

The Mutual Monitor



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ELMDALE FARMERS MUTUAL INSURANCE COMPANY 125TH ANNIVERSARY

Manager's Memo

As I write the Manager's Memo for the 125th Anniversary of Elmdale Farmers Mutual, it is easy to go down a negative trail. The last couple years have been challenging in the insurance industry.

Record claims activity, from the NUMBER of claims and also from the PAYOUTS on claims. I recently saw a statistic where the United States had 18 incidents in 2022 that each went over \$1 BILLION in claims and in 2023 that number was 28! That is unprecedented.

We do not pretend to be climate experts. Global warming or no global warming, the fact is that the weather-related insurance events are larger than ever. But I digress...see, it is easy to go to the negative.

Instead of that, I want to tell you that YOUR company, Elmdale Farmers Mutual is celebrating its 125th year of operations. We were incorporated in 1898 and commenced writing business in 1899. We have come from very humble beginnings and have stayed the course for 125 years. There are not a lot of businesses that can say they made 125 years. In the pages to follow we have put together a timeline that may be of interest. It highlights some of the major world events along with some of the history of the company.

In 1898, Mr. J. J. Jacobson, along with some other gentlemen in the area of Elm Dale, MN (Ed. Note. No, that's not a typo. Elm Dale was two words at that time) determined that they needed to procure fire insurance for their properties. There was insurance available but generally not for people living in rural America. Certainly not in Central Minnesota where there were large prairies and stands of mature hardwood trees. The threat of wildfires was real and the large stock insurance companies from the East Coast did not dare begin writing insurance here.

On January 14, 1899, the first annual meeting of the corporation was held at the town hall of the town of Elm Dale. "It was on motion, agreed that anyone present having paid an amount of at least 75 cents should be entitled to a vote at the meeting." It was also described in the By-laws than no one house shall be insured for more than \$1,000 and no insurance shall exceed \$2,000 on any one risk. (Total for the farmstead.) No dwelling roofed with split basswood shingles and no building thatched with straw were to be insured.

On May 13, 1899, the Board authorized payment of the first claim, a fire on May 10th to Ben Johnson. The total paid was \$20.00. \$15.00 for damage to the barn, \$1.00 for damage to hay in the barn and \$4.00 for damage to a harness.

The Company has withstood two world wars, the Korean War, the Vietnam War, the September 11, 2001 terrorist attacks and the 20 years after the terrorist attacks. Countless economic upturns, downturns, recessions, The Great Depression, Republicans, Democrats, Communists, you name it. Our company has stood the test of time.

We quite often arrive at a claim scene while the fire department is still there. We bring money to help re-build for people. Friendly neighbors bring food and hotdish, we re-build and repair.

The fact that the company has had only a total of four managers in its 125 years is part of the reason for its success. In a time where multibillion dollar sports franchises change leadership (coaches) every three or four years, we have been able to successfully manage Elmdale Mutual with just four people: J J Jacobson was the original secretary, Albert J Nelson, Sr., followed him and Albert J Nelson, Jr. was next. I have had the honor and privilege of following what these men put together and I hope have added a bit to it.

The goal of Elmdale Mutual is not to become the largest company in the state of Minnesota. Our goal is to provide high quality fire insurance to the area that we serve. As time goes on, we may make changes to our operations, however, the reason for making any change is to continue to be viable and continue to take care of our policyholders.

As we have pointed out many times in the past, a MUTUAL insurance company is owned by the policyholders. We do not respond to stock-

ANNUAL MEETING

You are invited to the

125th Annual Meeting of Elmdale Farmers Mutual Insurance, Inc.

**Thursday, March 28th, 2024
1:30 p.m.
Elmdale Community Center
in Elmdale, MN**

Business Meeting
Board of Directors election

Reports on 2023 results
Coffee and cake

Interesting speaker

COME AND JOIN US!!

ADJOURNMENT BY 4:00 P.M.

This is your notice of the annual meeting of the Elmdale Farmers Mutual Insurance, Inc. to be held on Thursday, March 28, 2024 at the Elmdale Community Center in Elmdale, MN at 1:30 p.m. Business will include the minutes of the previous annual meeting, Board of Directors election, a report and discussion of the Company's financial affairs and any other business that shall properly be placed before the meeting.

Mikel B. Nelson, Secretary

holders who want a dividend. When we have a year with a profit, we put the profit in the surplus account. We invest it in bonds and keep the interest to offset expenses of the company and pay claims. It is the "rainy day" fund and some years, it really does rain!

The first mutual insurance company in America was founded by Benjamin Franklin in 1752. Modeled after the Amicable Contributorship of London, the company would be one in which the policyholders would come together to share the risks. Franklin had co-founded the first all volunteer fire company in the colonies. Although these companies did a lot of fire prevention work, fires still occurred and it was clear the residents of Philadelphia needed some additional protection. The company he founded to do just that, The Philadelphia Contributorship for the Insurance of Houses from Loss by Fire, is still in existence today!! The idea of MUTUAL insurance continues to work 272 years later!

So, while we are in unprecedented times in the insurance industry in 2024, Elmdale Mutual will celebrate 125 years of continuous service. We promise to continue to take care of you when you have a claim and we promise to be good stewards of the company with which you have entrusted us.

Thanks so much for joining us in celebration of our 125th anniversary. It has been a good run so far and we look forward to the next 125.

As always, thanks for your business.

Mikel B. Nelson
Manager.



ASK MR. MUTUAL

(Mr. Mutual's answers are based on the TP1 {1-21} edition [farm policies] and PH1 {1-21} for homeowners. Individual policies may vary slightly and you should check any loss with your company and with the policy contract you may have.)

Dear Mr. Mutual: My garage roof had a pretty heavy load of snow and before I could get it cleaned off, a big chunk of snow and ice slid off and busted four sections of my neighbor's very fancy and expensive redwood fence which was on the property line a couple of feet away from my garage wall. He says I'm responsible for the cost of fixing his fence because the snow came off the roof of my garage. Am I and will my homeowners insurance cover it?

Mr. Mutual says: The likelihood of the neighbor prevailing in this instance seems remote. Generally, you will not be negligent for naturally occurring weather events. You do have an obligation to take reasonable steps to prevent a loss but if there is heavy snow on your garage roof, everybody in the area likely is facing the same heavy snow on their roofs. Your homeowners liability insurance coverage does provide coverage to defend you if the neighbor pursues the claim and brings a lawsuit and to the extent a jury awards damages, the homeowners policy will pay those damages. Again, Mr. Mutual thinks the odds of a jury awarding damages in this case is remote.

Dear Mr. Mutual: There was water damage on a wall adjacent to my walk-in shower. According to the plumber, water leaked outside of the tile shower and caused damage to the sheetrock. He said the leak is coming from the base of the shower tile and the tile needs to come out to get rid of the mold that was present behind the shower and adjacent room sheetrock. Is this something that is covered under my policy?

Mr. Mutual says: Your policy covers "Sudden and accidental discharge or overflow of liquids or steam from a plumbing system. The key is the word "sudden" based on what is being described, this may have been occurring over a period of time. The policy EXCLUDES "damage caused by continuous and repeated seepage or leakage." Mr. Mutual would advise you turn it in to the company and have the adjuster meet with you to determine if it is sudden or continuous.

Dear Mr. Mutual: I bought a dozen feeder steers this summer and on the way home from the cow/calf operation, my livestock trailer was seriously rear-ended. The driver of the truck that hit us didn't stop and sped off before I could even get a license number. Not only was the trailer heavily damaged but seven of the steers were so badly hurt they had to be destroyed. There was also some damage to my pick-up. My auto policy covered the pick-up damage but not the damage to the trailer or for the loss of the steers. Is there any coverage for either under my farm policy?

Mr. Mutual says: Yes and possibly No. The cattle may be covered if you have other livestock on your insurance. The trailer will be covered if it is listed on your farm policy. There is no "Automatic" or "assumed" coverage for it, it must be listed on the policy.

Dear Mr. Mutual: When my mother-in-law died, my wife inherited all of her mom's jewelry and it was quite a collection. It included diamond earrings and a bracelet in a really beautiful setting. There was also an emerald brooch, a ruby ring, a sapphire necklace and a real pearl necklace and earrings. We recently had the jewelry appraised and it's worth more than \$50,000. How do we insure something like this as it seems to me that we can't cover it on our farm policy.

Mr. Mutual says: Your farm policy gives you coverage for jewelry included into your household goods limit. However, in the event of THEFT, there is a limit of \$2,000. Mr. Mutual suggests that you bring your appraisals in to your agent and add the jewelry to "Inland Marine". This is broader coverage and you can get a lower deductible for a minor increase in premium.

Dear Mr. Mutual: Our daughter has a half dozen dairy goats as her 4-H

project. She sells the milk to a dozen or so folks who want goat milk and makes cheese with the rest. She also has several cheese customers. These people come to our farm to get the milk and cheese and as her goat milk business has expanded, my wife and I are getting worried about what would happen if one of these folks got hurt somehow. Would this be covered by our farm policy? If not, what kind of insurance would cover it?

Mr. Mutual says: Mr. Mutual thinks that you may have outgrown your basic "Farm Liability" coverage. When you are selling finished products to customers, this becomes a commercial venture. Your farm policy gives coverage for liability when you sell milk to your processor, but it is not intended to cover a risk such as you have described. Mr. Mutual suggests you contact your agent and have them arrange appropriate coverage for this growing venture.

Dear Mr. Mutual: A couple of the local high school boys help out on our farm at planting, haying and harvest times plus they do the milking now and then when we need to be away. If they get hurt, will our farm policy provide coverage?

Mr. Mutual says: Your farm liability is intended to cover personal injury and property damage in the event that you are NEGLIGENT. If something happens to one of them and you have no negligence, there would not be a trigger for coverage. Any injuries would then be covered by their family's health insurance. Mr. Mutual would recommend you contact your agent and discuss Workers Compensation insurance.

Dear Mr. Mutual: Our daughter is pursuing her master of fine arts degree at the university and she is quite talented. Several of her paintings and sculptures featuring "old west" themes have sold for quite a lot of money, in some cases, well into five figures. She always has a painting or two and a couple of sculpted pieces for sale in the university's "art sales gallery." Since it states right on the door to the gallery and in several other places inside the gallery that the university is not responsible for any loss or damage to the art, is there any way we can insure her work chiefly against the major threats which would be theft and vandalism?

Mr. Mutual says: It appears that your daughter may have outgrown the coverage afforded on your farm insurance. Mr. Mutual recommends that you contact your agent and get some broader coverage specifically for art that is held for sale.

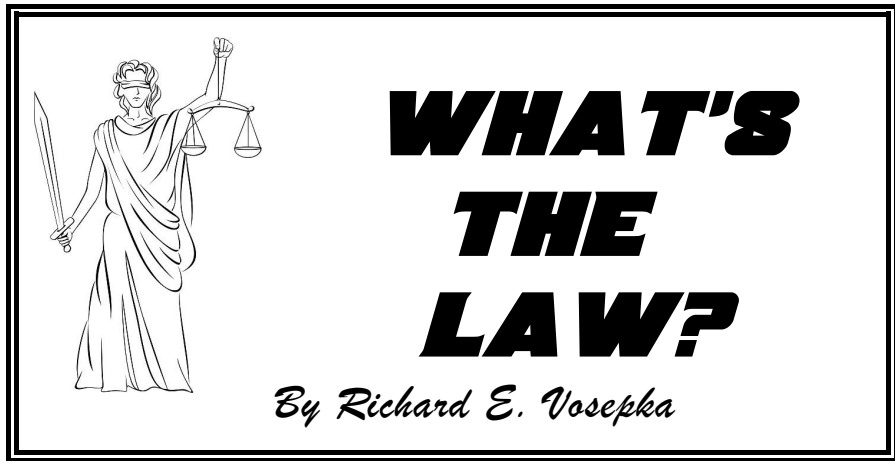
Dear Mr. Mutual: My kids worked all summer and at after school jobs to earn enough money to buy electric bikes. They seem to be a fad particularly among young people these days. But, now we discovered that they aren't covered for theft or accidents under our homeowners insurance and our car insurance company won't insure them either because they don't consider them to be motor vehicles which means that there isn't any liability coverage under either policy if they cause an accident. Is there any option other than a specific policy for e-bikes?

Mr. Mutual says: The best option for e-bikes is to insure them like a motorcycle under what is referred to as a "toy" policy. A "toy" policy is essentially an auto policy for e-bikes/motor cycles. Toy policies cover damage to the e-bike and liability arising out of the use of the e-bike.

Dear Mr. Mutual: At our county fair and rodeo last fall, during the judging of the open beef cattle classes, for some reason a Charolais bull went berserk, broke away from his handler and attacked anything and everything in sight. Luckily a couple of ropers were out exercising their horses and when they heard the commotion, came over and roped the bull. But, several people were hurt in the melee before the bull could be recaptured, two seriously enough to have to spend a few days in the hospital. Whose insurance would cover something like this? The bull's owner? The fair board's?

Mr. Mutual says: There are multiple options in this case. Health insurance is probably the first option for the injured people. From there, the liability insurance policy for the owner of the bull provides Medical Payments to Others coverage. The Medical Payments to Others coverage is usually limited to \$5000, and pay simply because the bull owned by the insured caused the injury. The Medical Payments Coverage helps pay out of pocket medical expenses such as deductibles and co-pays not covered by health insurance. The fair board policy might also have Medical Payments to Others coverage, but it too would be limited. There aren't enough facts in this scenario to determine liability and whether the owner of the bull would be legally liable, beyond the Medical Payments to Others coverage.

MR. MUTUAL TO PAGE 7



Rodger Logan was a life-long farmer albeit one with somewhat limited success. Luck never was with him and “buy high, sell low” seemed to mark his economic experience. When prices generally were high, those were the years he had a poor crop, an abortion storm hit his beef herd or only three or four of his two dozen Hampshire sows had a litter.

Then, one day, while sitting in his dentist’s waiting room, he picked up a magazine that had a story about organic farming that piqued his interest. What really attracted him, however, was the part about the premium prices paid for non-GMO and organic crops along with other organic farm products. The story, which touted the benefits of organic farming, made him decide to look at that farming method as a possibility for his operation.

Once he had learned what it would take to make such a drastic change in his operation, he thought he had nothing to lose so he went ahead with it. First, he eliminated the use of all chemicals and commercial fertilizer on his wheat, corn and soybean fields using only natural fertilizer—of which he had plenty—and hiring local high school students to pull the weeds from his crops. After three years of following organic protocol in which his beef and hog operations barely managed to sustain his family, he received the organic certification for his fields.

When he harvested his first organic wheat crop, he saw an ad in an organic farming magazine from a buyer on the east coast seeking organically grown wheat. When he contacted the buyer, the price the buyer offered was considerably more per bushel than the commodity wheat prices. He sold his entire wheat crop to the buyer at a higher profit than he’d ever realized using conventional farming methods. What’s more, the wheat buyer put Logan in touch with other buyers who bought his corn and soybean crops.

While the money was great for his organic crops, his yields were down by a substantial amount from when he farmed using non-organic methods which meant that he was looking at about the same end-of-the-year profits, in the years he had made a profit, as he had been seeing during his earlier years. After years of hard work and barely scraping by, Logan thought he deserved more reward. So, he decided to cheat a bit, secure in the knowledge that it was highly unlikely anyone would ever know since he planned to continue organic practices on his fields visible from the road while reverting to conventional farming methods using GMO seed, commercial fertilizer and pesticides on his more isolated land.

The booming organic market made it attractive for Logan to cheat as increasing demands for organic grains had raised prices to double and in some cases even triple the price of grains grown conventionally with commercial fertilizer, pesticides and herbicides. But, the people purchasing grain find it nearly impossible to tell organically produced grain from that produced by conventional means which until very recently, when the USDA set forth tighter regulations which included more robust tracing and verification, made detecting cheaters a tough task indeed. All those factors made it difficult for Logan to resist mixing his organic grain with the conventional grain and selling all of it as organic grain.

Logan also purchased thousands of tons of grain and seed from non-organic suppliers and then resold these products to wholesale distributors, brokers and buyers at organic prices. A substantial amount of the grain Logan sold went to organic cattle and chicken farmers and was used as feed for the livestock and the birds. These farmers, thinking their cattle and chickens were getting organically produced grain, received a premium price for the meat and eggs from their operations. The organic food industry relies largely on trust and when someone cheats, especially on the scale that Logan did, not only are consumers paying more for organically produced food that is not organic but legitimate organic farmers have their credibility placed at risk.

Logan’s grain mixing went on for several years and as a result, he became very wealthy, in fact, wealthy enough so he looked for a tax write-off. This he did by establishing an organic dairy operation which he had his nephew, Royce Williams, operate. The operation included a bottling plant and sold organic milk to several restaurants in a nearby city. This became so profitable that Logan and Williams began also making organic butter and cottage cheese to supply the demand from the

restaurants. While they did manage to run this operation without antibiotics, added growth hormones, slaughter byproducts or other prohibited feed ingredients, they never did feed their cattle 100 percent certified organic grain. The cows instead were fed conventionally produced grain and hay. They were also pastured on land that had not been certified as organic. They also did not eliminate sick animals that had to be treated with antibiotics from their milk production.

Again, however, it is virtually impossible to tell organically produced milk from non-organic and since they were selling to private buyers for use in their restaurant cooking, Logan and Williams figured that the odds that their fraud would be detected were long indeed. Much to their surprise, however, that’s exactly what eventually put an end to their scheme.

A graduate student from the state’s university was doing a long term study on how long certain hormonal changes occurred in cows after they had a calf and two of the cows he used in his study had been purchased from Williams just the day before he collected his samples. But, in addition to the hormone study the student was seeking, the testing laboratory found traces of pesticides and antibiotics and, knowing that Williams was supposedly operating an organic dairy farm, the grad student reported the lab’s findings to the state department of agriculture.

The state department of agriculture passed the report along to USDA and it eventually wound up with the department’s office of inspector general where it set off enough alarms that the OIG opened an investigation. The investigation into fraud in Logan’s and Williams’ dairy operation eventually led OIG investigators to Logan’s grain business. There they discovered his massive purchases of non-organic grain which along with grain from his non-organic fields, when compared to his grain sales, clearly meant that he was mixing the two types of grain since there was absolutely no way his farm could have organically produced the amount of grain he sold. What’s more, tests of grain he had just marketed revealed the presence of GMO grains as well as traces of ag chemicals and tests of his supposedly organic fields, the ones well hidden from observation, showed that the ground had recently been treated with herbicides and pesticides as well as fertilized with commercial fertilizer.

When USDA revoked his organic certification, Logan simply transferred his operation to another nephew who held a certificate and didn’t bother telling either his nephew or his customers that his certificate had been revoked. He told his nephew that he was getting to an age where he was thinking seriously about retiring and wanted to start shifting some of his operation to others. But, he still continued to market the mixed grain as organic through his nephew.

When the OIG investigators found emails that Logan had sent to a grain supplier and to buyers that described his grain as organically grown and in talking with his buyers found that Logan had numerous phone conversations with them, the OIG investigators realized that they had something more than just someone claiming to be an organic farmer who wasn’t and who had been rewarded for his deception with enormous sums of money. So, they called in the FBI with its forensic accountants to finish the investigation.

The accountants discovered that Logan had made nearly \$50 million selling what he promoted as organic grains to buyers in the east and more than \$3 million from his fraudulent organic dairy business. The money from the fraudulent sales had been used to purchase a “winter home” on the Gulf Coast in Texas and several automobiles including a Mercedes for himself and one for his wife. He also used the money for new tractors and other farm equipment plus he and his wife took several luxury vacations every year.

The national scope of the fraudulent activity and the significant involvement of federal investigators, including the FBI, made federal prosecution inevitable and appropriate. Evidence of interstate postal and wire communication by Logan established federal jurisdiction. However, this did not foreclose a state prosecution, which would address the individual and business victims within the state.

The Assistant U. S. Attorney handling the federal case looked to the ever reliable mail and wire fraud statutes as well as false statement, conspiracy and USDA charges. Both Logan and Williams were indicted on multiple felony charges, while the other nephew was not indicted because there was no evidence that he knew he was selling grain that was not organic. In fact, there was good evidence that he was another victim rather than a co-conspirator and he was prepared to testify against his uncle, if necessary.

Early in the post-indictment period Logan’s defense counsel approached the AUSA offering a voluntary turnover of assets for partial restitution and for fines in return for a plea bargain. Unfortunately for Logan, federal investigators were ahead of him in identifying his assets, including some he had thought he had safely hidden, so there wasn’t much to bargain about. The government impounded several million dollars in various bank accounts, several tracts of land Logan had purchased with money from the scheme and all of his farm machinery, cars and pickup trucks purchased with proceeds from the fraud. But, the AUSA agreed to let the court allow Logan to retain the farm equipment long enough to harvest that year’s crop.

Logan and Williams pled guilty to a variety of felony counts. Logan received a sentence totaling 11 years and Williams, who was found to be very much under his uncle’s influence, received a two year sentence. At sentencing, the judge in the federal case noted that thousands of people were victimized by paying for a product they never received. The judge further



125 YEARS OF ELMDALE MUTUAL

The first 10 years

William McKinley was President of the United States, the Spanish-American War was ending, Carrie Nation got the Temperance Movement rolling by smashing all the liquor bottles in a saloon in Kiowa, Kansas and gold was discovered in Nome, Alaska when a group of 27 farmers met in the town hall in Elm Dale (Elmdale was two words in those days) on December 28, 1898 to form a mutual insurance company. J.J. Jacobson was named the company's secretary and for the next 35 years would also run the company from a roll top desk and a big oak table in his home.

Initially called the Farmers Mutual Insurance Company of Elm Dale, Minnesota, the cost of insurance was to be five cents per \$100 of coverage with schools, churches and halls to be charged double that rate. Any additional funds the company needed were to come from assessments to the policyholders. The company's very first policy was issued to Hans P. Erickson who insured his property for \$1,500 and paid a premium of \$4.50.

The company experienced its first loss on May 12, 1899 when fire damaged Ben Johnson's barn. The amount of the damage came to \$20 with fifteen of those dollars to be used to repair the barn, one dollar for the loss of the hay in the barn and four dollars for the loss of harness. The first lightning loss happened in August of 1899 when the Danish Evangelical Lutheran Church in Elm Dale was struck by lightning and the church chimney was damaged along with some other minor damages. Ole Hedin was employed to repair the church chimney and the other damages for which he was paid \$7. The total for losses in that first year was \$27. At the end of the year, the company had 129 policyholders and total income of \$269.17.

In 1901, the American League of baseball was being formed, oil was discovered near Beaumont, TX and in September of that year, President William H. McKinley is shot by an anarchist Leon Czolgos at the Pan-American Exposition in Buffalo, New York while shaking hands with fair visitors with Theodore Roosevelt becoming president. For Elmdale, it meant the company had its first disputed claim when a colt owned by C.E. Johnson was killed by lightning. The company adjusters said the colt was worth \$35 and Mr. Johnson claimed he was worth at least \$40. The company representatives offered to split the difference and pay \$37.50 for the colt and while Mr. Johnson initially refused to accept that offer, he changed his mind two days later. In 1902, the company's by-laws were amended to read that the insured value of a colt less than two years old could not exceed \$25.

Later in the decade, The Wright Brothers made the first powered airplane flight at Kitty Hawk, NC. The first World Series was played between Boston and Pittsburgh. The first silent film, "The Great Train Robbery" was released and the Harley-Davidson and Ford Motor Companies were established. The U.S. Army Corps of Engineers began work on the Panama Canal, the New York Subway System opened and Albert Einstein published the Theory of Relativity. The San Francisco Earthquake killed nearly 3,000 people and wiped out about 75% of the city. The first production Model T came off the assembly line in Detroit.

For Elmdale, the company's first late report of a loss occurred when Adam Jacobson reported that he'd lost about three tons of hay that burned 11 months prior to being reported. He said the value of the hay was \$12.00. After hearing his testimony and that of one of his neighbors, the board agreed to pay him \$10.00 for the hay.

1910 to 1920

In the company's second decade, the Panama Canal opened, the League of Nations, forerunner to the United Nations, was formed, both the Boy and Girl Scouts were established, Woodrow Wilson was elected president, Archduke Franz Ferdinand of Austria was assassinated triggering the start of WWII and the 16th Amendment was passed which allowed for the creation of income tax as was the 18th Amendment which established Prohibition. The Spanish Flu Epidemic was global killing more than 20 million people all over the world and nearly a half million in the U.S. The Black Sox Scandal rocked Major League Baseball.

Elmdale experienced its first lawsuit in this decade when Charles Kampen reported a fire loss. The company's investigation of the loss revealed that the property had been vacant for two months which, according to the company's by-laws, made the policy null and void. When the board of directors denied the claim, Mr. Kampen informed them that he intended to sue. The case ultimately was decided by the Minnesota Supreme Court which decided in Mr. Kampen's favor.



This decision put the company in a serious financial bind having already experienced a considerable number of losses during that year and as a result, had to levy an assessment of 20 cents per hundred of insurance to cover Mr. Kampen's loss and the legal expenses. About a year later, the company cancelled Mr. Kampen's policy as he failed to pay his assessment.

The United States Congress officially declared war on Germany in 1917 and the company did its part to support the war effort. The policyholders voted at the annual meeting to invest \$500 in Liberty Bonds. At the end of the decade, the company voted to send 75 cents for each \$1,000 of insurance to five mutual fire insurance companies. To pay for this donation, the company issued a 20 cent per thousand of insurance assessment and this \$1000 plus an additional \$500 was sent to the Minnesota Farmers Mutual Fire Insurance Companies State Relief Committee to help needy mutual fire insurance companies in the northeastern part of the state. Deadly forest fires, with the worst being the Hinkley Fire, had caused enormous damage and a number of companies were unable to pay their losses. This "bailout," incidentally, was the beginning of reinsurance in the state.

1920 to 1930

The start of the Roaring 20s marked the Flapper Era, Prohibition, bootleg gin, the ascension of organized crime with the St. Valentine's Day Massacre ordered by Al Capone and women voting in a presidential election for the first time. It also ushered in the Teapot Dome Scandal, the first talking picture ("The Jazz Singer") and Lindbergh's flight across the Atlantic Ocean. Postwar prosperity ended with the 1929 Stock Market crash. The plummeting stock prices led to losses between 1929 and 1931 of an estimated \$50 billion and started the worst American depression in the nation's history.

While Prohibition was trouble for federal and state law enforcement agencies it was also a major headache for Elmdale's board of directors. The company denied numerous claims throughout the Prohibition Era and also through the years of the great depression as fires destroyed many buildings that concealed stills and were insured with Elmdale Mutual.

The land in some of the areas where the company wrote insurance would yield enough corn, barley and rye to eat but it would not yield money. For that, some of the company's policyholders turned to building a fire beneath a copper kettle filled with mash and then cooled the steam. It was clear to these policyholders that the product coming out of the "money piece" at the end of the jumble of pots and pipes, called Minnesota 13 after the variety of corn most popular for distillation, was far more profitable than feeding that same corn to livestock or selling it for grain. Prohibition probably was the start of value added farming in this area.

This "business" was not without dangers however. Stills could and did blow up and, unlike such famous moonshining areas as the isolated hills and hollow of Georgia, Tennessee and Kentucky, where an exploding still did little harm, in Minnesota, they had to be concealed in barns, shed and even homes. The result was some very spectacular fires in which witnesses, some of whom were members of Elmdale's board of directors, reported flaming mash rolling out of the burning building.

Fire was not the only risk for the moonshiners. In December of 1928, a house fire occurred in Holdingford Township during a raid by federal treasury agents. The agents suspected that a still was in operation in the house. The company denied the policyholder's claim for damages that resulted from the fire and at the annual meeting amended its bylaws to prohibit payment for barn fires that occurred within 24 hours after a barn dance, a primary site for the sale of moonshine, as well as fires caused by any use prohibited by federal, state or municipal laws.

1930 to 1940

The 1930s were the time of the Great Depression, bread lines and unemployment rose to more than 25 percent. In actual numbers, something in excess of 15 million people were out of work. Prohibition ended, thankfully from the standpoint of Elmdale Mutual's fire losses.

HISTORY TO PAGE 5

HISTORY FROM PAGE 4

The “Star-Spangled Banner” became the national anthem. The infant son of Charles and Anne Lindbergh was kidnaped and later found dead not far from his home. Franklin Delano Roosevelt was elected president and began the New Deal. Germany invaded Poland and World War II began.

The Great Depression was truly a low point for the company. It was closer to dissolution than at any other point in its history. In the darkest days of the depression, the company was in such dire straits after a number of fire losses, some of which were of highly suspicious origin, that the board was forced to levy two assessments, one in April of 1932 and the other in June of 1933. In fact, the company’s finances were so bleak that one of the directors suggested they collect enough money from the assessments to pay off the losses and other expenses, then dissolve the company.

The board, instead, decided to make a last ditch effort to save the company. They hired C.C. Hansen to both collect the assessments and reduce the amount of insurance each policyholder had on their property. With less insurance on outbuildings, it was less tempting for desperate policyholders to “sell the building to the insurance company” in order to get the money to pay their other bills. A personal call from the company’s assessor also produced more revenue for operation and the company survived.

At the annual meeting in 1935, the board of directors named just the second secretary in its history. Albert J. Nelson, Sr. would hold that position for the next 52 years. The following year, the company began to insure some of the policyholders more expensive property and anything valued at \$3,000 or greater was reinsured with the Farm Mutual Reinsurance Association. It was also the first time the company began a loss prevention program. It was quite modest as all the board of directors did was authorize the purchase of 500 “No Smoking” signs to be placed in policyholders’ barns.

In 1937, the company’s name was changed to Elmdale Farmers Mutual Insurance Company and for the first time, the company paid a volunteer fire department for service on a loss. The Upsala Fire Department received \$25.

1940 to 1950

As Elmdale Mutual began its fifth decade, the nation was stunned when the Japanese bombed Pearl Harbor pulling the United States into WWII. After several months of defeat in the first year of the war, the U.S. military began a series of victories at Midway and Guadalcanal. In the European Theater, after a defeat at Kasserine Pass in North Africa, the U.S. military’s fortunes changed with victories in North Africa, Sicily and Italy leading to the invasion of Western Europe at Normandy. The allies made steady progress across Europe until finally Germany surrendered. In the Pacific, the battles became bloodier at Peleliu, Iwo Jima and finally Okinawa where the Japanese employed one final desperate weapon, the kamikaze or suicide bomber. Following the death of Franklin Roosevelt, Harry S Truman became president and made the decision to drop the atomic bomb on Hiroshima and Nagasaki thus finally bringing an end World War II.

The company again did its part for the war effort purchasing \$9,000 of Defense Bonds. After the end of the war, the Little Falls Farmers Mutual Insurance Company merged with Elmdale Mutual. The company also began offering \$3,000 toward the purchase of a fire truck for any community served by the company. The end of the decade also marked the first time the company employed professional auditors. Prior to that, the company’s books had been audited by policyholders or others in the community with knowledge of bookkeeping practices.

1959 to 1960

The 1950s began with the North Koreans invading South Korea and American military personnel were again fighting in Asia. Charles Schultz published the first “Peanuts” comic strip, a pair of Puerto Rican nationals failed in their attempt to assassinate President Truman, the first episode of “I Love Lucy” aired and Dwight Eisenhower served two terms as president. School desegregation began in Little Rock, AR and Alaska and Hawaii became the 49th and 50th states.

The company began the use of the first standard township mutual fire insurance policy and the board voted to combine the offices of secretary and treasurer. Convinced that lightning arresters were significantly reducing losses, the board decided to purchase 500 of these devices and they were resold to policyholders for \$1.00. The company also sponsored a youth fire inspection program with the area 4-H clubs. Faced with numerous complaints from policyholders, the board of directors decided that the company would pay the entire cost of fire service where property insured by the company was on fire or directly threatened. The board of directors also decided that it was time to raise the policy limits on horses as many of the registered horses and ponies owned by policyholders were worth a great deal more than the \$125 limit.

1960 to 1970

The 60s were filled with tumult as John Kennedy was elected president, the Bay of Pigs disaster occurred and the country was on the brink of war with Russia during the Cuban Missile Crisis. Kennedy was



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assassinated by Lee Harvey Oswald and Lyndon Baines Johnson became president. The war in Vietnam became deadly as more and more American troops were committed to the conflict and the protests against the war divided the nation. The first Super Bowl was played in Los Angeles between the Green Bay Packers and the Kansas City Chiefs. Richard M. Nixon was elected president and Neil Armstrong became the first man to set foot on the moon.

This decade also marked significant changes for Elmdale Mutual. The first was the appointment of a company manager, Albert J. Nelson, Jr. Prior to this time, the managerial duties had been part of the secretary’s job. The company also took its first steps toward a professional agency force and that board members no longer needed to be licensed to write insurance. As the company was insuring a large number of poultry houses, it was apparent to the board that these buildings would need to be inspected every year so the first inspector was hired. The company also implemented a requirement for animals killed by lightning. Before the company would pay for these animals, a veterinarian would have to perform a necropsy to determine the cause of death. The first instructional schools began for the company’s agents and Elmdale Mutual began a risk inspection program hiring the company’s first full-time inspector.

1970 to 1980

The national tumult continued in the 1970s with riots marring the Democratic National Convention in Chicago. Nixon began normalization of relations with Communist China and brought about a settlement of the Vietnam War. The Watergate Crisis began. The U.S. Supreme Court in Roe v Wade affirmed a woman’s right to abortion during the first six months of pregnancy. Nixon resigned from the presidency in the wake of Watergate and Gerald R. Ford became president. The United States celebrated its bicentennial and James Earl Carter was elected president.

For Elmdale Mutual, the 1970s marked a major change. Not only was the annual meeting moved to March but with space becoming very tight in the basement of the manager’s home, the board decided to accept the offer of the Farmers State Bank of Upsala to move the home office to an addition being built to the bank. As part of its support for community activities, the company sponsored the trophies for the winners of the state plowing contest that was held in Swanville. The board also decided to once again separate the offices of secretary and treasurer.

1980 to 1989

When the Elmdale Mutual began its ninth decade, the U.S. hockey team

FARM LIABILITY CORNER



RUNAWAY VERDICTS

Do you know the liability limits on your farm, home, or auto policies? When was the last time you checked your liability limits? Do you need an Umbrella Liability Insurance policy?

The appropriate limit of liability insurance coverage is dependent upon your individual circumstances. What portion of your assets will be exposed if you are at fault for injuring another person or damaging their property? In other words, should a jury award damages for an amount greater than your current liability limits, are you willing to liquidate some, or all, of your assets to satisfy the portion of a jury verdict that is more than your current liability limits?

“Social Inflation”, the current trend for juries to award very large sums of money to plaintiffs is a reality. We have all seen media reports of multi-million or multiple hundred-million-dollar verdicts and settlements. Those large verdicts and settlements tend to impact every claim settlement. Ultimately they increase the cost of all liability claims.

Recently, one of our policyholders was involved in an accident where the other party was seriously injured. The individual remains in a rehabilitation facility. The medical bills exceed \$1.5 million dollars and are expected to double before the individual is released from medical care.

The insured is a medium-sized farmer with significant assets (land, machinery, and future earning capacity). Fortunately, the insured had a farm liability policy with a one-million-dollar limit and an umbrella policy with a multi-million-dollar limit. Even with the significant available liability limits, the initial demand was far above the combined policy limits. Although a settlement within the liability insurance policy limits was reached, there was a concern the plaintiff would not settle without the insured farmer personally contributing to the settlement. But, luckily the plaintiff agreed to a settlement that didn’t require the insured farmer to have to pay any portion of it.

Your local independent agent can review your situation, including your assets to help determine the level of liability protection appropriate for your home or farm operation. Be prepared for frank conversations about asset values and the level of risk you are willing to accept in the event you are involved in a serious accident where you are at fault or are negligent.

Gary Metz, MBA, CPCU, AIC, AR
Senior Vice President of Claims
NORTH STAR MUTUAL INS CO

HISTORY FROM PAGE 5

defeated Russia and then Finland to win the gold medal at the 1980 Olympics, Mount St. Helens erupted and Ronald Reagan was elected president. Just two months after his inauguration, Reagan was shot in an assassination attempt but survived and Sandra Day O’Connor became the first female justice of the U.S. Supreme Court. The U.S. invaded Grenada at the request of the Organization of Eastern Caribbean States to depose a Marxist regime. Ronald Reagan made his “Mr. Gorbachev, tear down this wall” speech and bankrupted the Soviet economy with his “Star Wars Defense Plan.” George Herbert Walker Bush was elected president and the Berlin Wall crumbled.

The computer era arrived at Elmdale Mutual and during this decade, along with six other township mutuals, the company launched *The Mutual Monitor*. Elmdale Mutual celebrated Albert J. Nelson’s 60 years of service to the company. Mr. Nelson’s 46 years of tenure on the board of North Star Mutual and 36 years on the board of Western National Mutual were also recognized as well as his 30 years on the board of the Reinsurance Association of Minnesota. The by-laws of the company were again changed, this time to set a mandatory retirement age from the company at 70.

The end of the decade also marked the end of an era for Elmdale Mutual with the death of Albert J. Nelson, Sr, only the second secretary in the company’s history.

1990 to 2000

When the 1990s rolled around and Elmdale Mutual would celebrate 100 years, Gulf War I started and ended 100 hours later with Iraq throwing in the towel as much of its armament was burning on the road from Kuwait. Bill Clinton was elected president. The Waco and Ruby Ridge standoffs occurred, O.J. Simpson was acquitted of his wife’s and a friend’s murder and the Monica Lewinsky scandal began.

The President of the Board of Directors, Kenneth Otremba passed away. Ken was also State Representative. A special election was held in October 1997 where Eugene Blommel was elected President of the Board. The company celebrated its 100th anniversary with a party held in Swanville MN. The country western band Lonestar was the featured entertainment. Lonestar had been contracted a year or so prior for a very modest fee. At the time of the anniversary celebration Lonestar had the number two country song in the nation.

2000 to 2010

With the turn of the century, George W. Bush became president, Islamic terrorists crashed four passenger airplanes into the World Trade Center Towers in New York, the Pentagon and a field in Pennsylvania and anthrax attacks occurred through the mail in several states. Gulf War II in Afghanistan and Iraq began and Saddam Hussein was caught and executed. Barak Obama became president and the economy moved deeper into recession with unemployment topping 10%.

The National Convention of Mutual Insurers set for Washington, DC was cancelled due to the attacks on the nation. Elmdale Mutual went over \$1BILLION of insurance in force. Mikel B. Nelson assumed the role of manager of Elmdale Mutual, making him just the fourth manager or secretary in the company’s history. Albert J Nelson, Jr., secretary of the board, did not run for re-election. This was to open a spot on the board for the manager of the company to assume the role of secretary as had been the practice for many years. This also marked Albert J. Nelson, Jr.’s retirement from the board and from the company after 34 years as the secretary or treasurer and 32 years as the company’s manager.

It was noted in the minutes that the amount of legal work and arbitration going on was the most that any of the board members could recall. At the end of the decade, a decision was made to leave RAM Mutual and move to the W J Lehrke Company for the procurement of the company’s reinsurance starting in 2010. This was not an easy decision for the board as Elmdale was a founding company with RAM. Provisions were also made for Elmdale to change from operating in townships to operating in total counties. This was a law change by the Minnesota Legislature.

2010 to 2020

In the second decade of the new millennium, Obamacare began as did the Tea Party. Osama bin Laden was killed and the Occupy Wall Street protests and riots began. Bombs exploded at the finish of the Boston Marathon and the IRS scandal of targeting and denying conservative and patriotic groups non-profit tax status erupted. American Pharoah became the first horse in 37 years to win racing’s triple crown, the Chicago Cubs won the World Series for the first time in more than 100 years and

HISTORY TO PAGE 7

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Dear Mr. Mutual: We are starting a farmstead cheese operation and the grocery store in our hometown will market the cheese. Do we need some special insurance for this new venture or is our farm policy good enough?

Mr. Mutual says: Similar to the example with the 4-H goats, if you are producing a processed food for sale to the public in a store, Mr. Mutual recommends that you contact your agent and purchase liability insurance specifically for this exposure.

Dear Mr. Mutual: We have a purebred Angus herd and every fall, my son and a couple of his buddies take a half dozen cows and a bull on the state fair circuit. The stock is gone from the farm for about six weeks and I just assumed that our farm policy and farm liability covered the stock but my wife is doubtful and now she has me worried. Does our policy cover stock that's on the road on exhibition?

Mr. Mutual says: The coverage for livestock is "limited". By that, Mr. Mutual means it is named perils. Fire, electrocution (lightning), drowning, accidental shooting and attack by wild animals. If for example, they are traveling and the bull dies from the stress of travel, it would not be a covered loss. Mr. Mutual recommends you contact your agent and consider Livestock Mortality insurance for the show cattle.

Dear Mr. Mutual: We rented a building on another farmstead we own to a couple of guys who said they needed someplace to restore antique cars and tractors. But, when agents from the state bureau of narcotics arrived at our farm, we learned that they had a much different enterprise going—a meth lab—and the restoration business was just a cover for the chemicals they needed. The "restorers" have been arrested but we are facing an expensive clean-up with all the toxic chemicals and hazardous material. Do we have any coverage for this expense under our farm policy?

Mr. Mutual says: No. This is specifically excluded in the TP1 policy, edition (1-21) on page 16 of 31, line 30, #20 "By Products". The short version is: There is no coverage to clean up an abandoned meth lab. The exact wording of this exclusion would be available from your agent or the company.

Dear Mr. Mutual: During a recent windstorm, my power pole snapped. The line still works but it is a hazard. I know that I have outdoor wiring coverage on my farm policy but I also purchased service line coverage. They have different deductibles with the service line at \$500. Which coverage will apply? Also, the electrician said that I might as well put the power line underground now so it won't be a problem again later. That will cost more than just putting up another pole. Will insurance pay for that?

Mr. Mutual says: Yes and No. The outdoor wiring coverage is subject to the deductible of the policy. The service line coverage you refer to is UNDERGROUND Service Line Coverage. The power line is currently above ground, therefore, you will only have coverage from the outdoor wiring coverage. The additional cost of putting the line underground will have to be taken care of by you.

Dear Mr. Mutual: After bringing my tractor home from the county fair, I noticed that the oil plug was missing and since the oil had drained out my engine seized up. I take very good care of my machinery so I'm guessing someone at the county fair or maybe someone putting up my new shed must have loosened the cap and the oil slowly drained out because there is no pool of oil anywhere. I do not have special form coverage on my policy. Do I have coverage for my loss?

Mr. Mutual says: Ummmmmm, this is quite difficult to answer. Oil plugs "generally" do not just fall out. However, since it was recently at a public county fair, there is a possibility of vandalism. Mr. Mutual is doubtful that one of the laborers at the shed would do something like that. If the boss sees that, they are fired. It is possible that it was not properly tightened at the last oil change. Without knowing all the parties involved, Mr. Mutual is not comfortable giving a definite yes or no on this one. Turn the claim in to your company and discuss it with the adjuster.

LAW FROM PAGE 3

noted that Logan's greed resulted in dilution of the organic grain market and very importantly damaged trust in the organic foods sector for legitimate organic farmers.

Richard Vosepka is a retired Assistant United States Attorney. He is also a retired lieutenant colonel in the United States Marine Corps where he served with the U. S. Navy's Judge Advocate General

HISTORY FROM PAGE 6

Donald Trump upset Hillary Clinton to become president. The country's economy shut down when a flu virus created by the Chinese Communists was unleashed on the world's people.

The company's new office building was completed across the street in Upsala from the Stearns Bank building where it had been since 1980. The rather massive undertaking of moving all the company's files and equipment to its new building was completed.

2020 to the present

In the company's current decade, Joseph Biden was elected president, Russian invaded the Ukraine, inflation soared, *Rowe v Wade* was overturned and the social security cost of living increase was 8.7 percent, the highest in more than 40 years.

COVID temporarily closed the company offices to walk in business and customers. However, business continued as the insurance industry was designated as essential.

COPING WITH FARM INJURIES

Despite the best safety precautions, farming leads to a significant number of accidents every year that can affect farmers' health, well-being and agricultural productivity. It's crucial to respond to these incidents swiftly and effectively to minimize injuries and prevent further damage. So, how should you respond to an injury in your farming operation.

- ★ Stay calm. Fear and anxiety are normal reactions after discovering a severely injured person, possibly a family member or coworker, overcome these emotions. Take a few deep breaths to slow your heart rate and regulate your breathing. Then do your best to clear your brain so you can think clearly and make the best decisions on what to do next.
- ★ Ensure personal safety. Make sure that everyone, including yourself, is safe from immediate dangers. Your safety and that of those involved in the accident should be the top priorities.
- ★ Call 911. Notify emergency services immediately. Make any additional calls for help after calling 911. Emergency services should always be the first call. Identify any hazardous chemicals or materials involved in the accident so emergency responders can determine the appropriate response. Even if it's only a minor injury, it's a good idea to call for emergency help to err on the side of caution. and ask the professionals what course of action they recommend.

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