

NAMIC — It's (Still) a Team Sport!

The more it changes, the more it stays the same

February 19, 2015
Ohio Association of Mutual Insurance Companies
Columbus, Ohio

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Presenter's History

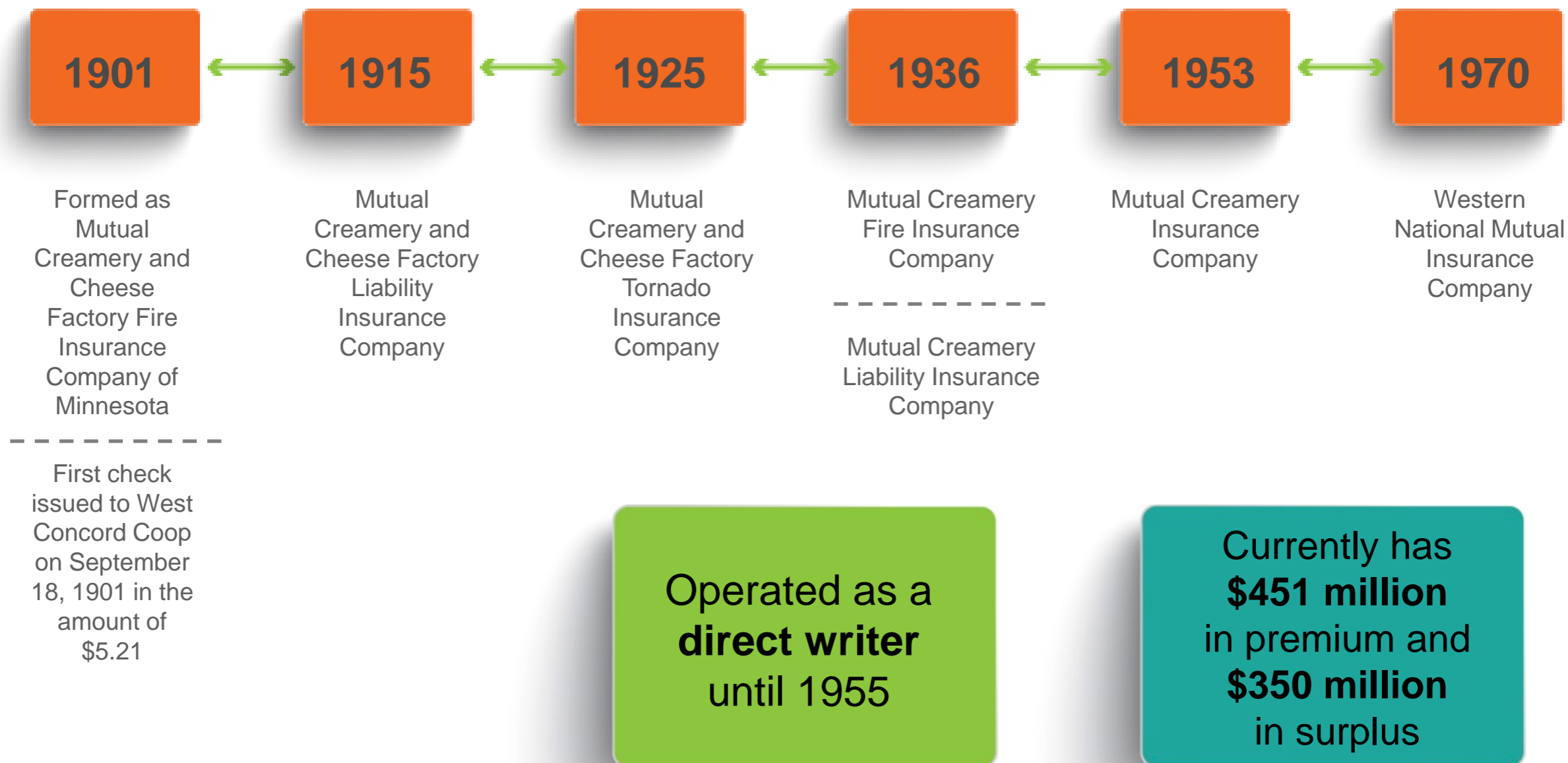
The “Accidental” Insurance Career

- Born in Maine, raised in upstate New York
- “Have you ever considered working for an insurance company?”
- Reinsurance in NYC
- Western National Mutual Insurance since 2001



My first day working for an insurance company

Western National Mutual Insurance



The more it changes, the more it stays the same

Combined Effort

This has always been the right road to success

We call it **MUTUALITY**



The History of Mutual Insurance

**1696
London**

Mutual insurance as we know it began in London in 1696 with the formation of “Contributors for Insuring Houses, Chambers or Rooms from Loss by Fire by Amicable Contributionship.”

“THE MUTUAL WAS FORMED ...

... to the end that all persons who are desirous to insure from loss by fire may be accommodated upon more equal and advantageous terms, wherein all are equal sharers in profit and loss in proportion to their interests.”



The United States

Setting the Stage for Farm Mutuals

- > Homestead Act of 1862 (homesteading) caused hundreds of thousands to “go West”
- > No laws allowed formation of farm mutuals until mid-1800s (all stock)
- > Stock companies did not underwrite; high rates; poor service to farmers
- > Farm income dropped due to RR prices and market;
Congress did not act – only 7% of legislators were farmers
- > President Andrew Jackson investigated; result was Grange
- > Grange was politically active; became legislators;
changed laws to allow farm mutuals



The United States Farm Mutuals

- > Early farm mutuals started in Eastern U.S.
 - > Mutual Assurance Society of Virginia (1794)
 - > Bucks County Contributionship of Pennsylvania (1807)

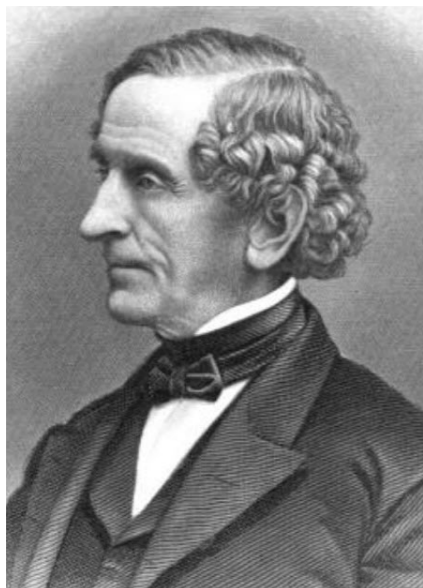
- > Ohio mutuals started forming in 1826 (Cincinnati Equitable)
 - > Before New York model law allowing farm mutuals (1857)
 - > Ohio had 80 companies domiciled in the state by 1867
 - > Farmers Mutual Fire Ins. Co. (later Ohio Farmers) - 1848

- > Most companies formed based on country of origin (German, Swedish, Norwegian) or religious affiliation (Mennonite)

The United States

Factory Mutuals

- > England forbade manufacturing in the colonies
 - > Commercial activity: agricultural related | textile mills in New England
 - > Only stock insurers | no underwriting | single rate
-



Zachariah Allen (Providence, R.I.)

In 1835, Allen got a law passed to allow the creation of the first factory mutual, **Manufacturers Mutual Insurance Company**. The first risk was his mill insured at a 25% rate reduction. Individual risk underwriting was used and inspections were required. A 51% dividend was paid in the first year.

Canadian Mutuals

- > Centered in England
- > High rates
- > Often contained clauses that nearly prohibited coverage for loss
- > Only office located in Quebec requiring travel to Quebec to receive payment
- > Unregulated forms until 1877

Farmers banded together to create farm mutuals to “give insurance coverage on a nonprofit basis to unprotected rural property.”

Home District Company of Toronto (1837) – first Canadian Mutual

Gore Mutual – one of the six original mutuals formed, and the only one still in operation

Insurance Associations

State associations formed out of the need for joint representation on common cause



Ohio



Illinois



Iowa



New York



New Jersey



Minnesota



The first Canadian insurance association was formed in 1882 as the Purely Mutual Underwriter's Association of Ontario. It became the Ontario Mutual Insurance Association in 1974.

Ohio Association of Mutual Insurance Companies

- > William Frederick said to be the founder (and first secretary)
- > Purpose stated as providing legislative strength; and to exchange experiences and improve company methods
- > Given that Ohio had one of earliest state insurance regulators in 1872 (part of state auditor department from 1867), there was a need to pool resources to assure proper regulation

NAMIC History

Following the 1895 annual meeting of the Iowa Association of Mutual Insurance Companies, several members lingered behind to discuss the idea of forming a national organization that would be similar in structure to the state association.

The chief advocate for a national association was **W.A. Rutledge**, a 34-year-old who just two years earlier founded the Farmers Mutual Hail Insurance Association of Iowa.

The following year, 20 to 30 mutual insurance men from around the country met in Chicago where they formally established what was then called the National Association of Cooperative Mutual Insurance Companies.



NAMIC History

Agenda Topics from 1896

- ✓ The Press as an Agent in Building Up Mutual Insurance
- ✓ Business Methods and Bookkeeping for Farm Mutuals
- ✓ On Laws & the Necessary Legislation to Promote the Best Interests of Mutual Insurance
- ✓ Upon the Need of Cooperation and the Industrial Education
- ✓ God Bless the Rich Corporations, the Poor People Can Steal

NAMIC History

First states to be represented within NAMIC

- ✓ Nebraska
- ✓ Oregon
- ✓ Indiana
- ✓ Iowa
- ✓ 18 county/town mutuals and three state-wide insurance company members.

NAMIC Today



**Membership
Numbers**

898 member groups

828 mutual members

664 farm mutual members

59 Canadian members

49 trade members

NAMIC Today

33 domestic member companies in Ohio

93 NAMIC companies write in Ohio, accounting for
53% of all property/casualty premium in the state

Ohio
and
NAMIC

8 NAMIC Chairmen

1922 – George W. Miller

1923 – C.A.L. Purmort

1940 – L.G. Purmort

1952 – Charles E. Nail

1964 – D.W. Montgomery

1979 – Cameron F. Williams

2009 – Jim Kennedy

2013 – John Bishop

6 NAMIC conventions

Columbus– 1901, 1914, 1932, 1947

Cincinnati – 1940 and 1956

Why I Choose NAMIC

Clout

Culture

Courage

Why I Choose NAMIC Clout

- > **Political Clout:** Strong, talented political voice at the federal and state levels
 - > 6 advocates in Washington, D.C.
 - > 8 state affairs directors positioned throughout the country

- > **Educational Clout:**
 - > Conferences – Management Conference; Farm Mutual Forum; and CEO Roundtables
 - > Professional accreditations and certifications – Professional Farm Mutual Manager; Farm Mutual Director Certification; and T.E.A.M. Certification

- > **Service Clout:**
 - > NAMIC Arbitration, NAMIC Web Services, Statutory Reporting/Fast Track (NISS), Benefits Benchmarking, Compensation Surveys, Director Registry

Why I Choose NAMIC

Culture

- > Based on **self help**, formed for **mutual benefit**
- > **One company – one vote**, rotating board of directors
- > **Progressive** – in structure, membership, and products and services
 - > allowed woman as members in 1902
 - > D-rive Telematics
 - > Mutual Career Center

NAMIC is culturally one of us!

Why I Choose NAMIC

Courage

-----> **Willing to take issues head on: willing to fight!**

- > NAIC – climate survey, governance disclosure
- > HUD – preserve our right to underwrite
- > SOX – exemptions for insurance/small insurers
- > FIO – preserve state regulation

Why I Choose NAMIC

Products and Services

-----> **NAMIC.org Information Centers**

- > corporate governance
- > investment management
- > finance and accounting
- > human resources

-----> **Insurance**

- > directors and officers liability
- > fiduciary liability
- > employment practices liability
- > fidelity bond
- > insurance agents E&O
- > cyber liability

-----> **Employee Benefits**

- > group and voluntary life
- > group disability insurance
- > dental and vision insurance
- > defined benefit plan (pension)
- > MEP participant directed 401k

Ohio Participation in NAMIC

-----> **Committees**

- > Accounting
- > Active Past Chairmen
- > Award in Innovation Selection
- > Claims
- > Communications & Marketing
- > Director Education Working Group
- > IMS Working Group
- > Leadership Development
- > Management Conference
- > NAMIC Compensation
- > NAMIC Governance
- > NAMICO Compensation
- > NAMICO Reinsurance
- > Nominating
- > Personal Lines

-----> **Boards**

- > Merit Society
- > NAMIC Board
- > Advisory Council
- > NAMICO Board
- > Property Casualty Conference

-----> **Professional Farm Mutual Manager**

- > 9 certified or in process

-----> **Farm Mutual Director Certification**

- > 35 certified or in process



- > Congressional Contact Program
- > NAMIC Political Action Committee
- > Educational Events
- > Committee Participation
- > Professional Certifications
- > Mutual Brand Program

Ohio Participation



----- Congressional Contact Program

- > 2015 is the 30th anniversary for CCP
- > and marks the 21st year in attendance for Ohio



----- Additional Participation

- > Merit Society – 6 members
- > NAMICO – 23 participants
- > NAMIC Web Services – 8 participants
- > Mutual Brand Program – 5 participants

Thank You

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