

*the stars we steer by . . .*

**1957 ANNUAL REPORT**

Mutual Service Life Insurance Company  
Mutual Service Casualty Insurance Company  
1919 University Avenue, St. Paul 4, Minn.





Provide the best service in all lines of insurance at the lowest possible cost in keeping with sound operations.

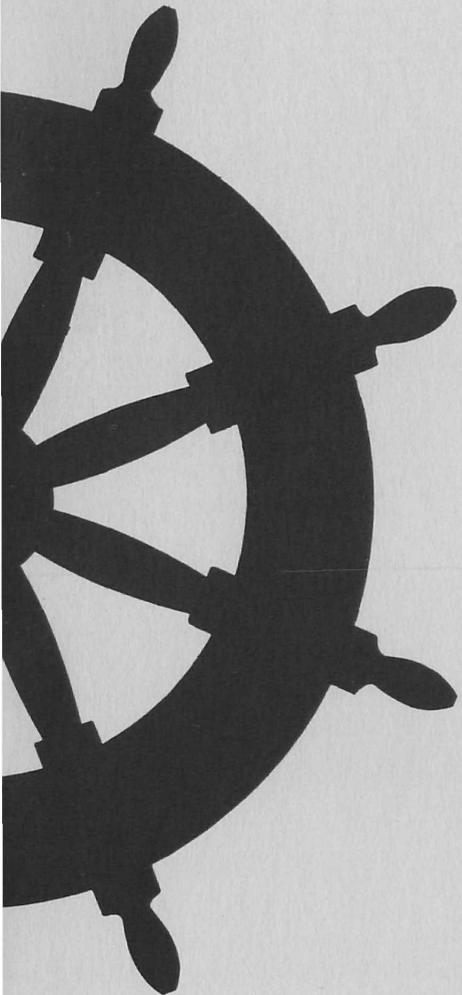
Soundly invest the Companies' funds for purposes that will best serve the interests of policyowner-members.

Be a leader in the insurance industry and a responsible community citizen.

Maintain a constant, healthy rate of growth that will make for stable operations.

Perform an active partnership role in the cooperative movement as a whole.

Provide attractive career opportunities and working conditions for people interested in the field of insurance service.



Some 20 years ago the people who helped organize Mutual Service Insurance Companies set up six objectives to guide our Companies throughout the years. These are the "stars we steer by", the ends toward which our efforts are always directed.

In this annual report our President and General Manager F. F. Rondeau gives a brief, comprehensive report on how these objectives were followed during 1957. I'm sure you'll find it makes an interesting story, one that gives you a good idea of what our Companies believe in and what we're doing about it.

*Wm A Bergeron*

WM. A. BERGERON,  
*Chairman, Board of Directors*



**Mutual Service  
Board of Directors:**

Left to right (seated), Emil Hierl, Cambridge, Minn.; Joel E. Dahl, Superior, Wis.; Leonard Stone, Virginia, Minn.; J. F. Shea, Pickett, Wis.; (standing) Clifford C. Graba, Sebeka, Minn.; Frank Lair, Hayward, Minn.; Wm. A. Bergeron, Chairman, Somerset, Wis.; Garmon Hesby, Volga, S. D.; Brynolf Peterson, Aitkin, Minn.; Albert Peterson, Larrabee, Iowa.



What is it that makes an organization what it is —that gives it a character and personality of its own? It seems to me this comes from its very reason for being, its true purpose in our society and in our economy.

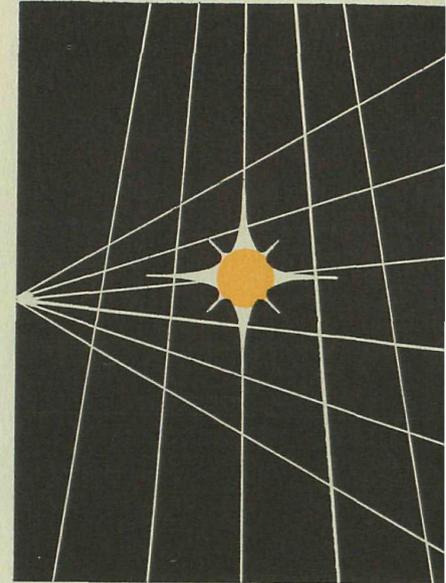
Our Mutual Service purpose can be simply stated: "To build an institution that will effectively serve the insurance needs of people, in accordance with accepted cooperative principles."

To achieve this purpose we have the six long range guides or objectives which you will find in this annual report. Likening them to stars is fitting, for they *do* guide us and help us move ever onward toward our goal. This report will show you what we achieved during 1957—guided by our six stars.

F. F. RONDEAU,  
*President and General Manager*



*provide the best service in all lines*



*of insurance at the lowest possible cost in keeping with sound operations*

“Service” means many things, and so we worked toward this objective in many ways. We can touch on only a few of them here.

### **OPERATIONS**

One of them was the change-over to a “unitized” or “decentralized” plan of operation during the year. Purpose: to give faster, better, more economical service to policyowners. Another was completion of our integrated data processing system in our office clerical operations, to eliminate duplication, reduce error, and increase speed in processing data.

We completed the first full year of operations under our new reinsurance treaties with the American subsidiary of the Cooperative Insurance Society of Great Britain and Lloyds of London. This new reinsurance plan has greatly reduced our reinsurance costs and is more applicable to our multiple-line operation.

### **PRODUCTS AND SALES**

Constant improvement in the insurance “products” we offer to our policyowners and the public is another important service area. For example, during the past year we added a unique life insurance planning service; we expanded our “special dividend” plan to apply to all life insurance policies, including those in force; we added a flexible new term life insurance plan; we liberalized underwriting requirements concerning war risk and aviation exclusions; and we offered the Uninsured Motorist Coverage to provide broader protection to our auto policyowners.

In 1957 over 700 Mutual Servicemen, working from a network of 30 district service offices, offered these and many other types of insurance protection to the people of the Upper Midwest. Through them, over 50,000 new policyowners joined Mutual Service during the year. They bought 29,000 auto policies,

15,000 fire and casualty policies, and more than \$44 million of life insurance protection.

### **CLAIMS**

Perhaps the most important of all services offered by our Companies is that performed by our claims personnel, in their prompt and fair handling of all types of insurance claims.

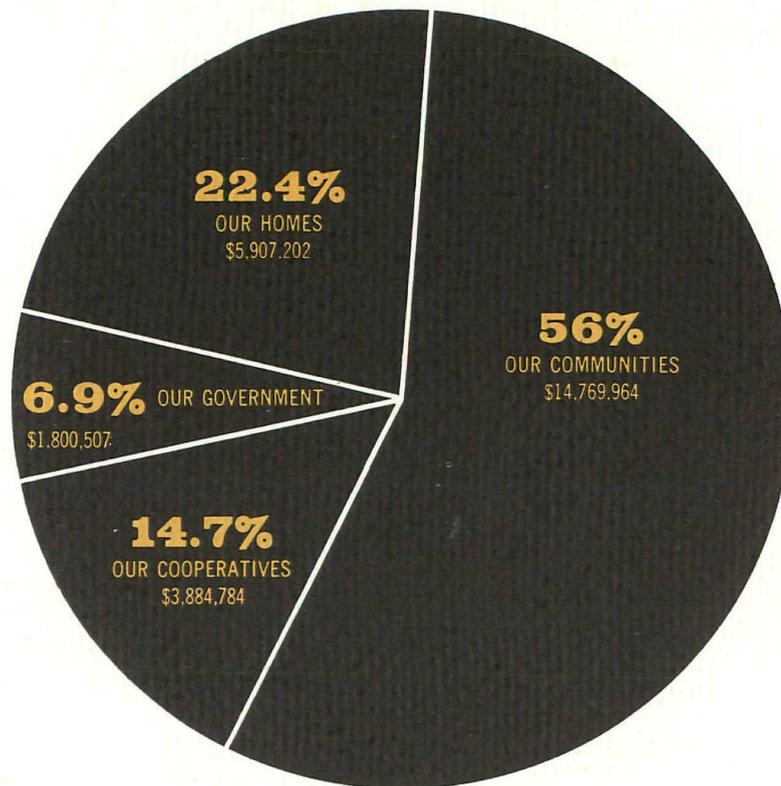
During the year, 55 Mutual Service claimsmen handled more than 53,000 claims. Over \$6.3 million was paid to casualty policyowners and claimants, and 36% of all auto claims were paid within one working day of the time they were reported.

Our “community claims” plan of operation continued to render real service to policyowners and claimants alike. With many experienced claimsmen throughout our operating area, each man living in the community he serves, claims were handled quickly and efficiently. Expert help was close at hand whenever serious accident or loss involved a Mutual Service policyowner.

### **SAFETY ENGINEERING**

The Mutual Service Safety Engineering Department continued and accelerated its work to make policyowners safer in jobs and cars and homes. The 3,200 safety inspections they made during 1957 led to safer working conditions for 176,000 people.

Through aggressive school bus safety programs, leadership in liquefied petroleum gas techniques, and safe-driver training classes, our Safety Engineering Department did much during the year to preserve life and prevent human suffering. We were proud to receive a special award from the National Safety Council in recognition of our contributions to the field of safety.



**TOTAL INVESTMENTS . . . . . \$26,362,457**

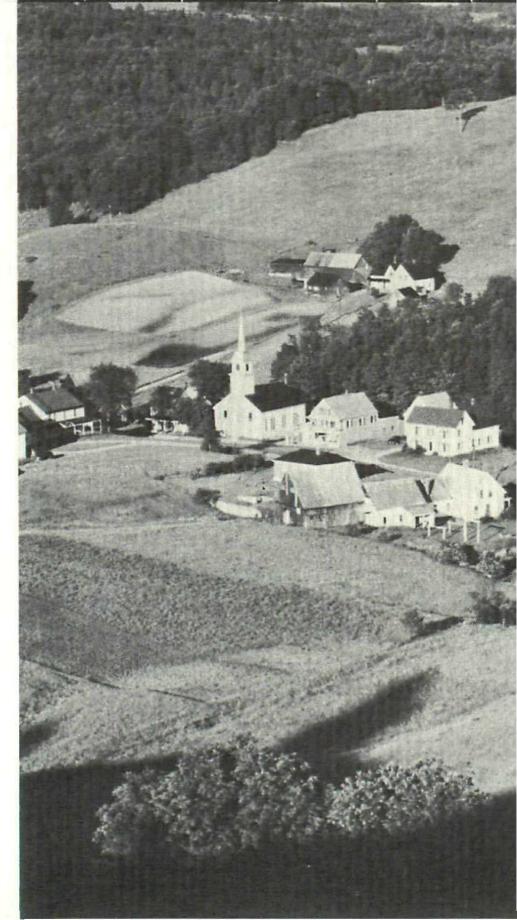
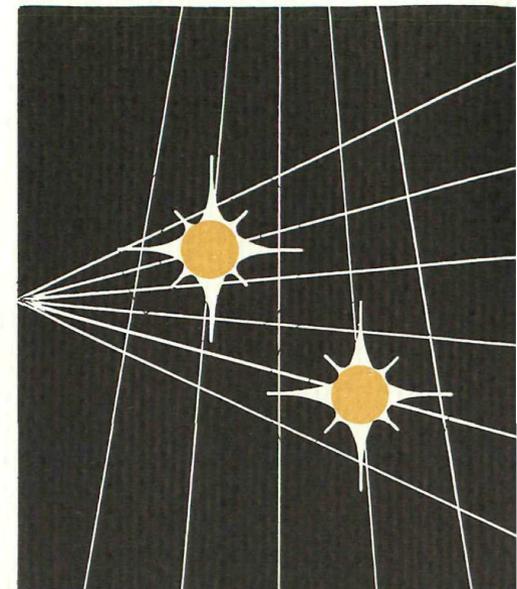


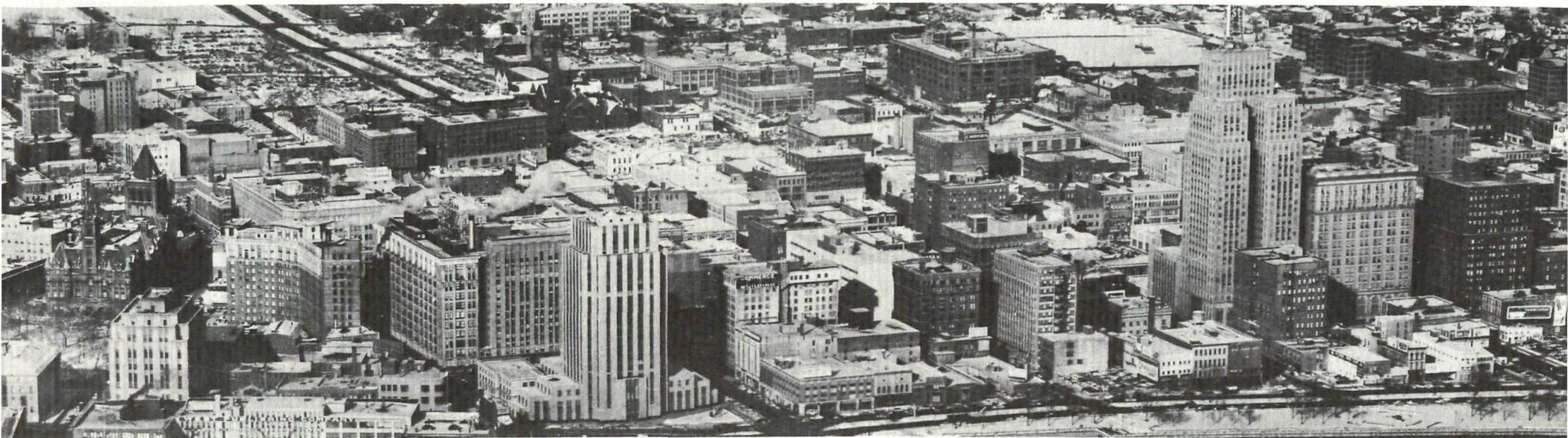
*soundly invest the Companies' funds for purposes that will  
best serve the interests of policyowner-members*

This graph shows how Mutual Service put your dollars to work during 1957.

These are the dollars that you, as policyowners, have used to buy insurance protection. Yet these same dollars have bought more than that. They are at work doing something else for Mutual Service policyowners in addition to paying for protection against accident and loss.

That's why we call them "double-duty" dollars. They are invested in our homes and communities, our cooperatives and our government. They are working in many ways, and in all ways they are working to best serve the interests of policyowner-members.





*be a leader in the insurance industry and a responsible community citizen*

How big should an insurance company be?

Perhaps the answer to that is somewhat like Lincoln's well-known reply to the question concerning the length of a man's legs. But here the answer can be a bit more specific: An insurance company should be big enough to render an efficient, economical insurance service to its policyowners.

Mutual Service Insurance Companies have long passed the size where they were "big enough" to do that. The illustration on this page shows how our companies rank in size today with other life and casualty insurance companies. And in its home state of Minnesota, Mutual Service Casualty insures more automobiles than any other domestic company.

In one important respect, Mutual Service has been a leader for years among insurance companies. This is in our multiple-line type of operation—offering all types of insurance protection, life, fire, and casualty. In recent years this type of operation has been adopted by many companies and is a growing industry pattern.

In its own community Mutual Service continued to play the role of a good citizen. Many Mutual Service people were—and are—active in many professional and civic organizations and community enterprises. And, as a company, Mutual Service helps support a wide variety of worthwhile community causes and institutions.

In other communities Mutual Service was active, too. During the year Mutual Service employees, through their United Appeal Fund, contributed to an important CARE self-help project in the villages of Mexico. We helped a group of cooperatives in Buffalo County, Wisconsin conduct a CARE self-help drive to send plows and farm tools to the farmers of Pakistan. We joined with other regional cooperatives to raise money for the CARE Cooperative Free World Fund to build cooperatives in underdeveloped areas of the world.

Money usually spent for Mutual Service Christmas cards to business friends and associates was sent to CARE—enough money to provide 15,000 pounds of food for those who otherwise would have gone hungry on Christmas.

ALL  
Casualty  
Insurance  
Companies

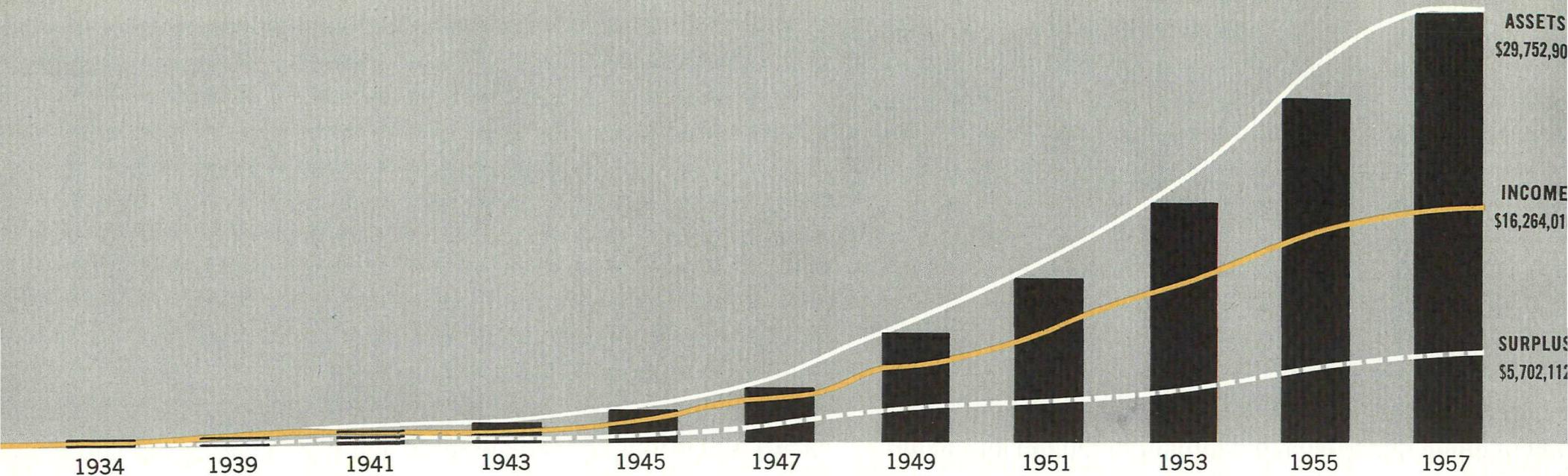
Here

is where  
Mutual Service  
ranks, in top  
**17%**  
of 1,136  
casualty  
companies

ALL  
Life  
Insurance  
Companies

Here

is where  
Mutual Service  
ranks, in top  
**20%**  
of 1,139  
life  
companies



*maintain a constant, healthy rate of growth that will make for stable operations*

It's said "the proof is in the pudding." If any proof is needed of the acceptance of Mutual Service Insurance Companies and what they stand for, the chart and figures on this page certainly provide it.

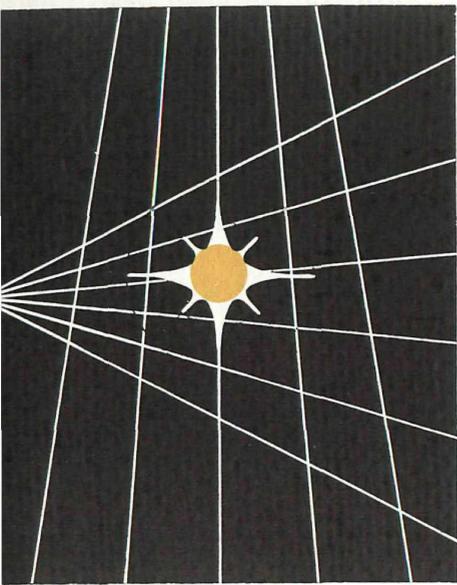
Important facts and figures—1957 operating highlights—are shown on the opposite page. Detailed operating statements and balance sheets of our companies will be found on the next two pages.

For Mutual Service Casualty, 1957 was a year of substantial growth, rather than financial gain. Along with most of the auto insurance industry, our casualty company lost money last year on its

auto insurance operations. This was primarily due to mounting highway accident tolls, higher average claim costs, and premium rates which were inadequate to meet these increased costs.

However, a glance at the chart will show that the combined assets, surplus, and premium income of Mutual Service have almost doubled in size every five years.

During 1957 we began to expand our service area beyond our present operating territory. Initial steps were taken to obtain licenses for Mutual Service in its tenth state of operation—the State of California.



# 1957 OPERATING HIGHLIGHTS

## ASSETS

During 1957 combined assets of our two Mutual Service Insurance Companies increased by 13.0% to a total of: . . . \$ **29,752,900**  
Assets of Mutual Service Life were \$13,524,317, and Mutual Service Casualty, \$16,228,583.

## PREMIUM INCOME

Combined premium income of the two Mutual Service companies increased by 17.4%, to a total of: . . . . . \$ **16,264,018**

## SURPLUS

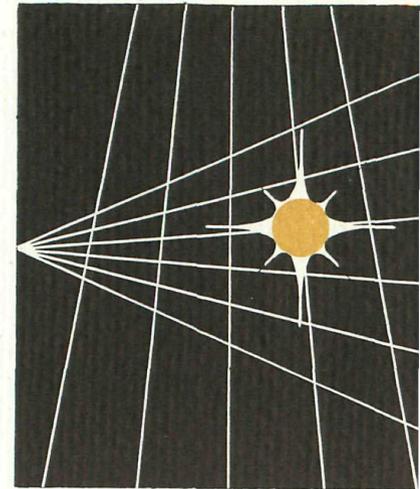
Mutual Service Casualty had a decrease in surplus of \$127,852, and Mutual Service Life a gain of \$212,479. Combined surplus of both companies now stands at: . . . . . \$ **5,702,112**

## OPERATING GAINS

Gains from operations, prior to dividends and surplus adjustments, were \$63,403 in the Casualty Company, and \$532,679 in the Life Company, for a total of: . . . . . \$ **596,082**

## LIFE INSURANCE

Life insurance in force saw record growth during 1957. It increased by 33.5%, to reach a total of: . . . . . \$ **166,605,823**



## MUTUAL SERVICE CASUALTY INSURANCE COMPANY

### BALANCE SHEET DECEMBER 31, 1957

<b>ASSETS</b>		
U. S. Government Bonds.....	\$ 1,572,642	9.7
State and Municipal Bonds.....	9,521,437	58.7
Mortgage Loans.....	1,819,927	11.3
Home Office Property.....	1,707,099	10.5
Preferred Stocks.....	87,390	.5
Cash on Hand and in Banks.....	882,258	5.4
Premiums in Course of Collection.....	501,997	3.1
Interest Due and Accrued.....	131,096	.8
Reinsurance Recoverable.....	4,737	—
<b>TOTAL ASSETS.....</b>	<b><u>\$16,228,583</u></b>	<b><u>100.0</u></b>
<b>LIABILITIES</b>		
Reserves for—		
Unearned Premiums.....	\$ 4,208,866	25.9
Pending and Unreported Claims.....	5,523,747	34.1
Claims Adjusting Expense.....	1,025,065	6.3
Advance Premiums.....	586,986	3.6
Accrued Expenses.....	236,556	1.5
Policyowners' Dividends.....	81,875	.5
Taxes (including Federal Income Tax).....	296,565	1.8
<b>TOTAL LIABILITIES.....</b>	<b><u>\$11,959,660</u></b>	<b><u>73.7</u></b>
<b>POLICYOWNERS' SURPLUS.....</b>	<b><u>4,268,923</u></b>	<b><u>26.3</u></b>
<b>TOTAL LIABILITIES AND SURPLUS.....</b>	<b><u>\$16,228,583</u></b>	<b><u>100.0</u></b>

### SUMMARY OF 1957 OPERATIONS

Gross Premiums.....	\$12,128,927	108.5
Less: Reinsurance.....	\$ 78,985	
Increase in Premium Reserves.....	874,058	8.5
<b>BALANCE FOR OPERATIONS.....</b>	<b><u>11,175,884</u></b>	<b><u>100.0</u></b>
Claims Incurred.....	6,776,824	60.6
Claims Expense.....	1,081,320	9.7
<b>TOTAL CLAIMS AND CLAIMS EXPENSE.....</b>	<b><u>7,858,144</u></b>	<b><u>70.3</u></b>
Commissions.....	1,586,039	14.2
Other Acquisition Expense....	752,076	6.7
Taxes (including Federal Income Tax).....	293,026	2.6
Other Operating Expense....	1,127,550	10.1
<b>TOTAL SALES AND OPERATING EXPENSE.....</b>	<b><u>3,758,691</u></b>	<b><u>33.6</u></b>
<b>LOSS FROM INSURANCE.....</b>	<b><u>—440,951</u></b>	<b><u>—3.9</u></b>
<b>GAIN FROM INVESTMENTS.....</b>	<b><u>504,354</u></b>	
<b>NET OPERATING GAIN.....</b>	<b><u>63,403</u></b>	
Less: Dividends to Policyowners.....	104,981	
Changes in Special Reserves....	86,273	191,254
<b>DECREASE IN SURPLUS.....</b>	<b><u>\$ —127,851</u></b>	

# MUTUAL SERVICE LIFE INSURANCE COMPANY

## BALANCE SHEET DECEMBER 31, 1957

<b>ASSETS</b>		
U. S. Government Bonds.....	\$ 227,865	1.7
State and Municipal Bonds.....	5,248,527	38.8
Mortgage Loans.....	5,798,995	42.9
Preferred Stocks.....	116,237	.9
Debenture Notes.....	262,338	1.9
Policy Loans and Liens.....	151,549	1.1
Cash on Hand and in Banks.....	365,246	2.7
Due and Deferred Premiums.....	1,257,054	9.3
Interest Due and Accrued.....	96,506	.7
<b>TOTAL ASSETS.....</b>	<b><u>\$13,524,317</u></b>	<b><u>100.0</u></b>
<b>LIABILITIES</b>		
Reserves for—		
Contracts in Force.....	\$10,760,230	79.6
Pending and Unreported Claims.....	169,593	1.2
Premium Deposits.....	296,036	2.2
Accrued Expenses.....	42,924	.3
Policyowners' Dividends.....	624,797	4.6
Investment Fluctuation and Miscellaneous.....	115,391	.9
Taxes (including Federal Income Tax).....	82,157	.6
<b>TOTAL LIABILITIES.....</b>	<b><u>\$12,091,128</u></b>	<b><u>89.4</u></b>
<b>POLICYOWNERS' SURPLUS.....</b>	<b><u>1,433,189</u></b>	<b><u>10.6</u></b>
<b>TOTAL LIABILITIES AND SURPLUS.....</b>	<b><u>\$13,524,317</u></b>	<b><u>100.0</u></b>

## SUMMARY OF 1957 OPERATIONS

Premiums and Considerations.....	\$ 4,985,285	184.6
Less: Reinsurance.....	\$ 34,326	
Increase in Policy Reserves.....	1,846,533	
Cash Values Paid.....	404,402	84.6
<b>BALANCE FOR OPERATIONS.....</b>	<b><u>2,700,024</u></b>	<b><u>100.0</u></b>
Claims Incurred.....	1,241,117	46.0
Claims Expense.....	14,540	.5
<b>TOTAL CLAIMS AND CLAIMS EXPENSE.....</b>	<b><u>1,255,657</u></b>	<b><u>46.5</u></b>
Commissions.....	330,634	12.2
Other Acquisition Expense.....	413,699	15.4
Taxes (including Federal Income Tax).....	95,391	3.5
Other Operating Expense.....	254,193	9.4
<b>TOTAL SALES AND OPERATING EXPENSE.....</b>	<b><u>1,093,917</u></b>	<b><u>40.5</u></b>
<b>GAIN FROM INSURANCE.....</b>	<b>350,450</b>	<b>13.0</b>
<b>GAIN FROM INVESTMENTS.....</b>	<b><u>182,229</u></b>	
<b>NET OPERATING GAIN.....</b>	<b>532,679</b>	
Less: Dividends to Policyowners.....	324,930	
Changes in Special Reserves.....	—4,730	320,200
<b>ADDITION TO SURPLUS.....</b>	<b><u>\$ 212,479</u></b>	



*perform an active partnership role in the cooperative movement as a whole*

In the Upper Midwest area our companies serve, the welfare of most cooperatives is closely intertwined with the welfare of agriculture. And some of the most complex problems facing our nation today lie in the field of agriculture.

To bring new insight to some of these cooperative-agricultural problems and help spark new approaches to solving them, Mutual Service offered a unique type of program during the summer of 1957.

Hundreds of cooperative and agricultural leaders throughout Wisconsin, Minnesota and Upper Michigan attended a series of Mutual Service area dinner meetings. They came to hear leading agricultural economists speak on "Our changing agricultural economy and its challenge to cooperatives." They came to question these experts and to discuss this vital topic with them. The agricultural

economists were Dr. E. Fred Koller of the University of Minnesota and Dr. Raymond J. Penn, University of Wisconsin.

We are working on these problems in another way, too. Along with other leading cooperatives, Mutual Service is actively participating in the Minnesota Governor's Study Commission on Agriculture.

We joined with regional cooperatives in sponsoring three co-op youth camps during the summer. We continued our work with the FFA and 4-H groups, helping sponsor some of their excellent youth projects.

Activities such as these illustrate how Mutual Service performed its partnership role. Along with this regional cooperative activity goes active participation in state associations of cooperatives, the Cooperative League of the U.S.A. and, through it, in the International Cooperative Alliance.





*provide attractive career opportunities and working conditions*

*for people interested in the field of insurance service*

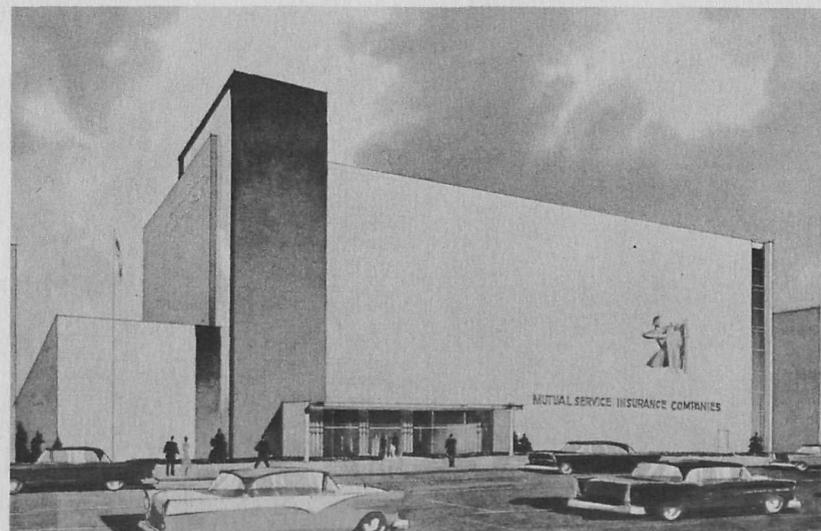
The decentralized operating plan we adopted last year was an important step toward this objective. The new plan offers more responsibility, and more opportunity, to many more of our Mutual Service personnel in home office and field.

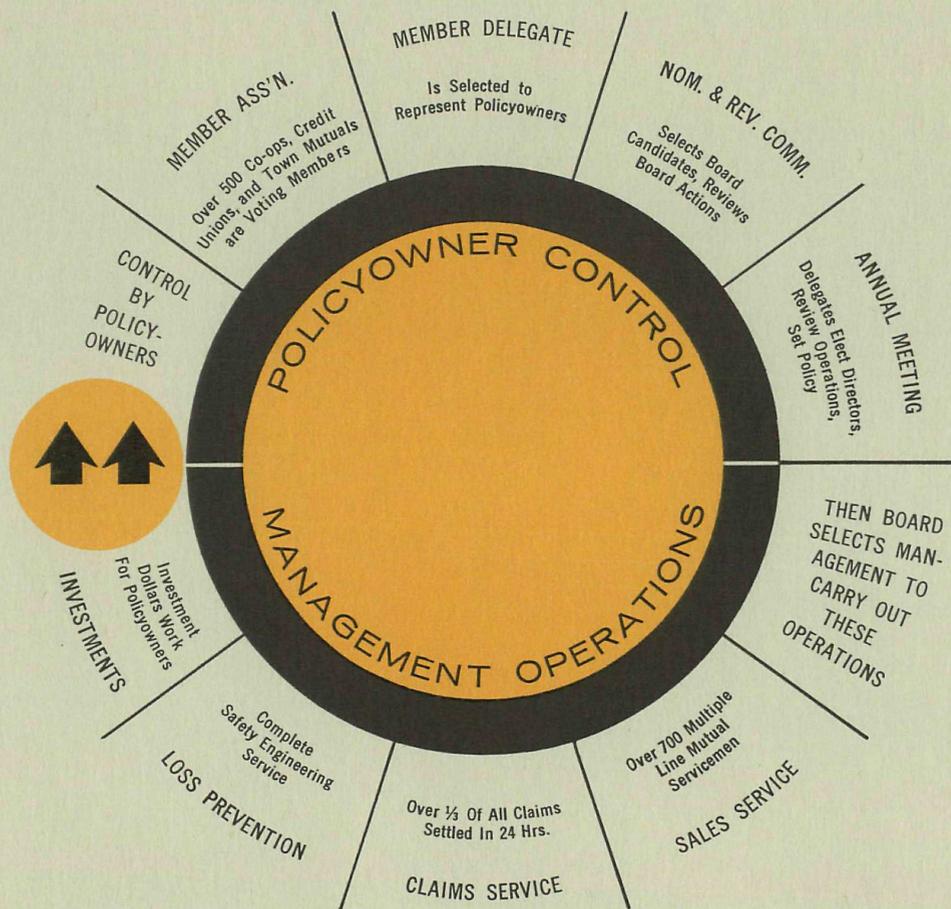
A comprehensive new medical program for Mutual Service employees was put into effect during the year. It included employee medical examinations, the facilities of a well equipped employee health center, and the services of a full-time staff nurse.

Steps were taken to make our "work-

ing conditions" more "workable". During 1957 we literally outgrew our modern two-story home office building, and started making plans for the addition of three more floors. Fortunately, these growing pains were anticipated when the foundation of our building was laid in the fall of '53: it was built to carry the height and weight of 10 stories. Construction of the three new floors is expected to begin in the spring of '58.

The architect's sketch here shows what our home will look like when it is five stories high.





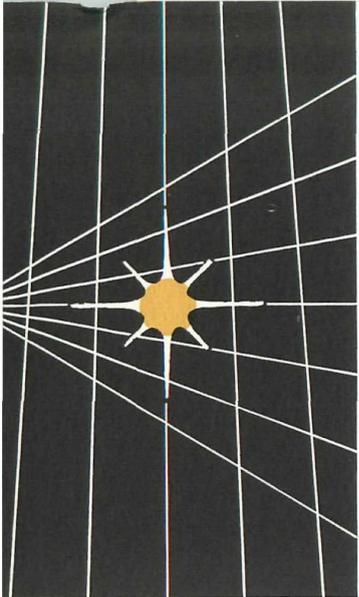
The Mutual Service Nominating and Review Committee—left to right (seated)—Charlie Hegg, chairman, Sauk Centre, Minn. and Dean Fischer, vice chairman; (standing) A. W. Gipp, Suring, Wis.; Elmer Boll, Burlington, Wis.; William Westergren, Iron River, Wis.; and Holger F. Tarkman, Tower, Minn.

Behind all we accomplished during the past year was the strength of our companies' democratic government plan.

It is a plan which puts ownership and control in the hands of the people our companies serve. Through their cooperatives and credit unions, policyowners can have a hand and a voice in the direction of their insurance companies.

An important part of this government plan is the Mutual Service Nominating and Review Committee, shown here. These men nominate well-qualified candidates for vacancies on the Mutual Service Board of Directors, they review the actions of the Board, and then report their findings directly to delegates at the annual meeting.

Our companies grew considerably during 1957, and will continue to grow in the years ahead. Yet no matter how large they may become, this democratic grass-roots government structure will always keep Mutual Service responsive to the needs and the desires of those it serves—will always make certain that our companies will "effectively serve the insurance needs of people in accordance with accepted cooperative principles."



### **Relationship between Mutual Service and the Cooperatives, Credit Unions, and Township Mutu-als**

#### *The cooperative, credit union or township mutual:*

1. Invests in a \$10 share of common stock to be a voting member in Mutual Service Cooperative. \*
2. Endorses the cooperative insurance program and recommends the service to its patrons.
3. Accepts its government responsibilities and sends a delegate to the Mutual Service annual meeting to represent the interests of the policyowners in its area.
4. Participates in joint community programs with Mutual Service when it is to the advantage of both organizations.

#### *The cooperative insurance organization:*

1. Provides a complete insurance and safety engineering service.
2. Provides an efficient claims service through field adjusters living in the area served.
3. Offers financing for cooperatives in accordance with sound investment policies.
4. Conducts its operations in harmony with cooperatives, credit unions and township mut-uals.
5. Encourages member participation by paying toward the expenses of local delegates to the Mutual Service annual meeting.

\* Mutual Service Cooperative is exclusively owned by its 500 member cooperatives.

It is controlled on the basis of one member, one vote. Delegates from these organizations elect the directors of Mutual Service Cooperative, who also become the directors of the Mutual Service Insurance Companies.

### **Mutual Service Officers:**

F. F. RONDEAU,  
President and General Manager

A. L. BUSCH,  
Treasurer

R. N. ELLER,  
Vice President, Operations

B. F. IHLENFELDT,  
Vice President, Public Relations

C. W. JOHNSON,  
Vice President, Claims

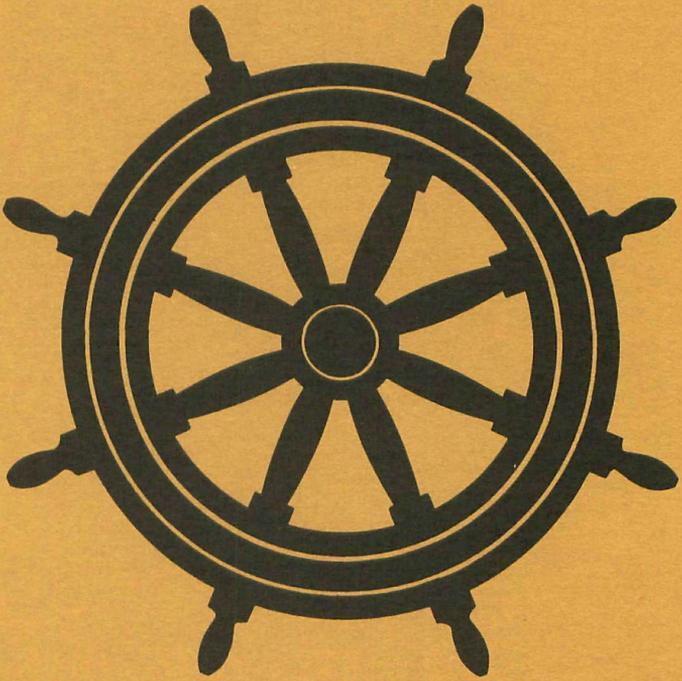
E. H. KLEPETAR,  
Vice President, Chief Actuary

D. M. RUPP,  
General Counsel and Secretary

W. L. SANFORD,  
Vice President, Controller

E. A. WHITNEY,  
Personnel Director

J. A. KORPELA,  
Assistant Treasurer, Investments



*Mutual Service works for you because you own it...*

