

Letter to Members

In 1915, Abram Foote and a group of Addison County Grange members formed the Patrons Co-operative Fire Insurance Company. Because the state insurance department limited the



“...as the Co-op approaches its 100th birthday, it’s time to modernize our decades-old corporate structure.”

amount of fire coverage that could be written on one policy, as the company grew, two additional co-ops were also formed: Farmers Co-operative Fire Insurance Company in 1924, and Rural Co-operative Fire Insurance Company in 1933.

The three companies added wind coverage to all policies in 1947. In November, 1950, claims from a hurricane nearly wiped out the Rural. Following this crisis, in 1951, the three co-ops formed an association to pool their resources.

Since that time, Co-op has grown and modernized, but has kept its original structure of three companies and an association. All insurance policies are issued in the name of the association, Co-operative Insurance Companies.

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Reduce Your Risks: Burglary

When your home, car, or camp is robbed, you don’t just lose the stolen items. Your property may be harmed in the process, whether windows are smashed as a means of entry, there’s water damage after copper pipes are stripped from your plumbing system, or pollution is caused by removal of your oil tank lines. And maybe most importantly, you lose a sense of personal security that it might take years to regain.

Luckily, there are many things you can do to make yourself less of a target for burglars, or to minimize your losses.

Make it look like you’re there, even when you’re not: Whether you’re leaving your camp for the winter or your home for a week during the summer, don’t make it

obvious that you’re away.

- Use timers to turn lights on and off during the evening.
- Have someone pick up your mail and packages regularly or have them held while you’re away – don’t let them pile up. Not only is the stack of items a red flag for a vacant house, they are a target for theft themselves.
- Mow the lawn and tend the garden before you leave, or have someone do it while you’re gone.
- Ask a friend or neighbor or hire a service to come by occasionally to check on the place, so there’s a car in the driveway or different lights on every now and again.
- Don’t advertise your absence on social media.

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Alternative Energy and Your Policies

Are you one of the many people considering alternative or renewable energy at your home or business? Have you already installed a solar panel, wind turbine, or other new source of power? These projects can be financially and environmentally rewarding, but there’s a lot to consider as you make your choice, and one of the things you think about should be your insurance coverage. (You knew we’d think so, right?)



Whether and what coverage is available for your new equipment, or for damage your equipment causes to other property, can differ based on the kind and the amount of equipment in question, where it’s placed on your property, and whether you own or lease it. So be sure to keep your agent in the loop about alternative energy choices you’re considering or that you’ve made, just in case it changes your insurance needs. ■

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The Board of Directors has decided that as the Co-op approaches its 100th birthday, it's time to modernize our decades-old corporate structure. At a special meeting to be held this fall, our members will be asked to vote upon approval of a merger agreement. Management and the joint board of directors recommend a vote FOR adoption of the merger agreement.

Your interests as a member policyholder of the Co-op will not be affected in any way by this transaction. The merger will simply streamline the multiple individual legal entities into a single corporation – the Patrons Co-operative Fire Insurance Company dba Co-operative Insurance Companies, with no financial effect, either positive or negative, to the interests of any member, employee, director, agent, or other party.

The merger agreement requires approval by at least two-thirds of the votes cast by members voting, either in person or by proxy, at the special meeting at Co-op's offices at 292 Colonial Drive, Middlebury, VT. If you wish to vote on the merger by proxy, in order to be counted, your properly executed proxy must be received by our secretary prior to the commencement of the meeting at 10am on October 21, 2014.

Look for a special mailing in September that includes a notice of the October meeting, a summary of the information, and a proxy card for your vote. Again, management and the joint board of directors recommend a vote FOR adoption of the merger agreement. Following the vote, the merger agreement must also be approved by the Commissioner of the Vermont Department of Financial Regulation

Your vote is important. We look forward to receiving your proxy card or seeing you in attendance at the special meeting.

Sincerely,
Marie Jewett
President/CEO

Reduce Your Risks: Burglary

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Make it difficult and intimidating to get in: Do what you can to prevent someone from just walking in easily and unnoticed.

- Lock windows, doors, and other entrances to your home, camp, vehicles, or outbuildings.
- Unplug your garage door opener motor so someone can't open it with a compatible remote.
- Get an alarm system or service (or make it look like you have one).
- Join a Neighborhood Watch if you have one, and advertise your membership.

Make your belongings hard to find: Store and secure your possessions smartly.

- Try not to leave valuables visible

through windows or around your property. Whenever possible, portable and expensive items (from electronics to sports gear to garden equipment) should have discreet homes in drawers, cubbies, cabinets, sheds, garages, or other appropriate places.

- When away, keep your curtains or shades drawn to prevent window shoppers.
- Secure your most valuable or your irreplaceable items like jewelry or emergency cash – consider a hidden safe, or better yet, a safety deposit box off your premises. ■

Make your driver's seat

a text-free zone.

How far would you be willing to drive at highway speeds on the interstate while blindfolded? The length of a football field? If you check texts while cruising along, that's effectively what you're doing.

By now, we've all heard dozens of facts and stats on the matter, and we know the bottom line is that when we drivers give our attention to our phones, we are taking it away from the business of safely piloting thousands of pounds of steel and glass – and compromising the safety of everyone nearby.

Yet many of us still find it impossible to resist the siren song of our phones, and reach for them while behind the wheel. How do we stop this dangerous behavior? Here are a few suggestions:

- Put your phone on silent or turn it off before you get in the car. Even better, put it in a bag or case in the back seat or trunk, where you won't be tempted to reach for it while in motion.
- If you must have the phone nearby and on (and think – is it really a “must?”),

then check out apps like Detext or AT&T's DriveMode that disable texting while you're driving and automatically send replies to incoming texts to let folks know you're unavailable. (Some apps will do things like read your texts to you and let you reply to them via voice, hands-free, but that's still a distraction that can cause an accident.)

- Tell others you're planning to change your behavior and ask them to hold you accountable. Do the same for them. The people who ride with you will feel safer, and you will, too.

One way to hold yourself to the new standard is to visit Text Free Zone (<http://www.wptz.com/Sponsors/text-free-zone/24077850>) and take the no-texts-while-driving pledge. Co-op and WPTZ/WNNE television are sponsoring this awareness campaign. The site features more information on why texting and driving is a dangerous combination, tips to help you break the habit, and even a certificate you can print to remind you of the promise you've made. ■



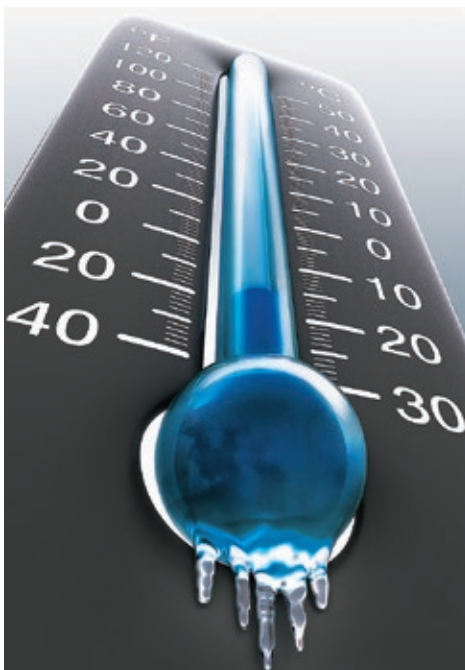
When temperatures drop as low as they did this past winter, Co-op claims adjusters know that two things are coming: fires and freeze-ups.

And come they did.

Fires are always a risk during heating season, and this winter was no exception (see chart below to learn about some of the larger losses). But when we spend so many nights in the double digits below zero, we see many more freeze-ups than usual. In the first two months of 2014, we saw 158 claims for water damage due to rupture/freeze-up – a 350% increase over last year. The total for those claims was over \$1 million.

Many freeze-ups are preventable, and below you'll find a number of pointers on just how to do that.

Other freeze-ups, though, can't really be anticipated or easily prevented. Over time, insulation can settle and compress and leave small sections of your plumbing system exposed to lower temperatures than it can handle. Or sometimes temperatures can just get lower than your building is insulated to withstand long-term. When prevention isn't really an option, it's important to know how to deal with the problem safely and in a way that minimizes your damage; we've got tips on that, too. Read on for details



Freeze-up Prevention Tips

How to help prevent frozen pipes

- **Maintain safe temperatures:** Keeping your space at 55 degrees or higher is the biggest step in keeping the pipes warm. Have your furnace serviced properly, and check your heating fuel levels regularly. (Having an auto-fill program is great, but it's not a replacement for keeping an eye on your fuel: deliveries can get missed, or you can burn through fuel faster than normal when it's bitterly cold.)
- **Improve your weatherproofing:** Caulk or insulate leaks around wiring, vents, windows and doors to help keep cold air out.
- **Insulate your pipes:** This is easiest done during construction or renovation, of course, but if you can access pipes in your crawl space, basement, garage, or attic (or even outside!), they could benefit from pipe wrap. Heat tape or heat cables also help, but be sure they're good quality, UL-approved, and installed according to all manufacturers' instructions.
- **Let a tap run:** Opening one faucet to a steady drip can help prevent pipes from freezing in the short term; this is an option for overnight if you're going to be on the premises. But for longer periods

or unattended properties, the risks outweigh the benefits.

- **Secure your seasonal property for the winter:** Disconnect garden hoses, and shut off and drain your water system if you can (balance it against the need for your fire sprinkler system if you have one); otherwise, be sure to keep heat set at 55 degrees and open cabinet doors to help heat circulate around pipes. (Except for shutting off the water system, these are good ways to winterize at home, too!)
- **Consider installing temperature or moisture alarms:** A number of manufacturers sell products that can sense the presence of water or drops in temperatures below a certain level. Some models are programmed to telephone you when triggered. Others can be monitored on your computer or through an app on your smartphone and can alert you electronically. And some home security services include temperature monitoring. There are options at price points from \$70 on up into the thousands; some investigation and a modest investment may be worth it for the peace of mind.

How to deal with frozen pipes

- Shut the water off.
- If the pipes burst and you're looking at water damage, that's your first issue. Call a plumber, then contact your agent or Co-op Claims directly. Either should be able to provide you with names of water damage mitigation companies who can help you start dealing with the mess.
- Try to determine why the pipes froze. Is the furnace out? Are you out of fuel? You'll need to deal with that issue to prevent additional problems.
- Then deal with the frozen pipes by heating them slowly and indirectly. An electric space heater or similar is best if you can do that safely (if there's not standing water or other hazards). A hair dryer can work if you're careful to keep it at a distance from the pipes. Never use blow-torches and other powerful direct heat sources, as they'll likely damage the system. ■

Large fires and their causes

April 2013 through March 2014

Fires	Cause	Amount
25	Unknown	\$3,575,494
18	Wood-related	1,756,569
5	Wood stove	467,000
3	Metal chimney	631,069
8	Chimney fires	521,000
2	Disposal of ashes	137,500
16	Electrical	1,497,419
3	Smoking	685,000
4	Non-wood furnaces	435,886
1	Gas/oil hot water tank	400,000
2	Heat gun	325,000
1	Propane explosion	214,000
28	Other <i>(vehicle fires; suspicious/arson; cooking; candles; heat lamps; clothes dryer; lightning; metal grinding; tractor fires; generator)</i>	362,673
98		9,252,041

Keeping Farms in the Family



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Agency of the Year



This year's President's Award of Excellence went to

Geo. M. Stevens and Son, Co.
Lancaster, Lisbon, Littleton, and Colebrook, NH

Congratulations to Don Clark, Jeff Gilman, Keith Young, Chris Knapp, and their staff on an outstanding year! ■

Transferring any family business from one generation to the next is no small feat, and family farms are not an exception. Numerous economic, market, environmental, financial, emotional, and interpersonal factors must be dealt with carefully to keep the business viable and the family dynamics healthy.

A 2013 episode of UVM's Across the Fence television program discussed a five-phase long-term plan to make a transition smooth and successful. The Web publication On Pasture (onpasture.com) published an article called Tips for Transferring a Farm to the Next Generation, summarizing that plan, explaining some of the biggest challenges and pitfalls, and offering advice to help families overcome them.

You'll find the article at <http://onpasture.com/2013/09/09/tips-for-transferring-a-farm-to-the-next-generation/>

What does this have to do with insurance? Well, as the younger generation gains more responsibility for specific production areas, and more overall business responsibility for the farm, part of that education and training should be about risk management and the role of farm insurance. Bringing the owners-to-be into the farm's relationship with an insurance agency before a transition happens ensures not only that the farm's future managers get a chance to understand what insurance means for the business, but that the insurance agent will understand the future vision for the farm and can advise and help meet growing needs. ■

Retirements

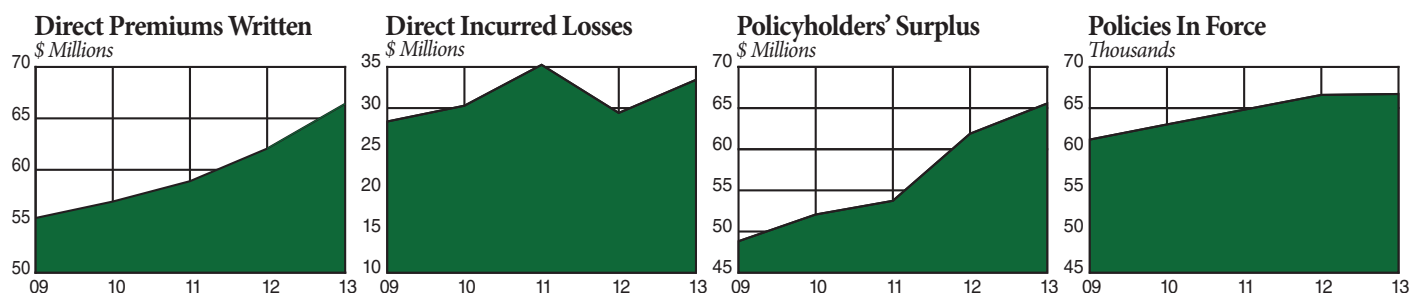
In 2013, two of our longest-serving employees retired. Senior VP of Information Services and Facilities Ted Davis and Accounting Specialist Susan Smith had each been with the company for more than 42 years.

Personal Lines Underwriter Judy Brown (25 years), Accounting Specialist Shan Ko (22 years), and Commercial Lines Underwriter Alicja Pietraho (18 years) also retired in 2013.

In addition, George Chaffee, former Commissioner of Banking & Insurance, retired from the Co-op board in April, 2014, after 12 years of service.

We wish them all the best on their new adventures! ■

Financial Statistics at a Glance





Grants • Charitable Giving • Scholarships

Co-op Community Grants Program

Every fall, our agents and directors apply to Co-op for matching funds towards charitable projects they are supporting. We select recipients at the end of the year, and usually send grant checks in January. In winter 2014, we awarded 11 grants for one-time operational or capital support to the following community groups:

Lakes Alive, Salisbury, VT, for milfoil reduction and elimination

Dorset Park Skating Association, South Burlington, VT, for purchase of a defibrillator for the ice rink

Braintree Town Hall, Braintree, VT, for window repair and replacement

Lancaster Fire Department Association, Lancaster, NH, for the fire safety and prevention program

Milton Ski and Ride Club, Milton, VT, for providing youth the opportunity to learn to ski and ride at low expense to families

Glover Recreation, Glover, VT, for expansion of the Glover softball field

Copper Cannon Camp, Franconia, NH, for upgrade and improvement of facilities

Rokeby Museum, Ferrisburgh, VT, for Web site work

Boys and Girls Club – Lakes Region, Laconia, NH, for purchase and renovation of a new club location

Child Advocacy Center of Hillsborough County, Nashua, NH, for ongoing operations

Brookfield Community Partnership, Brookfield, VT, for the window restoration project

Fletcher “Buster” Brush Memorial Scholarships

Congratulations to Matthew Cole (Lebanon High School, Lebanon, NH), and Harley Davis (Blue Mountain Union School, Wells River, VT), our 2013 Fletcher Brush Memorial Scholarship recipients.

The two were recognized for their compassion, hard work, community service, school spirit, leadership, and desire for challenge – values exemplified by late Co-op employee Fletcher “Buster” Brush, who spent decades working for community causes and mentoring and coaching young people.

The \$1,000 awards are renewable for up to four years of post-secondary study.

Matthew is attending Quinnipiac University

in Connecticut in the biomedical sciences program, while Harley is studying special education at the University of Maine at Farmington.

The 2014 recipients will be announced at the beginning of this summer. To see who they are, find out how to apply, or learn more about Buster, visit www.brushscholarship.org or find Buster Brush Scholarship Fund on Facebook.

Wish Kids Golf Classic

Once again this year, Co-op and our agents are hitting the golf course in support of Make-A-Wish Foundation® of Vermont. Our fourteenth annual golf tournament for this great cause happens on Friday, July 11, at Champlain Country Club in Swanton, VT. Last year, we raised \$22,000, bringing our 13-year total raised over \$200,000. With your participation, we can have a great showing again this year; come join us for golf, a silent auction, food, and prizes! Visit www.wishkidsgolf.org to register for play, see results, become a sponsor, or donate and help dreams come true for Vermont children with life-threatening medical conditions. ■

2014 Stevens Advanced Driver Training

Learn accident avoidance and emergency maneuvering during this hands-on half-day course.

Co-op shares members' cost – you pay only \$125 for a \$300 class!

(Co-op and private foundations will cover the rest.) Plus, when you successfully complete the course, you may qualify for a discount on your personal auto policy premium.

Course dates, times, and VT and NH locations are at www.skidschool.us. Participants must be licensed to attend the course in VT, and must be licensed or hold a valid learners' permit for NH courses.

If you register online, please enter all the required information, including Insurance

Company Name and Policy Number. Then pick your discount code. New Hampshire residents should select “Co-op Insurance New Hampshire,” and Vermont residents should choose “Co-op VT and YSCV combined.” You can pay immediately online, or onsite when you arrive to take the course. ■



One Electra-fyin' Bovine

When Green Mountain Power planned its Energy Innovation Center's educational exhibits about renewable energy, it wanted something attention-getting for its Cow Power program.

And it hit the mark with Electra, the 7-foot talking animatronic cow who explains how GMP partners with dairy farmers across Vermont to create renewable energy from cow manure.

While the Cow Power program is about a decade old, with 17 participating producers, Electra was born in 2013 at the Imagination Company in Bethel, VT. At the Energy Innovation Center in Rut-



GMP's David Dunn with Electra

land, she entertains and educates visitors from elementary school kids to MIT students.

"She's been getting really excellent response," said David Dunn of GMP. "Visitors just love pushing the button and hearing her speak. She's got a pretty good sense of humor."

Co-op is proud to be Electra's sponsor in addition to being a longtime Cow Power customer and the insurer of several Cow Power-producing farms.

"We knew we needed community partners to help support the public exhibits by adopting different components," said Dunn, "and Co-op Insurance made it possible to create this very cool display." ■