenon. What mechanism is driving it is unclear. We're still scratching our heads trying to work out why people are doing what they are doing. The findings are intriguing.'\*

With the implementation of Check21 banking regulations, checks now clear a person's account much faster than they have in the past, effectively eliminating the float from a person's checking account. (Deposits however have not been affected by Check21 and still take a "normal" amount of time until the funds are technically available.)

It seems, as listed above, the credit card industry, having saturated the retail industry, seems to be targeting the staples of the consumer spending, such as grocery stores, fuel distributors and insurance companies. Even many fast food restaurants now accept credit cards.

### **Benefits to the Insurance Company:**

- Better customer retention.
- Save time and money by automating payment processing.
- Save money with reduced late or lapse notices to print, stuff and mail.
- Reduce collection efforts.
- Minimize impact of rate increases.

### **Benefits to the Policyholder:**

- Save time – no check writing.
- Save money – no stamps or checks.
- One less bill to keep track of.
- No Late Fees.
- On-time credit payments, increases consumer credit rating.
- Option for stable, minimum monthly payments.

If your company is evaluating alternate payment methods, I think they would be remiss if ACH and Credit Card processing were not both considered. ❖

\* *Frontline* PBS articles,  
published on [www.msu.edu](http://www.msu.edu).

# 2005 Insurance Industry Day at the Capitol



Our thanks to the members who participated in the Legislative Day!

**Jack Baylor**, *Bradford Victor-Adams Mutual Insurance Company*

**Amy Brown**, *Marshall Mutual Insurance Company*

**David Campbell**, *PFMM, Magnolia Evans Mutual Insurance Company*

**Becky Deters**, *Home Farmers Mutual Insurance Company*

**Cynthia Engels**, *Mendota Mutual Insurance Company*

**Rick Etheridge**, *United Mutual Insurance Company*

**Harry Fehrenbacher**, *Heartland Mutual Insurance Company*

**Bev Fick**, *PFMM, Bradford Victor-Adams Mutual Insurance Company*

**Kathy Haskins**, *Marshall Mutual Insurance Company*

**Linda Horner**, *Illinois Association of Mutual Insurance Companies*

**Bob Jeckel**, *LUTCF, Frontier Mutual Insurance Company*

**Scott Krum**, *Rockford Mutual Insurance Company*

**Larry Leffelman**, *Bradford Victor-Adams Mutual Insurance Company*

**Judie Nave**, *Marshall Mutual Insurance Company*

**Ronette Payne**, *Frontier Mutual Insurance Company*

**Kelly Reagan-Robery**, *Bradford Victor-Adams Mutual Insurance Company*

**Joe Reid CPCU**, *ARM, Hamlet Mutual Insurance Company*

**Malcolm Rowland**, *Rockford Mutual Insurance Company*

**Dwight Shore**, *Marshall Mutual Insurance Company*

**Laura Sibbing**, *Industry Mutual Insurance Company*

**Doug Sullivan CIC**, *PFMM, Svea Mutual Insurance Company*

**Rick Terrones**, *Rockford Mutual Insurance Company*

**Wendy Tharp**, *Marshall Mutual Insurance Company*

**Cindy Theis**, *PFMM, Kane County Mutual Insurance Company*

**Linda Wares**, *Belvidere Mutual Insurance Company*

**Dan Welty**, *Bradford Victor-Adams Mutual Insurance Company*

**Ron Wiebusch**, *PFMM, Randolph Mutual Insurance Company*

**Jim Wright**, *Industry Mutual Insurance Company*

**Sandra Wulf**, *CAE, IOM, Illinois Association of Mutual Insurance Companies*



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# Property Inspections – Recognizing Potential Liability Dangers

By Denny Henke,  
Little Black Mutual Insurance  
Company

*As the inspector it is your responsibility to note liability dangers as well as structural and premises problems so they can be properly underwritten or excluded.*

While we are completing a property inspection our main objective is usually to note any defects in the structures. While we are concentrating on the structures and premises condition, we may be walking past potential liability dangers. We also need to look for liability exposures that may be present. What should we look for as we tour the premises?

- Are the steps and walkways in good condition?
- Do steps more than two risers high have handrails?
- Do all decks have guardrails?
- Are there any upper level doors that open to nothing? Do not write a risk of this nature.
- If there is a walkout basement, is there protection on the ground level so a person does not walk off an embankment?
- Are there any large holes that someone could step into, resulting in an injury?

- Are there any abandoned wells, septic tanks, or other large holes that should be filled in?
- Are all fences enclosing animals in good condition?
- Do all fences meet state code listed as two strand electric or four strand barbed wire?
- Are manure pits fenced to prevent accidental access by humans or animals?
- Are the safety guards still installed on all the machinery or equipment?
- Are the appropriate slow moving vehicle signs installed? Are they in good condition? While looking at the motorized equipment, check for fire extinguishers and appropriate lights (front and rear).
- Are swimming pools properly fenced with a locking gate? Any diving boards or slides?
- Are there any man-made ponds not fenced?
- Any trampolines on premises?
- Does the insured own or care for any vicious dogs or dogs of a vicious breed?
- Do they have any exotic animals?



This is just a short list of the things we should be looking for as we do an inspection. If an exposure is not inspected thoroughly it can result in a large loss. Liability is a major exposure for all insurance companies and careful consideration needs to be given to the liability exposure before the risk is written.

As the inspector it is your responsibility to note liability dangers as well as structural and premises problems so they can be properly underwritten or excluded. Even if there are buildings or structures that are not insured on the policy, they still can pose a liability risk. Remember we are the eyes and ears of the company so we must remain observant and gather many photographs of all types of risks. ❖

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*This article written and printed here with permission of the Mutual Loss Prevention Association (MLPA). The MLPA strives to promote education and networking of loss prevention professionals within the farm mutual insurance industry. For more information on the MLPA, please contact Keith Schmelling, 866-842-8535, [kschmelling@thewrc.group.com](mailto:kschmelling@thewrc.group.com).*



# Congressional Contacts Program

Members of the Illinois Association of Mutual Insurance Companies recently ventured to our nation's capitol to learn about legislative issues pending before Congress and to visit with their elected officials.

IAMIC thanks each participant and their company for their commitment to IAMIC, NAMIC and the Congressional Contacts Program. Getting involved in the legislative process, whether that means traveling to Washington, Springfield or across town to meet your elected official, is vital. We applaud all of your efforts to make a difference for our industry!

## 2005 Congressional Contacts Participants

*Jack Baylor, Bradford Victor-Adams Mutual Insurance Company*

*Leonard Blick, Svea Mutual Insurance Company*

*Mike Davis, Forreton Mutual Insurance Company*

*Megan Heeg, Forreton Mutual Insurance Company*

*Bob Jeckel, Frontier Mutual Insurance Company*

*Bill Kliethermes, Rockford Mutual Insurance Company*

*Harold Read, Berlin Mutual Insurance Company*

*Doug Sullivan, Svea Mutual Insurance Company*

*Cindy Theis, Kane County Mutual Insurance Company*

*Sandra Wulf, Illinois Association of Mutual Insurance Companies*

## IAMIC Anti-Trust Statement

*The purpose of IAMIC is to promote the best interests of the mutual insurance community, and particularly the best interests of policyholders of mutual insurance companies. To this end, IAMIC programs and activities are planned and implemented with the objective that policy holders will benefit from the best products and services.*

*It is not the intention of IAMIC to provide a forum for standardizing products or rates, dividing markets, fixing profit levels, or categorizing customers to whom insurance products may be sold.*

*If you have any concerns about the prohibited activities in connection with any IAMIC activities, please contact the president or any IAMIC Board member immediately.*

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# Scholarships Presented

The Illinois Association of Mutual Insurance Companies has recently presented two scholarships to IAMIC members.

- **Harold Read** of **Berlin Mutual Insurance Company**, Princeton, was the recipient of the Congressional Contacts Program Scholarship. This scholarship enabled Harold to travel to Washington DC for the annual Congressional Contacts Program. While in Washington, Harold was briefed on legislative issues pending in Congress and was able to meet with numerous elected officials.
- **Lyle Bruning** of **Town & Country Mutual Insurance Company**, Pecatonica, was awarded the second annual David L. King Educational Claims Scholarship. This scholarship program is designed to benefit members of IAMIC who are looking to further their professional development in the area of claims.

For more information on the Congressional Contacts or David L King Educational Claims Scholarships, log onto the IAMIC website at [www.iamic.org](http://www.iamic.org) or contact us at 800-694-2642. ❖

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## Join us for the New Manager's Meeting

**June 16, 10:00 a.m. - 3:00 p.m.**  
**IAMIC Office Springfield**

Have you been in mutual management for five years or less? If so, make plans today to join us to discuss current issues and to get to know others new to the industry.

Items for Discussion:

- ✓ IAMIC Overview
- ✓ Adjusting, Inspections & Underwriting
- ✓ Marketing & Agency Relationships
- ✓ Farm Mutual Act & the Division of Insurance
- ✓ Reinsurance, Financial Ratios and Mutual Governance

# Do You Sabotage Your Career?

Many go through their careers unaware of the ways they sidetrack their paths to success. Many self-inflicted professional injuries often recur without us taking a long, hard look at how we may be sabotaging our own careers.

If it seems you struggle to get ahead without much success, you may want to examine if you fall prey to these personality traits that often drag careers down:

- You never feel like you're good enough. As a result, you do things that get you demoted to a level where you think you belong.
- You don't see shades of gray. You think the world is black and white. You insist on fighting the "good" fight and in the process alienate even the people who support you.
- You do too much and push too hard. At first glance, you'd think that this is actually a positive characteristic. But over time, your influence will wane as upper management catches on to your too-demanding ways.
- You avoid conflict. The workplace needs the healthy process of conflict, resolution and progress. If all you try to do is avoid all conflict, you undermine your work relationships and ultimately the organization.
- You see all transactions from a win-lose perspective. Approaching situations as adversarial in nature makes you a bully. You have to learn to play nice.
- You're a rebel without a cause. You may feel like you're an agent of change, but you're probably doing little to change the organization – and doing more to turn people off. That's because you're less interested in spreading the truth than in getting attention.
- Fear rules your career. When you're terrified of risk and change, you fail to consider the consequences of not changing. ❖

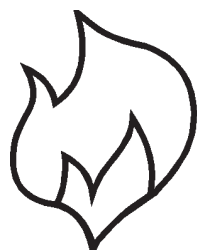
*This article adapted from "The 12 Bad Habits That Hold Good People Back," by James Waldroop and Timothy Butler (Doubleday/Currency Books).*

## IAMIC Polo Shirts For Sale

*To generate funds for our Farm Mutual Political Action Committee, we have begun selling polo shirts. The high quality shirts come in blue or red and run for \$25 for sizes medium to extra large and \$27 for double XL.*



*The shirts will be available for sale at our seminars. If you would like to order a shirt(s), please contact the IAMIC office at 800-694-2642 or [leadership@iamic.org](mailto:leadership@iamic.org).*



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*Your company must make changes this year in the way that it delivers information to current and potential insureds in order to reach your future customer base.*

Who will be your insureds in 5 years? in 10 years? in 15 years? Has your company envisioned what business will be like in the not so distant future? If not, I challenge you to do so.

I have been taking a marketing course this semester, and it has afforded me the opportunity to focus on our industry's marketing and attempt to create a marketing plan for our members to reach the policyholders of tomorrow. Through this process, one thing keeps coming back to me—we cannot continue to do business in the same way we have always done, without making some modifications.

I say this, because I see our customers are changing and I am convinced that we need to change with them if we hope to attract them in the future. The customers of 5, 10 or even 15 years from now will be much more technologically savvy and will expect the same of your company. They will not be satisfied to wait by their phone or mailbox for information on your company, your agents or your products. They will expect (if not demand) to have it at their fingertips, 24 hours a day, 7 days a week, 365 days a year.

In many ways, I do not believe it will even take 5 years to get to this point. Consumers are flocking to the Internet for all types of

purchases. Insurance is not an exception. Is your company able to provide information 24-7-365? If not, you are behind the 8 ball. Your company must make changes this year in the way that it delivers information to current and potential insureds in order to reach your future customer base.

Websites are an excellent marketing tool for you and your agents. But don't just use it for marketing your company, use it to sell your product. Consumers of today and tomorrow want information that is easily accessible. It is your responsibility to provide it. Ideas for website content are safety tips, common insurance term definitions, staff and board directories, claims forms, your financial statement, a link to your agents, policy language, company history, mission and values, etc. There are many items that could be included on the site. At a minimum, make the commitment this year to get your name, address, basic company and contact information on the Internet.

We will feature a program at our Annual Convention on marketing to the Internet Generation. It will be a great opportunity for you to see how to harness the power of the Internet to move your company to the next level. Please make plans today to attend the convention and get your company online. ❖

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## Mutual News

### Obituaries

- **Gary D. Connelly, Grinnell Mutual Reinsurance Company** died Thursday, March 24, of apparent heart failure while vacationing with his family in Playa del Carmen, Mexico. Gary served as the Assistant Vice President of Reinsurance for the company and was a frequent speaker at IAMIC events.
- **Phyllis Lee** passed away Sunday, March 20. Ms. Lee served as manager until 1997 of **Dunham & Chemung Mutual Insurance Company** in Harvard. She was very active in IAMIC and was recognized in 1993 with the prestigious IAMIC Lautum Award.
- **Lucille Meyer** recently passed away. Ms. Meyer was the former Assistant Secretary and Treasurer of **Hamel Mutual Insurance Company** in Hamel. She was the wife of **Wilbur Meyer**, a former IAMIC Chairman and is the mother of **Bill Meyer**, the current Manager of Hamel Mutual.

# IAMIC 2005 Calendar of Events

<b>June</b>	16 (New Date)	New Manager's Meeting, IAMIC Office, Springfield
<b>July</b>	4	Independence Day Holiday - IAMIC Office Closed
	13	Executive Committee Meeting, IAMIC Office, Springfield
	13-14	Midwest Officer's Get Together, Hampton Inn & Suites, Springfield
	27	Board Meeting, IAMIC Office, Springfield
<b>August</b>	21-24	Annual Convention, Hilton Hotel, Springfield
<b>September</b>	20	Budget & Executive Committee Meetings, Location TBA
	21	Planning Conference, Location TBA
<b>October</b>	18	Board Meeting, IAMIC Office, Springfield
	25-26	Manager's Retreat, Eagle Creek Resort, Findlay
<b>November</b>	15	Director's School, Radisson Hotel, Bloomington

## LAUTUM *news*

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