



Farmers Mutual Hail
Insurance Company of Iowa

2018

FARMERS MUTUAL HAIL **REINSURANCE**

Securing Success For Over A Century



Ron Kuethe
Executive Vice President,
Chief Risk Officer

For generations, Farmers Mutual Hail has always been known for its integrity, commitment to customer service and concentrated focus in its niche markets. From our involvement in the formation of the National Association of Mutual Insurance Companies (NAMIC), to our first reinsurance contract in 1915, we have enjoyed a long tradition of providing reinsurance protection to regional and farm mutual insurance companies.

In today's world, a family-operated mutual company focused on core values of quality, integrity and service may seem outdated. In fact, much like the clientele we serve, FMH has heard over and over again that it is too small to succeed, yet here it is, serving proof every day that those core values still lead to success and that bigger is not necessarily better.

Over the years, the number of reinsurers in the world has continued to dwindle, yet through every economic climate, FMH has been a constant, stable and secure reinsurance provider.

As we go forward, FMH will continue to strive to be the premier provider of reinsurance solutions to our clients. Thank you for your partnership.

Sincerely,

Ronald J. Kuethe
Executive Vice President, Chief Risk Officer



WHAT SETS FMH APART



STRENGTH

FMH has been securing the financial success of our client companies for over 100 years, creating a strong tradition that has earned us an 'Excellent' rating from A.M. Best.



STABILITY

FMH is one of the longest-tenured reinsurance companies in the United States. Throughout our 125 years, generations of insurance companies have trusted FMH to stand by them, especially when disaster hits.



SERVICE

Through the years, FMH has been known for our strong family values, integrity, and commitment to service. Quite simply, customer service is our number one priority.



SUPPORT

FMH stands ready to offer additional support to client companies. From underwriting and claims support to educational seminars, we will do our best to help your company be the best it can be.

FMH FINANCIAL HIGHLIGHTS

| | 2018 | 2017 | 2016 |
|----------------------------------|---------------|-------------|-------------|
| A.M. Best Rating | A-(IX) | A-(IX) | A-(IX) |
| Performance Summary | | | |
| Gross Premiums Written (1) | \$843,980,540 | 851,223,071 | 755,289,496 |
| Net Premiums Written (2) | 492,212,970 | 452,842,994 | 334,200,984 |
| Net Premiums Earned | 488,560,677 | 458,168,561 | 328,665,230 |
| Pre-Tax Net Investment Income | 7,485,518 | 10,992,776 | 2,872,477 |
| Net Income | (1,442,492) | 32,643,215 | 48,206,753 |
| Balance Sheet Data | | | |
| Total Admitted Assets | 781,163,404 | 752,064,465 | 702,773,010 |
| Cash and Invested Assets | 456,488,992 | 443,125,478 | 448,702,250 |
| Loss Reserves | 218,414,507 | 169,843,113 | 122,404,780 |
| Statutory Surplus | 436,792,355 | 450,893,015 | 423,829,146 |
| Key Operating Percentages | | | |
| Losses / LAE Incurred | 84.0% | 63.6% | 77.9% |
| Underwriting Expenses Incurred | 18.0% | 19.8% | 21.0% |
| Combined Ratio | 102.0% | 83.4% | 98.9% |
| Net Underwriting Gain | -1.9% | 16.6% | 1.1% |

(1) Fluctuation in GWP mainly due to crop commodity pricing.

(2) Fluctuation of NWP mainly due to the impact of the Government's MPCl reinsurance program.



*W.A. Rutledge,
FMH Founder*

1893

Founded in Iowa as a mutual association writing crop hail insurance

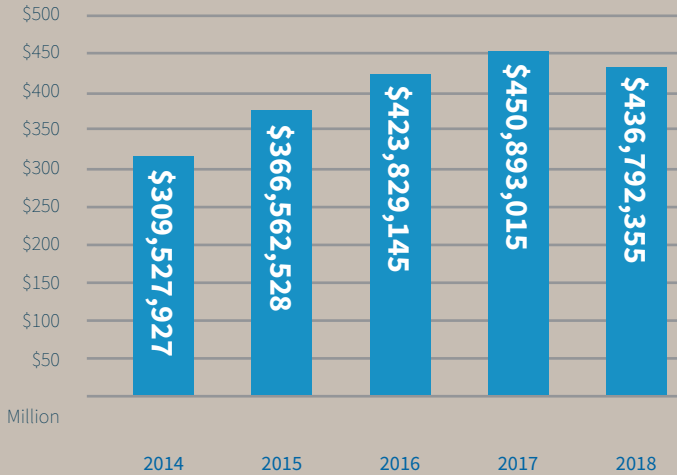
1895

FMH becomes founding member of NAMIC

1915

Writes first reinsurance contract

STATUTORY SURPLUS



EXCELLENCE

We have a strong reputation that has earned us an 'Excellent' rating from A.M. Best.



STABILITY

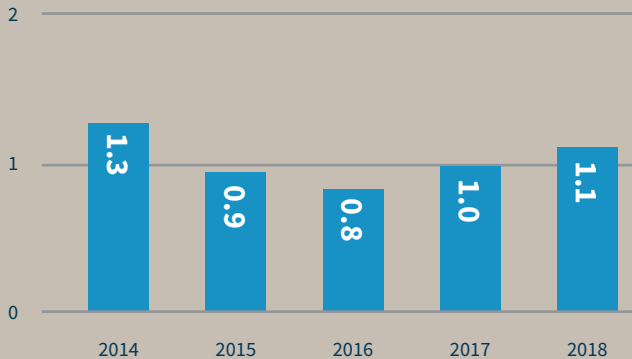
FMH maintains a conservative solvency ratio of 1:1.



STRENGTH

Our balance sheet reflects superior strength.

SOLVENCY RATIO NET PREMIUMS WRITTEN TO SURPLUS



2011

Forms the FMH P&C Division

2015

Acquires John Deere Insurance Company

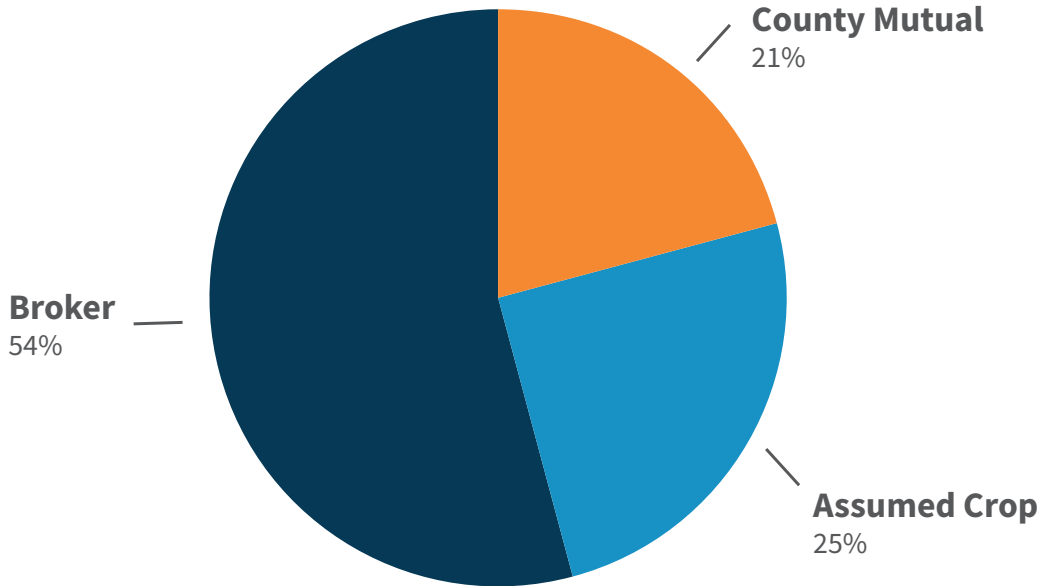
2018

FMH celebrates 125 year anniversary



Ron Rutledge,
FMH President
& CEO

2018 REINSURANCE GROSS EARNED PREMIUM \$38.5 MILLION



REINSURANCE ASSUMED DEPARTMENT ASSUMED BROKER MARKET LINE GUIDE

Proportional

Surplus

\$1 million per risk

Quota Share

\$1 million per risk

Excess of Loss

Property Risk Excess of Loss

\$1 million per risk or program

Casualty Excess of Loss

Written selectively

Catastrophe Excess of Loss

\$2 million per treaty or program

Aggregate Excess of Loss

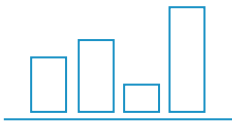
\$2 million per treaty or program

Casualty writings limited to mainly Section II Homeowners, Farmowners and light Commercial exposures.

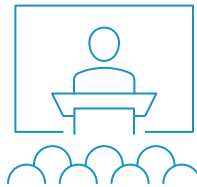


FMH will stand by you in every economic climate. Our reinsurance services can help you prepare for industry challenges like form filing, catastrophe exposure modeling, and even potential mergers. We are familiar with our clients issues and we know what it takes to ensure your business' long-term success.

SERVICES



Rate Studies



Educational Seminars
with Continuing
Education Credits



Claims Assistance



Merger Assistance



Board Meetings



Underwriting Assistance

FMH REINSURANCE TEAM



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