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Farmers Mutual Hail
Insurance Company of Iowa

FMH LEADERS DISCUSS 2015 SUCCESS AT THE 123RD ANNUAL MEETING

The 123rd Annual Meeting of Farmers Mutual Hail was held March 7 in Altoona, Iowa. Company leadership presented their 2015 reports. Read more on page 2.

“When you think about the progress we’ve made in the last year, the [FMH] blue and the [John Deere] green have become the ‘new’ blue – one team, one concept.”

- Ron Rutledge
President & CEO

NEWSLETTER HIGHLIGHTS :

**ANNUAL MEETING
HIGHLIGHTS**

02

SPECIAL EVENTS

09

SERVICE AWARDS

04

**GIVING BACK TO
THE COMMUNITY**

10

**ANNIVERSARY OF
JDIC ACQUISITION**

06

PEOPLE IN THE NEWS

11

ANNIVERSARY OF JDIC ACQUISITION

One year ago, Farmers Mutual Hail announced its close on the acquisition of John Deere Insurance Company. A lot has changed in the last year, yet the core values that define FMH remain the same. Read more on page 6.



FMH LEADERS DISCUSS 2015 SUCCESS AT 123RD ANNUAL MEETING

The 123rd Annual Meeting of Farmers Mutual Hail was held March 7 in Altoona, Iowa. The meeting opened with a welcome from President and CEO Ron Rutledge, and the premier of the new FMH brand video. The company division leaders for Crop Insurance, Reinsurance, and P&C presented their 2015 reports, which can be read below.

CFO and Treasurer Darin Roggenburg presented about the company's overall financial state, noting how FMH returned to profitability after three tough years of underwriting losses.

"2015 was absolutely a fantastic year from a financial view," Roggenburg said. "We outperformed our financial expectations, besting our pro forma by \$44 million. Excellent loss ratios across all of our profit centers provided the catalyst for this to happen."

The company also reduced expenses by 29 percent on a group basis over 2014, thanks to a concerted and focused effort to reduce operating expenses.

"Even after incurring expenses associated with the acquisition of JDIC, we closed the year with our highest surplus ever of \$366 million," Roggenburg added.

Rutledge provided a final company update, reflecting on what made 2015 such a successful year.

"The bottom line for 2015: Mother Nature smiled on us. At the end of the day, we are subject to the whims of the weather, and the weather was good to us. So were the commodity markets. Prices were very stable this year. But those are the things that are beyond our control. Within our control is strong management,



which mattered a lot this year. We had strong management through every level of the company, and a great effort by all employees," said Rutledge.

Looking forward to 2016, Rutledge also noted that business strategies made a year ago have already brought success in 2015, and will continue to bring success into this year.

"With a new fund designation strategy that was a major shift from the previous one, along with the expanded footprint and improved spread of business that came as a result of the JDIC acquisition, we are confident we have put Farmers Mutual Hail in a very strong position for future success," he said.

MPCI & CROP HAIL

A few years ago, we were looking to expand geographically and increase premium writings organically. After three consecutive unprofitable years, we knew organic growth and state expansion would be too slow. Furthermore, technology projects were driving our insurance decisions.

When John Deere Insurance Company announced the intent to sell, we knew – strategically and operationally – there would never be a better fit for FMH. Fast forward one year and not only does the footprint of FMH look different, but I am pleased to report the results look different too. Crop Hail closed the year with a 53 percent loss ratio, and MPCI closed right at 58 percent: a welcome change and hopefully a trend that lasts.

Looking forward in 2016 and beyond, I have never been more excited about our opportunities. Our product suite is more robust. The technology available to our agency force through FMHA is now web-based, features additional options, and allows the agent to have more control of their business than ever before. As a leader in integrating precision farming technology with crop insurance, we can deliver increased accuracy, efficiency, and new solutions for our customers, agents, and FMH. The stability of our results through geographic diversification and conservative fund designation strategies align us with the industry, and once again put us in a position to outperform.

Change is always difficult, and anticipating the projection of this industry is even more

challenging when Congress can modify the rules with the stroke of a pen. We are committed to crop insurance, and we are one of the last American companies in the industry. FMH is not only positioned for the here and now, but also the future.

Thank you to all of our employees and business partners for their loyalty and support.



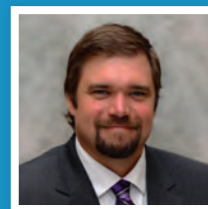
Shannon Rutledge
Executive Vice
President & COO

BOARD MEMBERS RE-ELECTED

At this year's annual meeting, the following board members were re-elected to the Board of Directors. We thank them for their dedication and continued service to Farmers Mutual Hail.



Steve Fischer
Senior Vice President -
Human Resources



Aaron Rutledge
Assistant Vice President/
Compliance Manager

PROPERTY & CASUALTY

We had a terrific start to 2015, showing an underwriting profit in each of the first five months. Then June came along and – while the Midwest's summer storms were nowhere near as severe as 2014 – we were once again hit with wind and hail losses in our western writing territory, and we struggled to get back to black during the remainder of the year.

Our overall reported claims were down 623 from last year, and our gross losses incurred were half of what they were at the end of 2014. Seven of our nine states closed the year with loss ratios of 52 percent or less, and we finished the year with a respectable 58.3 percent overall incurred loss ratio.

We once again had above-industry growth, finishing the year at 14 percent growth, which raised our direct written premiums to over \$37 million. We had positive growth in six of our nine states, with Indiana leading the charge at 51 percent, followed by Minnesota at 31 percent, and Nebraska at 30 percent.

Technology has been and will continue to be a key driver for the FMH P&C Division. During 2015, we completed a laundry list of initiatives: enhancing the agent experience, improving the ease of use, and modifying many of our existing products, systems, and services. These technology improvements were all a direct result of agent partner input and feedback.

We sincerely thank you for your support in 2015 and look forward to a profitable 2016!



Patrick Faga
Senior Vice President

REINSURANCE

2015 proved to be another challenging year for the reinsurance industry. It continues to struggle through an extremely soft market due to excess capital being available in the marketplace.

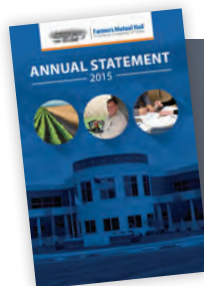
For FMH, our Reinsurance premium was down approximately 12 percent, primarily due to our Canadian crop hail reinsurance business coming in lower than expected. Despite those challenges, we measure success by profitability, not sales volume, and in terms of profitability, 2015 was a banner year for the Reinsurance Department. Our combined ratio for the year came in at 85.1 percent, which enabled us to post a nice underwriting profit for the third consecutive year.

Years like 2015 are imperative to build a bank for the loss years we all know will eventually come when writing business subject to catastrophic events.

I would like to thank my staff and our clients for their loyalty and dedication. The success we have enjoyed over recent years is a direct result of your efforts and I very much appreciate you allowing FMH to be your partner. I wish you all great success in 2016.



Ron Kuethe
Senior Vice President



If you would like a copy of the 2015 Annual Statement, you may order it on the FMH Marketing Center under Brochures at marketing.fmh.com.

FMH SERVICE AWARDS

Congratulations to the following employees for their dedication and years of service to FMH.

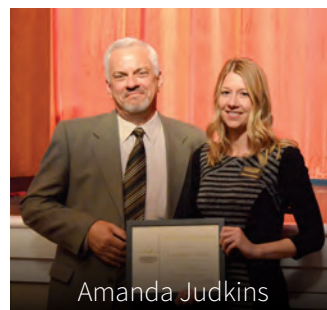
25 YEARS - of service -

Darin Roggenburg
Julie Wilson
Candy Magee



15 YEARS - of service -

Scott Holmes
Amanda Judkins
Randy Magee



CLAIMS AWARDS

Pictured left to right with Senior Vice President Larry Ewart (*far right*) and Assistant Vice President Steve Wilson (*far left*) are Shannon Barnes, Dean Svatos, Jim Harbert, Dennis Mackey, Tucker Boss, and Mike Steenson.



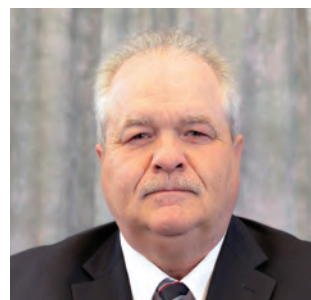
SALES AWARDS

Pictured left to right with Senior Vice President Kevin Johnson (*far left*) are Gregg Linneman, Ken Ripley, RJ Brinkmeyer, Ryan Benes, and Dereck Klaassen.



HARD WATER P&C AWARD

Steve Fejfar



CATTLE *in the* CORN P&C AWARD

Robert French



FMH LEADERSHIP ATTEND CIRB ANNUAL MEETING

FMH leadership attended the Crop Insurance and Reinsurance Bureau (CIRB) 52nd Annual Meeting from February 10-12 in Indian Wells, California.

Some of the main topics discussed at this year's meeting included the legislative outlook for the crop industry in 2016, global economic challenges that will impact the markets, and updates from RMA representatives.

"Year in and year out, this conference provides the best educational content on the most current topics with some of the best speakers in the crop industry," said Ron Kuethe, FMH Senior Vice President of Reinsurance. "Virtually every one of our reinsurers and all of our reinsurance brokers attend this conference, so it provides a great opportunity for us to visit with them all in one place. The relatively small crowds make it conducive for some very in-depth discussions over the length of the conference with our reinsurers."

2016 ADJUSTER SCHOOLS

Farmers Mutual Hail hosted two 3-day Adjuster Schools in February and March in West Des Moines, Iowa for FMH adjusters.

"This training provides the latest updates regarding claim adjustment procedures," said Jim Wilson, Assistant Vice President of Claims.

The agenda included compliance and legal overviews, adjuster safety concerns, product and provision updates, and current claim issues. Adjusters also attended classes about precision technology and learned how FMH utilizes precision data for claims purposes.

At the end of the three-day school, attendees had the opportunity to complete a competency exam.

"The school attendance also provides the adjuster with the necessary classroom training hours to meet RMA annual requirements," added Wilson.

ABOUT OUR ADJUSTER FORCE

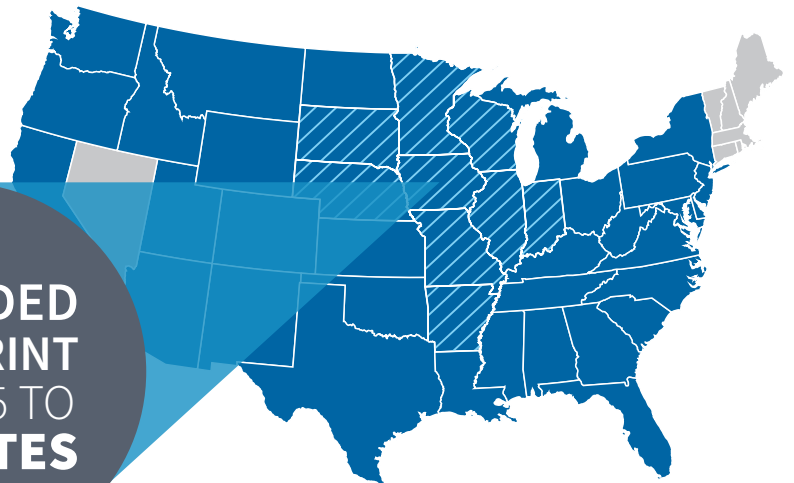
FMH has nearly 500 adjusters specifically trained to handle any MPCl or Crop Hail claim. With customer service as a top priority, our adjusters are committed to making the claims process as smooth as possible, including utilizing a producer's precision data for faster claims reporting. If your customer is interested in learning more about using precision data for claims purposes, please contact your District Sales Manager.



(Left to Right) FMH President & CEO Ron Rutledge, Senate Ag Committee Chairman Pat Roberts, and Assistant Vice President/Compliance Manager and Board Member Aaron Rutledge at the CIRB Annual Meeting.

The expectations were high, yet the newly combined staff achieved every integration goal set before them – all while maintaining FMH’s commitment to excellent customer service. Everyone at FMH appreciated the patience and support from agents and customers alike as the company transitioned processes and systems over the past year.

- Don Preusser
Executive Vice President & CMO



**EXPANDED
FOOTPRINT
FROM 15 TO
41 STATES**

Multi-Peril and Crop Hail

Multi-Peril, Crop Hail, and Property and Casualty

WHERE WE ARE NOW



INTEGRATED
OVER 800
EMPLOYEES



ONE SET OF
PRODUCTS
& **RATES**



PRECISION
CROP INSURANCE
SOLUTIONS



DEDICATED
TRAINING TEAM



IMPLEMENTED
FMHA
OUR WEB-BASED
PROCESSING
SYSTEM

“We’ve taken the best of both worlds when you think of where we were a year ago, and you think of where we are now.”

*- Ron Rutledge
President & CEO*

POLICY MIGRATION

After the successful launch of the FMH Agent Center (FMHA), the company’s next step was to begin migrating policies from eCrop into FMHA. The first phase of the migration focused on Multi-Peril policies with a March 15 sales closing date. This was completed ahead of schedule at the beginning of March.

“I really appreciate everyone’s patience during the policy migration. I want to give a special thanks to the Underwriting Department and Document Management team for providing great service to our agents. We are excited to get all business into one policy administration system so we can focus on adding more user-friendly features and functions to the FMH Agent Center,” said Executive Vice President and COO Shannon Rutledge.

FMH is now preparing to migrate Multi-Peril fall business from eCrop into FMHA as part of phase II, and the final phase of the project will include the transfer of the remaining Crop Hail business from eCrop into FMHA.

STRENGTH

STABILITY

SERVICE

SOLUTIONS



Investing in Technology for Your Success.

Farmers Mutual Hail is committed to helping our agents meet evolving agricultural demands with innovative insurance solutions and resources. We provide extensive training, access to precision technology experts, and support in the field to ensure our agents achieve success today and far into the future. By investing in precision crop insurance solutions, we position our agents to be at the forefront of our industry.

Partner with a company that's committed to your future.



Farmers Mutual Hail
Insurance Company of Iowa

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FMH TRAVELS: PARADISE ISLAND, BAHAMAS

The first of two FMH Travels incentive trips for this year took agents to the sun, sand, and waters of Paradise Island, Bahamas, and the amazing Atlantis Resort.

It was a nice change of pace for those that were suffering from cabin fever. Agents were able to select from several activities, including swimming with dolphins, sailing and snorkeling, deep sea fishing, golf, and the spa.

The final night culminated with a Junkanoo, which is deeply rooted in the Bahamian culture, and features a parade of performers marching in elaborate local costumes while playing musical instruments. It was a spectacular performance and the highlight of the trip!

Watch future issues of The Cloud for details on FMH incentive trips for 2017.

SUCCESSFUL 20TH ANNUAL SNOWBIRDS' REUNION

The 20th annual Snowbirds' Reunion was held on Saturday, February 13 at the Fountain of the Sun Country Club in Mesa, Arizona. Retired employees, agents, and adjusters enjoyed great food and conversation at this year's reunion.

Are you an FMH retiree and interested in attending next year's event? Please email Human Resources at HRDepartment@fmh.com to be added to the invitation list.



FMH AGENT EXCLUSIVE: RECEIVE PRINTER UNIT DISCOUNTS

Farmers Mutual Hail and M&M Sales Company of Urbandale, Iowa, have partnered to provide FMH agents with reduced pricing for professional multi-functional units that copy, print, fax, and scan. These units are available in all sizes for office and daily printing, or for larger quantity printing jobs.

Benefits

- **Save Money** – With group purchasing power, FMH agents are able to receive equipment discounts, lowering product costs. A newer unit could also improve operating costs, resulting in more dollars to your bottom line.
- **On-site Service Package** - On-site service packages are available with some units: a local technician will visit your office to provide maintenance on your unit and any parts, labor, and supplies (toner and drums) when needed. Check with M&M Sales for pricing per unit for this service package.
- **Variety of Sizes** – Choose the right equipment for your business needs.

TO ORDER WITH FMH DISCOUNT

Contact Vern at M&M Sales Company at 515-251-1176.

Simply identify yourself as an FMH agent to qualify for the FMH pricing discount.



GIVING BACK TO THE COMMUNITY

Every March, FMH employees find themselves either shaving their heads to help in the fight against childhood cancer, or on television taking pledge calls for Iowa Public Television – or sometimes doing both!

11TH ANNUAL ST. BALDRICK'S HEAD SHAVING EVENT

The 11th annual St. Baldrick's Foundation Head Shaving Event was held the evening of March 8 in West Des Moines, Iowa. Each year, participants shave their heads or style their hair in crazy ways and colors at this event to raise money for the St. Baldrick's Foundation.

This year's event has currently risen over \$90,000 towards the foundation. This was also the eighth consecutive year that Farmers Mutual Hail has donated \$25,000 to the foundation, bringing the combined total donated by FMH to \$200,000.

St. Baldrick's is an organization dedicated to funding the most promising research to find cures for childhood cancers and give survivors long and healthy lives. A portion of the money raised at this event goes to children's hospitals in Iowa.



FMH Senior Mutual Services Representative and event organizer Jim Polish had his hair styled like a pineapple before shaving it to raise money for the St. Baldrick's Foundation.

20TH ANNUAL IPTV FESTIVAL

On March 16, FMH employees, friends, and family volunteered their evening to take pledge calls during the Iowa Public Television Festival. FMH has sent a team of volunteers to the IPTV studio for 20 years, and many of the same volunteers come back every year. Last year, volunteers helped to raise the over \$1.2 million that was pledged during the festival. This year, IPTV is hoping to surpass that amount.



PEOPLE IN THE NEWS

RETIREMENTS



Cindi Anderson, Assistant Vice President of Compliance, retired April 8 after 14 years with FMH. Farmers Mutual Hail would like to thank Cindi for her dedicated service and wish her the best in retirement.

NEW HIRES, PROMOTIONS, AND TRANSFERS



Joel Erickson has been promoted to Field Claims Supervisor for the North Dakota/Minnesota Territory.



Aaron Rutledge has been promoted to Assistant Vice President and Compliance Manager.



Mike Steenson has been promoted to Regional Claims Manager for the Far West Region.



Sally Berry has transferred to Commission Specialist II in Accounting. She was previously Insurance Specialist II.

IN MEMORY

J. Lavern Workman

We regret to inform you of the passing of longtime FMH agent Junior Lavern Workman of Chatham, Illinois, on February 11, 2016, at the age of 97.

Lavern was appointed with FMH in 1970, and he maintained policies up until his passing. As a farmer and agent, Lavern was deeply involved with agriculture his entire life – helping to set up the Agricultural Program at the University of Illinois, and serving as president of the Land of Lincoln Soybean Association. He also served as Mayor of Chatham, and was a dedicated member of the Chatham United Methodist Church and Auburn Christian Church.

Our thoughts and prayers are with his family and friends.

Albert Stillman

We regret to inform you of the passing of longtime FMH agent Albert Stillman of Hoxie, Kansas, on February 19, 2016, at the age of 79.

Al started writing crop hail insurance at First Insurance Agency in 1976, after being a type-setter at Hoxie Sentinel for 16 years. He maintained an active social life, including golfing and bowling with his many buddies, playing cards with family, racing and crashing cars (on purpose), and attending his grandchildren's music and sports activities. He also served his community as a volunteer firefighter and ambulance driver.

Our thoughts and prayers are with his family and friends.

Lester Menke

We regret to inform you of the passing of longtime FMH agent and adjuster Lester Menke of Des Moines, Iowa, on March 5, 2016, at the age of 97.

A third-generation farmer, Les was an agent and adjuster with FMH for many years. He was an active member in many of his Calumet, Iowa, community organizations, including church and school boards, 4-H, and the local Masonic lodge. Lester also served on the Iowa House of Representatives from 1973-1985. In his retirement, Les volunteered at Living History Farms and wrote an autobiography entitled, "When Apples Had No Worms."

Our thoughts and prayers are with his family and friends.

YESTERDAY. TODAY. TOMORROW.

Protecting the changing world of agriculture for over 120 years.

Go to www.fmh.com to view the new FMH brand video.



TheCloud

The Cloud is published six times annually for the agents, adjusters, associates, employees, and retirees of Farmers Mutual Hail Insurance Company of Iowa.

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