

From the Manager:

This is our 14th newsletter since 1994 (we published biannually in 1994-1995 and annually thereafter).

2004: Unfortunately, 2004 was once again one of our record claim years. As noted in last year's June newsletter, a serious tornado on May 21st caused extensive damage in Bradgate. Humboldt Mutual paid a total 161 windstorm and hail claims in 2004, totaling \$1,236,097 (of these 44 were from the Bradgate tornado with \$989,663 total claims paid for that one loss date). There were 104 fire and extended coverage claims totaling \$368,585 paid. Total claims paid were \$1,604,682. Forty-four 'open' claims were carried over to 2005, estimated at \$194,806. Our 'attachment point' for reinsurance recovery was \$1,051,404. Humboldt Mutual received \$408,225 of reinsurance recovery prior to year-end. Humboldt Mutual average rate per thousand was \$4.00. Gross claims paid per thousand of risks-in-force was \$4.02. Company surplus decreased \$155,351, from \$1,953,305 to \$1,797,954.

This represented the third worst Humboldt Mutual claims year,

since 1969, (35 years). I would venture to say this was the third worst claims year in the history of the company – since 1886. Humboldt Mutual Insurance Association has experienced its five worst claims years during the last 15 years. These were the only years in the history of the company that total paid claims exceeded \$1,000,000:

1999 - \$2,078,998	1st
1989 - \$1,896,113	2nd
2004 - \$1,604,682	3rd
1998 - \$1,233,661	4th
2001 - \$1,041,314	5th

The good news is, we have weathered the storms with minimal adverse affect to policyholder surplus, thanks to our strong reinsurance partner - Grinnell Mutual Reinsurance Company. We look forward to much improved financial results in 2005!

A complete 2004 financial report can be found on pages 11 and 12 of this newsletter.

Please, if you have questions or would like additional information concerning any items discussed in this newsletter, feel free to contact us.



**Maurice
Abens**
Secretary-
Manager

Mutually Yours,

Maurice R. Abens
Secretary/Manager
Humboldt Mutual Insurance
Association

Following are excerpts from the January 2005, National Association of Mutual Insurance Companies (NAMIC), "Farm Mutual Forum" Newsletter, published monthly.

**"A Blessing or a Curse?" –
"Insurance Company Managers
Acting as Agency Owners"**

– By Matt Keating

Many NAMIC members believe the benefits of being an insurance company manager, while also owning an insurance agency, far

continued on 3 ►►

Annual Policyholder Meeting excerpts

• **Call to order:** President Lawrence E. Marty called the 119th annual policyholder meeting to order at 10:00 a.m. There were 25 people present, including 19 policyholders.

• **Approved Minutes:** Secretary Abens read minutes from the January 26, 2004, policyholder meeting. The minutes were approved with a motion from Chris Wergeland and a second from G. Marvin Lindemann. There were no additions or corrections.

• **Records Examination Report:** Dan Volk, representing the GMRC Records Examination department, reviewed the operating statement, balance sheet, and summary of operations for 2004. 2004 gross premiums were \$1,597,824, with gross losses of \$1,604,682. After expenses, the company suffered an underwriting loss of (\$411,670). Gross risks-in-force were \$399,526,969; total policies in force, 1,988. Mr. Volk did an in depth review of record examination, highlighting the following: Humboldt Mutual surplus decreased \$155,350. This reflected adverse loss experience, primarily the Bradgate Tornado. Dan noted positive investment results helped reduce the size of the operating loss. Dan ended his report by answering questions from the membership. President Marty thanked Mr. Volk for providing a very informative report. LeRoyn Stensland moved

to approve the Records Examination Report. Larry Curran seconded and the report was approved.

• **Election of Directors:** Lawrence Marty presented the Nominating Committee Report. Director terms for Ralph Jacobson, Calvin Sorensen and Roger Nelson expired as of this meeting. Ralph Jacobson, Calvin Sorensen and Brad Banwart filed nomination papers in compliance with Article VIII, Section 11 of Amended and Substituted Articles of Incorporation. Ralph Jacobson and Calvin Sorensen would succeed themselves and represent 32 years combined experience as directors. Brad Banwart would succeed Roger Nelson, who retired from the Board after 9 years service. There were no other nomination papers filed. Lawrence E. Marty moved that the written nominations be accepted and that the membership elect the three by unanimous ballot. During discussion, Brad Banwart was asked to introduced himself to the membership and answer any questions they had. After discussion, Robert Abens seconded motion and it carried unanimously. President Lawrence E. Marty declared Ralph Jacobson, Calvin Sorensen and Brad Banwart elected for three-year director terms and thanked them for placing their names in nomination.

• **President's Remarks:** President Marty welcomed members and expressed his appreciation to agents and staff for their hard work and sacrifices made this past year. President Marty reviewed board activities, including five regular BI-monthly meetings, one special planning meeting, the annual policyholder meeting, and annual Director's meeting. Lawrence attended the Grinnell Mutual annual meeting in June, along with four staff personnel. Six directors and five staff members attended the Mutual Insurance Association of Iowa convention in November. Two Directors attended a Director Seminar in Waverly, Iowa, in August.

• **Adjuster's Remarks:** Steve Samuels noted there were 399 claims reported in 2004. This was the fourth lowest number of claims reported in 23 years. Total 2004 gross losses paid were \$1,604,682. Steve noted the Bradgate Tornado May 21 resulted in 44 claims totaling \$800,000+ in damage. Unpaid loss reserves, carried into 2005, totaled \$194,806. Steve reported company Inspector Cindy Thompson completed 315 inspections in 2004 and traveled 9,413 miles. Steve traveled 15,742 miles and begins his 24th year with the Mutual. Steve extended special thanks to all Humboldt Mutual staff and agents for their assistance and cooperation. Average number of

continued on 7 ▶▶

outweigh the problems, but they are quick to point out the highs and lows of wearing two hats.

- Randy Sabers, manager of McCook Farm Mutual Insurance Co. of South Dakota, Salem, SD, believes the biggest challenge is making sure a company's interest comes first and the agents' second.

"That isn't as difficult as you may think, but there could be conflicts of interest," Sabers noted. "So far I have been lucky, because I haven't had to make difficult decisions where company rules weren't followed."

- Maury Abens, secretary/manager of Humboldt Mutual Insurance Association, Humboldt, Iowa, said the advantages begin with sharing Mutual and Agency business recognition within a community. "Sometimes this could be confusing, but in our situation, our two entities complement each other very well," Abens said. "Humboldt Mutual Insurance Association is 119 years old and Abens-Marty-Curran Agency is 29 years old. Our agency benefits from the long-term

identification Humboldt Mutual has developed over its many years of service to member policyholders."

Abens added that Humboldt Mutual also benefits from local community recognition and community involvement of agency personnel. Agency principals, producers and staff have served on Chamber boards, City boards, various service club boards, church committees, as well as special Community Improvement boards and committees. This involvement reflects both good corporate citizenship and personal investment in our local community. This is very positive for both the Mutual and Agency.

"Our agency leases office space from the Mutual and we share office and advertising expenses, which is cost effective for both," Abens said. "Also, Mutual management perpetuation might be another possible benefit from this cooperative relationship, between the Mutual and Agency."

Abens' partner in the agency, Larry Curran, is treasurer of the Mutual and handles all of the Mutual investment activities. Curran works within guidelines set by the board to transact

investment strategies and makes regular reports at board meetings. Curran also manages all agency activities.

Abens' son, Bob, serves as assistant secretary/treasurer and is responsible for day-to-day underwriting and bookkeeping activities. Bob is also very actively involved with the agency. "Farm Mutual insurance experience Bob is gaining now is very valuable," Abens said. "Should the board desire, they would have a very qualified candidate for management perpetuation when that time comes."

Curran's son Scott, although not directly involved in the Mutual, works full-time in the agency, and will be in position to take over management of the agency, in partnership with Bob, when Larry and Maury retire.

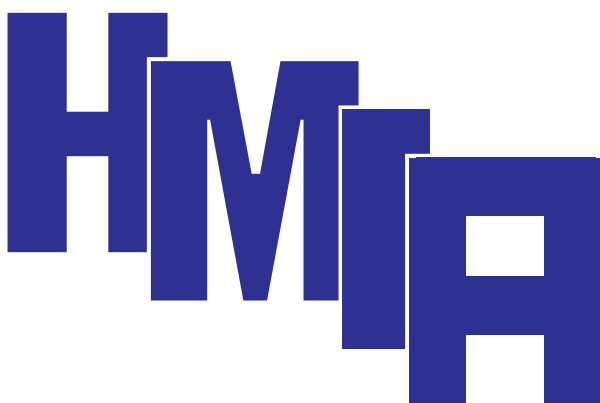
Abens believes that the cooperation and success between the Mutual and the Agency bodes well for both organizations and is confident it will serve both, well into the future.

- Duane Smith, secretary/manager of Farmers Mutual Insurance Company of Johnson & Shelby Counties, Franklin, IN, and president of the Mutual Insurance Companies Association of Indiana, said the biggest advantage is one-stop shopping for the customers.

"If a customer is buying farm mutual insurance policies, they may purchase auto insurance as well," Smith said. "They are not as likely to go someplace else."

Smith stressed that a large advantage is cost efficiency. "You

continued on 6 ►



LP gas safety for small propane

Safety tips for small propane cylinder

Checking for leaks:

Before lighting your propane gas appliances, check all connections for tightness using a leak-detection solution.

Do not use matches or lighters to check for leaks. With all the valves on the appliances turned to off, slowly open the cylinder valve by turning the handle counterclockwise.

Apply the leak-detection solution to the connections being tested

(hose connection, service valve, base and stem of the service valve and regulator).

If bubbles appear, become larger in size, or increase in number at any connection, a leak exists. Turn the cylinder service valve handle completely off by turning clockwise. Disconnect the regulator connector from the cylinder. Call your local propane gas supplier for further instructions.

- ✓ Do not smoke while handling or transporting propane cylinders.
- ✓ Always store cylinders standing upright.



Steve Samuels
Claims &
Loss Prevention

- ✓ Never use or store cylinders indoors.
- ✓ Keep cylinders away from heat.
- ✓ After filling, take cylinders directly home – never leave cylinders in a vehicle except when transporting.

For more information about propane use and care of your propane equipment, call your propane dealer.

Avoid roofing scams:

Spring and summer storms increase the threat of hailstorms. If you are unfortunate enough to be victimized by Mother Nature, take special precaution not to be victimized by roofing contractors



who may be trying to scam you.

You should be concerned if you are approached by individuals who claim they can obtain a “free roof” for you from your insurance company. In many cases, these scam artists begin working on your roof, and then demand you give them your insurance check, only to disappear with money in hand, leaving you with an unrepaired roof.

To avoid being scammed:

- Insist on seeing proof that the



Cindy Thompson
Inspector
Humboldt
Mutual
Insurance
Association

roofer is licensed by the state in which you reside.

- Obtain three competitive bids and submit the lowest bid to your insurance company.
- Do not allow the roofer to manage the claim, unless the roofer is also a licensed public adjuster.

continued on 5 ▶▶

INSURANCE ISSUES:

What is reinsurance?

Insurance companies must keep money in reserve to pay for large losses. But a catastrophic loss could still put a strain on a company. That is where reinsurance comes in. Reinsurance is insurance for insurance companies. It is a way of transferring some of the financial risk assumed in insuring cars, homes and businesses to a larger insurance company, the reinsurer.

In exchange for part of the premium earned, a reinsurer agrees to assume part of the risk. This prevents insurance companies from going bankrupt if an extremely large loss should occur. Your business is reinsured by Grinnell Mutual Reinsurance Company, who has an "A" rating from A.M. Best. Their strength and stability provides the financial backing required in the insurance industry.

Reinsurance is a highly complex global business and accounts for about seven percent of the property/casualty insurance industry premiums in the U.S.

When does my policy expire?

Usually, policies expire at midnight on the policy expiration date. For example, if your policy expires on March 15, 2005, then

it expires at 12:01 a.m. on that day. If something happens at 12:02 a.m. and the premium has not been paid, you are not covered for the claim.

Do I have a grace period?

Many companies allow a few extra days to pay the premium, usually with a late fee. But technically, there is no coverage if the premium is not paid by the due date. Only life and health

► *Continued from 4*

- Do not sign over your insurance check; rather make partial payments to the roofer with the balance to paid after the work is finished.

Winter may be over, but house fires still present.

The home heating season may be over, but the risk of home fires is not. Clothes dryers are associated with more than 15,000 fires each year and result in property damage, injury, and even death.

In fact, dryers rank third among home appliances that start fires, with only stoves and fixed heating systems ranking higher.

Here are a few precautions to take when using your clothes dryer:

- Never leave your house while your dryer is

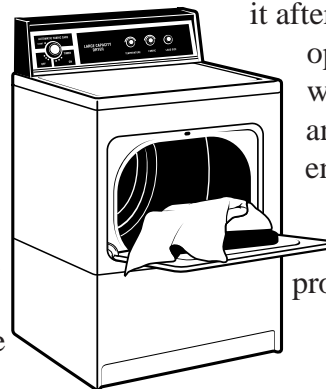
Bob Abens
Underwriting &
Accounting,
Asst. Secretary/
Treasurer



insurance have a 30-day grace period. With property and liability insurance, coverage goes into suspension until payment is made.

running – if there is a malfunction, you can immediately turn it off and disconnect the power cord.

- Plug your dryer into an outlet that is equipped to handle the electrical load – this prevents tripped circuit breakers and blown fuses.
- Make sure your dryer is vented to an outside wall and it is unobstructed – if air cannot get through the duct, then the blockage can result in fire.
- Keep the area around your dryer free from clutter – all combustible material, such as boxes or clothing, should be stored elsewhere.
- Remove the lint filter and clean it after each use – never operate the dryer without the filter as lint and other fibers can get entrapped in the dryer's parts and combust or cause mechanical problems.



can lower operating costs for both businesses. Our Mutual has grown quite a bit as a result.” Farmers Mutual processes the mutual business it receives through one employee, Jennifer Kean. Meanwhile, Shirley Craven does the bookkeeping and Shirley Ackerman processes work through the agency. The result is lower overhead.

- Doug Steele, secretary, Farmers Home Insurance Company of Knox County, Vincennes, IN, and past president of Mutual Insurance Companies Association of Indiana, Westfield, IN, said he has been on both sides of the fence – he has been involved in Mutuals that owned their own agency, as well as having the agency owned by the manager.

Steel noted that working as both a company manager and agency owner can be challenging. “The advantages are many,” he said. “The first one is you can write other lines of business through your agency to help round out an account, and thus satisfy all of an insured’s needs, which keeps competition at bay.”

A second advantage has to do with acquiring and retaining good quality people. “Most small mutual companies cannot afford to pay their manager, producer, etc., very high salaries, so the income they can generate through the agency will afford them a good living and thus, hopefully, keep them interested in continuing with the mutual,” Steele said.

One disadvantage is the risk

that an unscrupulous manager could take advantage of the company. “For instance, it would be a problem if the manager draws a salary from the mutual and moves business to his agency for the additional commission income,” Steele said. “Also, there is the temptation to write business as an agent through the mutual; that is not really good business. However, mutual managers face conflicts of interest every day and it all comes down to the integrity of the person doing the managing.”

- Mike Kiefer, president of Perry County Mutual Insurance Co., Perryville, MO, believes the advantages of being a mutual company manager while owning an independent agency should and must be complementary for either to succeed.

“I look upon the success as my primary responsibility,” Kiefer said. “The agency operation exists to provide products that our mutual policyholders need, but are not offered by the mutual company. My partner and I have operated with these guidelines for some 15 years and we have been pleased with the results.”

“The challenges are to keep everyone in the operation aware of the following: the success of the mutual is always the primary mission,” Kiefer said. “The agency must offer good products at a fair price in order to complement the mutual, and the service to the policyholder of either entity must be second to none. All personnel must have a genuine interest in being

individually successful for the companies to be successful.”

- Harold J. Read, secretary/treasurer, Berlin Mutual Insurance Co., Princeton, IL, said he likes the advantage of underwriting his own business, and believes the biggest disadvantage is the difficulty in balancing and/or finding the time for both positions.

“The challenge is to achieve the balance of growing the mutual but yet keeping it manageable, because there comes a time when you can’t do both jobs effectively. I think there are more advantages than disadvantages, but it is a constant challenge. Once again it comes down to discipline and self-control.”

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► *Continued from 2*

claims-per-year the last 23 years has been 627. Average claims-per-year the last 5 years has been 427. Adjuster's report was accepted.

• **Secretary's Remarks:** Maury Abens recognized company agents Bruce Sundet, Sundet/Omdahl Agency; Bill Merris and Eric Sime, Smith Insurance; Gene Christianson, Jaspersen Insurance; Staci Schnittjer, Town & Country Agency; Kent Clendenen, Lance Dewinter, Scott Curran, Marie Haas, and Ron Gustafson, Abens-Marty-Curran Agency; Dennis Johnson, Anchor Agency; and Donald Jensen, North Iowa Insurance. Abens also recognized policyholder Marilyn Lindemann and Directors Marvin Lindemann, Chris Wergeland, and LeRoyn Stensland and thanked everyone for attending the meeting. Abens introduced and thanked staff-members Steve Samuels, Cindy Thompson, Robert Abens, Amy Westberg, and Larry Curran for their hard work. Abens extended his personal appreciation, to the staff, for their extra effort and prompt service, reporting, inspecting and adjusting severe losses suffered by Humboldt Mutual policyholders in the Bradgate Tornado.

Abens next presented a plaque for Roger Nelson, expressing appreciation for 9 years of service as Humboldt Mutual Director. Roger was unable to attend the policyholder meeting and Maury would deliver plaque to Roger ASAP.

Abens reviewed board resolutions for 2004 and specifically reviewed actions taken at the January 18, 2005, Director Planning Meeting. Abens reported rates were increased a modest 3% for all policy types. The 10% 'new business surcharge' would be continued for HomeGuard Policies, but discontinued for Farmate policies. Staff completed 3,779 policy transactions, in addition to over 714 claim and inspection transactions. There were 255 new applications and 254 cancellations for the year. The Mutual invested \$13,000 in new scanning software and hardware updates, with the goal of paperless operation in 3 to 5 years. Abens reported Arthur/Meinders & Associates, the first Independent Insurance agency appointed by the Mutual, was sold to Town & Country Agency effective August 1, 2004. Agency transition had been very smooth, with very few problems impacting Humboldt Mutual policyholders. Abens reported all HomeGuard policy forms were being updated in 2005. Special

thanks were extended to Amy Westberg for her ongoing extra effort to complete this project as efficiently as possible. Abens reviewed 2005 goals and thanked the membership for their support. Abens also expressed his appreciation to the Directors for their continued leadership and direction during the year.

• **Resolution by Membership:** Scott Curran offered a resolution to ratify and affirm all actions taken by Humboldt Mutual Insurance Association Officers and Directors, since the last policyholder meeting. Lance DeWinter seconded and resolution passed with no objections.

• **Other Business:** None

• **Adjourn:** Bill Merris moved to adjourn. Policyholder meeting adjourned at 11:15 A.M.

Respectfully,

Maurice Abens
Secretary/Manager

Lawrence E. Marty
President



Umbrellas aren't just for rain



Larry Curran
Treasurer

Your homeowners and farm insurance provides protection, but you may need additional coverage. That is where umbrella liability insurance comes into play. Your current policy covers you up to a certain limit, but what happens when a lawsuit requires a payment that is out of your financial range?

Today many individuals, as well as business owners, and farmers, purchase umbrella liability insurance. Prior to 1962, jury verdicts for a million dollars did not exist. Since then, thousands of verdicts for a million dollars or more have been awarded.

Umbrella liability insurance originated in the 1940s. Its name is derived from the fact that it acts like an umbrella, sitting on top of your auto, farm, and homeowner's liability policies to provide extra protection.

Consider these scenarios:

- An auto accident where you are sued under your auto insurance policy;
- Your neighbor slips and falls on your property, and you're sued under your homeowner's insurance;
- You are walking your dog, when it get loose and bites someone (this applies whether

or not you are on your property at the time of the incident).

Factor in components such as mental anguish, mental injury, shock, fright, humiliation, false arrest, invasion of privacy and discrimination, and it is easy to see how settlements can become very costly.

Your auto, farm, and homeowner's policies provide some liability insurance covering the settlement of claims.

But, what if a settlement is \$900,000 and you only have \$300,000 of liability coverage? Your insurer would pay \$300,000, but you would be responsible for the remaining \$600,000.

Virtually everything you own (as well as future wages and any inheritance you may receive or any inheritance you want to leave your children) is fair game when repaying settlements over time.

Umbrella liability insurance makes sense. For the protection you get, umbrella liability coverage is relatively inexpensive.

Contact us for more information or for pricing details.



from: Humboldt Mutual
Insurance Association



and

GRINNELL MUTUAL
REINSURANCE COMPANY

www.gmrc.com

A Policy of Working Together

Policy Matters

IN THIS ISSUE:

Covering Your Insurance Needs	1
Burglarproofing Your Home	1
Teenagers and Seat Belts	2
Driving Tip: Get Clutter Out	2
Business Interruption Insurance	2

Volume 2, Issue 4
Summer 2005

Covering Your Needs

This summer, remember that one of the most important considerations is **liability coverage**. It is cost-effective, often far below the rate charged for property coverage. However, a liability claim can devastate your assets. Have you reviewed your liability limits lately?

It is also important to review who is insured on your liability/workers' compensation policies.

Remember that **workers' compensation** insurance may be required any time you hire help. Just give us a call for a quote.

Please call us or stop in to review all of your policies! It may be possible to increase your limits with very little extra cost.

Personal excess coverage is another affordable way to add an extra layer of liability protection to your existing policies.

Another way to enhance your insurance protection is to make sure all **available discounts** are applied to your policy.

Did you know that discounts may be available for good students, longevity with a company, or having a supporting homeowner's policy? Please be sure to give us a call or stop in anytime you have questions!

THANK YOU for your business!

Burglarproofing Your Home

Summer is the time for weekend getaways and long vacations. But as you are planning your excursion, criminals may be planning their next burglary. According to the Insurance Information Institute, July and August are the worst months for burglaries.

Of the 1.2 million burglaries that occur nationwide each year, many are avoidable. In fact, nine out of 10 home break-ins could be prevented with a little precaution.

Light, time and noise are the biggest deterrents against home burglaries. To help prevent some of these crimes, try these suggestions:

- **Investigate your house the way a burglar might.** Search for easy ways to enter your home. Look to see if valuables such as expensive electronic equipment are visible from the street. If a passerby can see your belongings, so can potential criminals.
- **Keep your home well lit.** Mount exterior lights in your yard or on your house. If you are gone for the evening, leave a few lights on in the house or put them on a timer.
- **Make it time-consuming to break into your home.** Simple security devices such as grates, bars, and dead-bolt window and door locks

can slow a burglar down. If it takes too long to get in, many criminals will give up and move on.

- **Trim trees and shrubs near doors and windows.** High fences and shrubbery can hide a burglary in progress, so consider exchanging a little privacy for added security.
- **Make it noisy to break into your home.** Consider investing in a burglar alarm. There are many types available, some of which you can install yourself and others that require the assistance of a professional.
- **Make sure you have strong doors.** Outside doors should be made of metal or solid hardwood and be at least 1¾ inches thick. Frames must also be made of strong material, and each door must fit its frame securely. Even the best lock will not deter a burglar if it is installed on a weak door.

As you improve the security of your home, do not exchange security for personal safety. Make sure your home is not such a fortress that you cannot escape in case of a fire or other emergency.

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Did You Know?

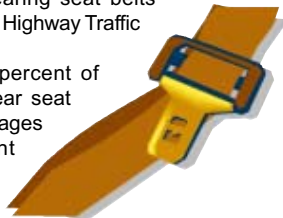
In 1999, gas and charcoal grills caused 1,500 structure fires and 4,200 outdoor fires in or on home properties, resulting in a combined direct property loss of \$29.8 million.

Teenagers and Seat Belts

Of the 5,431 teens killed in auto crashes in 2001, two-thirds were not wearing seat belts according to the National Highway Traffic Safety Administration.

Overall, nearly 75 percent of Americans say they wear seat belts. But among those ages 16-24, only 69 percent admit to wearing their seat belts.

A survey released by Volkswagen found that almost a third of high school students deemed seat belt use as "uncool." Thirty percent said seat belts were uncomfortable or would wrinkle clothing, while 20 percent said they thought seat belts were unnecessary on short trips. Another 18 percent said a feeling of invincibility (nothing will happen to me) stopped them from regularly buckling up.



INSURANCE 101:

Open Peril — Insurance policy that protects the insured from losses caused by any peril that is not specifically excluded in the policy.

Correction: Policy Expiration

In the spring issue of *Policy Matters*, it was reported that "usually, policies expire at midnight on the policy expiration date. For example, if your policy expires on March 15, 2005, then it expires at 11:59 p.m. on that day. If something happens at 12:01 a.m. and the premium has not been paid, you are not covered for the claim."

The corrected version states "usually, policies expire a minute after midnight on the policy expiration date. For example, if your policy expires on June 15, 2005, then it expires at 12:01 a.m. on that day. If something happens at 12:02 a.m. and the premium has not been paid, you are not covered for the claim."

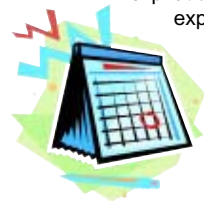
To follow up, many companies allow a few extra days to pay the premium, usually with a late fee. But technically, there is no coverage if the premium is not paid by the due date.

Only life and health insurance have a 30-day grace period. With property and liability insurance, coverage goes into suspension until payment is made.

The high cost of falling down

Accidents take an incredible toll on the U.S. economy. We spend nearly \$177 billion every year on injuries caused by falls, car wrecks and other accidents. Accidents account for 10 percent of all medical spending in the United States.

Injuries are the number one cause of death for Americans 35 and younger. In 2001, 44.7 million Americans needed treatment for some type of injury.



Driving Tip: Get Clutter Out

Everyday objects in your car can become dangerous missiles when vehicles collide or are forced to stop quickly. Safety belts hold passengers in place, but there is nothing to stop loose objects from flying around the vehicle—except the first thing they hit.

Imagine a glass bottle or a camera traveling through the air at 55 miles per hour. It is easy to see why many injuries are attributed to nothing more than objects flying around during accidents.

An obvious solution is to keep clutter to a minimum and keep potentially dangerous articles in the trunk or under seats.

INSURANCE 101:

Reserve — A sum set aside to meet future obligations. Amount of reserve varies with different types of claims as well as with differences in severity of claims.

Business Interruption Insurance

Business interruption insurance protects a business owner against covered losses resulting from a temporary shutdown because of fire or other insured peril. Generally, business interruption insurance provides reimbursement for lost net profits and necessary continuing expenses.

Business Interruption Insurance covers:

- Profits you would have earned, based on your financial records, had the disaster not occurred.
- Operating expenses, such as electricity, that may occur even if the main business activities are stalled.
- Some policies cover expenses incurred from operating out of a temporary location while the original premises are being repaired.

Business interruption insurance is not sold as a policy by itself. It may be added on to a property insurance policy or included in a package policy, such as a business owner's policy. Give us a call to review your different options.



INSURANCE 101:

Basic Limits — Certain minimum amounts of liability covered by insurance. It is customary to quote premiums in terms of these minimum amounts.

Time for Fun in the Sun!

We know you value your leisure time. We also know that you want worry-free decisions when it comes to buying insurance protection.



A single policy can cover all your eligible recreational vehicles at a very reasonable rate.

As summer approaches, all your leisure vehicles can be covered: sailboats, power boats, motorcycles, scooters, golf carts, and even all-terrain vehicles. Contact us today to see what we can do for you.

Did You Know?

The United States Department of Agriculture reports that 48 percent of U.S. farms now have Internet access, compared to 43 percent in 2001.

☞ If you have any questions about your insurance needs, contact us today! ☞

**HUMBOLDT MUTUAL INSURANCE ASSOCIATION
SUMMARY OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002**

UNDERWRITING PROFIT (LOSS)	2004	2003	2002
Gross Premiums	\$ 1,597,823.91	\$ 1,602,358.45	\$ 1,402,211.28
Less Reinsurance Premiums	<u>311,528.93</u>	<u>411,705.03</u>	<u>328,881.69</u>
Net Premiums	1,286,294.98	1,190,653.42	1,073,329.59
Gross Losses	1,604,681.83	543,744.06	603,778.01
Less Reinsurance Recovered	<u>404,725.29</u>	<u>97,191.15</u>	<u>0.00</u>
Net Losses	1,199,956.54	446,552.91	603,778.01
Loss Adjustment Expense	48,031.83	50,987.53	40,614.14
Commissions and Agent's Salary/Expense	199,422.12	235,683.21	198,514.18
Operating Expense [see page 4]	<u>250,554.24</u>	<u>269,816.70</u>	<u>235,676.87</u>
Total Underwriting Expenses & Losses	<u>1,697,964.73</u>	<u>1,003,040.35</u>	<u>1,078,583.20</u>
Net Gain (Loss) From Underwriting	<u>(411,669.75)</u>	<u>187,613.07</u>	<u>(5,253.61)</u>

INVESTMENT INCOME

Interest Income	98,460.27	98,139.05	91,194.44
Dividend Income	12,886.41	11,181.26	10,406.90
Gain/(Loss) on Sale of Investments	15,953.41	(61,565.33)	32,954.22
Increase (Decrease) in Adj of Bonds	(4,030.77)	(3,955.20)	(3,115.50)
Rental Income - Including Self-Rent	<u>24,900.00</u>	<u>24,600.00</u>	<u>24,900.00</u>
Total Investment Income (Loss)	<u>148,169.32</u>	<u>68,399.78</u>	<u>156,340.06</u>

NON-OPERATING INCOME (LOSS)

Net Premiums Collected for Other Companies	34,845.37	11,290.57	15,752.80
Commissions Paid Agents for Other Companies	(18,505.94)	(20,433.39)	(20,336.66)
Borrowed Money Received	613,000.00	0.00	0.00
Borrowed Money Repaid	(365,000.00)	0.00	0.00
Real Estate Depreciation	(5,024.08)	(4,941.20)	(4,925.57)
Increase (Decrease) in Ledger Liabilities	8,770.58	(17,384.21)	(13,745.80)
Net Misc Income (Expense) [see page 4]	<u>18,742.59</u>	<u>(4,819.09)</u>	<u>(4,802.81)</u>
Total Non-Operating Income or (Loss)	<u>286,828.52</u>	<u>(36,287.32)</u>	<u>(28,058.04)</u>
Net Income Before Federal Income Tax	23,328.09	219,725.53	123,028.41
Federal Income Tax	<u>1,803.00</u>	<u>40,000.00</u>	<u>0.00</u>
NET GAIN (LOSS) FOR THE YEAR	<u>\$ 21,525.09</u>	<u>\$ 179,725.53</u>	<u>\$ 123,028.41</u>
Ledger Asset Balance, Beginning of Period	\$ 2,608,703.35	\$ 2,428,977.82	\$ 2,305,949.41
Ledger Asset Balance, End of Period	\$ 2,630,228.44	\$ 2,608,703.35	\$ 2,428,977.82

**HUMBOLDT MUTUAL INSURANCE ASSOCIATION
SURPLUS ROLLFORWARD
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002**

	2004	2003	2002
Surplus - Beginning Balance	\$ 1,953,304.45	\$ 1,548,685.12	\$ 1,461,868.77
Current Year Net Income	21,525.09	179,725.53	123,028.41
Change in Unrealized Gains	34,899.70	209,952.59	(133,456.60)
Non-Ledger/Non-Admit Assets Increase (Decrease)	76,265.30	14,504.30	(8,956.41)
Non-Ledger Liabilities Decrease (Increase)	<u>(288,040.62)</u>	<u>436.91</u>	<u>106,200.95</u>
Surplus - Ending Balance	<u>\$ 1,797,953.92</u>	<u>\$ 1,953,304.45</u>	<u>\$ 1,548,685.12</u>

continued »

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Humboldt Mutual Insurance Association
 P.O. Box 35
 Humboldt, IA 50548

Introducing Brad Banwart – new director



Brad Banwart was elected director, for a three-year term, by policyholders at the January 24, 2005, annual policyholder meeting. Brad replaced Roger Nelson, who decided not to run for another term after 9 years of service.

Brad was born and raised one-quarter mile northwest of Ottosen, where he presently lives. Brad graduated from Twin Rivers High School in 1978 and

began grain and livestock farming with his dad and brother in 1979. Over the years their sow operation has increased to 2,600 sows, farrow to wean. They grain farm about 600 acres. Brad and wife, Julie, have two children, Josh-21 and Brittany-15. Josh has completed college and is in the farming operation with Brad and Brad's brother. Brittany will be starting her sophomore year at Twin River Valley High School. Brad served on the Twin River Valley School Board for 12 years

and is a member of the Apostolic Christian Church in West Bend.

Brad enjoys hunting and fishing with Josh and attending Brittany's school activities. We are very happy to have Brad as our newest Humboldt Mutual Director.

» Continued from 7

ANALYSIS OF INSURANCE IN FORCE:

	2004	2003	2002
Gross Risks in Force January 1	\$ 386,901,833	\$ 392,999,232	\$ 398,468,203
Gross Risks in Force December 31	399,526,969	386,901,833	392,999,532
INCREASE IN INSURANCE IN FORCE	\$ 12,625,136	(6,097,699)	\$ (5,468,671)

2003 DIRECTORS & OFFICERS

Lawrence E. Marty, President 2001-05, Sec'y 1973-89, Dir. since 1957 Hardy
 G. Marvin Lindemann, Vice President 1996-05, Dir. since 1982 Humboldt
 LeRoy Stensland, Past President 1988-93, Dir. since 1982 Thor
 Ralph Jacobson, Past President 1996-01, Dir. since 1983 Humboldt
 Calvin Sorensen, Director since 1993 Gilmore City
 Chris Wergeland, Director since 2004 Hardy
 Brad Banwart, Director since 2005 Ottosen

Maurice Abens Corporate Secretary
 Larry Curran Corporate Treasurer
 Bob Abens Underwriting/Accounting, Asst. Secretary/Treasurer
 Steve Samuels Senior Adjuster/Inspector
 Cindy Thompson Associate Adjuster/Inspector
 Amy Westberg Policy Processing/Billing and Assistant Bookkeeper

AGENCIES

Abens-Marty-Curran Agency Humboldt/Goldfield/Bode
 Anchor Insurance Fort Dodge
 Jasperson Insurance & Real Estate, Ltd. Thornton/Belmond/Garner
 North IA Insurance Agency Armstrong/Swea City
 Powers Insurance Agency Pocahontas
 Smith Realty & Insurance Humboldt
 Sundet-Omdahl Insurance Agency, Inc. Algona/Corwith
 Thompson Insurance Agency Humboldt
 Town & Country Insurance, Inc. Clarion

POLICIES IN FORCE DECEMBER 31, 2003 **1,966**
POLICIES IN FORCE DECEMBER 31, 2004 **1,988**
22