

## Letter to Members

Once attended a talk by the Insurance Information Institute's Dr. Robert Hartwig called How to Live to Be 100 in the Property and Casualty Insurance Industry. I believe the six



**"The co-operative values important to our founders 100 years ago still guide us today."**

common characteristics of long-lived companies that he identified all apply to Co-op.

- **Highly focused business model.** We remain focused on our core business and avoid insurance offerings outside of our expertise.
- **Ownership structure reflecting some concept of mutuality.** Co-operative values and mutuality go hand in hand.
- **Communal interest/concern for the greater common good.** We make decisions in the best interest of our membership to keep your co-operative strong.
- **Moderate growth.** Our measured growth goals do not outweigh our need for long-term profitability and financial security.

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## Customer Service Improvements in Progress

**W**e work hard to be there for our members, so we're pleased that 99% of people returning our surveys report that they're satisfied with their claims experience with us. But we want to provide that same level of service all across the company so that all of your interactions with us – paying bills, asking questions – are equally good.

Over the past year, we've begun a major project to improve our overall customer service, and we're approaching it from several different angles.

The first thing we did was establish a

consistent customer service philosophy across the company, so that every single employee understands the experience we're trying to provide for you. Each of us received extensive customer service training this spring, brushing up on our skills and learning to pay attention to the little details that will help make dealing with us easier for you.

We've also created a new member services department. We've reorganized many of the front-line personnel – billing, mailing, front desk staff – so that they're

*(Continued on page 2)*



## Take Care When You Share



**Whichever side of the sharing you want to be on, you should consider whether you have sufficient insurance coverage.**

**A**irbnb, Uber, Lyft: you may have heard of these companies or businesses like them that help people make money from sharing things – houses, rides, tools, sports gear – with others.

While there are many good things about sharing, remember, exchanging a service or use of a good for money is a business transaction. Whichever side of the sharing you want to be on, you should consider whether you have sufficient insurance coverage. Don't just take a blanket assurance

from the company that they or your personal insurance will provide coverage; you need to understand your policy and where there might be gaps, exclusions, or limitations.

We'll try to give you a quick overview of coverage you're likely to have or lack, but remember, these are generalities and may not apply to your specific situation. To understand what you have and what you might need, talk to your agent about your plans and your policy.

*(Continued on page 4)*

## Letter to Members

(Continued from page 1)

- **Small relative to their competition.**

Co-op is small in the world of insurance companies; we strive to be better, not bigger.

- **Not the most profitable.** We try to write business profitably and keep a policyholder surplus that lets us respond to catastrophic and unforeseen loss events, but are not beholden to meet profit demands from shareholders.

One hundred years after our founding as the Patrons Co-operative Fire Insurance Company, we have come full circle: after spending much of our first century as an association of three separate companies, late last year, we merged all three companies into a single entity. We are now once again Patrons Co-operative Fire Insurance Company, continuing to operate as Co-operative Insurance Companies. Thank you for your questions, your patience with our mailings, and your participation last fall as we fulfilled legal requirements for this modernization.

During our first century, we expanded beyond the farm fire insurance we were founded to make affordable; we began operations in New Hampshire and now offer many other products and services to meet our members' needs in both states. But we remain a co-operative insurance company, the only one in Vermont. The co-operative values important to our founders 100 years ago still guide us to-

day. Our board of directors is composed of Co-op members, democratically elected. We make decisions in members' long-term best interests. We support education and training for our members, employees and agency partners. We are committed to and support our communities throughout Vermont and New Hampshire with donations and volunteering. In short, we value your membership and thank you for it.



**...after spending much of our first century as an association of three separate companies, late last year, we merged all three companies into a single entity.**

While we're speaking of milestones: On May 27, 2014, we experienced our worst claims event ever. In just a few hours, wind and hail in and around Rutland County led to about \$4.7 million in claims, pushing us past our catastrophe reinsurance threshold for the first time in Co-op's history. Claims totals from that storm and one in July overshadowed an otherwise good year. The underwriting loss due to those claims were primarily offset by investment income, and our policyholder surplus remains strong.

Despite the challenges Mother Nature threw at us, our staff continued their outstanding job processing business, handling claims and responding to members' needs, while taking on large new projects such as the planning phase for our new company system.

The decisions we make and the actions we take align with our commitment to be here for you, when you need us, providing the service you need.

Sincerely,  
Marie Jewett, AU, API, AIS  
President & CEO



## Customer Service Improvements

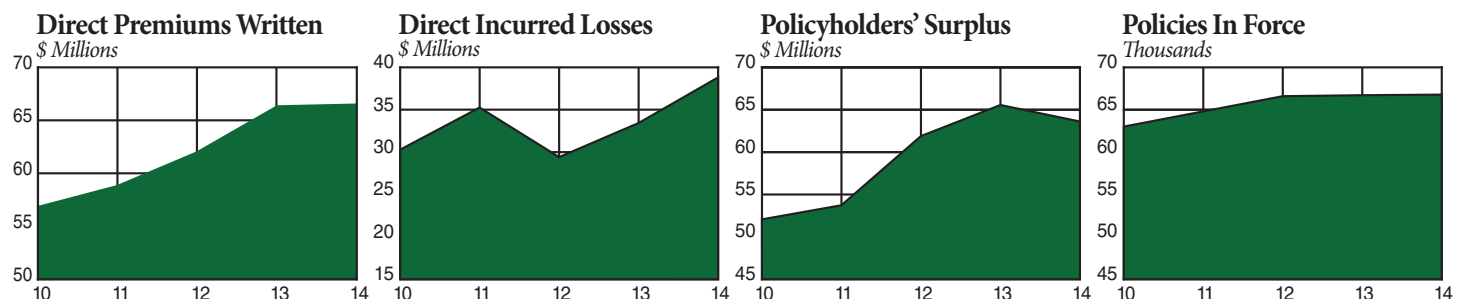
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working together as a group to provide you with more consistent service. The plan is not just to answer your most common questions more quickly, but improve the way we do things so that you don't have to ask as many of those questions!

Finally, we're working to improve technology so that we can work smarter and you can access more of your own information when you need it. We've undertaken a multi-year project to completely replace our core company system, giving us much more flexibility to respond to industry changes and your needs. In addition to changing up the internal system, over the coming year, we'll work to replace our Web site to give you better information, and lay the foundation to add more functionality down the road.

The customer service improvement initiative is a huge project – replacing our core system alone will take up to four years to complete, as we gradually move different lines of business over – but we're thrilled that it will mean we can make things better for you. ■

## Financial Statistics at a Glance



1915

## Patrons Co-operative Fire Insurance Company

formed to make insurance available to Addison County Grange Members at better rates. Small advance premium due when first policies issued, but from then on, payment due at end of year, to include assessment for share of previous year's losses.

\$4000: limit of insurance on any one policy

1916

**\$0:** assessment to members for the previous year's insurance

**\$478:** funds in the Patrons treasury after one year of business

1917

**Patrons Insurance**  
available throughout Vermont



1931

Patrons and Farmers out-grow "office" space in Abe Foote's bedroom in Cornwall, and move to the wing of a house in Middlebury.

1915

1920

1925

1930

1935



## Abram Foote

1915–1941

A Cornwall farmer, entrepreneur, and civic leader, Abe Foote graduated from town to state politics in part to work for a law that would permit creation of co-operative insurers in Vermont. He ran the Middlebury-based co-operative companies until his death in 1941. By that time, he had helped Vermont farmers save more than \$1 million in insurance premiums.

1924

## Farmers Co-operative Fire Insurance Company

created in Middlebury to insure farmers anywhere in Vermont.

1933

## Rural Co-operative Fire Insurance Company

founded in Wallingford by Abram's son Charles Foote.

1938

**\$75 million:** coverage in force – about half of the farm property in the state.

## Take Care When You Share

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### House-sharing

Airbnb is the most well-known house-sharing service. These companies typically provide a Web site and mobile app through which people offer or book rental rooms, apartments, or houses.

#### Offering the service?

If you plan to rent space to others, Airbnb may offer some liability insurance for incidents while guests are on your property, but will likely require the claim to go through your personal insurance first.

**These are generalities and may not apply to your specific situation.**

So what insurance would you need? If you have a Co-op homeowners or farm policy, there's a good chance you've got basic coverage for up to two guests at a time. Adding an endorsement could allow you some coverage for up to 6 simultaneous guests/3 rooms. Be-



yond that, you'll need a business policy to provide adequate coverage.

#### Using the service?

If you want to be covered in case of accident while a guest at an Airbnb property, you'll want to be sure your hosts have proper liability coverage.

### Ride-sharing

Uber and Lyft are called transportation networking companies, or TNCs, and they facilitate ride sharing – you can use their apps to locate drivers close to you,

or offer your services and your personal vehicle to drive others.

Most TNCs do offer some coverage for their drivers and their passengers, but it is far from clear-cut yet how it works.

#### Offering the service?

Right now, when a TNC offers insurance, it is almost always secondary insurance, not primary. That means a claim you make as a driver would need to go through your personal insurance first.

So what does your personal insurance cover? That's where it's very clear-cut: Co-op personal and commercial auto policies do not cover this sort of commercial activity.

If you're confused by all of this, that's not surprising. This new business doesn't fit the existing model of personal or business auto insurance. Many state

**If you're confused by all of this, that's not surprising. This new business doesn't fit the existing model of personal or business auto insurance.**

# U R F I R S T O N E



1945

**The three co-operatives change to an advance assessment plan,**

charging for insurance in advance rather than at the end of a year. To make the transition smooth, all customers receive one free year of insurance.

The Middlebury companies move into the Cady mansion on South Pleasant St.

1947

**Free wind coverage** is added to all policies.

1951

The Patrons, Farmers, and Rural form the Co-operative Fire Insurance Association of Vermont, headquartered in Middlebury.



1955

**First computer installed.**

a Remington Rand with keypunch machine and card sorter.

1963

**First homeowners policy issued**

on the Cornwall property of Edwin and Mary Rose Bingham. Premium \$54.50.

1940

1945

1950

1955

1960



**Edward Peet**

1941–1959

In addition to running a farm in Cornwall and being one of the Patrons' first members, Edward Peet was active in the state legislature and in financial and civic institutions in Addison County. Under his guidance, the co-operative companies began their first safety fund to reduce the amount of costs they would have to pass along to farmers in the event of large-scale disaster.

1946

**\$5000:** new limit of insurance on any one policy

1950

**A powerful windstorm hits Vermont on Nov. 25.**

The resulting 4,000 wind claims cost nearly the same as two normal years' worth of claims, and nearly bankrupt the Rural Co-operative.



**Seeley Reynolds**

1959–1973

A Salisbury farmer with a broad business background, Seeley Reynolds led Co-op through a modernization of its farm policy and diversification into homeowners' insurance. He also oversaw a change in the agency force from a large network of part-time agents to a smaller group of full-time career agents.

legislatures and industry representatives are working to create laws, standards and insurance in this area, but it will take time.

## Using the service?

The important thing to understand is that you're taking a risk when you use a ride-sharing service: you're relying on others' auto policies. You can educate yourself about the coverage the TNC offers, but it's probably unrealistic to expect that you'll read your driver's personal auto policy before you get in the car.

As always, the best thing we can recommend if you're considering offering or using a new service is to check in with your agent and let them help you cover your needs the best way possible. ■

## Join Us In Celebrating Our 100th Anniversary!

Tuesday, September 15 – Noon to 3:00pm

292 Colonial Drive, Middlebury, VT

Live radio broadcast by WVTM

Enjoy pizza, cake and special giveaways!

## Retirements

After 53 years of service, Charles Mason retired from Co-op's board of directors this spring. Over the years, Charlie held almost every leadership role on the board. Though his style is described as quiet and thoughtful, his absence from the board room will be noticed by all.

Several long-serving employees retired in 2014 as well. Suzanne Orvis retired from her marketing and farm safety duties after 40 years of service, and large property loss adjuster Mike Harvey ended his commute over the mountain just shy of 38 years with the company. Underwriting assistant Celine Raymond and special investigator Gene Bastian (25 years each) and underwriting assistant/tester extraordinaire Carol Parent (24 years) also retired this past year.

We wish all of our retirees much happiness and all the best! ■

## Grants • Charitable Giving

### 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. This year, we awarded nine grants for one-time operational or capital support to the following community groups:

**Shelburne Veterans Memorial Fund**, Shelburne, VT, for creation of a memorial in Shelburne

**Gifford Medical Center**, Randolph, VT, for senior living center construction

**Randolph Area Community Development Corporation**, Randolph, VT, for Round Porch rehabilitation at Joslyn House

**Village of Swanton**, Swanton, VT, for downtown revitalization

**Isle La Motte Preservation Trust**, Isle La Motte, VT, for restoration of a historic dairy barn

**Grapevine Family and Community Resource Center**, Antrim, NH, for Better Beginnings Parent-Child Program

# HUNDREDEAR



1969

New building completed on Colonial Drive in Middlebury.

\$10,977: first advertising budget

1980

**STEP SAVER**

*Enjoy the freedom*

Step-Saver monthly EFT program begins.



1981

Change from assessable to non-assessable co-operative, eliminating the possibility that members might be assessed for a share of previous year's loss costs.

1988

Addition to the building.

1965

1970

1975

1980

1985

1990

1968

**Underwriters, Inc.**, formed to give Co-op agents an outlet for other lines of business.



**Edgar Dodge**

1973–1982

Though he lived in Middlebury during the week out of necessity, Edgar Dodge had farming in his blood and spent weekends on his Tunbridge farm. During his administration, the association began to write policies on mobile homes, offered Step-Saver, its EFT program and changed from an assessable to a non-assessable co-op.



**Henry Leach**

1982–1992

Henry Leach was a Pawlet native, the son and nephew of Co-op board members and a former agent. He spearheaded a transformation of Co-op's board structure, reducing the number of directors so that they were able to work to understand the business and industry in more depth and work effectively together.

## Scholarships



**Act 'n Spire**, Bradford, VT, for restoration of the Old Church Theater building

**Boys and Girls Club of Greater Vergennes**, Vergennes, VT, for a sign for the club

**Opera Company of Middlebury**, Middlebury, VT, for the Young Artist Program

### 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 fifteenth

annual golf tournament for this great cause happens on Friday, July 10 at Enosburg Falls Country Club in Enosburg Falls, VT. Last year, we raised \$24,000, bringing our 14-year total raised over \$229,000. 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](http://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.

### Fletcher "Buster" Brush Memorial Scholarships

Congratulations to Julia Bowman (Woodsville High School, Woodsville, NH), and Caroline Rose (Essex High School, Essex, VT), our 2014 Fletcher Brush Memorial Scholarship recipients.

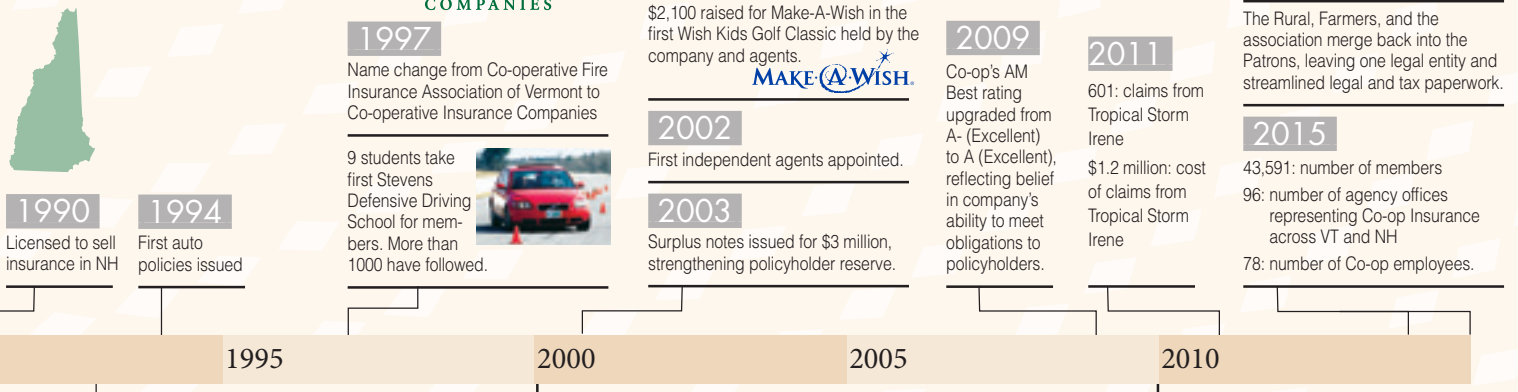
The two were recognized for their compassion, hard work, community service, school spirit, leadership, and desire for challenge – values exemplified by late Co-op employee Fletcher "Buster" Brush, who spent decades working for community causes and mentoring and coaching young people.

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

Julia is attending Salve Regina University in the nursing program, while Caroline is studying fashion design and production at Lasell College.

The 2015 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](http://www.brushscholarship.org) or find Buster Brush Scholarship Fund on Facebook. ■

# S



**1990**  
Licensed to sell insurance in NH


**1994**  
First auto policies issued

**1997**  
Name change from Co-operative Fire Insurance Association of Vermont to Co-operative Insurance Companies

9 students take first Stevens Defensive Driving School for members. More than 1000 have followed.



**2001**  
\$2,100 raised for Make-A-Wish in the first Wish Kids Golf Classic held by the company and agents.



**2002**  
First independent agents appointed.

**2003**  
Surplus notes issued for \$3 million, strengthening policyholder reserve.


**2009**  
Co-op's AM Best rating upgraded from A- (Excellent) to A (Excellent), reflecting belief in company's ability to meet obligations to policyholders.

**2011**  
601: claims from Tropical Storm Irene  
\$1.2 million: cost of claims from Tropical Storm Irene

**2014**  
Kinney Insurance Agency is the first exclusive Co-op agent to convert to the independent agency model.


The Rural, Farmers, and the association merge back into the Patrons, leaving one legal entity and streamlined legal and tax paperwork.

**2015**  
43,591: number of members  
96: number of agency offices representing Co-op Insurance across VT and NH  
78: number of Co-op employees.




**Joe Devall**  
1993-2000

Born in Illinois, Joe Devall received an MBA from the Wharton School and worked in reinsurance in Philadelphia. As CEO, he led the organization through getting off the ground in New Hampshire, beginning an automobile insurance program, and restructuring UI Insurance Services (our wholly owned brokerage) to meet changing needs.



**Jim Sullivan**  
2000-2010

A graduate of UVM, Jim Sullivan joined Co-op in 1976 as an underwriter, becoming CEO in 2000. During his administration, a committee structure was created for the board, the company began to do business with independent agents in addition to its exclusive agents, and the company's policyholder surplus and financial stability were increased.



**Marie Jewett**  
2010-Present

A native of New Haven, Marie Jewett started at Co-op in 1978 working with policy documents. She became an underwriter, manager and vice president of the underwriting department, EVP Operations, and then president and CEO in 2010. Her focuses have been on customer service improvements, staffing, a massive systems update project, and the association's merger back into one single co-operative.



## Focused on Farm Safety

**A**ffordable fire insurance for farmers was the reason Co-op was founded a century ago. These days, our farm insurance covers a lot more than fire, and we write more than just farm insurance. But we're still the largest farm insurer in Vermont, and we pride ourselves on continuing to meet farmers' needs, even as those needs change.

That's why, over the past two years, we've completely transformed our loss control department to focus 100% on helping farmers address their safety challenges. Our farm safety representatives understand the realities of working on a farm – two are farmers with 30 years' experience themselves. They know how to make things safer, and are available, free of charge, to help our farm members do just that.

In addition to on-site work with members to deal with hazards on their premises, the Farm Safety Department offers education as well. Co-op holds free farm safety seminars around Vermont and New Hampshire every year, offering driver training, hands-on fire extinguisher demos, CPR instruction, and networking opportunities; some sessions and materials are even available in Spanish.

It takes many organizations to cover all the farm safety bases in our communities, though, and we've pledged \$60,000 over the next three years to support two programs from UVM Extension Service.

Their youth farm safety program includes workshops, day camps, and tractor training workshops (some featuring Co-op farm safety reps) to educate the next generation of farmers about potential haz-

ards and safe equipment operation. These well-trained youth then help raise safety awareness back at home.

Meanwhile, the now four-year-old Vermont ROPS program offers rebates for most of the cost of retrofitting older tractors with modern roll-overs and seat belts. Those rollover protection systems are 99% effective in saving lives in the event of a tractor rollover, which is otherwise the most frequent cause of fatalities on farms.



For information on participating in the Vermont ROPS program, call their toll-free helpline at (877) 767-7748. To learn more about the services and education that Co-op's farm safety department can offer you, contact your local agent. ■

# Co-op Claims Report

**2014 was an average claims year...**except for 15 minutes on May 27. A massive wind and hailstorm hit Rutland County and beyond, damaging automobiles, window screens, roofs, siding, and trees. In total, Co-op members' losses resulted in 622 claims costing more than \$4.7 million in damages. This was the single largest claims event we've ever experienced, larger than Tropical Storm Irene, the ice storm of 1998, or even the windstorm of November, 1950 that changed the structure of our company.

Adding insult to injury, a second storm hit the area over the course of a few hours on July 2; this time, damage was primarily to homes and buildings, and the totals were 271 claims costing \$2.3 million.

The losses from May 27 alone were high enough that, for the first time ever, Co-op collected money from the catastrophe coverage on its reinsurance policy.

Damage from these storms was so pervasive in Rutland that waiting lists for reputable contractors and auto shops were months long. Many out-of-town repair specialists set up shop, some actually going out and soliciting frustrated homeowners for repair work. Our advice in these situations was to always check references, and whenever possible, select local

or regional repair professionals whose continued livelihood depends on doing quality work for people in the area. Don't get us wrong: many traveling repair specialists do excellent work, and we do our best to work with them to resolve your issues. But some simply take advantage of people in difficult situations and then move on. Once they leave the area, it's difficult to address any problems with their work.

The rest of the year was more typical, including the cold-weather losses from fires and freeze-ups/water damage. On the fire side, over the past few years, we've seen a trend toward smaller fires, which is good because it means our members' losses aren't totals and the claims cost is smaller. But we're seeing more of those fires – a 32% increase year over year – which is not good. During the past two long, cold winters, we've also seen an uptick in freeze-ups and resulting burst pipes. ■

In November, 1950, a massive windstorm hit the Champlain Valley particularly hard, toppling buildings, downing wires, crushing livestock, and knocking over trees. Five months after the storm, more than 3000 wind claims had been filed with the co-ops.

Yes, insurance companies buy insurance on the insurance they write; it's one strategy to spread risk around, prevent any one company from bearing the entire cost of a disaster, and keep premiums affordable for members.

Accidents happen, and not every claims event is preventable, but some basic precautions can help you heat safely and prevent freeze-up:

**Wood heat**

- Have your stove, furnace, and chimney serviced and cleaned at least annually
- Dispose of ashes and partially used fuel safely (treat them like you can see flames!)
- Don't assume that pellet stoves are cleaner, safer, or lower-maintenance than traditional wood stoves; they're not necessarily, and their hoppers and vents need regular cleaning by you or a professional

**Pipes**

- Keep the area around your pipes at a minimum of 55 degrees, or
- Keep a trickle of water flowing through the system on particularly cold nights by leaving a faucet open a hair, or
- Turn off and drain the water system at seasonal properties

Wood heat	35%
Undetermined	30%
Vehicle	9%
Electrical/Appliance	9%
Carelessness	4%

## Customer service survey

We're making changes and want to make sure we're asking you the right questions. We hope you don't experience a claim this year, but if you do, please take a moment to fill out our three-question survey card when we send it to you. It will take only a minute, and we truly do read each one to learn what we can do better for our members.



CO-OPERATIVE  
INSURANCE  
COMPANIES

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Permit No. 73

## 2015 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.skid-school.us](http://www.skid-school.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. From the "Discounts Available" drop-down, select "Coop VT and YSCV combined" if you are a Vermont resident and "Coop Insurance New Hampshire" if you are a New Hampshire resident. Selecting the appropriate discount will ensure you get the correct pricing for the course at the time of checkout. Please be sure to complete the Insurance Company Name and your policy number in the appropriate field as well. Stevens will accept credit cards online or you can also pay at the time of your course by cash, check or credit card. ■

VISIONS is published by:  
Co-operative Insurance Companies  
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Middlebury, VT 05753-5890

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