

# LAUTUM *news*



## Marketing Illinois' Mutuals

### *Also* **INSIDE**

- Reinsurance Basics
- TRIA Extension
- Congressional Contacts Program

# Chairman's Message

Harry Fehrenbacher, Heartland Mutual Insurance Co.

## CONTENTS

Chairman's Message .....	2
NAMIC Files Amicus Brief .....	3
Marketing Illinois' Mutuals .....	3
2006 Congressional Contacts ...	4
Investing Strategy Pointers .....	6
Crossroads Conference .....	7
Officers & Directors	
Nominations .....	8
Board in Review .....	9
Farm Mutual Political Action	
Committee Q&A .....	10
Reinsurance Basics .....	12
IAMIC Board Retreat .....	13
Convention Preview .....	14
Directors Down the Road .....	15
Terrorism Risk Insurance Act ..	16
Advocacy Update .....	17
Mutual News .....	18
IAMIC Calendar of Events .....	19



A mild January draws to a close as I write this article. With the price of crude oil near \$70 a barrel, we could not have better planned the timing for a mild winter, if we could.

We can plan the direction of your state association, however, and planning was the focus of an IAMIC board of directors retreat in December. The board and Sandra met over two days and re-examined the IAMIC mission and the strategies used to carry out that mission. We concluded that you, the members, still value both the educational offerings of your association and IAMIC's commitment to be an advocate for the farm mutual industry in Springfield. While education is the most visible of those two functions, advocacy is probably the most critical for the continued success of our members. We concluded that you have access to many educational opportunities, but have only one partner looking out for you in Springfield, IAMIC.

As a result of this meeting, the IAMIC board and management are re-examining our current lobbying efforts to find ways to be more effective. We realize that not many issues come before the state legislature that directly relate to the farm mutual insurance companies, but when one does, it is critical that we have built the trust and communication bridges with the policymakers so they under-

stand the impact of their decisions. We will keep you informed of any changes in how we accomplish this task.

The third function of IAMIC is to provide members opportunities to interact with each other and exchange information. Feedback from you confirms the high value you place on this. Through our convention, educational sessions and our web site, IAMIC will continue to make "space" available for those communications. We do know, however, how valuable your time is and have begun offering "virtual" meetings as an alternative that will cost you less time and less money. Our first virtual offering took place on January 18. Over 30 member companies participated in a teleconference hosted by IAMIC featuring attorney Eric Grenzbach. The topic was the issue of what to include in board minutes. It lasted 1 hour and was well received. Expect to see more of this in the future. Plan to participate if you can.

Your board and management are working to continue IAMIC's long tradition of leadership in the Illinois farm mutual industry. This association was formed in 1881 by men and women with a vision of what could be accomplished working together. Now, 125 years later, we continue that vision and commitment to giving you value for your membership. I encourage you to participate in your association and to give us feedback on how IAMIC can be of greater value. ❖

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# NAMIC Files Amicus Brief in Illinois Timely Claims Notice Case

The National Association of Mutual Insurance Companies (NAMIC) joined with the Illinois Insurance Association late last year to file an amicus brief in a case dealing with the issue of timely notice to an insurer of a claim or lawsuit. The case, *Country Mutual Insurance Co. v. Livorsi Marine, Inc.*, is before the Illinois Supreme Court.

To date, Illinois courts have not required an insurer to prove prejudice in order to deny coverage to an insured that breached the notice requirement contained within the insurance contract.

"Reversal of this case by the Illinois Supreme Court would have the potential to impact every NAMIC member company doing business in Illinois," said NAMIC's Regulatory Affairs Counsel Marsha Harrison.

"To effectively perform their contractual obligations to a policyholder, insurance companies must be able to investigate claims

on a timely basis," said Harrison. "The more time that passes after a claim occurs, the more difficult it is for any interested party, including an insurer, to determine what happened. This is the rationale behind the policy requirement that an insured give timely notice to his insurer of a lawsuit filed against the insurer."

Harrison added that to require insurers to provide coverage in a case, such as the Livorsi situation, where notice is unreasonably late and the insured has no excuse for the unreasonable lateness, would be the same as negating the timely notice provision of the contract.

"Insurers cannot continue to do business in an environment in which the courts are prone to rewrite insurance policies," concluded Harrison.

The amicus brief can be read at NAMIC Online, [www.namic.org](http://www.namic.org). ❖

*"The more time that passes after a claim occurs, the more difficult it is for any interested party, including an insurer, to determine what happened. This is the rationale behind the policy requirement that an insured give timely notice to his insurer of a lawsuit filed against the insurer."*

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## Marketing Illinois' Mutuals

Over the course of the last few months, all member mutual companies began receiving information on the marketing plan that IAMIC has created for them. This plan is designed to help our farm mutual members promote themselves to current and future policyholders, with the goal of adding to a mutual's policyholder count. The marketing plan is focused on reaching out to farmers and homeowners in rural and small town areas of Illinois.

The marketing plan features promotion of a mutual's location, their connection to the area, board member's and staff involvement in the communities served by the mutuals, the mutual concept (working for the benefit of the company and policyholder, not a stockholder who might only have a financial profit interest in the company), mutual heritage and loyalty to customers.

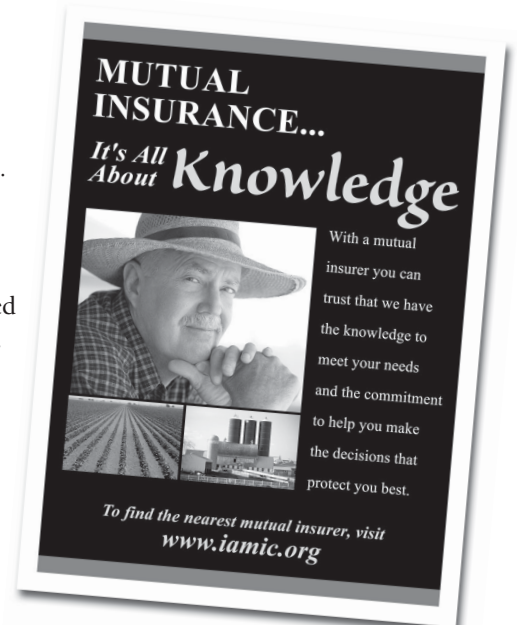
The marketing plan will be carried out

over the course of the next two years through quarterly marketing materials. The first of which has already been delivered to our mutual company offices.

The marketing materials provided to IAMIC members include brochures, newspaper ads, radio ads, posters, press releases, etc., all of which can be personalized by a member mutual.

Someone once said that the mutual companies of Illinois are one of the best-kept secrets around. The marketing plan that IAMIC is providing to the member mutuals will seek to get the word out by effectively promoting all that the mutuals of Illinois have to offer.

To learn more about the marketing plan, contact the IAMIC office at 800-694-2642 or visit [www.iamic.org](http://www.iamic.org). ❖





# 2006 IAMIC Congressional Contacts Program

## May 17-18, 2006

Getting involved in the legislative process and ensuring the success of your industry is imperative...and it is your responsibility. You cannot and should not rely on the efforts of others to get the message out to our Congressmen and women about the mutual industry and our many concerns. Don't just take responsibility for the success of your mutual; take time to get involved and make a difference in the industry as a whole.

The Congressional Contacts Program (CCP) is the avenue through which you can make this difference. By bringing members of our industry together with our elected officials, the Congressional Contacts Program is making a difference in our industry - our Congressmen and women are much better educated about the state of our industry and the needs that our companies and policyholders have. Register today to take part in this important program.

### Agenda

May 17, 2006

5:00 p.m.

Legislative Briefing

7:00 p.m.

Dinner

May 18, 2006

8:00 - 5:00 p.m.

Congressional Visits

### Congressional Contacts Registration

Name: \_\_\_\_\_

Company Affiliation: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Home Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Emergency Contact (Name & Phone): \_\_\_\_\_

Arrival Date: \_\_\_\_\_ Departure Date: \_\_\_\_\_

Dates for which hotel accommodations will be needed: \_\_\_\_\_

Special Dietary/Accommodations Request: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

We have reserved a block of rooms at the Holiday Inn on the Hill for May 16-18. Please note that the hotel room rate is \$215 single/double. After receiving your registration for this event, IAMIC will make all room reservations with the hotel. Please supply us with a credit card number, expiration date and card security code to reserve your room.

Card #: \_\_\_\_\_

Exp: \_\_\_\_\_ Card Security Code: \_\_\_\_\_

Return this form to (or register online at [www.iamic.org](http://www.iamic.org)):

IAMIC, PO Box 7083, Springfield, IL 62791-7083

Questions? Contact us at 800-694-2642, F: 217-787-8389

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#### FOR INFORMATION CONTACT:

**Sandra Wulf, CAE, IOM**  
IAMIC  
leadership@iamic.org  
800-694-2642

**Mike Davis, CIC**  
AAIS Forms Committee Chairman  
mdaviscic@netscape.net  
815-946-2542

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# Today's Investing Environment

By: Todd Hamerlinck &  
Bradley Books,  
National Investment Advisors

When the markets are on the rise, equities are king. Everybody wants performance, and nobody wants to hear that some of their assets should be in bonds, REITS or other more conservative investments. Diversification goes out the door because, in the short-term, a diversified portfolio can't outperform a portfolio that consists only of the best-performing asset class.

When the S&P was up 20%, who would have thought that they were getting good advice from a financial advisor who recommended a portfolio that delivered 12%? Who

So what should you do? Do you get out of the markets for good? Your course of action depends entirely on your personal financial situation. If you're wealthy enough that you don't need to worry about making more money, perhaps you have come to realize that you don't have the appetite for risk that you once thought you did. If that's the case, be thankful for your good fortune and, lesson learned, reallocate your assets to more conservative investments. On the other hand, if your personal financial situation will require substantial growth of your portfolio to meet

*Long-term investing isn't about chasing hot investments to boost performance. Investing is all about strategy, and a good strategy isn't something that should change every time the Dow jumps or the S&P drops.*

would have been willing to leave that 8% on the table year after year as the markets soared? The story is the same on the way back down. When markets are getting crushed, and stocks are on sale, few investors buy. Instead, many look to low-yielding money markets and bonds as safe places to wait out the tough times. Think about this strategy for a minute. If many of the best professional investors in the country not only missed the onset of the bear market, but also got fooled by big companies cooking the books, what are the odds that an individual investor can accurately predict the market bottom just in time to jump back in and make a fortune as the markets bounce back? The reality is that nobody can pick the best-performing asset class year in and year out.

## How Do Investors Feel?

That bull market in the rearview mirror looks better and better everyday. It was a great run, but nothing lasts forever. Uncertainty is a fact of life, and nowhere is this more apparent than in the financial markets. When you hear that soothing statistic about how stocks generally deliver returns of about 8% per year, it's easy to overlook that a year of -28% and a year of +44% produce an 8% average. When the markets deliver successive years of negative returns, that 8% can be hard to envision.

your goals in the years ahead, abandoning the equity markets may not be an option.

## What are you going to do?

To figure out which investments will serve you best tomorrow, start by taking a look at your investment strategy today. What investments do you have in your portfolio? Why are they there? What are you trying to achieve? If you invest without clear objectives, it is highly unlikely that you will achieve satisfactory results.

To address the situation properly, ignore what is happening in the stock market and focus instead on your personal financial situation. How much money are you looking to save? Why did you pick that number? How much risk do you need to take to achieve that goal? To answer these questions, many investors seek the assistance of a professional investment advisor.

Professional advisors often recommend that you put your goals and strategy in writing. In financial services terminology, this written statement is known as your investment policy statement. An investment policy statement serves many purposes. Initially, it helps you confirm that you have set realistic goals and reasonable timeframes for their achievement. Later, if the markets turn ugly and you're

—continued on next page

### Editor's note:

Todd Hamerlinck and Bradley Books are independent financial advisors with National Investment Advisors, Inc. For more information on this topic, readers can contact them at 2609 Montega Drive, Springfield, Illinois 62704 or 217-787-1500.

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## A POLICY OF WORKING TOGETHER

(INVESTMENT – continued from page 6)

tempted to sell your investments, an investment policy statement helps you maintain your focus. Whether the market is up or down on any given day doesn't change the specific amount of money you will need to fund your retirement, pay for a child's education, or achieve other financial goals. So, before you make a change to your portfolio, go back and re-read your investment policy statement. If your objectives haven't changed, neither should your strategy.

Long-term investing isn't about chasing hot investments to boost performance. Investing is all about strategy, and a good strategy isn't something that should change every time the Dow jumps or the S&P drops. If you've got concerns about the current market conditions, the question you really need to ask yourself is "What's my strategy?" Answer that question and you'll be better prepared the next time the market delivers a steep decline or a terrific advance. ❖

## Mutual Crossroads Conference

The mutual insurance industry is at a crossroads—what path should your mutual be on to continue to meet the challenges and opportunities that this business presents? Join with fellow mutual company professionals from throughout the Midwest on May 10 and 11, 2006 in the Quad Cities to learn about the trends in Strategic & Business Plans, New Technology and Reinsurance. A program on Rebuilding a Mutual will also be presented.

The 2006 Mutual Crossroads Conference is being presented jointly by the Illinois Association of Mutual Insurance Companies, Mutual Insurance Association of Iowa, Minnesota Association of Farm Mutual Insurance Companies and the Wisconsin Association of Mutual Insurance Companies.

For more information on this great program, log onto the IAMIC website at [www.iamic.org](http://www.iamic.org). ❖

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# Nominations for IAMIC Officers and Board of Directors Announced

The IAMIC Nominating Committee, consisting of **Mike Davis**, CIC, Chairman, Forreston Mutual Insurance Company, **Bev Fick**, PFMM, Bradford Victor-Adams Mutual Insurance Company, **Doug Sullivan**, CIC, PFMM, Svea Mutual Insurance Company, **Steve Prosser**, Central Illinois Mutual Insurance Company, **Becky Deters**, Home Farmers Mutual Insurance Company, **Dean McHugh**, Carthage Mutual Insurance Company and **Joe Reid**, CPCU, Hamlet Mutual Insurance Company, met in late 2005 and submits to the membership the following slate of candidates for election to the IAMIC Board of Directors.

## **Chairman-Elect**

Roger Needham, AIC, AIS, PCLS, PFMM  
*Forreston Mutual Insurance Company*

## **Vice Chairman**

Ronette Payne  
*Frontier Mutual Insurance Company*

## **Secretary/Treasurer**

Cindy Theis, PFMM  
*Kane County Mutual Insurance Company*

## **Northern Region Director**

Steve Morris  
*Dunham & Chemung Mutual Insurance Company*

## **Central Region Director**

Wendy Tharp  
*Marshall Mutual Insurance Company*

## **Southern Region Director**

Becky Deters  
*Home Farmers Mutual Insurance Company*

Article VII, paragraph C of the IAMIC bylaws provides that nominations from member companies are open and may be submitted by June 22, 2006 (60 days prior to the Annual Meeting) to the IAMIC office. On June 23, 2006, all nominations will be closed and the IAMIC office will publish the final slate of candidates and submit it to the membership by July 22, 2006 (30 days prior to the Annual Meeting). ❖

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## Wulf Assumes ISAE Presidency

IAMIC President Sandra Wulf assumed the role of Board President of the Illinois Society of Association Executives (ISAE) in January.

ISAE is a statewide organization that represents association management staff as well as representatives for the businesses serving the association industry. ISAE is dedicated to developing and encouraging high standards and professional conduct among association executives.

In serving the needs of over 500 association members through its extensive educa-

tional programs, publications and member services, ISAE helps its members develop management skills that will benefit them personally as well as professionally. At the same time, ISAE is dedicated to advancing the public's understanding of the widespread role that associations play in our society.

Sandra has served on numerous committees for the society, the board of directors, Secretary/Treasurer and President Elect since becoming involved with the ISAE in 1997. She will serve as ISAE President for one year. ❖



# Board in Review

The IAMIC Board of Directors met December 14, 2005. The following board members were present: **Chairman Harry Fehrenbacher, Chairman Elect David Campbell, Vice Chairman Roger Needham, Secretary / Treasurer Ronette Payne and Directors Tricia Mickley, Jim Wright, Bill Peck, and Becky Deters.** IAMIC President **Sandra Wulf** was also in attendance. Absent from the meeting were **Directors Joe Reid and Steve Prosser.**

## Advocacy Efforts

Following the discussions at the board retreat on our advocacy efforts, the board was charged with identifying what our advocacy goals are for the association. The board felt that the association's advocacy goals are to protect the farm mutual insurance industry and develop relationships with our elected officials and regulators. The board felt that this is often done through "defensive" rather

than "offensive" advocacy, but that the relationships with our legislators and regulators are vital to our industry. An "audit" of our government relations activities will be performed to identify strategies for improving our advocacy efforts.

## Check Signing

The board of directors approved increasing from \$1,000 to \$2,000 the amount that dictates when a check needs to have more than one signature.

## FMPAC Donations

The board of directors approved donations to the following legislators through the Farm Mutual Political Action Committee:

Senator Bill Haine (D-Alton)  
Senator Mike Jacobs (D-Moline)  
Representative Frank Mautino  
(D-Spring Valley)  
Representative Bill Mitchell (R-Forsyth)

## 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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# Farm Mutual Political Action Committee Q&A

The Illinois Association of Mutual Insurance Companies established the Farm Mutual Political Action Committee (FMPAC) in 1986. Since that time we have been able to support numerous legislators in their election efforts. Considering the importance of our advocacy efforts to our members, we thought it would be helpful to give you more information on the FMPAC.

## A little background ...

Historically, IAMIC's advocacy efforts have consisted of educating legislators about specific issues through office visits by insurance leadership and IAMIC staff, issuing letters of support or disagreement on introduced legislation and lobbying members of the General Assembly on these issues. This contact has been effective, and our FMPAC helps to buttress these efforts. Through IAMIC, the FMPAC influences the campaign process by providing financial contributions to candidates who support issues that are important to our industry.



## Senator Haine Receives Donation

*Pictured above are Senator Bill Haine and Hamel Mutual Insurance Company Secretary/Manager Bill Meyer. Senator Haine serves as the Chairman of the Senate Insurance Committee and was the latest recipient of a donation from the Illinois Association of Mutual Insurance Companies' Farm Mutual Political Action Committee (FMPAC).*

## Q. Why is the FMPAC necessary?

The FMPAC is one of the most appropriate and effective ways of ensuring that legislators who have been supportive of critical legislation are elected to or remain in office.

## Q. What exactly is the FMPAC?

The FMPAC is a voluntary political action committee that was established to extend financial support to state legislative candidates who agree with our position on insurance issues. The FMPAC operates independently of any political party.

## Q. Why do I need to be involved in political action?

Because we all benefit from legislative and political action successes, it is important to be involved. Therefore, it's important that we all contribute in some way.

## Q. What has political action done for my mutual?

Virtually every service an insurance company offers is the result of a legislative initiative. IAMIC is the only organization lobbying specifically for the benefit of the mutual insurance industry in Illinois. Your involvement in the advocacy efforts of IAMIC helps ensure our success.

## Q. How is the FMPAC funded?

All members of the association contribute to the FMPAC through their membership dues. Currently, just 3% of your dues go to fund the efforts of our FMPAC. Additional donations are also generated through the membership renewal process and fundraisers throughout the year. If you would like to make a personal contribution to the FMPAC, please complete the form on page 11.

## Q. Why should I participate in the FMPAC?

The FMPAC gives us the opportunity to be more effective in the political arena. All donations to the FMPAC go to help in our advocacy efforts. The more capitol we have available through the FMPAC the more we can help those legislators who support our issues.

## Q. Does my contribution to the FMPAC really make a difference?

Absolutely! Political leaders make decisions every day that have tremendous effects on your mutual. Acting alone, your influence is limited, but a contribution to the FMPAC gives you an effective way to actively support candidates who will change insurance regulations for the better, and make our country a better place in which to be an insurance professional.

## Q. How can you get involved?

Your involvement with the FMPAC can be passive – through a donation – but it can also be active. We are always looking for individuals from our membership that are willing to participate (at our expense) in legislative

—continued on next page

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**(POLITICAL ACTION** – continued from page 10)

events. Participation in a legislator's event can bring to you a great opportunity for developing a relationship with our elected officials. Personal contact and relationships that develop over time are generally most effective in lobbying. Utilizing the donations made by the FMPAC to develop these relationships is important and we would love to get you involved.

**Q. Why can't businesses just ignore the political arena?**

The reality is that politics impact every facet of our lives. Insurance companies can either choose to gain control of our political reality, or we can live with the results.

For more information on the FMPAC, contact Sandra Wulf, IAMIC President at 800-694-2642 or [leadership@iamic.org](mailto:leadership@iamic.org). ❖

**IAMIC FMPAC Contribution**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Company Affiliation: \_\_\_\_\_

Yes! I would like to support the advocacy efforts of IAMIC through the Farm Mutual Political Action Committee.

Donation (made payable to IAMIC FMPAC): \_\_\_\_\_

Please send this form with donation to:

Illinois Association of Mutual Insurance Companies FMPAC  
PO Box 7083, Springfield, IL 62791-7083

Any questions? Contact us at 800-694-2642 or [leadership@iamic.org](mailto:leadership@iamic.org)



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# The Basics of Reinsurance — Reinsurance Transactions

By: Mark Ellsworth,  
Cain Ellsworth & Company, LLP

The two types of reinsurance transactions are treaty and facultative.

In treaty reinsurance, the agreement (the treaty) covers an entire class of loss exposures (risks) and provides that all of the individual loss exposures of the primary insurer (your company) that fall within the terms of the treaty are automatically accepted by the reinsurance company. In other words, the reinsurer agrees in advance to reinsure all of your company's eligible loss exposures. Most treaty reinsurance agreements require the primary insurer to transfer (cede) all eligible exposures to the reinsurer. For this reason, treaty reinsurance is also referred to as obligatory reinsurance. Treaty reinsurance usually forms the foundation of your company's reinsurance programs. It provides the certainty needed for your management team to formulate underwriting policy and guidelines. Treaty reinsurance agreements are tailored to fit the individual requirements of the primary insurer, and price and terms of each treaty are individually negotiated.

The second type of reinsurance transaction is facultative reinsurance. In facultative reinsurance, the primary insurer negotiates a separate reinsurance agreement for each loss exposure that it wants to reinsure. Unlike treaty reinsurance, your company is not

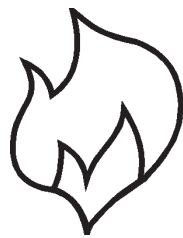
obligated to purchase reinsurance for each loss exposure, and the reinsurer is not obligated to accept the loss exposure when submitted by the primary insurer. Facultative reinsurance serves the following important functions for your insurance company:

1. It can provide the capacity to write large loss exposures that exceed the limits of the treaty reinsurance agreement.
2. It can reduce your company's exposure to risk concentration in a geographic area or from a type of coverage.
3. It can insure a loss exposure with atypical hazard characteristics (e.g., livestock confinement facility) and thereby help your company maintain more favorable loss experience for the treaty reinsurance agreement. Such favorable loss experience can help you control the cost of the treaty reinsurance.
4. It can help your company write classes of loss exposures that are excluded under the treaty reinsurance agreement.

Due to higher risk of loss exposures ceded to the facultative agreement and the additional administrative cost for the reinsurer, the cost of facultative reinsurance is higher in relation to treaty reinsurance. ❖

*Mr. Ellsworth is a partner with Cain Ellsworth & Co., LLP, an accounting and consulting firm located in Sheldon, Iowa.*

*For more information on this and other topics, you may contact Mr. Ellsworth at 712-324-4614.*



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# IAMIC Board Retreat

The IAMIC Board of Directors met for a Retreat in late 2005 to identify goals and objectives for the association in the coming months and years. Coupled with the identification of our goals was assigning goal "champions" to them. These champions are our board members that will be the lead contact on the goal. The goals and their champions are listed below.

For more information on the goals or to get involved in helping us reach them, please contact the IAMIC office at 800-694-2642 or [leadership@iamic.org](mailto:leadership@iamic.org).

## **Goal #1: Increase awareness with mutual insurance policymakers and improve our effectiveness of our advocacy efforts.**

Champions: David Campbell and Tricia Mickley

To reach this goal, the association has had a Government Relations Audit to get an objective outside view of our advocacy efforts. From this the board will define goals for our advocacy. Staff will design and implement an advocacy plan based on the audit findings. Other suggestions to achieve the goal were to conduct district meetings, analyze our political action committee activities and analyze the need for supplementing our lobbying efforts by hiring a contract lobbyist.

## **Goal #2: Enhance the effectiveness of our programs – make them meaningful and timely.**

Champions: Roger Needham and Becky Deters

To reach this goal, the association will analyze member participation in IAMIC events,

review, prioritize and assess our educational offerings and develop methods for driving the IAMIC membership to the website, [www.iamic.org](http://www.iamic.org).

## **Goal #3: Grow member satisfaction**

Champions: Harry Fehrenbacher and Bill Peck

To meet this goal, the board of directors will continue and enhance member visits; create the opportunity to promote IAMIC to our members and inform them of association developments. We will also develop an accountability method to members and review our evaluation procedures for our conferences.

## **Goal #4: Increase information for our members to help them be profitable, competitive and more professional.**

Champions: TBA

This goal will be realized by IAMIC's development of the Mutual Assistance Manual, building better awareness and use of the website and by identifying key contacts in each mutual to receive IAMIC information.

## **Goal #5: Build on the successful track record of IAMIC**

Champions: TBA

This goal is longer term in scope. Strategies for reaching this goal will be developed through the course of the year. ❖



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## Career Opportunity

### **GENERAL MANAGER**

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# IAMIC Annual Convention Gets a Makeover

The IAMIC Board of Directors has approved a makeover for our Annual Convention, scheduled for August 20-22, 2006 at the Crowne Plaza in Springfield.

The new format for the convention will provide many opportunities for networking, education, our trade show, social events and recognition for award winners. A tentative schedule is shown at the right.

Full details on the convention will be sent later this spring. Until that time, please mark your calendars for August 20-22 for the 125<sup>th</sup> Annual IAMIC Convention!

## Tentative Schedule

### Sunday, August 20, 2006

- 10:00 Golf Outing, Trap Shoot
- 3:00 – 6:00 Registration
- 5:00 – 7:00 Officer’s Reception  
Dinner on Your Own

### Monday, August 21, 2006

- 6:30 – 7:45 Prayer Breakfast
- 7:00 – 3:45 Trade Show
- 9:00 – 10:15 Opening Session
- 10:15 – 10:45 Refreshment Break
- 10:45 – 12:00 Education Sessions
- 12:15 – 1:30 Annual Business Meeting Luncheon
- 12:15 Auxiliary Business Meeting, Luncheon & Program
- 2:00 – 3:15 Education Sessions
- 3:45 – 5:00 General Session
- 7:00 – 9:00 Banquet

### Tuesday, August 22, 2006

- 7:30 – 9:30 Industry Breakfast



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# Directors Down the Road

*The Director Down the Road articles allow our Lautum News readers to gain a better insight into the thoughts of our mutual directors and the companies they represent. Linda Childers, on behalf of the IAMIC Public Relations Committee, has interviewed Richard "Shorty" Dickson of Kane County Mutual Insurance Company for this article.*

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Richard "Shorty" Dickson serves on the Kane County Mutual Insurance Company Board of Directors as its President. He has been involved with the mutual board for the past 12 years, the last two of which, were as President. A retired insurance agent, he has a strong sense of community involvement and support which has been demonstrated time and again through his involvement with his local fire department and Waubensee Community College, where he serves as a Director and Board President, respectively.

Kane County Mutual's Board of Directors is comprised of nine members, meet quarterly and receive monthly reports from their Secretary Treasurer, Cindy Theis.

The mutual board members are very involved in the company, serving on either the Rates and Reinsurance Committee or the Budget and Personnel Committee. In his role as President, Shorty serves on both committees. So that they may gain greater insight into the needs of the company and policyholders and bring new ideas to the table, the board members annually rotate their participation in these committees.

Kane County Mutual directors come from a variety of occupations including one insurance agent. According to Shorty, having an agent on the board has been an asset and has not presented any conflict of interest.

The mutual's activities are guided by a three-year business plan coupled with yearly goals that were developed by the staff and directors. Shorty credits the business plan and their commitment to it in helping them to reach their goals and objectives.

The mutual encourages active participation in IAMIC functions and encourages new directors to participate in as many IAMIC activities as possible. He believes that if a person is a director, they need to be involved in learning what is going on in their organization and stay informed. Shorty congratulates IAMIC on the programs and educational opportunities that are available to the farm mutual companies.

Cindy Theis, Kane County Mutual Secretary/Treasurer credits Shorty and her entire board of directors with being supportive, concerned, available, involved and active. She feels that they go the extra mile to ensure that the mutual is performing as it should and the needs of the policyholders are being met.

According to Shorty, the greatest strength of the farm mutuals is people interested in doing the right thing for the policyholders. With the number of farms decreasing and new people moving into growing areas, he believes the farm mutual industry is challenged to provide a product that will be attractive and beneficial to the generations to come. ❖

By: Linda Childers,  
PR Committee Member  
Green Garden Mutual  
Insurance Company

*For more information on Kane County Mutual Insurance Company or to reach Richard "Shorty" Dickson, contact the company at 630-232-0762 or [kanecountymutual@aol.com](mailto:kanecountymutual@aol.com).*

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# Terrorism Risk Insurance Act Extended

In late 2005, the United States Congress voted to extend the Terrorism Risk Insurance Act (TRIA) and the bill has now been signed by the President.

"By signing this bill into public law, the President sent a very clear and important message regarding national preparedness against future terrorism attacks," said NAMIC President Charles M. Chamness. "Terrorism insurance is a classic 'uninsurable risk' and it was essential that the Bush Administration and Congress provide a meaningful short-term extension of TRIA to give the industry the time necessary to build a long-term public-private solution."

Calling the culmination of the TRIA extension an "extraordinary effort," Chamness specifically recognized the commitment of House Financial Services Committee Chairman Mike Oxley, R - Ohio, Ranking Democrat Barney Frank, D- Mass., Subcommittee on Capital Markets Chairman Richard Baker, R - La., Congressman Paul Kanjorski, D - Pa., Congresswoman Sue Kelly, R - N.Y., Senate Banking Committee Chairman Richard Shelby, R - Ala., Ranking Democrat Paul Sarbanes, D - Md., and Senators Christopher Dodd, D - Conn., and Robert Bennett, R - Utah.

Under the agreement, there would be a mandatory payback of 25 percent of any assistance received in 2006 and 27 percent of any assistance received in 2007. Treasury would have discretion to require any payback beyond those amounts. The agreement would increase the individual company deductibles from the current 15 percent to 17.5 percent in 2006 and 20 percent in 2007. In addition, it

would increase the industry-wide retention from the current \$15 billion to \$17.5 billion in 2006 and \$20 billion in 2007. The event trigger will raise the TRIA coverage from the current \$5 million event to \$50 million in 2006 and \$100 million in 2007.

The agreement would also eliminate farm-owners multi-peril coverage from the program, a position strongly advocated by NAMIC on behalf of its farm mutuals. Additionally, NCBR (nuclear, chemical, biological, and radiological) coverage will not be required in property and liability policies.

At present, there is no private market alternative to TRIA, as terrorism coverage remains an uninsurable risk. The underwriting criteria for such coverage is highly sensitive classified information within the sole possession of the U.S. Government. Further, there has been no claims experience outside of the tragic events of September 11, 2001.

"This two-year TRIA extension will permit Congress and the insurance industry to develop alternatives to protect the economy from future terrorist attacks and to look for an all industry market-based approach so that Congress does not have to continually revisit this issue," said Chamness.

"In the coming months, NAMIC looks forward to working with Members of Congress to develop a viable long-term solution to protect the economic strength of the country against terrorist attacks," said Chamness.

For more information on the extension of TRIA, contact **Georgiann M. Howell**, Communications Director - NAMIC Federal Affairs, 202-628-1558 or [ghowell@namic.org](mailto:ghowell@namic.org). ♦



## IAMIC Polo Shirts For Sale

To generate funds for our Farm Mutual Political Action Committee, we will sell polo shirts at our upcoming spring seminars. The high quality shirts come in blue or red and run for \$25 for sizes medium to extra large and \$27 for double XL.

To order your polo shirt, please contact the IAMIC office at 800-694-2642 or [leadership@iamic.org](mailto:leadership@iamic.org).

# Advocacy Update

The Illinois General Assembly (ILGA) returned for its Spring Session in early January – well before its traditional kickoff date. Since that time, there have been just a few issues that have started their way through the process. In fact, as of press time, none of the bills that we have tagged to monitor had begun to progress.

This situation is not unique to insurance bills, however. Since the beginning of session, we have had an unusually quiet legislature. Some of that is due in part to this being an election year, but some other circumstances have popped up as well.

The ILGA has a condensed schedule this year. In a normal year, you would expect the legislature to adjourn by the end of May. This year, the leadership in both the House and Senate has agreed to an April 7 adjournment date.

The Speaker of the House of Representatives has also instituted a limit on the number

of bills a legislator may advance through the chamber. Representatives may however, introduce as many bills as they wish. Since the start of this General Assembly in January 2005, there have been over 5,500 House bills and 3,000 Senate bills introduced. More than 1,500 House bills and 800 Senate bills have come this year alone. Placing limits on the number of bills that may advance does not happen often, but it has happened more frequently in the past several years. This limit is put in place in even-numbered years when the Legislature is supposed to only consider the budget and “emergency” measures.

Though the Legislature is strangely quiet at this time, we will continue to monitor and act upon any legislation that may affect your company.

Should you have any questions about our lobbying efforts or the General Assembly, please contact the IAMIC office at 800-694-2642 or [leadership@iamic.org](mailto:leadership@iamic.org). ❖

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## Mutual News

### Obituaries

■ **Robert Ketzle**, former Secretary/Treasurer of **Hamlet Mutual Insurance Company**, Reynolds recently passed away. Mr. Ketzle served as Secretary/Treasurer from 1944-1979 and was the third of five managers the company has had since its formation in 1875. He was also a former IAMIC board member.

■ **Rockford Mutual Insurance Company** recently announced that **Scott Krum** has left his position as Reinsurance Claims Manager for the company. Scott has left Rockford Mutual to pursue an opportunity with McMillan Warner Mutual Insurance Company in Wisconsin. ❖

### Personnel

■ **Frontier Mutual Insurance Company** announced recently that **Dave Christensen** has left his position as Executive Vice President (EVP) of the company. **Bruce Heaton** will serve as acting EVP until a successor is appointed.

# IAMIC 2006 Calendar of Events

<b>March</b>	21	Southern Regional Meeting	Rend Lake Resort, Whittington
	22	Central Regional Meeting	Doubletree Hotel, Bloomington
	23	Northern Regional Meeting	Ramada Suites, Rockford
<b>April</b>	11	Underwriting Seminar	Père Marquette Hotel, Peoria
	18	IAMIC Board Meeting	IAMIC Office, Springfield
<b>May</b>	10-11	Mutual Crossroads Conference	Isle of Capri Casino, Hotel & Conference Center, Quad Cities
<b>June</b>	7	New Manager's Meeting	IAMIC Office, Springfield
	20	IAMIC Board Meeting	IAMIC Office, Springfield
<b>July</b>	11	Virtual Meeting - Management Module	
<b>August</b>	8	IAMIC Board Meeting	IAMIC Office, Springfield
	20-22	Annual Convention	Crowne Plaza, Springfield
<b>September</b>	12	Virtual Meeting - Director Module	
<b>October</b>	17-18	Manager's Retreat	Stoney Creek, East Peoria
	31	IAMIC Board Meeting	IAMIC Office, Springfield
<b>December</b>	5	Directors School	Hilton Garden Inn, Springfield
	6-7	IAMIC Board Orientation, Retreat & Meeting	Location TBA

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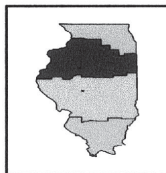
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