



Annual Report 1980

## In Retrospect

What happened at MSI Insurance last year? In a word, plenty. The narrative on this and succeeding pages provides a brief account of the immediate past: it was a year of extensive changes in products and improvements in service to our policyowners. The illustrations visually portray our *people helping people* philosophy as interpreted through a few of our television commercials. The logos identify some of our valued member cooperatives and cooperative organizations that we serve or with whom we are affiliated.

Last year we helped more people than ever with all types of insurance needs — life, property/casualty, business, group, health — financial and retirement planning, physical losses and claims service. For the thousands of storm victims in the Midwest this past summer and early fall, we hope we reduced the trauma of their losses.

Economic conditions in our country didn't make 1980 easier for any of us. But it became apparent that MSI is as strong as its board of directors, employees, agents, policyowners, and associates...and collectively we are strong. We are fortunate to be an enterprise with dedicated employees, capable professional agents, a strong base of policyowners, and loyal cooperative members and partners.

All in all, 1980 was a successful year, a story which we are pleased to share with you in this report.

## 1980 Financial Highlights

|                               |                |
|-------------------------------|----------------|
| Assets .....                  | \$ 374,873,000 |
| Surplus .....                 | 55,700,000     |
| Premium .....                 | 150,733,000    |
| Net Investment Income .....   | 25,489,000     |
| Net Earnings .....            | 7,412,000      |
| Life Insurance in Force ..... | 2,240,047,000  |





## Message to Policyowners

1980 — a trying year. Not the best, Not the worst. Certainly not the dullest. Unemployment, inflation and recession continue to dominate our attention. The insurance industry was deeply affected by this unsettled economy just like other businesses and individuals. It was a year of depressed markets and intense competition. It was difficult to respond to the environment. That was 1980.

Those who predict the future need only to look at last year's economic climate, for 1981 will be more of the same. The past is truly prologue. Major problems are still unresolved and their solution must be given the highest priority by our nation's new leaders.

The tight economy severely restricted insurance markets. There were fewer autos on the road to insure, higher mortgage rates slowed down housing starts and along with it the sale of homeowners insurance. Consumers continued to feel a need for life insurance but they opted for other necessities of life, thus curtailing the life insurance market. Affordability of insurance became a real

concern to consumers as well as the insurance industry.

For these reasons, and others, it was a difficult year. A slowdown of sales was common in the insurance industry during 1980. At MSI 1980 sales were 5.2% over 1979, which was pleasing growth during a tight economy.

Our underwriting results were also affected by the ravages of inflation. The cost of claims in the property, casualty and health areas accelerated dramatically. Fortunately, on automobile claims, this inflationary effect was offset, in part, by lower frequency of accidents.

Corrective programs designed to alleviate property/casualty losses began in 1979 and continued into 1980. Improvement occurred by midyear, enabling a slowdown of rate increases. Contributing to these improved results were the strong returns on investments. Investment income will continue to be a key element influencing earnings. If interest rates remain high, as predicted, we can expect a fair degree of price stability during 1981. This should be a strong stimulus to increased sales.

All things considered, 1980 was a very

good year for MSI in the property/casualty business. Modest underwriting losses were overcome by strong investment gains, resulting in record high earnings.

Life results for 1980, however, were mixed. Sales results in the life company were strong. The sluggishness of individual life sales was offset by excellent business life sales. A milestone of \$2 billion of life insurance in force was reached early in 1980. We are most appreciative for the support from our cooperative partners and we intend to do all we can to merit their continued confidence in our insurance programs.

The shift by the buying public to term insurance is changing the character of life insurance. We must rely more on underwriting results and less on investment income in order to generate the surplus required to support future growth.

During 1980, favorable mortality in the ordinary life lines produced excellent underwriting gains resulting in record dividends to policyowners. Results in the group health lines were unfavorable. The net effect was a surplus loss in the life company.

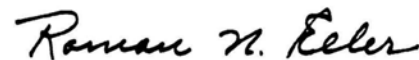
We believe that the losses in the health

lines are temporary and primarily the result of the inflationary environment. Hospital and medical costs rose faster than the general rate of inflation. In addition, during periods of unemployment people seek more medical treatment and accelerate elective surgery.

Actions have been taken to correct this unfavorable experience in health insurance. We expect to break even in these lines in 1981.

As we continue to move into the 80's, MSI is well positioned with people and products to not only continue but enhance its leadership in the insurance industry and to strengthen its role as a major provider of insurance for cooperatives.

Thanks to all of you, our policyowners, for your faith and confidence as we continue to serve your insurance needs. Your trust is our business.



Roman N. Eller  
President and Chief Executive Officer



## People Make the Difference

Looking back at 1980, the initial reaction from each of us might be a sense of relief that the year is history. 1980 was a difficult year. The economy suffered with double digit inflation; the nation faced world crises, and diplomatic relations were strained; we endure earthquakes, tornadoes, floods, fires and volcanic eruptions; cities and countries experienced terrorism, hunger, crime and record unemployment. We wondered what would come next.

And through it all, we survived. In fact, many of us did more than survive. We moved



ahead. We gritted our teeth against these troubles and we went to work, literally and figuratively, to make things better. And many things got better.

*The world changes a little when people help people.*

We know that at MSI Insurance. *People helping people* is more than an advertising slogan we introduced in the early 70's. It has become our corporate philosophy.

When we reflect on our philosophy as it applies to 1980, we can appreciate how much we have advanced our purpose: "To build an

enterprise that will effectively serve the insurance and related needs of people consistent with sound cooperative and insurance industry principles." Last year we improved service and products in the best interests of our 500,000-plus policyowners.

Through a series of carefully planned programs, we consolidated and reorganized departments to be more efficient. We continued to emphasize excellence in service and realized improved results. More departments met or exceeded service standards than in the past. To enhance service to Twin Cities policyowners, a drive-in sales and claims facility was completed in mid-year,

adjacent to our corporate headquarters. Policyowners brought their damaged cars to the service center for appraisals and usually received immediate claim settlements. Agents staff the center and provide a resource for insurance needs of present and new policyowners. What began as a planning model may serve as a prototype for MSI in other areas. Drive-up claims services have also been established for our policyowners in Duluth, Minnesota and Milwaukee, Wisconsin. To expedite claim processing, we instituted telephone loss reporting in Minneapolis and St. Paul. As we develop more experience, this







technique will be extended to other geographic areas. In addition to our car policies, simplified in 1979, we continued efforts to make our policies easier to understand by simplifying the language in life insurance and homeowners policies. Farmowners, homeowners and disability income insurance policies were revised to be more in tune with the needs of today. Replacement cost coverage is now available for personal property insured under a homeowners insurance policy. With this feature, a policyowner receives full

replacement cost of an item, minus the deductible. Collision coverage was broadened in our car insurance policies, which encourages higher deductibles at very attractive rates. We also modified *Apt-to-Pac*, an insurance policy for apartment owners, through an inflation protection endorsement; we introduced *Penflex*, a pension plan for small employers; we made changes in our annuity plan; and we began a major revision of our *CoPac* policy for cooperatives.

Data processing and word processing technologies were accelerated last year. Modern Service, our specialty risk company,

was placed on a totally computerized "on-line" system with improved service results. Errors and work steps were decreased, response time to policyowners improved, and personnel costs were reduced. Word processing units installed in the Life, Marketing Services and Commercial Policy Issue departments produced up to 90 percent savings in some areas.

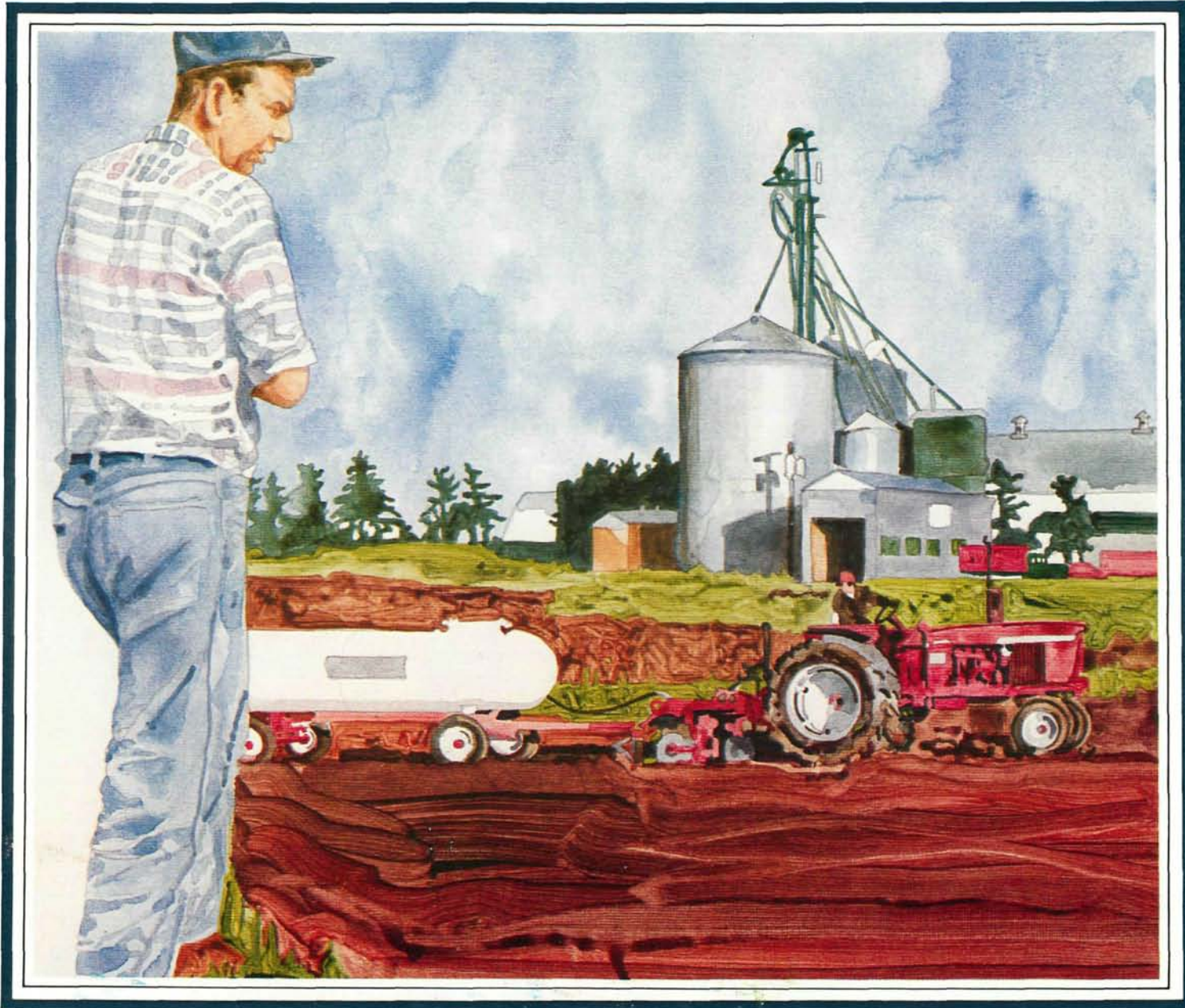
Other results were mixed in 1980. Although industry life insurance sales generally suffered in a recessionary economy,

MSI reached a milestone with over \$2 billion life insurance in force early in the year, placing the company in the top 12 percent of life insurers in the United States.

Throughout this narrative it is not our intention to minimize the role of the people who produced these achievements...people who made 1980 a successful year for MSI. We recognize that our achievements would have been reduced 900-fold without the contributions of our employees; 550-fold without the talents and skills of our agents. We think they're among the best *people helping people* in the industry.







## A Year of Strengthened Cooperative Partnerships

“To serve the business insurance and related needs of cooperatives of all types and the personal insurance needs of their members.”

We made significant progress toward the fulfillment of this corporate mission in 1980. Membership in Mutual Service Cooperative reached an all time high in mid-year with Sanborn Farmers Elevator, Sanborn, Minnesota, honored as our 600th member. Also, late in the year, plans were completed with Land O'Lakes to begin a pilot project which makes life and major medical insurance protection available at group rates to direct milk producers of Land O'Lakes. Coverage is provided to nearly 2,000 members



and their families.

We continue to provide a full range of insurance services and products tailored for cooperatives: property and casualty insurance, group life and group medical coverage, plus pension benefits and funding plans. For co-op members we offer a variety of personal lines insurance: life, car, home, farmowners, medical coverage and disability income protection. Emphasis is being renewed to make personal insurance protection more readily available to cooperative members and employees.

As a growing, cooperatively controlled insurance organization, we're committed to a responsible partnership role with cooperatives of all types and sizes. The logos in this book represent a small sample of those

associations. Mutual Service Cooperative, which had 615 members at the end of 1980, makes policyowner control uniquely possible. Each member cooperative, regardless of size, has one vote, exercised by its appointed delegate at the annual meeting. Delegates elect the 11-member Board of Directors which governs the MSI Insurance companies; delegates participate in the government plan; and they hear management and operations reports at the spring meeting.

So that we can continue to serve the insurance needs of cooperatives and their members nationwide, we are continuing our efforts to obtain licenses in 48 states. At year end 1980, one or more MSI companies was licensed in 38 states and the District of Columbia.

But our relationship with cooperatives goes beyond providing insurance. We take seriously

the corporate objective to assist in financing cooperative enterprise; more than 10 percent of our assets are so directed. Last year our Mutual Service Fund contributed over \$50,000 in grant monies to 10 cooperative organizations in Minnesota, Wisconsin, Michigan, Washington, California, and Washington, D.C. We also participate in and provide leadership to state, national, and international cooperative associations. Annually we host hundreds of visitors to MSI: co-op patrons and their board members, 4H groups, FFA representatives, and foreign visitors. We like to talk with our friends and associates about our cooperative heritage, insurance protection and future corporate plans.

It's one way to spread the *people helping people* philosophy.







## Planning For a Successful Future

Our annual report represents an end and a beginning, a replay of the immediate past and strategies for the future. We're fortunate at MSI to have positive things to say about both our past and future.

We've never been content to stay where we are, however; the nature of our business dictates that we plan today to meet policyowners' needs in the future. That is why we continue to improve our products and services, keeping low cost and quality service

in mind. We also continue to look for better ways to maintain an organization that respects the rights, beliefs and dignity of our people. This translates into a stimulating work environment for our employees; a variety of educational opportunities are available for employees, and training programs are continually explored for MSI agents and sales managers.

During 1980, we improved many insurance products and services, as evidenced in this report. We strengthened our competitive position with respect to multiple line accounts. For the future, our cooperative business and pension markets will expand as

we are licensed in more states and we are able to serve more nationally based cooperatives. We continue to do research with the objective of developing new policies and better serving our policyowners. New non-smoker individual life insurance policies were developed late in 1980; and plans were begun for an adjustable life policy. There has been a significant acceleration of individual life insurance products and more changes are expected in the long term, as we respond to the dynamic nature of our society.

We are continuing to develop long range marketing plans; and we will place even greater emphasis on total corporate strategic planning activities. Over the next year, data

processing systems will be expanded to update our private passenger auto systems, financial and management information systems; and we will implement a new group accident and health claims processing system. The recently established MSI Foundation will expand our corporate contributions program to assist greater numbers of people. We will also maintain the Mutual Service Fund to assist cooperatives and other self-help organizations.

All of our efforts, past and present, are directed toward achievement of our ultimate purpose, which stated simply, is *people helping people*.

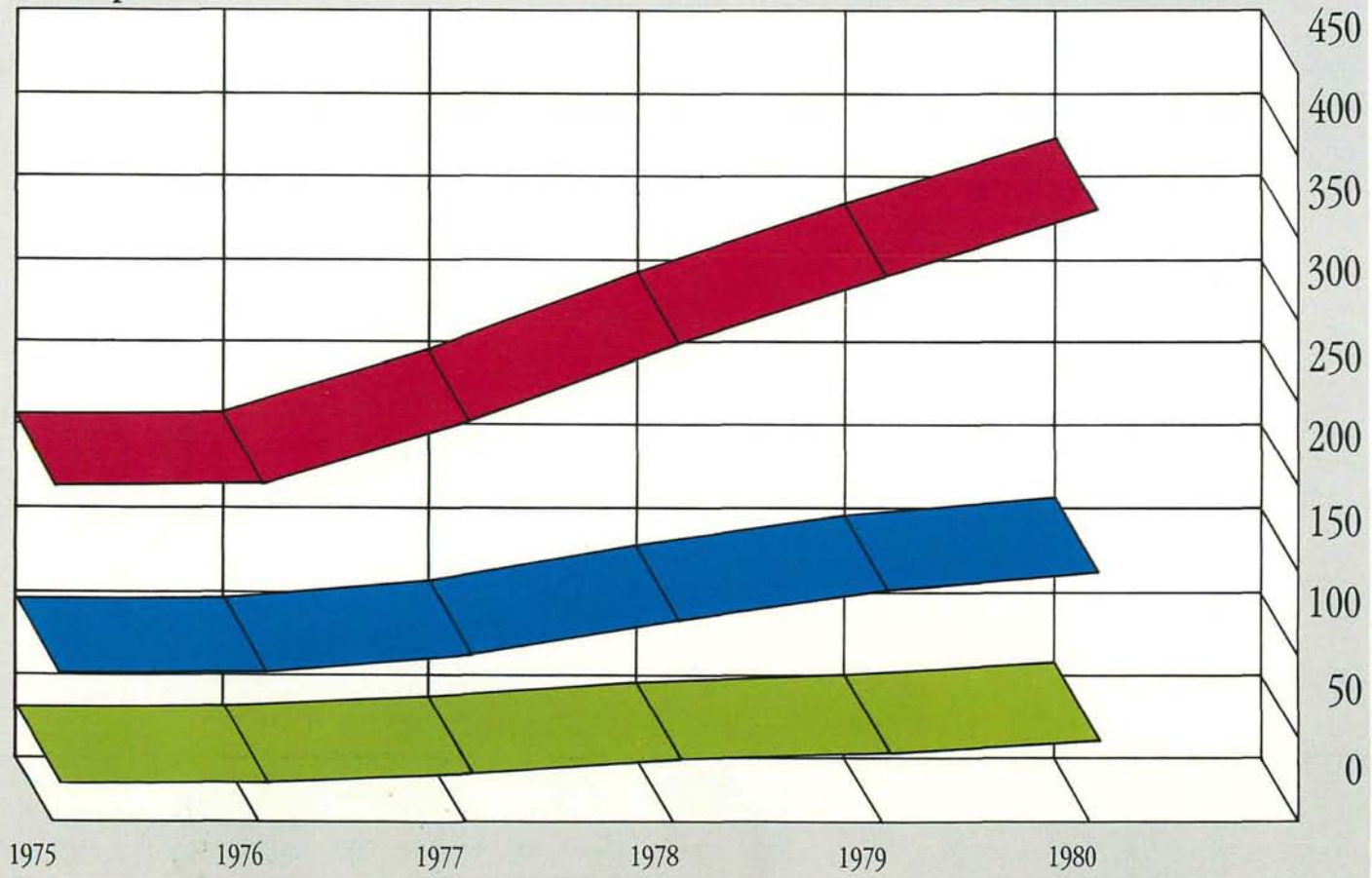


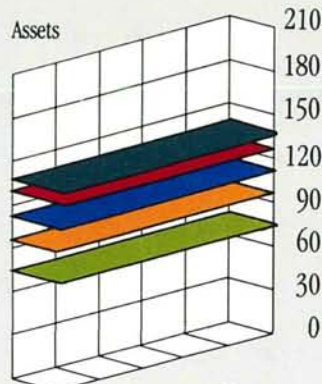
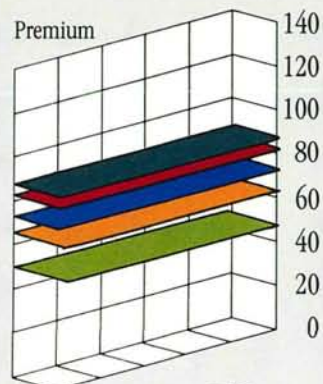
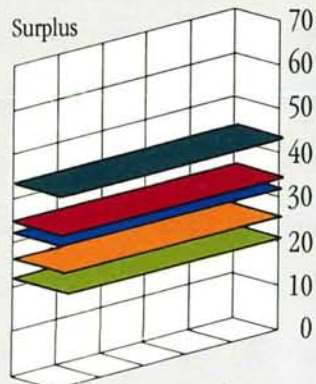


# Combined Growth

(millions of dollars)

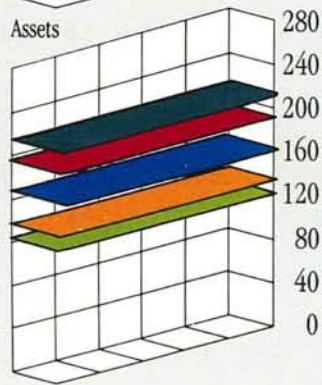
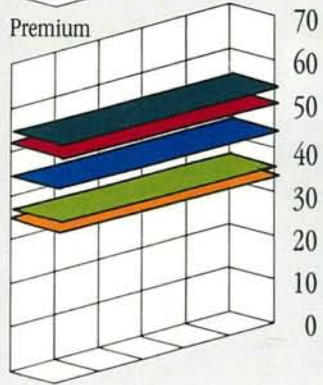
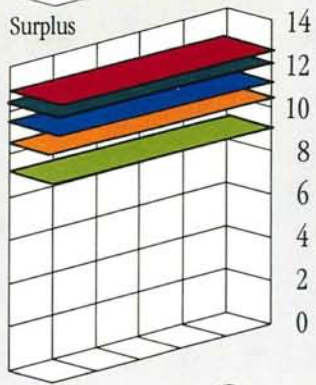
- Assets
- Premium
- Surplus





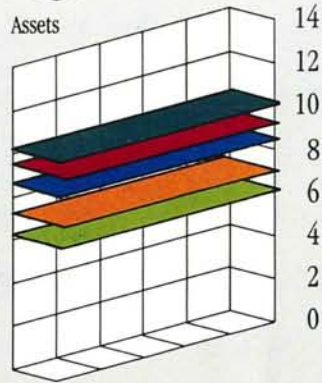
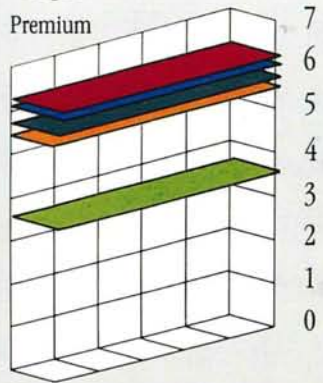
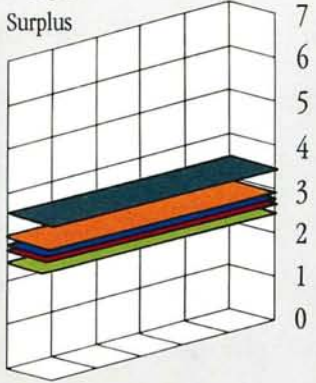
**Mutual Service Casualty**  
(millions of dollars)

- 1980
- 1979
- 1978
- 1977
- 1976



**Mutual Service Life**  
(millions of dollars)

- 1980
- 1979
- 1978
- 1977
- 1976



**Modern Service**  
(millions of dollars)

- 1980
- 1979
- 1978
- 1977
- 1976



**Mutual Service Casualty Insurance Company**  
**Balance Sheet**

| <b>Assets</b>   | <b>December 31,*</b> | <b>1980</b>          | <b>1979</b>          |
|---|----------------------|----------------------|----------------------|
| Bonds .....   |                      | \$131,131,888        | \$120,213,711        |
| Mortgage Loans .....                                    |                      | 481,878              | 690,548              |
| Preferred and Common Stocks .....                       |                      | 3,095,650            | 3,508,259            |
| Investment in Modern Service<br>Insurance Company ..... |                      | 1,719,745            | 1,384,771            |
| Cash .....  |                      | 1,319,828            | 936,323              |
| Premiums Due and Other Receivables .....                |                      | 4,722,975            | 4,723,174            |
| Accrued Interest .....                                  |                      | 2,781,357            | 2,562,319            |
| <b>Total Assets</b> .....                               |                      | <u>\$145,253,321</u> | <u>\$134,019,105</u> |

**Liabilities and Policyowners' Surplus**

Liabilities:

|  |                      |                      |
|--|----------------------|----------------------|
| Reserves for Losses and Loss Expenses .....              | \$ 67,830,090        | \$ 66,672,820        |
| Unearned Premiums .....                                  | 26,139,658           | 25,076,997           |
| Advance Payments .....                                   | 1,666,466            | 1,563,740            |
| Unpaid Expenses and Taxes .....                          | 3,907,742            | 3,315,903            |
| Other Liabilities .....                                  | 1,822,885            | 1,721,370            |
| <b>Total Liabilities</b> .....                           | <u>101,366,841</u>   | <u>98,350,830</u>    |
| Policyowners' Surplus .....                              | <u>43,886,480</u>    | <u>35,668,275</u>    |
| <b>Total Liabilities and Policyowners' Surplus</b> ..... | <u>\$145,253,321</u> | <u>\$134,019,105</u> |

*\*As filed with the Minnesota Insurance Department*

## Statement of Operations and Policyowners' Surplus

|  | Year ended Decmeber 31, |                     |
|--|-------------------------|---------------------|
|  | 1980                    | 1979                |
| Underwriting:  |                         |                     |
| Premiums Written, Gross .....                            | \$88,451,609            | \$85,897,018        |
| Less Reinsurance Ceded .....                             | <u>8,151,764</u>        | <u>8,278,649</u>    |
| Premiums Written, Net .....                              | 80,299,845              | 77,618,369          |
| Change in Unearned Premiums .....                        | <u>(1,062,660)</u>      | <u>(1,527,080)</u>  |
| Premiums Earned .....                                    | <u>79,237,185</u>       | <u>76,091,289</u>   |
| Losses and Loss Adjustment Expenses .....                | 60,214,272              | 60,302,440          |
| Commissions and Other Acquisition Expenses .....         | 11,510,954              | 10,790,444          |
| Other Underwriting Expenses .....                        | <u>8,812,107</u>        | <u>7,825,162</u>    |
| Total Losses and Underwriting Expenses .....             | 80,537,333              | 78,918,046          |
| Gain from Underwriting .....                             | <u>(1,300,148)</u>      | <u>(2,826,757)</u>  |
| Investment Income Less Related Expenses .....            | <u>8,591,193</u>        | <u>7,630,304</u>    |
| Gain from Operations Before Federal Income Taxes .....   | 7,291,045               | 4,803,547           |
| Federal Income Taxes .....                               | <u>150,000</u>          | <u>(376,718)</u>    |
| Gain from Operations .....                               | 7,141,045               | 5,180,265           |
| Policyowners' Surplus at Beginning of Year .....         | 35,668,275              | 32,940,072          |
| Increase in Unrealized Appreciation of Investments ..... | 62,218                  | 167,389             |
| Other Changes, Net .....                                 | <u>1,014,942</u>        | <u>(2,619,451)</u>  |
| Policyowners' Surplus at End of Year .....               | <u>\$43,886,480</u>     | <u>\$35,668,275</u> |



**Mutual Service Life Insurance Company**  
**Balance Sheet**

| <b>Assets</b>  | December 31,* | 1980                 | 1979                 |
|--|---------------|----------------------|----------------------|
| Bonds .....  |               | \$152,316,092        | \$130,717,760        |
| Mortgage Loans .....                                 |               | 24,232,665           | 24,732,232           |
| Preferred and Common Stocks .....                    |               | 3,343,163            | 3,616,072            |
| Real Estate .....                                    |               | 12,031,671           | 11,766,806           |
| Policy Loans .....                                   |               | 10,754,387           | 8,354,818            |
| Investment in Modern Service Insurance Company ..... |               | 1,716,719            | 1,381,724            |
| Cash .....   |               | 207,193              | 1,033,334            |
| Notes Receivable .....                               |               | 200,000              | -0-                  |
| Due and Deferred Premiums .....                      |               | 3,826,046            | 3,054,272            |
| Accrued Interest .....                               |               | 4,267,341            | 3,337,922            |
| Separate Account Assets .....                        |               | 10,289,932           | 7,814,055            |
| <b>Total Assets</b> .....                            |               | <u>\$223,185,209</u> | <u>\$195,808,995</u> |

**Liabilities and Policyowners' Surplus**

Liabilities:

|  |                      |                      |
|--|----------------------|----------------------|
| Reserves for Policy Contracts in Force .....             | \$169,515,867        | \$147,284,362        |
| Dividends on Deposit .....                               | 11,871,049           | 11,193,203           |
| Advance Premiums and Suspense .....                      | 2,210,214            | 1,628,936            |
| Policyowners' Dividends .....                            | 7,072,097            | 6,977,950            |
| Pending and Unreported Claims .....                      | 6,500,346            | 4,344,650            |
| Unpaid Expenses and Taxes .....                          | 1,793,252            | 1,864,358            |
| Securities Valuation Reserve .....                       | 2,121,587            | 2,084,211            |
| Separate Account Liabilities .....                       | 10,289,932           | 7,814,055            |
| <b>Total Liabilities</b> .....                           | <u>211,374,344</u>   | <u>183,191,725</u>   |
| Policyowners' Surplus .....                              | 11,810,865           | 12,617,270           |
| <b>Total Liabilities and Policyowners' Surplus</b> ..... | <u>\$223,185,209</u> | <u>\$195,808,995</u> |

*\*As filed with the Minnesota Insurance Department*

## Statement of Operations and Policyowners' Surplus

|  | Year ended December 31, | 1980                       | 1979                       |
|--|-------------------------|----------------------------|----------------------------|
| <b>Income:</b>   |                         |                            |                            |
| Premiums and Annuity Considerations .....                            |                         | \$56,341,392               | \$50,597,803               |
| Other Contract Considerations .....                                  |                         | 1,410,105                  | 1,385,250                  |
| Investment Income Less Related Expenses .....                        |                         | 16,194,133                 | 12,779,085                 |
| Separate Account Income .....  |                         | <u>2,925,154</u>           | <u>1,896,234</u>           |
| <b>Total .....</b>   |                         | <b><u>76,870,784</u></b>   | <b><u>66,658,372</u></b>   |
| <b>Benefits and Expenses:</b>  |                         |                            |                            |
| Death and Other Contract Benefits .....                              |                         | 26,470,576                 | 18,663,289                 |
| Increase in Policy Reserves .....                                    |                         | 22,980,689                 | 22,030,976                 |
| Annuities and Cash Value Payments .....                              |                         | 9,248,031                  | 7,279,865                  |
| Commissions and Other Acquisition Expenses .....                     |                         | 3,057,867                  | 5,845,252                  |
| General Expenses and Taxes .....                                     |                         | 9,279,858                  | 4,235,486                  |
| Separate Account Benefits .....                                      |                         | <u>2,925,154</u>           | <u>1,896,234</u>           |
| <b>Total .....</b>   |                         | <b><u>73,962,175</u></b>   | <b><u>59,951,102</u></b>   |
| Gain from Operations Before Dividends and Federal Income Taxes ..... |                         | 2,908,609                  | 6,707,270                  |
| Dividends to Policyowners .....                                      |                         | 3,268,432                  | 4,466,520                  |
| Federal Income Taxes .....   |                         | <u>590,000</u>             | <u>1,267,000</u>           |
| Gain from Operations .....   |                         | (949,823)                  | 973,750                    |
| Policyowners' Surplus at Beginning of Year .....                     |                         | 12,617,270                 | 11,650,998                 |
| Realized and Unrealized Gain (Loss) on Investments, Net .....        |                         | (90,460)                   | 866,238                    |
| Change in Securities Valuation Reserve .....                         |                         | (37,376)                   | (161,525)                  |
| Other Changes, Net .....   |                         | <u>271,254</u>             | <u>(712,191)</u>           |
| <b>Policyowners' Surplus at End of Year .....</b>                    |                         | <b><u>\$11,810,865</u></b> | <b><u>\$12,617,270</u></b> |



**Modern Service Insurance Company**  
**Balance Sheet**

| <b>Assets</b>   | December 31,* | 1980               | 1979               |
|---|---------------|--------------------|--------------------|
| Bonds .....   |               | \$9,151,080        | \$9,090,853        |
| Preferred and Common Stocks .....                       |               | 248,050            | 268,300            |
| Cash .....  |               | -0-                | 25,996             |
| Premiums Due and Other Receivables .....                |               | 276,120            | 220,460            |
| Accrued Interest .....                                  |               | 195,841            | 247,735            |
| <b>Total Assets</b> .....                               |               | <u>\$9,871,091</u> | <u>\$9,853,344</u> |
| <br><b>Liabilities</b>                                  |               |                    |                    |
| Reserves for Losses and Loss Expenses .....             |               | \$4,913,843        | \$5,776,140        |
| Bank Overdraft .....                                    |               | 48,362             | -0-                |
| Unearned Premiums .....                                 |               | 850,555            | 856,048            |
| Borrowed Money .....                                    |               | 200,000            | -0-                |
| Advance Payments .....                                  |               | 92,621             | 175,562            |
| Unpaid Expenses .....                                   |               | 326,219            | 276,052            |
| <b>Total Liabilities</b> .....                          |               | <u>6,431,600</u>   | <u>7,083,802</u>   |
| <br><b>Stockholders' Equity</b>                         |               |                    |                    |
| Common Stock Par Value .....                            |               | 1,250,000          | 1,000,000          |
| Additional Paid-in Capital .....                        |               | 500,000            | 500,000            |
| Retained Earnings:                                      |               |                    |                    |
| Beginning of Year .....                                 |               | 1,269,542          | 1,358,308          |
| Current Year .....                                      |               | 669,949            | (88,766)           |
| Stockholders' Dividends .....                           |               | 250,000            | -0-                |
| End of Year .....                                       |               | <u>1,689,491</u>   | <u>1,269,542</u>   |
| <b>Total Stockholders' Equity</b> .....                 |               | <u>3,439,491</u>   | <u>2,769,542</u>   |
| <b>Total Liabilities and Stockholders' Equity</b> ..... |               | <u>\$9,871,091</u> | <u>\$9,853,344</u> |

*\*As filed with the Minnesota Insurance Department*

## Statement of Operations

|  | Year ended December 31, | 1980              | 1979               |
|--|-------------------------|-------------------|--------------------|
| <b>Underwriting:</b>                                     |                         |                   |                    |
| Premiums Written, Gross .....                            |                         | \$5,620,695       | \$6,272,221        |
| Less Reinsurance Ceded .....                             |                         | <u>47,235</u>     | <u>60,950</u>      |
| Premiums Written, Net .....                              |                         | 5,573,460         | 6,211,271          |
| Change in Unearned Premiums .....                        |                         | <u>5,494</u>      | <u>(112,988)</u>   |
| Premiums Earned .....                                    |                         | <u>5,578,954</u>  | <u>6,098,283</u>   |
| Losses and Loss Adjustment Expenses .....                |                         | 3,395,203         | 4,962,364          |
| Commissions and Other Acquisition Expenses .....         |                         | 891,238           | 917,468            |
| Other Underwriting Expenses .....                        |                         | <u>1,257,359</u>  | <u>1,018,493</u>   |
| Total Losses and Underwriting Expenses .....             |                         | <u>5,543,800</u>  | <u>6,898,325</u>   |
| Gain from Underwriting .....                             |                         | 35,154            | (800,042)          |
| <b>Investment Income Less Related Expenses .....</b>     |                         | <u>702,360</u>    | <u>687,486</u>     |
| Gain from Operations Before Federal Income Taxes .....   |                         | 737,514           | (112,556)          |
| Federal Income Taxes .....                               |                         | <u>-0-</u>        | <u>-0-</u>         |
| Gain from Operations .....                               |                         | 737,514           | (112,556)          |
| Increase in Unrealized Appreciation of Investments ..... |                         | (35,449)          | (48,279)           |
| Other Changes, Net .....                                 |                         | <u>(282,116)</u>  | <u>72,069</u>      |
| Retained Earnings .....                                  |                         | <u>\$ 419,949</u> | <u>\$ (88,766)</u> |



## Board of Directors

Front row: **Glen E. Gearing**, Chairman, Self-employed dairy farmer, Merrilan, Wisconsin.

Second row: **Francis L. Lair**, Vice Chairman, President and General Manager, Universal Cooperatives, Minneapolis, Minnesota; **Bruce G. Anderson**, General Manager, Albert City Elevator, Albert City, Iowa.

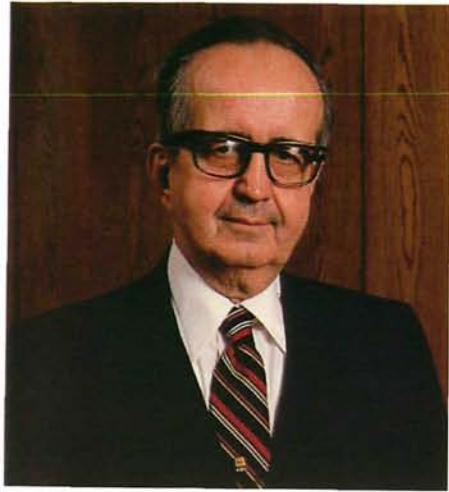
Third row: **Gerald M. Rubin**, Self-employed, Real Estate Management, Corte Madera, California; **Dr. Richard H. Vilstrup**, Professor of Agricultural Economics, Madison, Wisconsin.

Fourth row: **Lynn Balbach**, Self-employed farmer, Springfield, Minnesota; **Howard C. Richards**, Self-employed farmer, Lodi, Wisconsin; **David C. Aspen**, Self-employed farmer, Menomonie, Wisconsin; **Jerome G. Tvedt**, President, CENEX, South St. Paul, Minnesota.

Fifth row: **Duane H. Putz**, General Manager, Consumers Co-op Association, Thief River Falls, Minnesota; **Ralph Hofstad**, President, Land O'Lakes, Minneapolis, Minnesota.



## President's Staff



**Roman N. Eller**  
President and Chief Executive Officer



**Gordon E. Lindquist, CLU**  
Senior Vice President, Operations



**Richard G. Rosel**  
Senior Vice President, Finance and Treasurer



**Jerome M. Friedmann**  
Vice President, Personnel and Corporate Relations



**Roger D. Hauck**  
Vice President, Controller



**Chester A. Zinn, Jr.**  
Vice President, General Counsel and Secretary

## Corporate Officers

**Lawrence E. Benson, CPCU**  
Vice President

**John E. Grubb**  
Vice President, Business Sales

**Loren Haugland, CFA**  
Vice President, Investments

**Avis E. Johnson**  
Vice President, Casualty Division

**Robert E. Smith, CLU**  
Vice President, Agencies

**Kevin J. Stangler**  
Vice President, Accounting/  
Assistant Treasurer

**Jerome L. Sychowski, FLMI**  
Vice President, Data Processing

**William E. Terbilcox**  
Vice President, Claims

**Gerald A. Williams, CLU**  
Vice President, Marketing Services

**Thomas F. Wright**  
Vice President, Life Division





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