



January 8, 2020

TO: All Agents, County and Local Presidents & Secretaries
FROM: Mason Mungle, Chairman, AFRMIC
Scott Blubaugh President, OFU
RE: 2020 Proposed Bylaws and Articles Changes Educational Meetings

Educational sessions for proposed Bylaws and Articles changes are scheduled below. Attached is an overview of the changes. We encourage you to inform your delegates, members and policyholders, and the local and county organization officers and board members who may attend convention about these important informational meetings. Attend one of the district meetings and the convention meeting to be informed prior to the proposed changes consideration on the afternoon of Friday, Feb. 14 at 1:30 p.m. All qualified to participate in the Bylaws consideration should be registered and in the room by that time.

You can find the complete detailed AFRMIC changes, under Members Services at www.iafr.com . You can find the complete detailed OFU Cooperative changes under Member Resources, 2020 State Convention at www.afrcoop.org . **Please review these before attending meetings.**

Thursday, January 16 10:00 am to 12:00 pm	AFR/OFU Office 4400 Will Rogers Parkway Oklahoma City, OK
Tuesday, January 21 10:00 am to 12:00 pm	Hilton Garden Inn Tulsa Midtown 4518 E Skelly Drive Tulsa, Ok
Tuesday, January 21 3:00 pm to 5:00 pm	Expo Event Center (Room 101) 4500 West Hwy 270 McAlester, OK
Thursday, January 23 10:00 am to 12:00 pm	Springhill Suites 5815 KL Drive Enid, OK
Thursday, January 23 4:00 pm to 6:00 pm	Fairfield Inn and Suites 201 SE 7 th Street Lawton, OK
Friday, February 14 10:30 am to 11:30 am	Embassy Suites by Hilton (room - University B-C) 2501 Conference Drive Norman, OK

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MEMORANDUM

TO: AFRMIC Policyholders / State Union Membership
DATE: December 16, 2019
RE: Board of Directors' Proposed 2020 Corporate Governance Documents

Over the years, American Farmers & Ranchers Mutual insurance Company (“AFRMIC”) has undergone a multitude of piece-meal modifications to its original Certificate of Incorporation and Bylaws. As a result of the yearly governance document changes, the changes in the governance structure, and the changes in degrees of overlap between the Mutual Insurance Company and the State Union over the years, the Bylaws contain ambiguities, duplicative language and provisions, deficiencies in organization/flow, contradictions, and other inconsistencies that greatly affect the ability of the Board to govern and the Policyholders to participate. What’s more, in some instances the current practices of AFRMIC contradict the current corporate governance documents. Finally, the current Bylaws erode the governing ability of the elected Board in favor of appointed Officers. As the elected, governing body of AFRMIC, the Board should retain sufficient authority and flexibility to govern effectively, while still protecting Policyholders’ rights and delegating authority where appropriate and efficient.

As a result of the foregoing, the Board approved a rework the current corporate governance documents to address the above-described issues and set in place forward-looking corporate governance documents that provide more clarity in corporate governance and participation. Although numerous revisions were approved for organization, clarity, and ease of governance, the following summarizes the major substantive changes to the AFRMIC corporate governance documents:

- ❖ **Clarified definition of Policyholder:** Policyholder status tied to one “holder” of insurance policy consistent with statute

- ❖ **True representative form of governance:** voting by Policyholders conducted at Local Mutual (similar in form to Local Union) Meetings to elect delegates
- ❖ **County Representatives rather than County Delegates:** County Representatives appoint delegates when Local Mutuals fail to do so
- ❖ **Clarified certain governing functions lie with Board of Directors:** Board can elect its Chairpersons, remove directors with cause and supermajority vote, remove officers with supermajority vote, allow non-members to committees, and set terms of employment, if any, for officers; removed tie-breaking voting power of CEO
- ❖ **Gave additional team-building authority to Officers:** CEO can appoint officers with approval from Board, giving flexibility to create his or her own team
- ❖ **Strengthened conflict of interest provisions:** to provide greater separation and independence in officers and directors
- ❖ **Expanded or clarified notice and filing deadlines:** allowing notice of Annual Meeting to be published further in advance; candidate filing for Director position always October 15-25

Consistent with the foregoing changes to AFRMIC corporate governance documents, the Oklahoma State Union of the Farmers Educational and Co-operative Union of America, Inc. (“State Union”), approved certain consistency changes with the State Union Bylaws. Nevertheless, because of key differences in governance and structure between AFRMIC and the State Union, intentional differences will still exist between the two corporate governance documents. The following summarizes the major substantive changes to the State Union Bylaws:

- ❖ **Clarified voting authority of Vice-President and Secretary in Board of Directors consistent with intent of Bylaws**
- ❖ **Delegates and Member Voting:** consistent with AFRMIC corporate governance documents; removed Officers and Directors as automatic delegate

- ❖ **Notice and filing deadlines:** consistent with AFRMIC corporate governance documents
- ❖ **Board of Directors:** Board can remove directors/officers with cause and supermajority vote and create conflict of interest policy
- ❖ **Officers:** Added specific duties; CEO can appoint assistant officers with approval from Board, giving flexibility to create his or her own team

Sincerely,
GUNGOLL, JACKSON, BOX & DEVOLL, P.C.

Audrey A. Weaver
For the Firm