

NIXA INFO-LINK

4th Edition

April 2007

OFFICE RENOVATION

The next time you are in Nixa, we invite you to stop by our office. When you do, you will be greeted by an interior facelift. Office spaces have been added, a fresh coat of paint adorns the walls and new floors welcome you. Our renovation began in March and we are glad to say, it is now complete.

The main computer server is now at the Springfield Underground. This move was initiated to insure company records are protected and can be readily accessible in the event of a catastrophe. With the weather we have encountered in the past years, management felt this was a precaution needed to protect company files.

Our doors are always open to you, "our customers." Stop by, meet and visit with your company representatives. We would be glad to see you!!

SOFTWARE UPDATE

Your response to our quoting software has been great and we might add, you are not the only ones showing interest. Nixa Farmers pioneered our quoting software, relatively taking an idea, consulting two unknown computer whizzes and the rest is history.

With the success of the software we have been experiencing shall we say, "growing pains." Our promise to you has been to have all policy types available to you online. Our computer technicians have been working 24/7 with new clients and our office updating our software with even more finesse. While we want the products available to you, we also must keep in mind that if we go online with our current status, within the next few months an update will need to be issued that will make quoting even more "user friendly" taking into consideration some of changes you have voiced to our office.

This is an area that we work on daily and each day, progressive changes are made. It is our intent to have the online products available to you as soon as feasible, but we do not want to speed ahead and leave behind details that would further enable you to quote, or our office underwrite, with fewer steps along the way.

Old Missouri Mutual will NOT be available online until 2008. With the advancements being made in Nixa's software, we are not going to put forth time and funds to place Old Missouri Mutual online until the changes have been implemented and tested..

With this said, until further notice, all Old Missouri Mutual applications are to be submitted on paper applications (either Old Missouri applications or use Nixa applications indicating Old Missouri and what program on the front page of application). If you do not have a supply of applications in your office, please let us know. Please note: ACCORD applications will NOT be accepted. Risks MUST be submitted on one of our company applications.

Online available services for Old Missouri Mutual are payments, policy inquiry, endorsements and claims submission.

Calls are being received from agents unable to log-in online. Buffey has found the problem is the user has the "CAPS LOCK" engaged. When trouble shooting please check this first as all passwords are lower case sensitive. If you continue to experience difficulty, please call our office.

E&O COVERAGE

Nixa Farmers and Old Missouri Mutual is proud to offer two E&O markets to our agents through our state and national associations, MAMIC & NAMIC. For details on how you can obtain a quote, contact Peggy McDaniel at 417-848-5379.

BROAD FORM VS. BASIC

Since the ice storm questions continue to be received regarding adding broad form coverage to policies. Nixa Farmers began changing all Basic policies to Broad on 4/1/07 renewal billings. Old Missouri will begin focusing on re-underwriting and converting policies 6/1/07. The change from Basic to Broad Form coverage will include the dwelling and other structures only. **If Weight of ice, sleet and snow is desired on farm outbuildings, it must be added by endorsement.** Broad Form coverage will be added and the billing delayed until the renewal date.

If you would like a policy listing to review and add Broad Form coverage before the renewal date, contact our office.

REJECTED APPLICATIONS

As we stated in our last issue, pictures are to be received in our office 10 days from the inception date of an application. We regret that some applications have been rejected as pictures and/or underwriting information has not been received. We would like to stress--it is not our intent to turn away good business, but that decision cannot be made unless ALL underwriting information is available to us. We pride ourselves in trying to place the business submitted, but without your assistance we cannot accommodate placement.

Applications and or quotes that are 30 days old or older are being removed from the quoting system in an order to keep this portion of our program updated.

MODULAR VS. DOUBLE-WIDE

Modular and double-wide homes are becoming more prevalent in our area. These home in the past years have made many strides in their improvement. Questions have been coming into the office on how to place these risks and how to tell the difference. Following are guidelines you can refer to in deciding which company or program to place a home with:

Nixa Farmers Mutual Insurance Company:

HO3 or HO2 - Modular with foundation
Mobile Home Elite- Mobile Home with foundation or skirting

Old Missouri Mutual Insurance Company:

HO3 - Modular or Double-wide with foundation

Age: 10 years or less

HS - Modular or Double-wide with foundation OR skirting; Age: 15 years or less

Modular Or Double-wide??

*Modular homes have wood underneath and are brought in on a trailer in 3 sections plus the heating and air system. Common manufactures are Dove and Taylor.

**Double-wides have steel beams and are brought in on wheels. Common manufactures are Fleetwood, Oakwood, Chateau and Clayton Homes.

CHEAT SHEET

Underwriting Manager, Shannon McClure has developed a cheat sheet. This is a new underwriting tool that will assist agents in placing business with Nixa Farmers or Old Missouri and act as a guide to the appropriate policy type. A copy is attached to this newsletter. We feel the cheat sheet will prove beneficial to your agency.

CLAIMS REPORTING

In order to process our claims faster, please remember the following:

1. The DATE OF LOSS needs to be indicated for each loss. We are aware the insured may not know the exact date, but we DO NEED a date stated on the loss report.
 2. Accord form loss reports are acceptable.
 3. Claims may be submitted by fax or e-mail.
 4. We do have a loss notice in our Word Program that we can send to your office for use in e-mailing claims. If you are interested, contact Adrienne and she will be happy to e-mail the form to you.
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"The best way to escape a problem is to solve it"

Keith's Keynotes:

I am constantly reminded how great it is to work in the farm mutual industry. While there are always challenges and obstacles, it is always great to look at the industry as a whole and be appreciative of the opportunity we have to work with great agents who sell our products and services to their community members. By being a farm mutual insurance company we are somewhat unique. While it may seem that we are in competition with other farm mutuals, there is always the mutual philosophy of "neighbor helping neighbor" driving us to work together not only for our clients, but also to ensure that our industry remains strong.

I recently attended the MAMIC Manager's Conference in St. Charles. The meetings used to be informative and fun, now it seems as though the meetings provide announcements of the "new challenges" we must overcome. Last week in a series of meetings throughout Missouri, Cameron Mutual Insurance Company announced it would be getting out of the property reinsurance market January 1, 2008. There are approximately thirty farm mutual companies reinsured by Cameron Country Mutual Insurance Company. While the announcement was a difficult one, they extended a plan to farm mutuals which includes the reinsurance broker, Guy Carpenter, to assume the property reinsurance portion of their program. Currently, Old Missouri Mutual Insurance Company is reinsured by Cameron. While changes will be difficult for many mutual companies to understand, we hold an advantage in that Nixa Farmers Mutual has been purchasing reinsurance through Guy Carpenter since 2002. Currently, we are looking at it as a very positive change and challenge for Old Missouri Mutual. As for our industry, the announcement basically leaves only three reinsurance companies and brokers working with the Missouri farm mutual industry- five years ago there were five. As a mutual company, we must all work together to ensure our companies are running effectively to acquire adequate reinsurance protection. In my opinion, we cannot underwrite ourselves out of business, however, we must continue to look for the opportunities in underwriting that will make us more efficient in operation, therefore making us attractive to reinsurance carriers.

While the reinsurance issue is a big one, there is always the challenge of new laws being passed by legislature both on the state and national level. Currently, we have an issue in Washington D.C. which involves the repealing of the McCarran Ferguson, which gives individual states the authority to regulate the insurance industry. Federal regulation would be very detrimental to all farm mutual companies due to size. The federal government could very easily require all companies to write at least 15 million dollars in premium which would put most companies out of business. The states have done a great job in regulating insurance. I encourage you as agents to contact our local representatives and encourage them to oppose legislation which repeals McCarran-Ferguson. For reference, it is Senate Bill 618 and House Bill 1081.

As a farm mutual company in Missouri, we operate under a separate set of laws than do the other national or multi-state writing companies. Our laws were designed to protect the interest of our companies as we can only write in the state of Missouri, and the policyholders actually own the company. The law seems to be under attack more and more frequently as included in the law is the fact that we as farm mutual insurance companies are exempt from the unfair claims practices act. As many of you are aware, this is what put our company on the local KY-3 newscast in February. They did a story on a local individual who states that she has no recourse as we denied her roof claim because we are not subject to the unfair claims practices act. However, the actual intent of the unfair claims practices act has little to do with the denial of a claim when there is no damage to the insured property by a covered peril of the policy. The unfair claims practices act outlines procedures for a timely settlement of a loss. While the broadcast on the local news station did receive an on camera interview with myself, it seemed to cause minimal upset from our policyholders. We fielded two phone calls and both policyholders seemed to be satisfied with our explanation of company's operations.

The farm mutual industry has been around for along time. Most of our success is owed to our agents. As agents, you have an important part of our company. Each policyholder you place with Nixa Farmers Mutual, Old Missouri Mutual or any other farm mutual company has a stake in the ownership of the company. The January 12, 2007 ice storm caused major damage in southwest Missouri. Nixa Farmers Mutual suffered 531 claims totaling \$860,000 in loss settlements paid to policyholders. As of March 31, 2007 there were only 19 claims remaining open. Old Missouri Mutual suffered 142 claims totaling \$208,383 in loss settlements paid to policyholders. This was the single largest event in regard to volume in the company's history. We responded to our policyholders - our first and foremost objective. "Many Thanks" to a wonderful dedicated staff for enduring the many challenges we faced during the ice storm.

While our industry, as well as our company, will endure many challenges, we can never forget our purpose and relate it to the mutual philosophy of "neighbor helping neighbor." Whether it be the challenge of changing laws, the loss of a reinsurance carrier, the effect of the media, or a catastrophic event, the mutual philosophy of "neighbor helping neighbor" will see us through and ensure that our industry remains strong, servicing our policyholders for many years to come.

I "Thank each of you as agents" for your continued support of our company and industry. Should at anytime you or any of your clients have questions regarding our company's operations, I encourage anyone to contact me. As stated before, it is great to work in this industry and I truly believe in the mutual philosophy.

