

Editorial...

It's been quite a year hasn't it? We've been to war, we've had some crazy ups and downs in the insurance markets, and interest is lower than it has been in most of our lifetimes. I guess all I can say is that there are at least as many good things as bad things out there. As insurance prices have risen in response to the increase in claims, lower stock market returns, and lower interest rates, we have been out to your business farms and homes trying to explain these changes and show you ways you can lower your insurance costs with higher deductibles and by getting rid of unneeded coverage on older buildings and vehicles. By reengineering our clients policies we were able to keep overall insurance costs substantially lower than they would have been for the bulk of our clients. In some cases we have had companies that have taken such huge rate hikes that we were forced to move the client's policy to a different company to keep costs contained. In addition, in these times we have some companies who are substantially cutting coverage. In these cases we are calling each and every one of you to see if you want to stay with the carrier or if in fact you want us to move your coverage to a carrier who will not be removing coverages. Overall it has been a hectic and busy couple of years. I guess the point I want to make is we are happy to help you with these problems and are happy we are able to have the ability to help you. I have spent the past 30 years putting together this team of people and stable of

companies and now when the going gets tough the combination is proving to be unbeatable.

One reason we are able to help our insureds through these difficult times so easily is that over the years I have always tried to represent only the best possible companies to take care of your insurance needs. We are happy to report that due to picking and representing the better companies, we have plenty of excellent markets to adequately insure our clients. Not only can these companies insure you but they are actively pursuing new clients. It seems like our stable of companies reads

like a Who's Who of the best companies available in North Dakota. One of the best companies we represent is Auto Owners Insurance Company and we are one of the largest agents in the state for them. Auto Owners is one of the finest companies in the United States and is an A++ rated carrier. There are very few companies in the country that can boast an A++ rating. We also hold contracts with the North Star Companies. The North Star Companies are A rated and are the largest farm writer in Minnesota. They are also one of the largest insurance writers in North Dakota and we are their biggest agent in North Dakota. In addition to these companies we have contracts with the EMC/Dakota Fire companies,

State Auto/ Milbank, Continental Western, Allied, Farmers Alliance Mutual, the Grinnell Companies and many more. If you have something to insure we are here, and we are able to get you covered with an excellent contract, with a company that will see to it your assets are protected.

Another thing we are so happy and proud of this past year is that Western Agency, Inc. and our affiliated agencies had a 95% retention ratio. This means that in the course of a year we are only losing five out of every 100 people we insure. Furthermore, some statistics on the people we lost are interesting. Of the accounts we lost of course many were to competition but fourteen of the people lost died or went into a nursing home. I guess there is little we can do about that. Sixteen moved to a different state. One lost soul went to jail. Twenty-one went out of business or sold their business. Five got married and took insurance with the new spouse. The bottom line is that the vast majority of our clients stayed with us and of course this makes us very proud. It is our goal to continue to earn your trust, keep engineering your insurance programs so you get the maximum coverage for the premium spent, so we can continue to protect your assets.

Thanks again for your business!!!!!!!!!!


Chuck Tompkins

INSURANCE Roundup

June 2003



408 - 20th Ave. SW • Suite 101
Minot, North Dakota 58701

Injuries to Farm Workers Discussed

Farm Liability Policy: In most cases on the farm liability policy there is some limited coverage (usually \$2000 to \$5000 depending on the contract) for medical expenses for employees and other persons other than the named insured who are injured on the farm. This limited coverage is ok for a small injury but if there is a major injury this small amount is totally not adequate. Of course larger injuries to farm employees are covered under the main liability section of your farm liability policy up to policy limits. In most cases this main policy will cover from \$300,000 to \$1,000,000 depending on your policy limits. However, for this part of your policy to pay you the employer must be legally liable. In other words if it is just a simple accident very possibly although we will defend you in court the policy will in many cases not pay the employee for an injury if you the insured are not negligent. This is the same with all companies and all Farm Liability contracts.

Workers Compensation Insurance: To remove the burden of negligence a person must purchase workers compensation insurance from the state. To see how complicated this was I did some checking into purchasing workers compensation coverage for farm employees and found out if you wish to set up a policy for your farm workers it is a fairly simple process. The cost per employee is \$6.13 per \$100 of wages on the first \$17,400 of gross salary; in other words \$1,066 per year per employee. This would give the employee 100% coverage for injuries. However, the employer is assessed \$250 for the first claim on each farm worker. Also, all employees must be listed on the policy and of course there are

other considerations, but in a nutshell that is the cost per person. Persons interested in this type of coverage for their employees can call the state of North Dakota Workers Compensation Bureau 1-800-777-5033 and ask for Sylvia. Sylvia is in charge of farm insurance rating. In addition you can look up their website at www.ndworkerscomp.com. One of the big drawbacks of workers compensation is that it only covers the employee for injuries incurred on the job.

Income Disability Insurance: There is a third option to consider in covering your employees and that is to purchase an income disability policy for them. The income disability policy also eliminates the problem of when the accident happens. It covers the employee for injury on or off the job and regardless of fault it will pay. In addition it covers for sickness. This type of policy can be purchased from us here at the office. The deductible on this type of policy is the length of time (waiting period) before the policy pays, and the length of time the policy will pay benefits. In other words, if you have a 30-day waiting period (immediate coverage if the person is hospitalized) on a policy that will pay two years of benefits on a person age 28, with coverage of \$20,000 per year, the premium would be approximately \$690 per year. If you have any questions on how your farm liability policy would pay a workers claim, or how to get in touch with North Dakota Workers Compensation Bureau, or would like to look into an income disability policy on yourself or your workers, just give us a call and we would be happy to go over it with you.

Recreational Vehicles and Equipment Coverage Discussed

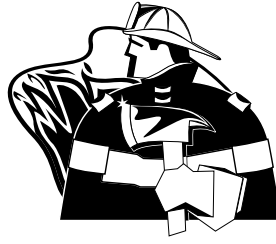
Whether it's boats, four wheelers, personal watercraft, or motorcycles, there are many different insurance issues concerning recreational vehicles. I have listed below some of the most commonly asked questions to recreational vehicle insurance. This is of course a very small sample; what a person needs to do to be sure about coverage is call us if you have any questions on this coverage whatsoever. We will be happy to get your questions answered.

- Are boats and jet skis covered automatically? No.
- Are recreational vehicles and boats automatically covered under my homeowner's policy? Most likely not.
- If I have my recreational vehicles and boats insured can anyone ride them and be covered? Not necessarily.
- Is the passenger on my recreational vehicle automatically covered? Only with some companies and some contracts.
- Do I have on and off premises coverage? Check with us to see where your individual policy stands.
- What if my children let someone else ride the personal watercraft? Do I have coverage? Call us and find out. In most cases you would have coverage if you had the watercraft insured but remember, if the other child causes the accident, your liability policy will have to respond to the loss.
- Is my child covered if he or she operates someone else's recreational vehicle or watercraft? Not necessarily; each policy is different. When your children are out and about it is a super good time to consider purchasing an umbrella liability policy.

Remember, the coverage on recreational equipment is not standard, it is not automatic, and it is complicated. Furthermore, with your kids running around the lake and letting their friends use your boat or personal watercraft, or if they are operating recreational equipment of others, there is a very real chance on an uninsured loss. Every company and every contract deals with recreational vehicle coverage differently. If you have recreational vehicles be sure and give us a call and we can go over the coverage you have to be sure you know where your policy stands. Going over your coverage only takes us a few minutes, we are glad to do it, and it can really save your assets in case of a loss.

Fire Prevention Award Announced

This newsletter's Fire Prevention Award goes to Vanessa Zwak for the action she took in getting a fire in Perkins Restaurant here in Minot put out. Going into work early the morning of 5/6/03 Vanessa was sure she smelled smoke. She called the electricians and the heating contractors who had done work on the restaurant and asked them to stop over. On checking things out it was found the neon light system on the side of the building had shorted out and had actually started a small fire in the soffit of the building. The fire was extinguished and a major loss was prevented. In addition helping save a major fire loss Vanessa helped to build better community relations by taking fresh Perkins muffins over to the fire station. For her quick work in getting the problem solved Vanessa will receive a universal \$100 gift certificate. This certificate has the picture of Benjamin Franklin on the front of it and is redeemable any where cash is accepted. Our thanks to you, Vanessa, for preventing a major fire loss.



Crop Hail Insurance

Rates: We have several companies available to write your coverage at Western Agency, Inc. so availability is not a problem. However, even though we have several companies to choose from, rates are, as we said they would be, up for this year. Why? Because we have had tons of hail in North Dakota in the past few years. It seems like a distant memory of years where we had little or no hail losses. It is this increase in losses, combined with the reinsurance availability crisis in all lines of insurance, have driven the cost of hail insurance up. We had been telling all of you this would happen and many of you increased the coverage on your multi-peril crop insurance to offset the higher cost of hail coverage. Moving up the coverage on the multi-peril crop insurance has proved to be an excellent move. However, even with the increased rates the cost of hail insurance is still substantially lower than it was 30 years ago.

Coverage: All I can tell you is for heaven's sake get the coverage placed before a storm hits. Every year we have a couple of people who simply do not get the coverage placed in time and end up having a major uninsured loss. There is no such thing as true "automatic" coverage. Or "carry over" coverage. Furthermore, do not be misled by agents who are saying they can get you "immediate" coverage. In most cases this is simply not legally possible. With some companies the agent must get an application filled out and faxed to the company before the policy is in effect. With other companies the agent must have a binder or application completed and wait several hours. Or until midnight, or whatever. No matter what, there is going to be a delay from the time you call until the policy gets in force. With a major storm moving 70 miles per hour right at your crop there is simply no time for a delay. Also, what if the agent is out of the office, or out of town, or somehow not available. What if 50 farmers call at the same time. Do not take the chance: The only sure way, the only safe way to get coverage in force is to call us ahead of time, so we can get out there to your farm, write up an application, and be sure we are able to cover your assets.

Spray Drift Coverage Discussed

One of the very most common causes of loss on farm liability policies is spray drift: Due to all the new chemicals and specialty crops this class of loss is really getting common. A good rule of thumb is to get the loss reported as soon as you find out about it. Also, if someone has drifted spray on you and doesn't want to file a loss with their agent, it is a good idea to either call the state or at the very least pull some affected plants and get them sent to NDSU to see what type of chemical was used. Time is of the essence here so don't delay. If you have any questions, call us and we can help. Finally, virtually every policy specifically excludes spraying for hire. If someone else asks you to spray for them be sure to call us so we can see where your policy stands. There are many facets to this type of coverage and it really needs to be looked at before you find you have a loss. If you have any questions on this please give us a call so we can be sure you understand how your individual policy will respond to a Spray Drift loss.

Easy Assemble Barbeque Grill Discovered

It's pretty well known around here that Linda didn't marry a big do it yourself type of guy. I really hate to put things together and will go to great lengths up to and including bribing the clerk, to purchase something that absolutely does not need "some assembly required." The problem was a few months ago we really needed a new barbeque grill and I couldn't find one that was already put together. However, one day I was in K Mart and noticed a quick set barbeque grill that advertised it could be put together in "seven easy steps using no tools." Wow! I figured that was as simple as it could get and possibly we could have a deal here. However, after having so many bad experiences in this type of work I was anything but enthusiastic. Still pessimistic I loaded the big box into the back of the Tahoe and headed home. My mood was still black as I dragged the big box out to the patio to begin the "simple" task of assembling the grill. Folks, you won't believe it. In just a matter of minutes the grill was assembled, it looked good, the starter worked, and it even is a good, hot barbeque. I still can't believe it. I did get the wire hook for the propane tank installed backward but that was a small deal to fix. Being able to put the grill together all by myself gave me so much confidence that...gee, do you think maybe I should ask for an erector set for my birthday? Nah.

Terrorism Coverage Discussed

After checking many companies as to how they are covering the peril of terrorism, it again becomes apparent as it is in most cases with insurance, that all companies are approaching this problem differently. Could we have terrorism in North Dakota? Probably, it is a remote possibility except; wait, we have two air bases, lots of missiles, and the Garrison Reservoir in our state. Possibly, if you have a house below Garrison, or live near one of the bases it is more on your mind. If terrorism coverage is something you want to discuss with us, be sure to give us a call and we can stop out and go over your individual policy to see exactly how it would cover this new peril we seem to be faced with.

Westy Hat Winner Announced

This newsletter we had two winners of the "Wear Your Western Agency, Inc. Hat" contest. We had already decided on giving the award to Brent Morey, RR Sawyer when he was sighted by our all seeing, secret, and of course unknown judges as he was having lunch at Perkins Restaurant. However, a couple of days later one of our company inspectors reported to this same secret judge that we had another client deserving of the award. This inspector said Brian Christianson, RR Glenburn was proudly wearing his Westy hat when the inspector was on his farm. Not only that but the inspector reported Brian's hat was old and he needed a new one anyway. In cases like this there is only one thing to do and so this time we have a winner from north of Minot and one south of Minot. Both happy winners will receive a new Western Agency, Inc. hat, a \$50 gift certificate to Perkins, and a new deluxe Western Agency, Inc. jackknife.

Minnesota Confusing Highway Grammar

I encountered more strange English again while I was on a short trip to Minneapolis this past spring. I was having a hard enough time driving an unfamiliar rental car, trying to read all the road signs, and contend with way too many people, and right in the middle of this confusion I see a sign telling me I am on a "Parkway." How can that be? I'm going 65 miles per hour. There is simply no way I can park at this speed. To make things even more confusing; I had just gotten this one dropped on me when I see another sign. "Park in the driveway." I thought why not for heavens sake. If we are supposed to drive on the parkway we may as well park in the driveway. The people in Minneapolis are largely Norwegian, maybe that is where all of this started. But it doesn't stop there. I hadn't went more than a couple more miles on my way to the Minnesota State Fair and I see another confusing sign; "Fair Parking Only." You know, I really think they are taking this Civil Liberties stuff too far. I ended up parking somewhere else. I suppose that was "Unfair Parking." I need to get back to North Dakota.

Westy Shorts

Aerial Photos: If you would like us to take an aerial photo of your farm or business let us know. We are going to be taking photos in the month of June. Just give Annette a call in the Minot office and she will put you on the list.

New Employees: Both Annette Lee and James Baker are new employees at Western Agency, Inc. Annette is our new full time receptionist and James will be employed as an outside agent. James will be working primarily in the Garrison office and I am currently trying to talk him and his wife Jessica into moving there. James will be in the Garrison office Tuesday, Wednesday, and Thursday 9:00 am to 3:00 pm. Stop in and meet him and convince him he needs to move to your town would you?

Job Opportunities: We are currently interviewing for a full time agent in our Oakes office. Income potential is excellent, we offer a complete benefit package and we offer a very good career path. If you know anyone who would like to live and work in the Oakes area please let us know and we will be happy to grant them an interview.

Who Gave Craig Matches Again? Since Western Agency, Inc. farm insurance manager, Craig Johnson has had some difficulty in the past with grass fires he has lit getting away from him, he had his matches taken away from him this past fall. This past week on seeing a fire in the general vicinity of where he knew Johnson was farming, Chuck Tompkins called Johnson on his cell phone to see if Johnson had in fact lit the fire. Sure enough, Craig had gotten a lighter and was burning a slough. Craig assured Tompkins he had in fact made a wide enough fire break to contain the blaze and said he was certified to light fires again. This reporter is adapting a "wait and see" attitude on this and will keep you posted.

Farm Chemical Coverage: With springs work underway many farmers may have huge quantities of farm chemicals in their possession. If you have multi-thousand dollars of these chemicals on the farm and feel you may not have enough coverage on them give us a call. We can add extra coverage for a month or so at a small premium and it could help you prevent a major uninsured loss.

The Dart Gets New Tires: Chuck Tompkins' vehicle, the gray Tahoe, (referred to by Craig Johnson as "The Dart") was taken into Dakota Truck and Farm for a new set of treads recently. At 65,000 miles The Dart still had the original tires and they, like some of Western Agency, Inc.'s agents, were getting a little bald. Owner Tompkins reports The Dart rides and drives like a new vehicle and is expecting many more years of good use from it.

Graduation Season Arrives

Western Agency, Inc. is proud to sponsor scholarships in the school districts of Berthold, Garrison, Glenburn, Granville/Towner, Surrey, and Sawyer. These scholarships run \$400 to \$600 per student and sometimes we do more than one in a town. If we are not currently doing a scholarship at your school let us know and maybe we can get one put in place in your town.



Spurge Bugs

In recent years Ward County has been giving away containers of tiny flea beetles. These tiny bugs have a voracious appetite for the noxious weed, leafy spurge. I was told these little bugs were supposed to destroy leafy spurge and guess what. They actually do destroy this noxious weed. I used to have several big patches of spurge that I was trying to get rid of and now after turning the bugs out for a couple of years, the leafy spurge patches are gone. This is the time of year to go get your spurge bugs. Just give a call to the Ward County offices and they will tell you when to stop and get your bugs. Of course farmers always ask if these are the same flea beetles that eat canola, because as any farmer knows, if canola is not treated, flea beetles will go through a canola crop like the United States Armed Forces went through the Republican Guard. However, Ward County employees told this reporter that their flea beetles only attack leafy spurge plants. I leave it up to the reader to verify the validity of information as to the appetite of these bugs. All I can tell you is these bugs do eat leafy spurge and they are available in the spring at the Ward County offices. One final caution: the bugs come in styrofoam containers and there are at least 1,000 bugs to a container. Whatever you do: don't open the container in the car or home. The bugs are tiny, and active, and if the container is opened in a hurry they will literally explode out of it. Take care to open the lid carefully.