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Farmers Mutual Hail
Insurance Company of Iowa



FMH CELEBRATES ITS 125TH ANNIVERSARY

The 125th Annual Meeting was held on March 5 in West Des Moines, Iowa. Special guest talents and commemorative video segments made this an event to remember. Read more about the annual meeting including 2017 division reports on page 2.



“I’d like to extend my sincere thanks to all of you for the part that you’ve played in letting that dream live on 125 years later.”

- Ron Rutledge
President & CEO

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PRECISION CLAIM PROCESS RESULTS IN PREMIUM SAVINGS FOR NEW YORK FARMER

In the spring of 2017, FMH Adjuster Jed Beshore was contacted by a Seneca, New York insured to adjust for a replant claim. Learn how a potentially costly error was identified and avoided through the Precision Claim process. Read more on page 7.

125TH ANNUAL MEETING

The 125th Annual Meeting of Farmers Mutual Hail was held March 5 in West Des Moines, Iowa. Master of Ceremonies Scott Siepker opened the meeting with a special video celebrating 125 years before President and CEO Ron Rutledge took to the stage to provide welcome remarks. Company division leaders then presented their 2017 reports for Crop, P&C, and Reinsurance, which can be read below.

CFO and Treasurer Darin Roggenburg presented about the company's overall financial state, which, much like 2016, was a very successful year based on several factors.

"When I look at this year, 2017 was another good year for the company," Roggenburg said. "We had a phenomenal year last year, and this year went as expected. Two exceptional years back-to-back."

A \$27 million policyholder surplus from 2017 raised the total surplus to \$450.9 million. "Thank you to everybody here at FMH. These numbers make my job a lot of fun," Roggenburg said.

Roggenburg identifies organic growth and sales, good loss ratios, and under-budget expenses as the common themes that contributed to a record-breaking year for FMH. The \$450.9 million surplus is the highest year-end surplus in the company's history.

"If this is something we could just capture and repeat year after year, it's the perfect formula for success."

Rutledge also praised 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.

"Bottom line, we're going to keep doing what we're doing. We fine-tuned our strategies over the last couple of years and our focus on growth, customer experience, around our value proposition, and around company health from both a financial perspective and a healthy workplace perspective was pretty clear," said Rutledge.

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 we are a mutual company.

"We're Iowa domiciled and made in America. That's pretty important to a lot of folks," Rutledge explained, "It's something we take a lot of pride in, and we really are America's Crop Insurance Company."



Scott Siepker, Master of Ceremonies, kicking off the 125th Annual Meeting on March 5, 2018 in West Des Moines, Iowa.

"If you look at the marketplace and how the marketplace has changed – what can we expect down the road? You don't have to look back 25 years to figure that out, you can just look back five years: over three-fourths of the business has changed hands over the last five years," he said.

"This is an industry where things don't stay the same for very long... Unless, of course, you're Farmers Mutual Hail. We aren't for sale today, and as a mutual company, we won't be for sale tomorrow. For all the things that have changed, Farmers Mutual Hail is still Farmers Mutual Hail."

In closing, Rutledge shared some thoughts supporting the weekend's theme of "Yesterday. Today. Tomorrow."

"Toward the end of the nineteenth century, a man named W.A. Rutledge had the idea that if farmers came together and shared the burdens of each other's losses, they would mutually benefit together. That idea became Farmers Mutual Hail. W.A.'s idea saved countless farms over the years, and preserved legacies of countless families. I'd like to extend my sincere thanks to all of you for the part that you've played in letting that dream live on 125 years later."

MPCI & CROP HAIL

Weather and commodity prices usually drive the results in crop insurance. FMH was blessed in 2017 with a growing season that avoided both severe weather and volatile grain prices allowing us to post our third year in a row of positive underwriting results. Weather patterns come and go but our focus is making sure that when the next storm comes, we are prepared to deliver on our promise to protect our policyholders.

At FMH, we have a culture of constant improvement. Ron Rutledge likes to say, "If it isn't broke, fix it and make it better." Our claims service achieved a Net Promoter Score™ of over 80 percent, a metric that measures customer loyalty for a company's brand, products, and services. This score, by definition, is World Class

Service! However, we know we can be better which is why this past year a new claims system (FMHC) was developed and implemented. FMHC allows us to communicate, track, adjust, and pay claims more efficiently. Investing in a new system gives us the opportunity to improve, but it only matters if you have the right people. We continue to invest significant resources in our full-time adjusting force, claims personnel, and underwriting staff with a goal of improving upon a customer experience that is already World Class.

Having our team ready for the next opportunity to showcase their talents is more important than ever due to the success of our growth strategy. In 2017, our sales team and agency force brought a One Company approach to growing our business. Products like RAMP, Margin Protection, and Whole Farm,

along with our Precision Solutions, helped us realize an increase in premiums by 14 percent. This strategy was implemented with a modeled geographic approach and executed deliberately.

Crop insurance is constantly changing but FMH's mission to provide peace of mind to America's farmers has not wavered for over 125 years.

Thank you to all of the employees at FMH for your dedication and hard work in 2017. I look forward to continued success in 2018!



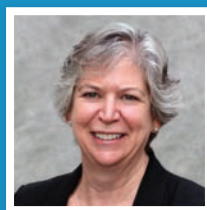
Shannon Rutledge
Executive Vice
President & COO

BOARD MEMBERS RE-ELECTED

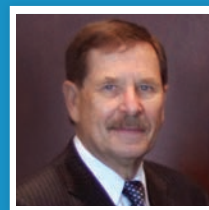
At this year's annual meeting, the following board members were re-elected to the Board of Directors. We thank them for their dedication and continued service to Farmers Mutual Hail.



DEBORAH L. LADEHOFF
*Vice President &
Assistant Secretary*



BARBARA R. RAIFE
Board Member



FRED P. LINDER
Board Member

REINSURANCE

2017 was a year for the record books in the reinsurance industry. Between tornadoes, floods, hurricanes, earthquakes, and wildfires, it was just a series of one catastrophe after another. There was even a late frost on crops in Europe that added to the bill. All in, it is estimated that there were \$135 billion in losses to hit reinsurers in 2017.

Though the FMH Reinsurance Division is much more limited in what we reinsure compared to the bulk of the reinsurance industry, we did feel the pain inflicted by some of these catastrophes. Despite those events, our results for the year were fantastic.

The reinsurance market continues to be relatively soft despite the catastrophic year, but we were able to grow our written premium by 4.4 percent to just under \$40 million. That growth was largely driven by expanded relationships with existing clients and growth from new clients that we welcomed into our fold. In addition, we came in 2 percent under budget and our overall expense ratio dropped almost 3 percent for the year. In the end, we finished with a loss ratio of 52 percent and consequently, a nice profit for 2017.

This is the fifth consecutive year of profits for the Reinsurance Division, all of which has taken place during this prolonged soft market. I would like to thank my team that I have the pleasure of working with every day. They do a great job and – more importantly – are great people.

We remain convinced that the key to success in a reinsurance relationship is the quality of the management in our client companies. As a result, we continue to focus on the quality of the company versus the number of companies with which we do business. In that regard, FMH is truly blessed. We are extremely proud and impressed with the results our client companies post and are incredibly thankful for the trust you place in FMH when placing your reinsurance protection.

I thank you all for your loyalty and wish you the very best in 2018.



Ron Kuethe
*Executive Vice
President*

PROPERTY & CASUALTY

The U.S. insurance industry will remember 2017 as one of the worst years on record for weather-related damages – from floods and fires to hurricanes and hail. We will remember 2017 as the spring and summer of constant storm activity. Beginning in early March and continuing through August, we were barraged with weekly wind and hail storms across our primary footprint in Iowa, Nebraska, South Dakota, Minnesota, and Wisconsin.

We closed the year with an overall Incurred Loss Ratio of 75 percent. Reported claims were up 22 percent from 2016, while our Gross Incurred Losses were up 27 percent. Our Paid Losses were up 56 percent from the prior year, with 80 percent of our paid loss dollars going to storm-related losses in 2017.

During 2017 our overall P&C premium volume grew 3.6 percent, raising our Direct Written Premiums to just over \$42 million. A primary driver of our growth was the double-digit growth we experienced in our targeted eastern states of Illinois, Indiana, and Wisconsin.

We completed many customer experience and system enhancements in 2017, and our continuous improvement path will continue this next year. Ease of doing business initiatives for both our policyholders and agent partners are top priorities in our 2018 business plan.

Thank you to all our agent and business partners – wishing you success and good fortune in 2018.



Patrick Faga
*Executive Vice
President*



If you would like a copy of the 2017 Annual Statement, you may order it on the FMH Online Store at store.fmh.com.



FMH SERVICE AWARDS

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

40 YEARS - of service -

Larry Ewart



In 1994, Wheat Growers Mutual Hail Insurance merged with Farmers Mutual Hail, and FMH gained a dedicated employee in Larry Ewart.

In his 40 years of employment, Larry has grown and advanced in roles as an Adjuster, Field Representative, Field Supervisor, State Supervisor, Vice President/Claims Manager, and Senior Vice President/National Claims Manager. He recently served as a member of the Management Committee from 2009 to 2015.

From his early days adjusting up to the present day, those who meet Larry quickly recognize the traits that once made him a favorite educator.

Prior to his work in the crop insurance industry, Larry was both a teacher and coach in Kansas. We cannot thank him enough for all he has learned and taught to others during his career with FMH. Congratulations, Larry!

25 YEARS - of service -

Pat Faga



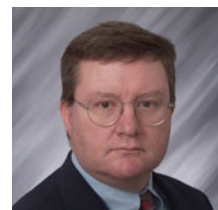
15 YEARS - of service -



Chad Groen



Angie Brooker



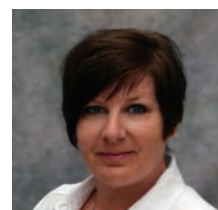
Ken Coy



Carl Erickson



Chad Mixdorf



Susan Westphal



Ray Yori

SALES AWARDS

OUTSTANDING SALES ACHIEVEMENT AWARD

Ryan Benes

Runners Up: Dave Peters and Dave Ohl



CLAIMS AWARDS

OUTSTANDING CLAIMS ADJUSTER

Keith Riley

*Nominees: Jesse Gerding,
Michael Aussieker, Jared Kadolf*



OUTSTANDING CLAIMS SUPERVISOR

Mike Kirby

*Nominees: Cameron Bishop,
Bay John Long, James Harbert*

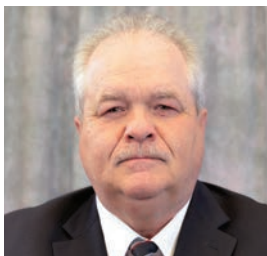


P&C AWARDS

OUTSTANDING P&C CLAIMS ADJUSTER

Robert French

*Runners Up: Steve Fejfar,
Kesley Magee, Ron Sutton*



2018 NATIONAL ADJUSTER SCHOOLS

FMH hosted two National Adjuster Schools in February and March in West Des Moines, Iowa for FMH crop adjusters from across the country.

“This training provides the latest updates regarding claim adjustment procedures, as well as provides the adjuster with the necessary classroom training hours to meet RMA annual requirements,” said Jim Wilson, Assistant Vice President of Claims.

Each school kicked off with a welcome from President & CEO Ron Rutledge, who gave an update about FMH and the crop insurance industry overall. Larry Ewart, Senior Vice President of Claims, provided an update from the Claims Department, and after a safety presentation, the adjusters broke out into classrooms to focus on specific topics.

The agenda included compliance and documentation overviews, product and provision updates, quality adjustment classes, and Precision Solutions training. Motivational speaker Joe Coles addressed the entire group at the end of the three-day training with his engaging messaging about growing better professional relationships. An Adjuster Banquet with a Service Awards Ceremony was held the last night of each school.



SALES MANAGER & SERVICE SURVEYS

FMH takes great pride in providing outstanding customer service to our agents through our sales managers and service staff.

To ensure our staff stays knowledgeable and best serves your agency, we are asking for your feedback.

Be sure to check your agency's email this month for surveys about your sales manager and service. The deadline to complete these surveys is April 27.

The data gathered in these surveys is strictly confidential, and results and comments are only shared with executive management. We will use this information to strengthen our staff through training.

Thank you for participating in these surveys and helping us to achieve the best service possible.



NEW FARM & RANCH QUOTING SYSTEM

FMH's new P&C Farm Quoting System has a new look, provides more access to details, and has enhanced functionality for a better quoting experience for agents and insureds.



New Look

- New modern look and feel
- New layout improves the quoting experience, and reduces the time it takes to create a quote
- Mobile-ready design means agents can use it on-the-go



Access to Details

- Policy forms and underwriting guidelines are now accessible within the quoting system
- Agents can view the entire application on one screen



Enhanced Functionality

- Built-in rules reduce time and changes in underwriting
- New real-time premium tracking
- The updated platform sets the stage for future enhancements and faster processing





PRECISION CLAIM PROCESS RESULTS IN PREMIUM SAVINGS FOR NEW YORK FARMER

The accuracy of using precision data for a replant claim saved a Seneca Falls, NY insured from overpaying his insurance premium.

In the spring of 2017, FMH Adjuster Jed Beshore was contacted by a Seneca, New York insured to adjust for a replant claim. Luckily for the farmer, using precision data allowed Beshore to catch an error that would have cost him extra premium.

“Reviewing the acres for replant was easy: we had copies of the planting map and replant maps. The error was discovered when the planted acres from his precision data didn’t even come close to the acres reported to the FSA office,” said Beshore.

The farmer was able to pinpoint the problem because of the accuracy of his precision data.

“When we tried to verify the total acres to insure, we noticed we had a problem. We asked the insured to print all his plant maps, and he discovered that he had keyed some of the spraying acres as planted acres – therefore inflating the number of reported acres,” added Beshore.

The farmer, who had been through the Precision Claim process the previous year, was impressed by the results and grateful that the error was uncovered. He immediately sent the corrected data to his insurance agent, who provided it to FMH underwriters.

“If this was not a Precision Claim, the acres used would have been based off his FSA 578 report – which means he would have been paying extra premium for insurance,” said Beshore.

Precision Replant Claims Requirements

If a farmer is using precision ag technology while planting, the data collected can easily be used to verify a replant claim. The farmer just needs to provide planting maps and replant maps for the adjuster.



GIVING TO ST. BALDRICK'S

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.

The 13th annual St. Baldrick's Foundation Head Shaving Event was held the evening of March 20 at the Funny Bone Comedy Club 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. Last year, West Des Moines events marked a milestone by reaching \$1 million fundraised over the course of twelve years.

This year, 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 \$30,000. The 2018 event has currently raised over \$100,000 towards the foundation. This was also the tenth consecutive year that Farmers Mutual Hail has donated to the foundation. In sum, FMH has contributed \$270,000 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 money raised at this event goes to children's hospitals in Iowa.



Ron Rutledge presents a check for \$30,000 to Liz Jackson, director of grants for the Iowa St. Baldrick's chapter, on March 20 at the 2018 head shaving event in West Des Moines, Iowa.



Pictured L to R: Renee Walters, Kathleen Ruddy (St. Baldrick's Foundation), Alyssa McKinney (Blank Children's Hospital), Frank Bigley (FMH retiree), Jim Polish, Ron Rutledge, and Debbie Ladehoff.

FMH HOSTS CHECK PRESENTATION TO BLANK CHILDREN'S HOSPITAL

FMH employees warmly welcomed Kathleen Ruddy, CEO of the St. Baldrick's Foundation, and Alyssa McKinney, Director of Development at Des Moines' Blank Children's Hospital, to the home office on Wednesday, February 21, for a ceremonial check presentation. Both leaders were on site to address the crowd of FMH employees and recognize their volunteer and financial contributions toward fighting childhood cancers.

"We're here today to celebrate a new grant you helped make possible at Blank Children's. We're excited your support can help in such a meaningful way," said Ruddy. She elaborated on the importance of the fight against childhood cancers and advocated for the continued support of the foundation's effort to pursue promising research and give survivors long and healthy lives. "Thank you to the entire leadership team for creating a culture that cares about its community," added Ruddy.

FMH President and CEO Ron Rutledge joined Ruddy on stage to present a \$50,000 check to Ms. McKinney, who accepted on behalf of Blank Children's Hospital. "Thank you for this level of support," said McKinney, "This really does make a difference in the care and social work program. We are pleased to be a part of St. Baldrick's."

Ruddy later presented Rutledge with an award on behalf of the St. Baldrick's Foundation and the National Association of Mutual Insurance Companies (NAMIC). The organizations jointly recognized FMH's contributions and congratulated FMH for 125 years in business.

NAMIC is a strong supporter of the St. Baldrick's Foundation, and FMH founder W.A. Rutledge was instrumental in forming NAMIC in 1895. FMH remains a member of the organization to this day.

FMH VOLUNTEERS AT ANNUAL IPTV FESTIVAL

If you live in Iowa, you may have seen us on TV! FMH employees, friends, and family fielded pledge calls during an FMH-sponsored night of Iowa Public Television (IPTV) Festival Week. This is the 22nd year that FMH has participated in the March event at the IPTV studio.



NCIS 2018 ANNUAL CONVENTION

The National Crop Insurance Services (NCIS) 2018 Annual Convention was held in Scottsdale, Arizona in early February, with multiple FMH employees in attendance. The event brings together professionals from across the industry, including AIPs, agents, reinsurance brokers and underwriters, and vendors.

“Depending on your role within the company, employees attend this conference for slightly different reasons,” noted Candy Magee, FMH Vice President & Manager of Business Intelligence. “The FMH Reinsurance Department attends to meet with our crop reinsurers and update them on our past year results and what we have planned for the current year. This year, we had roughly 60 reinsurers attend our meeting that was held jointly with our reinsurance broker, Guy Carpenter. We always receive very positive feedback from our reinsurers on the content delivered to them at this meeting.”

In addition to networking, current topics and concerns were discussed, including the 2018 Farm Bill and potential changes to the federal crop insurance program.

“This year, the potential for a significant reduction in the Adjusted Gross Income cap for determining eligible producers was a strong concern,” added Magee.

NCIS also launched their latest educational video series about the upcoming Farm Bill at this event. The “Risk Management Minute” video series can be found on their website, www.cropinsuranceinamerica.org.

“The NCIS sessions are educational and informative. The conference also provides us with a great opportunity to network with others in the industry,” said Magee.



CIRB 2018 ANNUAL MEETING

Several FMH leadership members joined more than 135 crop insurance industry professionals at the Crop Insurance and Reinsurance Bureau’s (CIRB) 2018 Annual Meeting in Scottsdale, Arizona in early February. During the program, expert speakers provided a glimpse ahead at the upcoming farm bill debate.

“It is going to take everyone who cares about crop insurance working together for us to succeed in protecting the program during the 2018 Farm Bill,” said FMH President & CEO and current CIRB Chair Ron Rutledge.

In addition to the farm bill, attendees also discussed the current state of the farm economy and its potential impacts on crop insurance, as well as the updates from RMA leadership.

“CIRB’s mission statement is ‘Preserving the Farm Safety Net,’” said FMH Vice President of Crop Underwriting Bryant Tjeerdsma. “FMH shares this common goal and has been actively involved with the organization since its inception. CIRB is highly involved in educating the public, AIPs, and Congress regarding how crop insurance serves to support the best interest of our nation and the American farmer. This event is a great place to come together to discuss the needs of the industry.”

Attendees included crop insurance and reinsurance professionals, ag economists from both the private and public sector, and representatives from organizations that support the interests of agriculture and crop insurance.

CIRB’s third Emerging Leaders Program (ELP) class also participated in the meeting. CIRB’s ELP helps equip the next generation of crop insurance leaders to be effective advocates. FMH has two current participants: Sheila Backer, Insurance Specialist Manager II, and Chad Groen, Regional Claims Manager.

To close out the meeting, Rutledge awarded the 2018 Chairman’s Award – CIRB’s highest honor – to House Agriculture Committee Chairman Michael Conaway (R-TX), who addressed the group by video message.

“Crop insurance is the anchor of the farm safety net. At all six of our farm bill listening sessions, crop insurance was well represented. We heard from producer after producer, ‘don’t screw up crop insurance; leave it alone.’ We heard that loud and clear,” said Chairman Conaway.

PEOPLE IN THE NEWS

NEW HIRES, PROMOTIONS, AND TRANSFERS



Stephanie Bowsher has been hired as a Crop Adjuster II in Ohio.



Brent Johnson has been hired as Lead Adjuster II in Nebraska.



Amber Neitzel has been hired as Treasury Specialist I.



James Shafer has been hired as Lead Adjuster II in Kansas.



Gretchen Young has been hired as Crop Adjuster II in Kentucky and Tennessee.



Travis Feldman has been promoted to Crop Adjuster II in Kansas.



Jeremy Kjose has been promoted to Crop Adjuster II in South Dakota.



Burke Sibrel has been promoted to Crop Adjuster II in Indiana.



Dereck Klaassen has transferred to Compliance Coordinator.

IN MEMORY

J. Carter Shannon

We regret to inform you of the passing of longtime FMH agent Carter Shannon of Marshall, Missouri, on March 13, 2018, at the age of 89.

Carter was an FMH agent for 20 years, beginning in 1995.

He was born in Napton, Missouri and graduated from Napton High School. On January 12, 1947, he married Dora Alice Arni. He was a farmer, bus driver, and insurance agent. He was a member of Smith Chapel United Methodist Church, held various positions within the church, and was sexton for Smith Chapel Cemetery.

Our thoughts and prayers are with his family and friends

Steve Thomas

We regret to inform you of the passing of FMH Adjuster Steve Thomas of Fresno, California, on February 4, 2018, at the age of 43.

Steve was a raisin farmer and joined FMH as a full-time adjuster in 2015, through the JDIC acquisition. He remained employed with FMH until the time of his passing.

Our thoughts and prayers are with his family and friends.

Dean Svatos

We regret to inform you of the passing of FMH Field Claims Supervisor Dean Svatos of Yankton, South Dakota, and formerly of Lake Andes, South Dakota, on March 16, 2018, at the age of 57.

Dean was a Field Claims Supervisor with FMH from 2004 until the time of his passing.

He was a farmer, maintenance worker, crop adjuster, and field supervisor. He also served on the Plain Center township board for 32 years and was on the board of the Andes State Bank. He loved his wife and children, friends, hunting, fishing, and farming.

Our thoughts and prayers are with his family and friends.

Richard 'Dick' Woodley

We regret to inform you of the passing of FMH Adjuster Dick Woodley of Manlius, Illinois, on March 23, 2018, at the age of 74.

He was a friend to all and loved his family unconditionally. Dick was involved in many local community organizations. He was retired from farming in the Manlius community and the No. 1 fan at the games and events of his grandchildren.

Our thoughts and prayers are with his family and friends.

CHECK OUT OUR NEW PROMOTIONAL & APPAREL ITEMS



Go to [STORE.FMH.COM](https://store.fmh.com) to check out the new items.

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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