

## The Farm Mutual Director Certification Program Newsletter

SUMMER, 2012

Vol. 2, No. 2

## NAMICO Raises Incentive To Enroll In FMDC

We're proud to announce that NAMIC Insurance Company (NAMICO) has just added extra incentive for board members of companies insured by NAMIC to enroll in the FMDC program.

For the last several years, companies insured by NAMICO could get up to a 10 percent discount on their Directors & Officers (D&O) liability insurance if at least 75 percent of their board members were certified. Now, companies will receive this important discount if at least 75 percent of their board members are participating in the FMDC program.

There's no longer need to wait until the directors are certified; if 75 percent of a company's directors are actively participating in the FMDC program, they'll

receive the FMDC discount on their NAMICO D&O insurance.

Further, companies don't need to worry about losing their discount if a board member retires and puts them under 75 percent participation. As long as the new director who replaces the retiree enrolls in the FMDC program within a reasonable period of time, NAMICO will continue to give the discount.

We think this is a huge benefit for companies, and a huge incentive for directors to think about the benefits of the FMDC program.

We'd appreciate it if you'd help us let our mutual members know!

## New Fee Structure for FMDC Program

The Farm Mutual Conference Board has approved a new fee structure for the FMDC program, effective January 1, 2013.

The new structure a philosophical change in how the program should be funded, was recommended by the Certification Committee which oversees NAMIC's FMDC program.

It has long been NAMIC's philosophy that voluntary programs – such as the FMDC program – should be funded by those who benefit from them.

At first, the FMDC program was funded by an enrollment fee charged to each new participant, as well as fees charged to state associations hosting FMDC courses for each FMDC participant.

However, as the program grew, so did its costs. So, in keeping with the idea of those benefiting from the program helping to fund it, in 2011 the Certification

Committee put in place an annual fee of \$25 for each FMDC participant.

In 2011 and again in 2012, NAMIC invited input from state association officials about the financial structure of the FMDC program. Among the input received was that host states found the current system of paying a fee per FMDC participant challenging for budget purposes. Some were also concerned members didn't realize part of their registration fees were going to NAMIC.

Taking all feedback into consideration, the Certification Committee discussed at length how to make the program self-sustaining, while easing the financial burden on the state associations.

The new funding structure is effective January 1, 2013. It makes two major changes to the program funding structure:

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Where the future of insurance has its voice

We are 1,400 property/casualty insurance companies serving more than 135 million auto, home and business policyholders, with more than \$196 billion in premiums accounting for 50 percent of the automobile/homeowners market and 31 percent of the business insurance market.

We are the largest and most diverse property/casualty trade association in the country, with regional and local mutual insurance companies found on main streets across America joining many of the country's largest national insurers who also call NAMIC their home. More than 200,000 people are employed by NAMIC members.

Through our advocacy programs we promote public policy solutions that benefit NAMIC companies and the consumers we serve. Our educational programs enable us to become better leaders in our companies and the insurance industry for the benefit of our policyholders.

**NAMIC**  
NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES

## New Fee Structure, Cont'd. . .

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1. State associations or other FMDC host organizations will no longer pay a fee for FMDC participants attending FMDC classes. Instead, host organizations will submit a \$150 "Intent to Conduct" fee with each new or revised Intent to Conduct Form submitted.
2. The annual active participant fee for each FMDC participant will rise from \$25 to \$35, effective in 2013.

We hope our FMDC host partners will like the simplicity and clarity of the new Intent to Conduct fee. And though the decision to raise annual participant fees slightly was made after careful thought and deliberation, we hope our FMDC participants will understand the rationale behind it in keeping with the idea of asking those who benefit from the program to help support it.

We also hope they'll continue to see the value in the program. The knowledge received in the program is invaluable, and the cost of the actual fees can be minimized by the possible discount in D&O premiums available through NAMICO, and by the \$25 discount on registration fees for NAMIC's 117<sup>th</sup> Annual Convention and the complimentary roundtable breakfast for certified directors there.

## What's Going On

### August 14, 2012 – FMDC Seminar

Mutual Insurance Association of Iowa / Gateway Hotel, Ames, IA  
Contact: Marilyn Schwickerath, Executive Director  
[marilyn@miai.org](mailto:marilyn@miai.org) | PH: (515) 537-2080

### Finance & Accounting Module

- Financial Implications & Impact of Defined Benefit Plans
- Mergers/Acquisitions-Financial Implications
- The Board's Role in Strategic Planning/ Establishing Financial goals
- Understanding the Audit Committee Role

### September 16-19 – NAMIC's 117<sup>th</sup> Annual Convention

Gaylord Texan Hotel & Conference Center,  
Grapevine, TX

### Management Module

1. Strategic Business Planning
2. Succession Planning for Small Companies

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# What's Going On, Cont'd. . .

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## Operations & Insurance Module

1. 2012 Legis. Update & Predictions for Farm Mutual Insurers
2. The Changing Future of Reinsurance for Small Companies

## Finance & Accounting Module

Dashboard Development: Monitoring Performance, Opportunities & Risks

## October 18, 2012 – OAMIC/OII/Bricker & Eckler Fall Seminar

Villa Milano, Columbus, OH

Contact: Mitch Wilson, VP-Public Information and Education, OII  
mitchw@ohioinsurance.org | PH: (614) 228-1593

## Finance & Accounting Module

The Board's Role in Strategic Planning/  
Establishing Financial Goals

# NAMIC's 117<sup>th</sup> Annual Convention Offers Plenty For FMDC Participants, State Association Officers

There's plenty of action at NAMIC's 117<sup>th</sup> Annual Convention for FMDC participants and state association officers alike. We hope you'll join us there!

First, we have a special new event planned for industry trade association executives. By the time you read this you should have received a special invitation to the "Trade Association Executives' Flash Forum."

This invitation-only meeting will take place on Tuesday afternoon, Sept. 18, and will be a chance for our trade association partners to catch up, become acquainted with some new peers, and discuss several topics of your own choosing in a roundtable format.

We hope you'll join us to network with your peers and talk about common issues together in an upbeat, relaxed atmosphere.

Of course, we'll also offer five classes for FMDC participants to help them achieve or

maintain their certification (see "What's Going On," pages 2-3).

We will also recognize those who have achieved certification since last year's convention with a special ceremony during the Farm Mutual Conference annual meeting on Monday afternoon, Sept. 17.

All newly certified directors attending the convention will receive a certificate and a lapel pin at the annual meeting.

For those who can't join us, we'll either get their certificates and lapel pins to you as state association managers to present at an upcoming state function, or we'll send them to the company manager for presentation.

Certified directors will also receive invitations to an invitation-only, roundtable breakfast on Wednesday, Sept. 19, where they can discuss issues facing them as directors with their peers. This is the second year for this popular event.

# Welcome to the Program

We are pleased to welcome a new state association and welcome back a former state association as partners in the FMDC program!

The Arkansas Association of Mutual Insurance Companies (AAMIC) hosted its first FMDC program during its annual convention held June 12-13 in Bentonville. We were pleased to work with AAMIC and hope the association will decide to partner with NAMIC again next year.

In addition, we are pleased that the board of directors of the Wisconsin Association of Mutual

Insurance Companies (WAMIC) has voted to once again offer FMDC programs at its state convention.

WAMIC plans to offer five classes during its annual Directors' & Agents' Seminar, currently planned for November 13-14. As details are finalized, we'll post them on NAMIC's website, [www.namic.org](http://www.namic.org), at [www.namic.org/seminars/dircert.asp](http://www.namic.org/seminars/dircert.asp).

We're so happy to welcome new and returning state association partners to the FMDC program with us!