

## **SEC insurer left out important details**

Your reporter covered the letter from the Socorro Electric Cooperative insurer, Federated Insurance Exchange, describing the underwriting decision it may have to make due to the co-op's "apparent pattern of alleged discrimination which named one director as the "primary offender."

I have a copy of that letter addressed to Mr. Joseph Herrera from William West, the insurance company's chief underwriter which Anne Dorough read during the meeting. West is a well respected member of the cooperative insurance industry who would never intentionally mislead his policy holders. In his overly-simplified summary of SEC's problem, he creates a false impression of the problem by not providing several important details.

Underwriters know that the accused party has no control over the party or the number of parties who bring charges. Federated, like all insurers understands the foundation of our justice system which requires that the party filing the claim bears the burden of providing real evidence to prove to a court the truth of the claim.

There have been two cases filed which involve the person referred to as the "primary offender" in the Federated letter of Dec. 8, 2014. The "primary offender" was dismissed by both plaintiffs (accusers) before the two cases were resolved. The third case was resolved before the "Primary Offender became a trustee.

The LULAC letter in early 2010, in which Mr. Martinez describes what he was told by SEC "employees" concluded with his admission that he did not know nor did he attempt to discover if what he was being told was true. He qualified his remarks writing "if true" in closing. Another detail reported to the underwriter by a former SEC attorney about the LULAC letter disclosed that the people meeting with LULAC's Mr. Martinez were not "employees" of SEC. They were a group of SEC trustees, including three who lost their bid for re-election in October 2009.

Some of the others were trustee who knew they would lose their seats on the board by attrition when the members changed the bylaws reducing the size of the board from 11 to five trustees, in the April 2010 annual Members' Meeting. At that time, the loss of a seat on the board equaled an average of \$48,000 per year, per trustee, in compensation and expenses.

The one pattern identified by Mr. West's letter was "allegations of discrimination by the same primary offender/director." He must also be aware of the pattern created by the source of the allegations. The three cases filed since 1999 were created by the allegations of employees from the management level of the co-op.

One of the cases was resolved before the "primary offender" became a trustee the next two cases dismissed the "primary offender" and eventually those cases were resolved. The most common reason for rejecting a corporation as an insured is that the underwriter finds the corporation's management is incompetent. That is what SEC must change, in my opinion.

The notorious 2010 suit against the members was filed over the opposition of the "primary offender."

**Charlie Wagner**

*Socorro Electric Cooperative trustee*