

May 9, 2022



THE MUTUAL WAY

Farmers Mutual Insurance Company Newsletter

Buzz word “Inflation”! What we are doing about it:

We all know that inflation through the recent periods (past, present and future) is impacting everyone. Nearly every conference or webinar, in our industry, is including a session on inflation, or at very least a mention of it in nearly every other topic. It's certainly the current buzz in our industry, as well as in our economy. With good reason inflationary concerns are on everyone's minds, and into everyone's pockets. Likewise, we are experiencing inflation in loss costs, as well as within our own expenses. The Replacement Cost (RC), along with the resulting Actual Cash Value (ACV) of property values, has also experienced inflation. As a result, many coverage levels are most certainly at some amount underinsured, and those set years ago are likely severely underinsured.

FMI feels this is a coverage concern rather than a rate concern, and if we have coverage set appropriate to current ACV, then the rate should not be impacted. If we have the appropriate ACV Coverage on properties insured, there should not be a need for a rate increase per dollar of coverage. FMI is willing to share in the inflationary impact that we all are experiencing.

Some competitors are simply taking rate increases due to inflationary impacts on loss costs, yet we will not be taking rate increases at this time. We will be updating the ACV valuations and offering renewal coverage at current ACV. Yes, this will increase the premiums, but unlike a rate increase, the policyholder will receive the proportionate amount of coverage increase along with those premium increases. Thus, receiving something in return for the difference of policy premium.

Beginning with July 1st renewals, FMI will be reviewing all policies at renewal to ensure coverage adequacy. We will soon send more information to agents/agencies on this and provide some talking points you can share with policyholders from these actions. A letter explaining this increase in coverage will also be included with each renewal. For now, I'll share that from our sample set analysis the current coverage amounts on average are 20% or more under the calculated ACV in e2Value estimator. With our procedure of a 3-year renewal review process those risks that were just reviewed last year are lesser impacted than those that are currently up for their 3-year renewal review. As a result, there will be varied impact dependent somewhat on when the risk was last reviewed. We do expect the majority of risks insured, to receive an increase in coverage upon renewal.

Agents can expect within the next couple weeks to receive more specific information about the coverage increases and how we will be applying the ACV estimated by e2Value. Again, this will begin with July 1st renewals, so those will be delivered to policyholders ahead of their renewal beginning around June 1st.

As always, please feel free to contact me if you have any questions or wish to discuss anything regarding our company. It is always a pleasure to discuss our mutual customers and how we may assist in their needs. Thank you for allowing us to assist in that service to our customers.

Mutually yours,
Justin Lear, CEO

New Face at FMI



Bob Joyce recently began as our new Field Marketing Representative. Bob has a wealth of insurance knowledge. He started an agency some thirty years ago and has prospered since. Bob is looking forward to meeting everyone at the various agencies and helping in any

way he can. Bob, along with wife Tamara have 4 grown, successful children. Bob received a bachelor's degree from Colorado State University. In his free time, he enjoys all backyard games with corn hole as his favorite, fixing his old lake house and fishing. Bob can be reached by email at bobj@fmi-ks.com or by phone at 620-617-1261.

May, a time when the warmer weather has us thinking of one thing in Kansas, BBQ! Whether you are grilling using a smoker, gas or charcoal grill, it 's important to follow some safety guide lines. The following is a basic guideline of some helpful **Grilling do's and don'ts**.

Do:

- 1. Keep your grill at least 10 feet away from your house.** Farther is even better. This includes portions attached to your houses. Grills should not be used underneath wooden overhangs either.
- 2. Clean your grill regularly.** If you allow grease to build up on your grill, it provides more fuel for a fire.
- 3. Check for gas leaks if using a gas grill.** You can make sure no gas is leaking from your gas grill by making a solution of half liquid dish soap and half water and rubbing it on the hoses and connections. Then, turn the gas on (with the grill lid open.) If the soap forms bubbles, that's a sign that the hoses have tiny holes or that the connections are not tight enough.
- 4. Keep decorations away from your grill.** Decorations like hanging baskets, pillows and umbrellas look pretty and provide fuel for a fire.
- 5. Keep a spray bottle of water handy.** That way, if you have a minor flare-up you can spray it with the water instantly, plus water won't harm your food so dinner will not be ruined!
- 6. Keep a fire extinguisher within a couple steps of your grill.** And KNOW HOW TO USE IT. If you are unsure how to use the extinguisher, call 911.



Don't:

- 7. Turn on the gas while your grill lid is closed.** NEVER do this. It causes gas to build up inside your grill, when lit and opened, a fireball can explode in your face.
- 8. Leave a grill unattended.** Fires double in size every minute. Plan ahead & don't be afraid to ask for help. Everyone needs a sous chef!
- 9. Overload your grill with food.** This applies to especially fatty meats. If too much fat drips on the flames at once, it can cause a large flare-up that could easily light a fire.
- 10. Use a grill indoors.** People often think it will be safe to use a grill, even a hibachi, indoors. NOT TRUE. In addition to the fire hazard, grills release carbon monoxide, the deadly colorless, odorless gas. That gas needs to vent in fresh air or it can kill you, your family and pets.

We will be **closed** Memorial Day, May 30, 2022