

Letter to Members



While it's nice to look back and celebrate the past, we must constantly look forward.

Your Co-op celebrated its hundredth year in business in 2015.

We've evolved from a small farm co-operative, formed to provide affordable fire insurance to grange members in just one county, to the largest writer of homes through multiple lines of insurance in the state of Vermont. We've also experienced name recognition and good growth with our expansion efforts in New Hampshire.

While it's nice to look back and celebrate the past, we must constantly look forward. Customer expectations, and the whole world around us, are rapidly changing. We are continually planning and preparing for the future.

Of the many initiatives that we worked on in 2015, our largest company wide effort was developing the first phase of our new technology platform, which encompasses all aspects of our business: policy administration, billing, claims,

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Own a property that others live in?

If you rent dwellings to others in exchange for cash payments, you're probably well aware that there are a number of safety and habitability requirements at the state level (and sometimes from municipalities, too) that you have to follow.

But what if you don't collect rent from people living in your properties? What if you're a farmer or other employer who offers lodging to your employees? What if you have family staying in another home or apartment of yours?

If you own a property, and people other than you live in it, you have the same responsibilities whether or not you collect rent or think of yourself as a landlord.

Many of the standards you must meet

are related to fire safety. Regulations specify the acceptable types of smoke alarms and carbon monoxide alarms, where they must be placed, and how they must be powered.



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There are specific requirements regarding secondary means of escape from living and sleeping areas, including for size, distance from floor, and distance from the ground outside. There are rules about fire escapes, extinguishers, and inspection needs. And the rules can vary

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There's nothing quite like wood heat: intense and dry, it warms you to the core. And of course, there's an element of romance in those flickering flames.

But there's also nothing quite like the work that goes into heating with wood. To a much greater degree than with oil, gas, or electric heat, wood heat requires preparation of the equipment, maintenance throughout the heating season and the whole year, and a great deal of additional attention while you're heating,



From a simpler time, but not simple

Preparation

Pick the right place

Any woodburning appliance needs plenty of clearance from anything combustible— walls, ceilings, flooring, furniture, and draperies included. A traditional woodstove needs legs that hold it at least 4 inches above a non-combustible stoveboard or hearth, and should be 36 inches from any wall, furniture, or other flammable item. Stovepipes need at least 18 inches of clearance.

Outdoor units should be installed on masonry or crushed stone if possible. You'll

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Letter to Members

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workflow, and so on. Our goal is to move our first lines of business to the new platform in fall 2016, and make the transition seamless for our members. (The rest of our business will follow over the next two years.) Our new systems will allow us to compete even better with insurance companies of all sizes, while providing exemplary service to our members and agency partners.

We also devoted time in 2015 to staff development focused on customer service and improving the customer experience. Our end goal is to provide service so good that if you, or any member, are asked whether you would recommend Co-op to your friends and neighbors, you will emphatically answer “Yes!” without hesitation.

Providing that kind of service for the long term will be a challenge for every insurance company. There are many unknowns regarding insurance needs of the future. Who will be responsible for insuring driverless cars – the car’s owner or the manufacturer? How will property insurance change with “smart homes” and the many connected devices that can be used to increase your family’s and property’s safety?

We are focused on modifying our products and mix of business to meet these changing conditions and demands. While Co-op has been a longstanding leader in farm and personal insurance, we are now gaining momentum and recognition with our commercial lines products. We see this as an important diversification of our business for the future.

Throughout 2015, we continued to receive claims from the May 2014 wind/hail storm that was Co-op’s biggest claims event (as measured in dollars). Despite this, I am happy to report that we ended 2015 with favorable results and our A rating reaffirmed.

Please know that we value our members, our agency partners who live in and serve our local communities, and our employees. We are Co-op because of you, and we strive to be here for you, when you need us, providing the service you need.

Sincerely,

Marie M. Jewett, AU, API, AIS
President & CEO

Own a property that others live in?

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based on whether the building is new or not.

Beyond fire safety, state and/or municipal regulations also cover areas such as lead paint testing and warnings, and water quality issues, as well as more basic issues of habitability like adequate heating or functioning appliances.

The details of the standards can change as technology improves and we learn more about hazards. If you own a property that others are living in, it’s in your best interest to stay on top of the changes and remain in compliance.

Also check with your local municipality to see if there are community-specific regulations you need to follow. Most small towns use the state codes, but some

larger ones (like Burlington and Barre in Vermont and Manchester in New Hampshire) have their own. If you have questions about a specific situation, contacting your town is a good way to begin.

Note: State and municipal codes are meant to establish a baseline for safety. Co-op uses state and municipal codes as a minimum standard, but has more stringent requirements in some cases. ■

Additional resources State fire safety regulations

Vermont:

<http://firesafety.vermont.gov>

New Hampshire:

<https://www.nh.gov/safety/divisions/firesafety/building>

In Memoriam: Jim Sullivan

Jim Sullivan joined Co-op in 1976 as a commercial lines underwriter, bringing an economics degree and employment experience from farm to construction to corrections. After mastering underwriting for all lines, in 1984 he moved into underwriting management, eventually becoming VP and then chief of operations.

In 2000, he became president and CEO upon Joe Devall’s retirement. His administration had successes in areas including modernizing the structure of the board of directors; improving profitability and our financial strength rating; and creating a broad succession planning and management program. Jim retired in 2010, but remained an active member of the Co-op board until his death in the summer of 2015. His energy and enthusiasm are missed. ■

Retirements

After 31 years of service, Farm Safety Representative Leo Larocque hung up his clipboard in August, 2015. Leo began his Co-op career as Maintenance Coordinator, later becoming a loss control inspector and then supervisor. Not one to truly retire, Leo has taken on a retail venture with his wife.

One month later, claims adjuster Sally O’Donnell headed south to “play golf, drink wine, and babysit,” as her new business cards explain. While Sally had been a Co-op employee since 2007, she’d worked with Co-op’s claims department and policyholders for years before that as an independent adjuster.

We wish Leo and Sally all the best! ■

The claims story for Co-op members in 2015 was, as it often is, fires.

All told, Co-op paid more than \$13.1 million to cover new fire damages last year. That's more than a third of the total cost of all of last year's claims.

A full forty percent of those fires were related to wood heating appliances: wood pellet stoves, traditional woodstoves and fireplaces, and their chimneys, plus outdoor furnaces and boilers. While there's a lot to love about wood heat, there's a lot to do to keep it safe. Learn more elsewhere in this Visions.

One other notable trend is around seasonal homes. Unoccupied buildings are more susceptible to a number of dangers. At

one extreme, there is the risk of loss from crimes like burglary, vandalism, and arson. (The claim for one particular fire caused by arson in 2015 was \$1.2 million.) At the other, there are accidents like freeze-ups and burst pipes that lead to water and mold damage. (And overall, freeze-ups and snow load issues contributed significantly to Co-op's claims volume last year.)

Not all such incidents are preventable. But many could be prevented, or minimized, by monitoring properties in the off season. There are many options for alarm services to monitor temperature, humidity,

fire/smoke, and security. If alarms are not an option, having a trusted local check your place a couple of times a week (or more!) can catch many problems early. ■

Top Five Causes of Fires for Co-op Members, 2015

by number of claims

Cause	Percentage of all fires
Wood heat	40%
Undetermined	23%
Electrical/Appliance	15%
Vehicle	5%
Carelessness	5%

Wood Heat: From a simpler time, but not simple

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need at least a four-foot clearance from any structure or greenery. If you put an enclosure around the unit, it should be non-combustible (no wooden sheds!). A spark arrestor at the top of the smokestack helps keep sparks in and keep debris and animals out. Also, check your community's laws about boiler placement on your property, as air quality concerns are serious.

Get the appliance properly installed

Professional installation by a certified or reputable installer is often safest. Even if you want to do it yourself, at least consulting a professional is still highly recommended; they can work with you on the critical links with the ventilation system and may be able to point out obstacles you might not see.

No matter what, be sure to carefully follow manufacturers' directions. Heating devices are only as safe as the weakest link in the chain – every part of the installation must be solid and correct. For indoor appliances, aim for less than 10 feet of pipe with no more than two elbows, and fasten each joint with at least three sheet-metal screws. The upward pitch of the horizontal section must be at least a quarter-inch per foot. Like all wood-burning devices, the stove should be the only item connected to its flue.

Get good fuel and treat it properly

In general, you should choose hardwood logs (oak, ash, apple, maple, hickory, beech). Softwoods like pine, spruce, tamarack, and hemlock don't burn as hot or cleanly and can lead to dangerous creosote buildup. Wood should be dry and well-seasoned (more than six months old).

While many sources recommend softwood pellets slightly over hardwood, it appears wood type is less important than pellet quality. Look for those with no added glue, chemicals, recycled cardboard, or tree bark, and very little dust in the bag. For a fireplace, avoid manufactured logs that aren't 100% compressed sawdust.

You should never burn treated woods or trash. In addition to being a health hazard, the chemicals emitted can damage your stove or chimney.

Get the right safety equipment

Besides working smoke and CO alarms, you'll need a certified metal ash bucket with an airtight lid. For homes, we recommend a 5-pound or larger ABC-rated dry chemical extinguisher on each floor, plus one near the exit of the room with the

woodstove.

Educate yourself about your stove and about safe heating techniques

Is your stove airtight or not? Does it have a catalytic combustor? Your burning procedures and temperatures vary based on the equipment, setup, and available fuel. Weather also plays a big role; air pressure changes as temperature rises, and so does fire's behavior. Failure to understand these differences can cause backdrafts or other dangerous situations.

Maintenance

Get the stove and chimney inspected and cleaned

The older the equipment, the more frequently it should be checked, but a professional should inspect your appliance



and chimney at least once a year. They'll look for structural or setup issues, and remove creosote buildup, animal nests, or debris that could cause chimney fires. (Chemical sprays can help slow creosote buildup, but only cleaning with a chimney brush will remove what's already there.)

Get the area ready for heating season

Anything combustible should be moved away from the heating appliance before you operate it. That includes flammable items stored in the enclosure of an outdoor boiler, and especially firewood! (The boiler's shelter is not a safe place to store firewood.) You should prepare your grounds with a good raking and clearing of debris – not only within arm's reach of the heater, but anything farther away that could be blown against the enclosure.

Test your fire extinguisher, smoke, and CO alarms

These devices are absolutely critical to safety for you, your family, and your property: test them at least once a season, change batteries at least twice a year, and have them serviced as manufacturers recommend or issues are discovered. For fire extinguishers, we recommend following the national standard for maintenance, which includes checking the gauge monthly, annual professional inspection and service, and pressure testing every six years.

Attention

Know what you have to do when the stove will be unattended

Most people will have to leave the stove unattended sometime, whether to go to sleep or to work. The type of stove you have dictates the safest way to build a fire that can reduce the chances of stray sparks escaping the stovebox or the fire burning too hot and overheating the stove.

Check the area around your stove every day

It's easy to become complacent and start leaving that chair and newspaper, or that drying rack full of clothes, just a little closer to the stove. But heat transfer is a real danger; keep the combustibles away. If you have an outdoor boiler, keep the floor clear, especially of wood chips and bark that can ignite with a stray spark.

Regularly burn a hotter fire and monitor buildup

Some experts recommend burning hotter for at least 15-30 minutes every day to prevent creosote buildup. You can check levels by tapping the stovepipe gently with a screwdriver. On a clean pipe, you'll hear the clang or ping of metal on metal; if creosote has built up inside, the sound will be a duller thud.

Be alert to the signs of a chimney fire

If your stovepipe shakes or rattles, or

you hear loud roars or sucking sounds, you have a problem. Call the fire department; close the stove dampers if you can; and get everyone out of your house.

Pay attention to weather trends

Adapt your burning style to the weather. Otherwise, after a spell of warm weather, if fires have burned low and slow (leaving creosote deposits), it's common to see chimney fires during the next cold snap. ■

Agency of the Year



This year's President's Award of Excellence went to
Davis & Towle Insurance Group of Concord, NH
Congratulations to Ryan Towle (center) and his staff on an outstanding year! Also pictured Randy Roy (left), Co-op's VP of Marketing & Member Services and Mark Roberts (right), Co-op's NH Agency Manager ■

2016 Stevens Advanced Driver Training

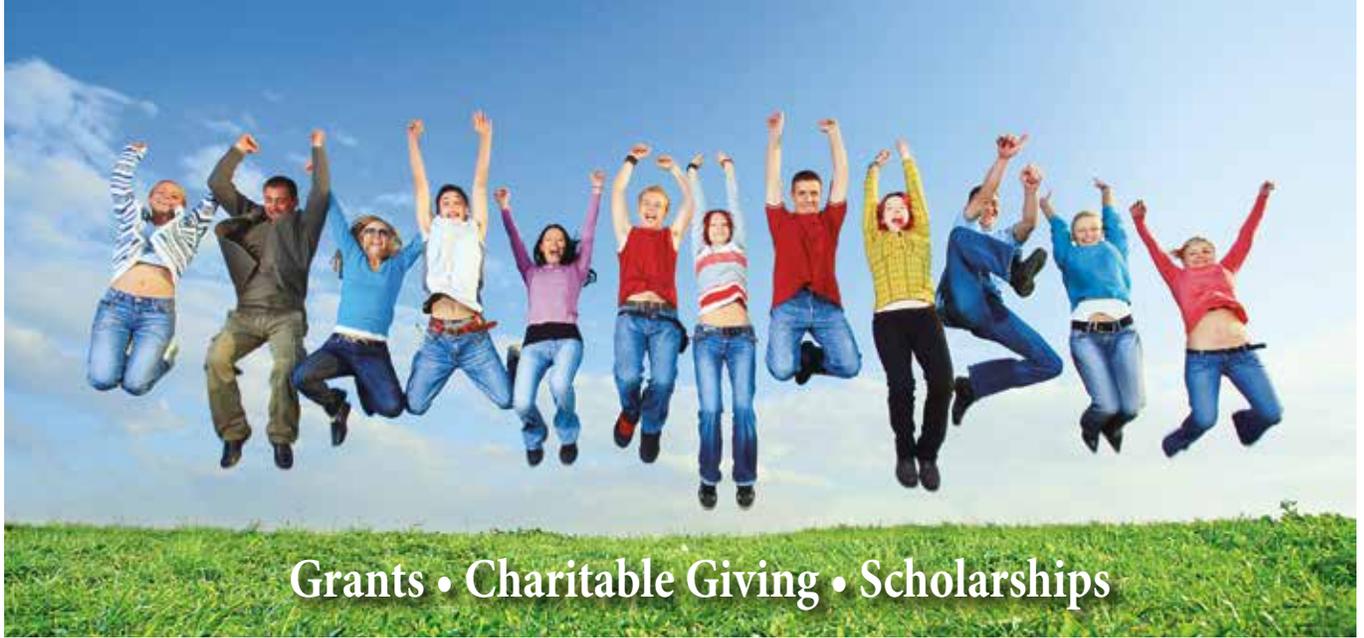
Learn accident avoidance and emergency maneuvering during this hands-on half-day course.

Co-op shares members' cost – you pay only \$125 for a \$300 class! (Co-op and private foundations will cover the rest.) Plus, when you successfully complete the course, you may qualify for a discount on your personal auto policy premium.



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

To register online, go to www.skidschool.us and select "register," then provide all the required information as prompted. If you are a Co-op Insurance member, select the appropriate discount code: VT residents should choose "Coop VT and YSCV Combined," and NH residents should pick "Coop Insurance New Hampshire." You will need to provide your policy number as well. You can choose to pay at the time of the course or online. ■



Grants • Charitable Giving • Scholarships

Co-op Community Grants Program

Every fall, our agents and directors apply to Co-op for matching funds towards charitable projects they are supporting. We select recipients at the end of the year, and usually send grant checks in January. This year, we awarded 6 grants for one-time operational or capital support to the following community groups:

Friends of Brandon Town Hall, Brandon, VT for renovation of the town hall and repairs on the roof

The Hardwick Town House, Hardwick, VT for repair, restoration, and weatherization of windows

Saint Paul's Catholic School, Barton, VT for building improvements

Berlin Fire Department, Berlin, NH for purchase of a radio repeater

Adamant Community Arts Center, Adamant, VT for building improvements

Vermont Students to Africa, Inc., West Charleston, VT for support of research trips to Africa for NCUHS students

Wish Kids Golf Classic

Once again this year, Co-op and our agents hit the golf course in support of Make-A-Wish Foundation® of Vermont. Our sixteenth annual golf tournament for this great cause happened on Friday, July 8, at Enosburg Falls Country Club in Enosburg Falls, VT.

This year's tournament was in memory

of Steve Stanitis, who passed away in late January. Steve was a long-time tournament committee member who was passionate about Wish Kids Golf Classic and an avid supporter of Make-A-Wish.

Numbers haven't been finalized from this year's event yet, but last year we raised more than \$28,300 (which brought our 15-year total to more than \$257,000), and we believe this year was even better!

Visit www.wishkidsgolf.org to see the final donation amount and the results of our tournament.

Fletcher "Buster" Brush Memorial Scholarships

Congratulations to Aidan Saunders (Woodstock Union High School, Woodstock, VT), and Maria Hendrickson (Kingswood Regional High School, Wolfesboro, NH), our 2015 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.

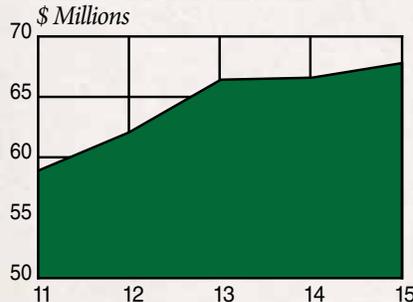
The \$1,000 awards are renewable for up to four years of post-secondary study.

2015 marked the sixth set of awards from the Fund since its founding in 2009, as well as the approximate halfway point of the program. The Fund was founded to provide substantial awards for ten to 15 years total, rather than smaller prizes in perpetuity. A little over \$50,000 remains in the Fund, and the board expects it will continue to award scholarships for six to seven more cycles.

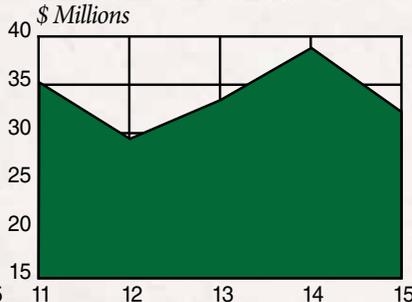
The 2016 recipients will be announced this summer. To see who they are, find out how to apply, or learn more about Buster, visit www.brushscholarship.org or find Buster Brush Scholarship Fund on Facebook. ■

Financial Statistics at a Glance

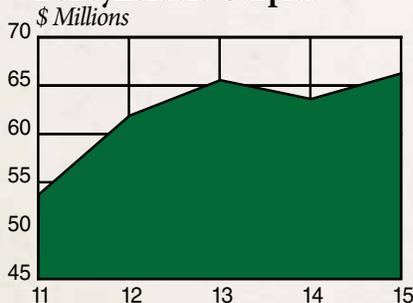
Direct Premiums Written



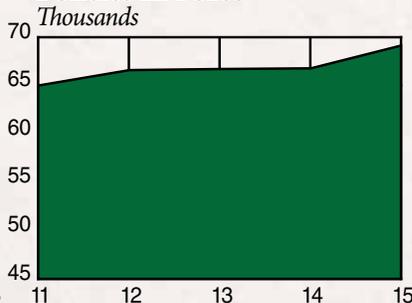
Direct Incurred Losses



Policyholders' Surplus



Policies In Force



Ever Considered a Career in Insurance?

We don't see a lot of kids showing up at career day saying "I want to be in insurance when I grow up." And we get that. The insurance industry doesn't compare favorably on the excite-o-meter with race-car driving, rock stardom, or professional wrestling. But the truth is, there are lots of great jobs in the industry, and lots to be said for them.

Do you like to use your analytical muscles to solve problems, or to pull out your customer service skills to help people when they really need it, or to look at what's already happened to help figure out what's likely to happen? Then there are hardcore insurance-specific jobs you shouldn't overlook. Underwriting, claims adjusting, and actuarial analysis can be, believe it or not, seriously interesting.

In Vermont alone, there are already well over 1000 such jobs, and more are being created each year. (Vermont is actually a



pretty big state in American insurance because of its leading-edge captive insurance industry.)

Those jobs are close to home. They tend to pay well. The companies that offer them are generally stable and around for the long haul. And there is plenty of room to grow from the entry level up to skilled technician or management, if that's your aim. (Just ask our president and CEO,

who started here in 1978 filing policies.) Most insurers happily support their employees in career development.

Besides the insurance-specific jobs, of course, insurance companies and risk management firms employ folks with all kinds of other skills and interests for positions in software development and analysis, customer service, finance and accounting, facilities maintenance, administration, marketing, sales, and human resources.

If NASCAR, the stage, or the ring is your destiny, we say chase that! But if you're considering a broader array of occupations, and want something that's stable, rewarding, and limitless, may we humbly suggest you investigate careers in insurance? You can find information at www.insuremypath.org. (And you can always find Co-op's career listings on our Web site, www.co-opinsurance.com!)