



**Cooperative Network  
board member honored**



**Albers**

Cooperative Network board member and Merrimac Lodi Mutual Insurance Company President Alan Albers and his wife Shirley

received the Wisconsin Association of Mutual Insurance Companies (WAMIC) "Persons of the Year" award at the WAMIC annual convention in Pewaukee on September 15.

Alan served as general manager for Merrimac Mutual from 1993-2008 and became president after Merrimac merged with Lodi Mutual Insurance. Shirley has been an office secretary and office manager for Merrimac Lodi Mutual Insurance Company.

"Alan and Shirley are the kind of people who make cooperatives strong in Wisconsin because of their hard work and dedication to the cooperative way of doing business" said Bill Oemichen, Cooperative Network president and CEO.

Alan was elected to represent town mutual insurance companies on Cooperative Network's board of directors at the group's annual meeting on November 18 in Bloomington, Minnesota. The selection of the 26-member board of directors was the last piece in finalizing the consolidation of the former Wisconsin Federation of Cooperatives and the Minnesota Association of Cooperatives into Cooperative Network. Previously Albers had served on the Wisconsin Federation of Cooperatives board of directors since 2003.

**Legislative agenda set for town mutuals**

Legislative issues affecting town mutual insurance companies were discussed at the Wisconsin Association of Mutual Insurance Companies (WAMIC) Legislative Committee meeting on November 19. Cooperative Network Director of Government Relations David Ward serves on the committee. In addition to the concerns mentioned about AB 24 (see story on page 2) and the support for AB 525 (see photo caption below), members voiced their concerns about not allowing credit scores to be used in setting insurance premiums. Studies have shown that there is a direct relationship between credit scores and insurance claims.

Also discussed was a proposed idea from the Wisconsin Office of the Commissioner of Insurance that would require insurers to write "plain language policies." Cooperative Network is opposed to this proposal because it would shorten

current policies and remove needed detail. The current level of detail mitigates confusion that can lead to lawsuits.

Cooperative Network and WAMIC will monitor these and other insurance-related issues for Wisconsin's town mutual insurance companies.

Gregg Westgard of Trade Lake Mutual Insurance Company and chair of the WAMIC Legislative Committee told committee members, "When Cooperative Network works on an issue for town mutuals, it means that all cooperatives are supporting that position, which helps town mutuals get their point across to legislators."

Any Town Mutual Insurance Company that has a legislative issue or needs help getting in touch with a legislator should contact Cooperative Network's David Ward at 608-258-4414 or david.ward@cooperativenetwork.coop.



**Rep. John Nygren (R-Marinette), left, and Cooperative Network's David Ward discuss Nygren's legislation (AB 525) that will repeal the changes to mandated insurance minimums for auto insurance passed in the state budget. Previous minimums were \$25,000 for injury or death**

**of one person, \$50,000 for injury or death of two or more persons, and \$10,000 for property damage. The budget bill increases those minimums to \$50,000, \$100,000, and \$15,000, respectively. The non-partisan Legislative Fiscal Bureau has cited studies which indicate the changes to auto insurance in the budget bill could increase auto insurance costs by 33 to 43 percent. Cooperative Network has registered in support of AB 525.**

## Cooperative Network eyes federal insurance issues

The August issue of *Mutual Interests* reported that Cooperative Network was concerned about the reforms contained in a federal proposal to establish a Consumer Financial Protection Agency (CFPA). Cooperative Network sent a memo to Senators Herb Kohl (D-WI) and Russ Feingold (D-WI), and to Representatives Tammy Baldwin (D-WI) and Gwen Moore (D-WI), who are members of the house committee that dealt with the CFPA.

Cooperative Network explained to the legislators that the CFPA would create a federal regulatory agency for all credit issues including some insurance products. Given the current financial crisis, Cooperative Network felt that there was a need to create a more robust regulatory environment. However, insurance products did not cause this financial crisis and

for CFPA to become an insurance regulator makes little sense when the state insurance regulatory system demonstrated that it protected consumers during this financial crisis.

Cooperative Network also expressed concern that the state regulatory structure recognizes the local needs of these mutual insurance companies and their members. The best consumer protections are provided by local authorities who understand the unique circumstances of their citizens and their local industry. Rep. Moore authored an amendment to remove insurance companies from the CFPA.

“We are pleased that Rep. Moore understands that mutual insurance companies in Wisconsin are best regulated by the state of Wisconsin,” said Bill Oemichen Cooperative Network president and CEO.

## Health savings accounts may get tax help

Cooperative Network has supported legislation in the past that would allow Wisconsin residents to receive tax credits for the money they put into their health savings accounts (HSA), much like the federal tax credit for HSAs. State Sen. Pat Kreitlow (D-Chippewa Falls) and Rep. Kristen Dexter (D-Eau Claire) have introduced legislation to create a nonrefundable individual state income tax credit in Wisconsin for certain amounts relating to health savings accounts that may be deducted from, or are exempt from, federal income taxes. Under current federal law, certain individuals may make tax-deductible contributions to health savings accounts and withdraw the money tax-free when needed to cover routine and preventive medical care. This bill makes changes to current law to provide tax relief for middle income households and individuals who choose to contribute to a health savings account. With health care costs

on the rise, middle class families who choose to have an HSA are hurt the most by current law. Currently, contributions to an HSA are doubly taxed—employees are taxed on their HSA contributions and an employer’s contributions are taxed as wages. According to the Farmers’ Health Cooperative of Wisconsin (FHCW), 560 members have enrolled in a plan that offers an HSA. The Kreitlow-Dexter bill will give these FHCW members and other Wisconsin residents the same tax treatment for HSAs that the federal government does. Cooperative Network has registered in favor of this legislation.

## Federal debate on health care includes co-ops

The health care reform bill that passed the U.S. Senate Finance Committee on a 14 to 9 vote includes cooperatives as a key component. The health care cooperative language is contained in title 1, Subtitle E of the bill.

“Although we are in the fifth of a many act health care reform debate, we are pleased the cooperative business model continues to be included by the U.S. Senate as a part of national health care reform,” said Bill Oemichen Cooperative Network president and CEO. “Cooperative Network has become a national resource on health care co-ops.”

## Property damage bill introduced

Cooperative Network voiced its opposition to Assembly Bill 24 (AB 24), which provides that an insurer under a property insurance policy must pay for any cosmetic modifications, such as painting or siding installation, to the undamaged portion of a property that are necessary to match the repaired, rebuilt, or replaced portion of the property that was damaged. The bill was introduced by Rep. Marlin Schneider (D-Wisconsin Rapids).

In many cases after wind, hail, fire, or other types of damage, property and casualty insurance companies (including town mutuals) will pay for repairing the damage, doing their best to match the repaired portion with the segment of the property on which the damage occurred. In the case of siding, this becomes difficult because the color might have been discontinued or the siding might have faded to the point where a match is not possible. AB 24 would require the insurance company to reside the entire property instead of attempting to match the color of the repairs to other colors. It is unclear if AB 24 would require insurance companies to redo auxiliary structures, such as garages, to match the repairs on the primary piece of property.

Cooperative Network contacted members of the Assembly Committee on Insurance and members of the Assembly whose districts include a Cooperative Network mutual insurance company member and voiced its concerns about AB 24. Cooperative Network explained to legislators that Assembly Bill 24 would cause the cost of claims to go up, and when claims cost more, this will ultimately cause insurance premiums to increase. Cooperative Network also explained to legislators that town mutual insurance companies are cooperatives owned by their policy holder-owners and any profits are returned to the policy holders in the form of low premiums.

Cooperative Network is concerned that AB 24 could hurt a town mutual insurance company’s ability to offer property and casualty insurance at a reasonable cost.

### Cooperative Network Mutual Interests

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