

2011 Chairman's Address

Good afternoon and welcome to the Farmers' Health Cooperative of Wisconsin 4th annual meeting. I am Jeff Bennesch and I have served as Chairman of your Board of Directors since the inception of this program. I'm a grain farmer from Colfax with a strong background and belief in cooperatives. I'm proud to say that I have been involved with FHCW since my days as a director for the Cooperative Network and Dairy Farmers of America.

In a few weeks, FHCW will be entering its 5th year of operation. It's hard to believe that four years ago FHCW was standing at the podium with the Cooperative Network, Governor Jim Doyle and other Wisconsin lawmakers introducing this landmark initiative to Wisconsin's farmers and agribusinesses. No organization could function without its supporting pillars. I would like to recognize our Board of Directors for their dedication and commitment to this cooperative.

Debbie Diederich: Debbie is a dairy farmer and registered nurse from De Pere who has been in farming for 34 years. Debbie, who represents Region 3, began serving on the Board in 2008.

Mary Sosnovske: Mary has been in farming her entire life and currently dairy farms in northern Lincoln County. Mary represents Region 2 and began serving on the Board in 2009.

Sandi Cihlar: Sandi has been part of the dairy business her entire life. Sandi and her husband Dennis were part of a third-generation dairy farm in the Town of Mosinee, Marathon County. Sandi served as a Board member from 2008-2009 and then rejoined the Board in 2010. Sandi is an at-large member.

Christine Fortin: Christine is a founding member and co-owner of Center Hill Veterinary Clinic in Darlington, WI. Christine's clinic is primarily a large animal practice that has served the needs of the Lafayette County agricultural community for 19 years. Christine joined the Board in 2010 and represents our agribusiness membership.

We also have two ex-officio Board members:

Bill Oemichen: Bill is President and CEO of the Cooperative Network and was instrumental in the formation of FHCW.

Max Gannon: Max Gannon is President of Agri-Services Agency (ASA). ASA is our plan administrator and they have been our partner from the very beginning.

I would also like to acknowledge and thank Board member Karen Endres who resigned from the Board as a result of changing her insurance provider.

Finally, I would like to recognize Cathy Mahaffey, our Executive Director. Cathy has been with the cooperative from the beginning, first as a consultant on the Co-op Care project team with the Cooperative Network and now as Executive Director. Cathy and my fellow Board members, I thank you for your tireless efforts in representing our members.

2010 marked our first year with our new insurance carrier Anthem Blue Cross and Blue Shield (Anthem). By switching to Anthem, FHCW improved the administrative fees charged to our program and improved provider discounts while still offering a comprehensive suite of benefit plan offerings and a comprehensive state-wide provider network. Member feedback has been positive and we look forward to continuing our partnership with Anthem and working with them to help make quality health insurance more accessible to farmers and agribusinesses. We were pleased that our 2011 premium increase averaged 8%. Keeping premium increases in the single digits is no easy task but it remains a primary goal for FHCW.

2010 was also the first year that FHCW was able to make a patronage distribution to our members. Patronage is one of the unique benefits of doing business with a member-owned cooperative. We were able to pay the patronage distribution due to our strong membership and limited expenses. It's just another way that FHCW is more than the average health insurance company selling products to farmers

FHCW also began returning capitalization payments and forgiving promissory notes in 2010 for those members who met their 3-year commitment. Checks were mailed to over 350 of our members keeping our commitment to you to return the deposit you made when you first joined FHCW. We thank our members for fulfilling their 3-year term with us and look forward to serving you for many years to come.

As you know, FHCW offers dental coverage through Delta Dental and an accident benefit to cover any out-of-pocket costs associated with an accident. Our POS plan members also have access to a vision plan. In 2010, FHCW added AgriPlan to its portfolio of product offerings. AgriPlan is a Section 105 Health Reimbursement Arrangement (HRA) plan that enables qualified farmers to deduct 100% of federal, state, and FICA taxes for family medical costs, and on average save \$4,000 a year. FHCW members receive a discounted rate. All of these additional benefit offerings are made possible by bringing together the collective purchasing power of our members.

In 2011, FHCW plans to continue to look for other value added benefits and to work with our partners to improve our services and to manage our health care costs. Health care reform and its implications to our program will continue to be closely monitored. We will continue to communicate with you via our quarterly newsletter as we learn more.

As I look back to the launch of FHCW in 2007, I am reminded of the principals on which we were founded. I can tell you that today those principals remain intact and they continue to guide us. I know you have choices when it comes to health insurance and we appreciate that

you have chosen FHCW. We have heard from many members who have valued having our coverage and they appreciate the fact that our insurance is there when they need it. The cooperative's goal has always been to provide value. Our insurance policies won't necessarily be the least expensive but we can assure you that your policy with FHCW will be there to protect you if you get sick or injured. Our insurance is some of the most comprehensive coverage available to individuals in Wisconsin. We will continue working on your behalf to offer comprehensive affordable coverage.

Thank you for your continued support of Farmers' Health Cooperative of Wisconsin.

I will now turn it over to our Treasurer, Mary Sosnovske, to go over the cooperative's financials.