

# TheCloud

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## FMH ENTERS ITS 125TH YEAR OF BUSINESS

The close of this year's FMH annual meeting marked the start of our 125th year of business. Read more about the annual meeting including 2016 division reports on page 2.

“Over the last 125 years, FMH has held on to the things that make it unique, like our family atmosphere and our commitment to doing things right.”

- Ron Rutledge  
President & CEO

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## Celebrating 125 YEARS

We wouldn't be where we are today without the trust and support of our policyholders, agents, reinsurers, and employees. We look forward to celebrating the people that make FMH successful through special features in The Cloud newsletters this year.

# 124TH ANNUAL MEETING

The 124th Annual Meeting of Farmers Mutual Hail was held March 6 in Altoona, Iowa. The meeting opened with a welcome from President and CEO Ron Rutledge. Company division leaders for Crop, P&C, and Reinsurance presented their 2016 reports, which can be read below.

CFO and Treasurer Darin Roggenburg presented about the company's overall financial state.

"It's a fun year to get some numbers like this," Roggenburg said. "Our change in surplus for the year is \$60.4 million. Now that is the largest dollar amount gain that we've ever had in one year for surplus. Not percentage-wise, but definitely dollar-wise. That leaves our 2016 final surplus at \$427 million."

The \$427 million surplus makes 2016 a record-breaking year for FMH, as it is the highest year-end surplus in the company's history.

"The 2016 surplus is due to a lot of things. It happened not only because of good weather, but because of good work," said Rutledge, who provided an overall company update after the division presentations.

"Not to be lost on us, though, is the reality of this business. Having another year as good as this year is about as likely as having another year as bad as 2012. 2016 was truly an exceptional year," he added.

Rutledge went on to praise the successful strategies that have brought FMH to where it is today, and noted that while some things are changing, what sets FMH apart from the competition remains the same.

"Of all the things that have gone on over the past couple of years, not everything has changed," he said. "One of those is our claims philosophy – it is one of the things we are well-known for: we pay our claims accurately and fairly, and we do that with honor and integrity. We work hard to be the company that people trust and agents can count on to take care of their insureds."



Another factor that sets FMH apart from the competition is FMH's position as America's Crop Insurance Company, which is driven in part by the fact that it is a mutual company.

"With recent acquisitions [within the industry], now over 83 percent of the multi-peril market is ultimately owned off shore," Rutledge explained. "As an American-based company, we take a lot of pride in being here, owned by Americans."

"As a mutual company, we get to have a little different view of the world. We can make choices for the long term, for the right reasons, and for the benefit of our policyholders and employees. It's a history and a strength which we should all embrace and enjoy. We continue to be one of the strongest companies out there."

To close the meeting, a video debuting the new 125th Anniversary logo was presented to attendees. 2017 marks the 125th year of business for Farmers Mutual Hail. The 125th anniversary will be celebrated at the 2018 annual meeting next March. To view the 125 logo reveal video, go to [FMH.com](http://FMH.com).

## MPCI & CROP HAIL

2016, like every year, had its share of challenges, but an amazing crop and stable prices will make the year-past one of the most financially successful in FMH's history.

Equally as important are the accomplishments of so many within the organization who helped us follow through on our promise of providing superior service to our agents and policyholders.

Policy migration was the most important goal for the Crop Insurance Division in 2016 and because of the dedication and countless hours of so many, we

successfully accomplished keying all policies into the FMH Agent Center in time for the 2017 processing season. I would love to say we didn't have any issues – we did, but we overcame them and we are very excited to have policy migration behind us. Thank you for your patience.

This past year, we were also able to deliver system enhancements to our mapping services, processing enhancements to rates and quoting, and a new Schedule of Insurance form. We released the new QuickBind application, and continued development of the RAMP pricing product.

For 2017, we will continue to look for ways to improve our processes and procedures – we are always trying to

find the balance between efficiency for our customer and for FMH. Key areas of focus will be the continued adoption of precision technology, enhancements to our customer experience, and deploying a new claims system with additional features, including electronic signature capabilities for the customer.

As always, thank you to all of our employees and business partners for your loyalty and support.



**Shannon Rutledge**  
Executive Vice  
President & COO

## BOARD MEMBERS RE-ELECTED

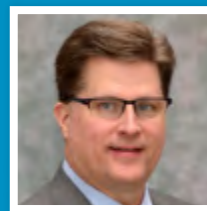
At this year's annual meeting, the following board members were re-elected to the Board of Directors. We thank them for their dedication and continued service to Farmers Mutual Hail.



**Ronald P. Rutledge**  
*President and  
Chief Executive Officer,  
Chairman of the Board*



**Shannon D. Rutledge**  
*Executive Vice President  
and Chief Operating  
Officer, Secretary  
of the Board*



**Darin L. Roggenburg**  
*Executive Vice President  
and Chief Financial  
Officer, Treasurer  
of the Board*

## REINSURANCE

2016 proved to be a repeat of recent years for the Reinsurance Division. The reinsurance market has been stuck in an extremely soft market over the past few years, which has inhibited our potential for premium growth.

Since 2012, we have seen a steady decline in our premium as we focused on choosing the right partners rather than chasing under-rated premium growth – which we knew would ultimately prove to be unprofitable. 2016 was nice in that it was a year where we were able to stop premium decline and post an ever-so-slight increase to our written premium.

Of course, stopping the decline in premium does not mean anything if it is not profitable. On the loss front, our assumed crop hail business in Canada suffered through some pretty severe hailstorms. In addition, significant wind events hit our assumed property book in June and on Christmas Day. Despite those challenges, our loss ratio finished at a respectable 66.6 percent, which led to a combined ratio of 92.8 percent and a nice profit for 2016.

This is the fourth consecutive year of profits for the Reinsurance Division, all of which has taken place during this prolonged soft market. These results are in no small part due to the tremendous efforts of our staff, who have done a great job of navigating through some pretty perilous water, and our client companies, who continue to prove year in and year out why they are amongst the best in the industry.

I thank you all for your loyalty and wish you great success in 2017.



**Ron Kuethe**  
*Executive Vice  
President*

## PROPERTY & CASUALTY

Christmas was not very merry for the P&C Division - Mother Nature's unseasonably warm weather on December 25th brewed thunderstorms that rolled across Nebraska, South Dakota, Iowa, and Minnesota. These Christmas Day storms will prevent P&C from contributing to FMH's overall financial success in 2016, in spite of posting an underwriting profit in seven of the prior 11 months.

Our overall incurred loss ratio at year-end was 66.9 percent. Reported claims were up 8 percent from 2015, while our gross incurred losses were up 25 percent from the prior year. Like most of our industry peers, our worst performing line of business in 2016 was Auto.

Our overall P&C premium volume grew by 10 percent during the year and raised our direct written premiums to just over \$40 million. We experienced positive growth in eight of our nine states; Indiana, Minnesota, and Wisconsin accounting for 45 percent of our overall growth in 2016.

I would like to thank my team and our agent partners for their continued trust and support – and wish everyone continued success and good fortune in 2017.



**Patrick Faga**  
*Executive Vice  
President*



If you would like a copy of the 2016 Annual Statement, you may order it on the FMH Online Store at [store.fmh.com](http://store.fmh.com).



# FMH SERVICE AWARDS

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

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## 25 YEARS - of service -

Nancy Bockelman  
Dave Peters  
Jim Wilson

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Nancy Bockelman



Dave Peters



Jim Wilson

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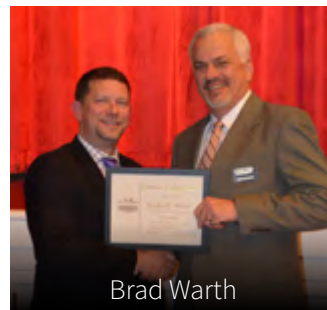
## 15 YEARS - of service -

Aaron Rutledge  
Brad Warth  
John Thompson

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Aaron Rutledge



Brad Warth



John Thompson

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## CLAIMS AWARD

### TOP FIELD CLAIMS SUPERVISORS

**Winner:** Matt Quindel; **Nominees:** Shannon Barnes,  
Dean Svatos, Jason Ferguson, and Danny Phelps

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## SALES AWARDS

### TOP SALES MANAGERS

Rita Deveny, Ryan Benes, Robby Shrum,  
Jeff Harbert, and Ken Ripley

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## CLAIMS AWARD TOP FULL-TIME ADJUSTER

John Morris

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## P&C AWARDS HARD WATER & CATTLE *in the* CORN

Steve Fejfar

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## FMH ATTENDS IOWA POWER FARMING SHOW

FMH field personnel welcomed visitors and fielded questions at the FMH trade booth during the Iowa Power Farming Show. The 3-day event spanned January 31 – February 2, and included over seven acres of indoor displays housed throughout the Iowa Event Center in Des Moines, Iowa. It is the third largest indoor ag show in the U.S.

“The Iowa Power Farming Show is unique because it is held before the farmers’ input decisions are fully finalized for the upcoming crop year. I believe that the show’s size helps it stand out as well as its central location in the state” said Dereck Klaassen, Northwest Iowa District Sales Manager. “It does a good job drawing people in from all parts of the state of Iowa. This is a great event to see new and current trends and products in the production agriculture industry for the upcoming year and beyond.”

FMH educated attendees with a brief informational video featuring Precision Crop Insurance Solutions. Technology continues to enhance both products and delivery, and FMH’s presence at trade shows and similar events underscores its dedication to the future of technology in the agricultural sector.

## WHAT’S YOUR PRECISION PLAN?

FMH agents interested in Precision Crop Insurance Solutions should work towards creating a precision plan – a roadmap to incorporating Precision Solutions into their business. Agents can start by completing a precision assessment – a brief, online form used to determine if an agency has qualifying policies that will benefit from using Precision Solutions. The assessment helps to provide a quick overview of their business so the agent and sales manager can discuss potential opportunities and areas to adjust to be able to utilize Precision Solutions.

Once the agent has talked to their sales manager, together they can create a precision plan. From agents new to precision to those that have been utilizing it for years, a precision plan not only provides direction, but ensures the agent and the sales manager are on the same page when discussing precision options.

### Did you know it’s not too late to begin an insured in the Precision Solutions cycle for 2017?

When it comes to planting this spring, just make sure your insured is doing the following:

- Setting up an online Farm Management System account, such as MyJohnDeere.com (which is free), which makes transferring data to FMH even easier.
- Transferring setup files from their Farm Management Software (FMS) to display monitors before planting, if needed.
- Sending their planting data and seeding maps to their agent once planting has been completed.





# 2017 TECH IMPROVEMENTS

## WHAT'S NEW, WHAT'S ENHANCED, WHAT'S TO COME

**“When you look at where we’ve come in just the last year, our technology is better, our sales ability is better, our tools are better, the data is better. Almost everything we do is better – but it’s not good enough. We can continue to be better.”**

**- Ron Rutledge  
President & CEO**

FMH kicked off 2017 by launching two new web-based resources: the FMH Policyholder Center for e-provisions, and the QuickBind application for Crop Hail. And they didn’t slow down from there.

In just a few short months, the company released multiple system enhancements for the FMH Agent Center, including redesigned forms, mapping features, and a new document printing process. FMH also completed the policy migration project, bringing all crop agents into one system.

“We are excited to deliver these improvements to our agency force,” said Kevin Johnson, Senior Vice President – Sales. “We really care about agents and policyholders having the best experience when it comes to online, paper, and mobile resources.”

All of the above technology improvements were outlined in the August 2016 issue of The Cloud, in addition to other enhancements that will be provided later this year.

“We told agents we were going to make improvements, and we delivered. We don’t just want to talk about our commitment to service and our business partners, we want to show it,” added Johnson.

System enhancements are released monthly. Upcoming enhancements include more mapping options such as setting report preferences, improved online system training and resources, and the ability to report and send data via ACRSI. Agents can stay up-to-date on new releases through the FMHA Message Center (on the FMHA homepage) and through email communications.

## One System

FMH wrapped up its 1.5 yearlong Policy Migration project in March. Now all crop insurance business is in one policy administration system, the FMH Agent Center (FMHA). By moving all business into one system, FMH can focus on adding more user-friendly features and functions for agents, as well as streamlined processes and training.

## Document Printing

Along with the redesigned forms, the company is also beginning a new document printing process for crop policies. FMH will now print and mail the SOC, SOI, and Policy Confirmation and Cancellation Confirmation forms to insureds. Agents are still responsible for printing and providing all documents requiring insured signatures.

## Mapping Enhancements

In March, FMH introduced two new mapping features – auto-mapping and quick edit tools in the mapping application. Both features make it easier for agents to utilize the mapping application and to generate mapping reports – even if the agent hasn't generated mapping reports in the past.

## Redesigned Forms

In April, the company announced the redesign of three major documents: the Summary of Coverage (SOC), the Schedule of Insurance (SOI), and the Policy Confirmation and Cancellation Confirmation forms. All form redesigns were updated based on agent feedback, and provide more details and are easier to read than before.

## AT THE OFFICE, AT HOME, OR ON-THE-GO

Secure Crop Hail coverage for your insureds from anywhere and at any time with FMH QuickBind.



Learn more at [www.fmh.com/public/quickbind.html](http://www.fmh.com/public/quickbind.html)



## CONVENIENCE IS KEY

Provide your insureds with easy access to their policy provisions online through the FMH Policyholder Center.



Insureds can register at [www.fmh.com/policyholdercenter](http://www.fmh.com/policyholdercenter)



## 2017 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.



## FMH VOLUNTEERS AT ANNUAL IPTV FESTIVAL

If you live in Iowa, you may have seen us on TV! FMH employees, friends, and family captured time in the limelight while fielding pledge calls during Iowa Public Television (IPTV) Festival Week in March. This is the 21st year that FMH has participated in the event at the IPTV studio.



## FMH DONATES \$40K AT ST. BALDRICK'S EVENT

The 12th annual St. Baldrick's Foundation Head Shaving event was held March 7 at the Funny Bone Comedy Club in West Des Moines, Iowa. Each year, participants shave their heads or fashion their hair in eye-catching colors and wild styles. Proceeds from the event are donated to the St. Baldrick's Foundation.

This year's event marked a milestone, as West Des Moines events have collectively raised \$1 million over the course of its twelve years. FMH President and CEO Ron Rutledge took to the stage on behalf of FMH and presented the St. Baldrick's Foundation with a check in the amount of \$40,000. This is the ninth consecutive year that FMH has donated to the foundation. In sum, FMH has contributed \$240,000 to the St. Baldrick's Foundation.

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 funds raised at this event go to children's hospitals across the United States.







## FMH AT CIRB ANNUAL MEETING, RUTLEDGE ELECTED TO CHAIRMAN

FMH leadership attended the Crop Insurance and Reinsurance Bureau (CIRB) 53rd Annual Meeting from February 1-3 in Bonita Springs, Florida. At this year's meeting, FMH President and CEO Ron Rutledge was elected to Chairman for a two-year term. He has served on the CIRB Board of Directors for the past five years.

This year's meeting followed the theme of "Change. Challenge. Opportunity." and provided attendees with a look into the political landscape for the industry in 2017, as well as giving members an opportunity to network with leaders in the crop insurance community. This year's attendance was one of the largest the organization has seen.

"There's a lot of interest, a lot of involvement, and the group keeps getting bigger," said Ron Rutledge in an interview with AgNews Wire. "It's an important year – with the Farm Bill coming up next year, there's a lot of people concerned about it, who have an invested interest in it, and want to be a part of it and know what's going on."

The CIRB Annual Meeting is the right place to be to learn about how the crop insurance industry and Washington come together to support the needs of farmers in America.

"CIRB made a concentrated effort a few years ago to be what they call the 'Capitol Voice,' so they have become the source of expertise that is sought out by the folks on the Hill when they need answers, and gain the influence of those along with that," said Rutledge. "It's worked out very well, and has been a very intentional effort. They've done a great job."

Rutledge also presented the first CIRB Distinguished Service Award this year to Brandon Willis, former USDA RMA administrator.

"Brandon has been a friend of the industry who has been very supportive and worked very hard with us; we really wanted to give him some recognition," said Rutledge.

## CIRB EMERGING LEADERS

This year was the first CIRB annual meeting for three FMH employees participating in the CIRB Emerging Leaders program: Curtis Swain, Assistant Vice President and General Counsel; Ryan Benes, District Sales Manager II; and Chock Hefner, District Sales Manager II.

The Emerging Leaders Program is designed for professionals in the crop insurance industry that seek to increase their knowledge and hands-on experience with key issues. The program will help build the next generation of crop insurance leaders.

"Emerging Leaders is succession planning for the industry. I think it's very effective," said Ron Rutledge.

This year is only the second class of the program, and includes 11 members from different insurance and reinsurance companies across the U.S.

"[Participating in] the program means I get exposed to the ins and outs – especially the political side – of the crop insurance and reinsurance business," said Chock Hefner. "This year's annual meeting is great. The speakers have been very informative and helpful in developing a broader understanding for us as emerging leaders."



**Curtis Swain**, Assistant Vice President and General Counsel



**Ryan Benes**, District Sales Manager II



**Chock Hefner**, District Sales Manager II

## RETIREMENTS



**Karen Allen**  
*Staff Accountant I*  
**48 Years of Service**

Karen Allen, Staff Accountant I, retired at the end of February after 48 years of service with FMH. She holds the second

longest tenure as an FMH employee, behind FMH Founder W.A. Rutledge, who was employed at FMH for 56 years.

Karen was born in Des Moines, Iowa and graduated from Dallas Center Community High School. Upon graduation, she registered for college at AIB in Des Moines with plans to become a court reporter. In the summer before college in 1968, she started working at FMH as a summer employee in the Reinsurance Department under Don Bockelman. At the end of the summer, Don asked Karen to stay with FMH and postpone college.

"I found myself changing a career path, and under the mentorship of Don, stayed at FMH," she noted. "Don's mentorship was valuable, as there were no Reinsurance classes available at that time."

Karen was an administrator in the Reinsurance Department until 1988, when she was promoted to a supervisory role. In 1991, she was promoted to Facultative Manager. While in Reinsurance, Karen served on the planning and education committees for multiple states. She also served on the Board of the Directors for the Mutual Insurance Association of Iowa from 1999 through 2001. In 2005, Karen transferred to the Accounting Department as Reinsurance Staff Accountant.

**Favorite FMH memory:** "There are so many memories over 48 years, but the best is all of the people I have met, worked with, and who I now have special friendships with. Over the years, FMH has had so many family events like picnics, I-Cubs ball games, Warrior Runs, Iowa Public TV night, and other events that have been so much fun for my family; plus, it's fun to see everyone's kids grow up throughout the years. It has been great to watch my son, Aaron Rutledge (FMH Assistant Vice President and Compliance Manager), grow in his work at FMH. My daughter, Ashley, worked during the summers for five years at FMH while attending college."

**Biggest changes you've seen for FMH in your career?** "The biggest change was technology, of course, such as adding the phone system, typing carbon copies until getting a copy machine, and then using a large crank adding machine to the 10 key machine to a key punch operator to a computer!"

**Plans for retirement:** "I have four grandchildren and I am "Host Grandma" to Aaron's foreign exchange student whom I want to spend more time with. Now that my mom is no longer a snowbird, we will be able to get together more often. There are several projects on my list, like helping with preparation of my daughter Ashley's wedding in July, volunteering in my two teaching daughters' classrooms, plus a chance for more traveling with my husband, Merle, and our family."



**Bruce Melkus**  
*ACR Specialist*  
**5 Years of Service**

Bruce Melkus, ACR Specialist, retired at the end of February after 5 years with FMH.

Bruce grew up in Downers Grove, Illinois near Chicago – back when it was "a very rural farming area, but is now completely built up!" He worked in various roles in the crop insurance industry before coming to John Deere Insurance Company in 2012.

**Favorite memories at FMH:** "I've always enjoyed the entertainment of lunchtime friends!"

**Favorite part of job:** "My favorite part of my job is problem solving, mapping manipulation, and helping agents get their tasks done. I will miss interacting with coworkers and agents the most in my retirement."

**Plans for retirement:** "My wife and I are planning to move to South Carolina, where one of my daughters recently moved to start a new job."

## IN MEMORY

### *Delman Campbell*

We regret to inform you of the passing of longtime FMH agent Delman Campbell of Council Bluffs, Iowa, on February 10, 2017, at the age of 87.

Del started working at his father's insurance company, Campbell Insurance, in 1954, and was appointed with FMH in 1956. He took over the agency as president in 1970, and remained appointed with FMH until his passing. His son, Kirk Campbell, is the current president of the agency.

Del grew up outside of Council Bluffs and served during the Korean War from 1951-1953. Moving back home, he raised his family in the Council Bluffs area and served his community in a variety of ways. Del was a member of the Board of Directors for Council Bluffs YMCA, AEA 13, and Westfair. He volunteered on the Council Bluffs School Board, and was chairman for the Shrine Hospital Benefit Days from 1991-2012. He received multiple recognition and honor awards from the various organizations in which he served.

Our thoughts and prayers are with his family and friends.

# PEOPLE IN THE NEWS

## NEW HIRES, PROMOTIONS, AND TRANSFERS



**Ryan Hastings** has been promoted to Strategic Account Manager.



**Kelly Bertz** hired as District Sales Manager I in Missouri.



**William (BJ) Gray** has been hired as Lead Adjuster I in Illinois and the Great Lakes region.



**Douglas Harimon** has been hired as Lead Adjuster II in Nebraska and the Far West region.



**Dane Kief** has been hired as District Sales Manager I in Illinois.



**Brandon Thomas** has been hired as Field Claims Supervisor in Colorado.



**Ryan Weiskircher** has been hired as Crop Adjuster I in Wisconsin.



**Gary Gerstenberger** has transferred to Compliance Field Specialist.



**Stan Glaum** has transferred to Compliance Field Specialist.



**Cynthia Longley** has transferred to Compliance Field Specialist.



**Marvin Nuehring** has transferred to Compliance Field Specialist.



**Paul Pankratz** has transferred to Compliance Field Specialist.



**George Raife** has transferred to Claims Processing Specialist.



**Blake Rutledge** has transferred to Claims Processing Specialist. He was previously a Field Claims Specialist in Wisconsin.



**Allen Simanek** has transferred to Compliance Field Specialist.



**Ron Tobias** has transferred to Compliance Field Specialist.



**John Paul Unruh** has transferred to Compliance Field Specialist.



# *Celebrating* **125 YEARS**

FMH has provided generations of American farmers with tailored crop insurance packages that have protected both their peace of mind and their family's future. Many things can change in 125 years, but our company's dedication to protecting our customers never will.

Go to [FMH.com](http://FMH.com) to view our 125 logo debut 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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