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Farmers Mutual Hail
Insurance Company of Iowa

2016 FMH MID-YEAR CLAIMS REPORT

In crop insurance, claims not only align with the unpredictability of weather, but also with the volatility of the markets. As we enter the second half of 2016, the term “cautiously optimistic” is loosely used to describe the FMH mid-year claims report. Read more on page 2.

“As we enter into the most critical part of our liability exposure, we will continue our focus on and dedication to our claim service.”

-Larry Ewart
Senior Vice President - Claims

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2017 FALL UPDATE MEETINGS

Join us for a 2017 MPCF Fall Update meeting in your area! Trainers will go over 2017 MPCF program changes and subsequent impacts to policy processing, fall crop reminders and actuarial changes, and more. View dates and locations on page 4.



A SNAPSHOT OF DAMAGE SEEN SO FAR THIS SUMMER



Hail damage
on soybeans in
Minnesota.



Wind damage on
corn in Arkansas.



Wind and hail
damage on corn
in Wisconsin.

2016 FMH MID-YEAR CLAIMS REPORT

When it comes to crop insurance, there are no “normal years.” Claims not only align with the unpredictability of weather, but also with the volatility of the markets.

As we enter the second half of 2016, the term “cautiously optimistic” is loosely used to describe the mid-year FMH claims report.

As of July 21, FMH has had a total of 16,775 claims reported for both MPCl and Crop Hail lines of business. For a comparison, the 2014 mid-year report had 14,714 claims in Crop Hail alone due to a string of strong hail storms that swept through the Midwest that June.

Forty-seven percent of the reported 2016 claims are for Crop Hail and private products, with a majority of the claim activity occurring in Minnesota, Iowa, Nebraska, Kansas, and Illinois.

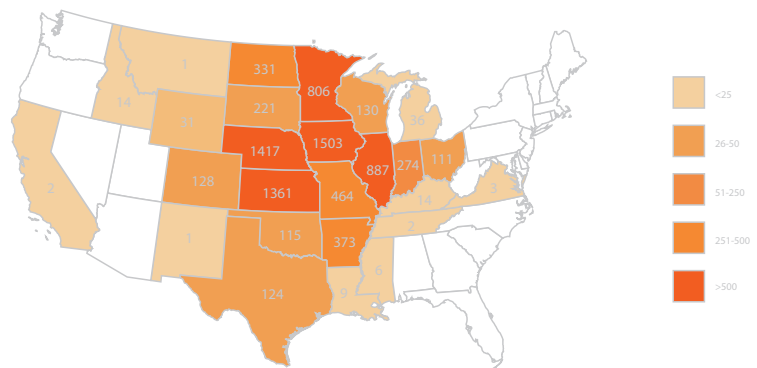
Texas, Iowa, Nebraska, Illinois, Arkansas, and South Dakota account for a majority of the Multi-Peril claims, which is 53 percent of the total claims reported so far.

“ As we enter into the most critical part of our liability exposure, we will continue our focus on and dedication to our claim service. All of us, whether in the field or home office, have a very high expectation of providing the kind of claim service our agents and policyholders expect. I wish you and your policyholders success in their farming operation this year and many years to come. Thank you for your business. ”

- Larry Ewart, Senior Vice President of Claims



CROP HAIL CLAIMS MAP



2016 Claims YTD (includes both open & processed claims)

FMH CLAIM SURVEY RESULTS REFLECT WORLD CLASS CUSTOMER SERVICE

Farmers Mutual Hail has been known for its outstanding claim service for generations, and now we have the numbers to prove it.

Over the last year, FMH has begun the full implementation of a claims experience survey. This survey asks policyholders about their adjuster and claim experience, and to-date we have received responses from 3,847 customers.

Using the Net Promoter Score™ methodology*, FMH's overall claims experience score is currently calculated at 77.6, which places the company in the "World Class" category of customer service. To qualify as World Class, a company must achieve a score of 75 or higher.

FMH based the customer's true overall experience on the likelihood they would promote the company. Customers were asked to measure on a scale of 0-10 the likelihood that they would recommend FMH to another producer.

- 83.1 percent selected 9-10
- 11.4 percent selected 7-8
- 5.5 percent selected 0-6

The Net Promoter Score™ methodology categorizes the scores into three descriptive groups: scores from 0-6 are considered detractors; scores from 7-8 are considered neutral; and scores from 9-10 are considered promoters. The net score is the promoter score minus the detractor score.

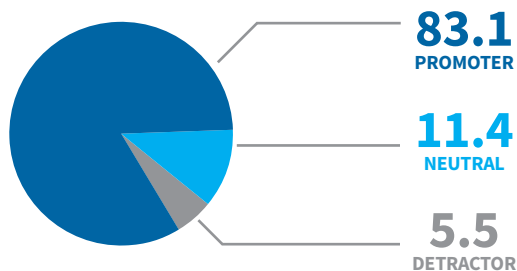
Applying this methodology to the FMH results, the FMH net score – or overall claims experience – is 77.6.



**WORLD
CLASS
CLAIMS
SERVICE**

“ I am very happy! Our adjuster did a great job. You have earned my trust. ”

- Ohio Policyholder



“ I was happy with the adjuster & thought she was very knowledgeable. I thought I was treated fairly by the adjuster and the company. ”

- Nebraska Policyholder

*Net Promoter Score is a customer loyalty metric developed by (and a registered trademark of) Fred Reichheld, Bain & Company, and Satmetrix.

TO OUR AGENTS:

How were these surveys delivered?

After a policyholder met with their adjuster, they received the FMH claim survey in the mail. They could either complete the 9-question survey online at the website provided on the survey, or they could fill out the survey and mail it to the FMH office.

Will FMH continue this survey?

Yes, this survey has been incorporated into the FMH claim procedures and the results are gathered regularly and shared with management.

What will FMH do with these results?

FMH will use the results from this survey to improve specific areas of adjuster training and the claims process. Using this measurable data, goals and customer satisfaction can be tracked regularly, and improved upon after every claim.



2017 MPCl FALL UPDATE MEETINGS

Join us for a 2017 MPCl Fall Update meeting in your area!

Trainers will go over 2017 MPCl program changes and subsequent impacts to policy processing, fall crop reminders and actuarial changes, FMH Agent Center highlights, and a production and record-keeping provisions review.

Register now at FMH.com/training.

Arkansas

8/17 Carlisle
8/18 Jonesboro

Colorado

8/18 Sterling

Idaho

8/17 Pocatello

Illinois

8/16 Effingham
8/17 Springfield
8/18 Princeton

Indiana

9/01 Kokomo

Kansas

8/23 Garden City
8/24 Hays
8/25 Salina
9/01 Wichita

Louisiana

8/16 West Monroe

Minnesota

8/30 Willmar

Mississippi

8/23 Southaven

Missouri

8/24 Miner
8/30 Columbia
8/31 Kansas City

Montana

8/16 Great Falls

Nebraska

8/30 Kearney
8/31 Beatrice
9/01 Columbus

North Dakota

8/25 Jamestown

Ohio

8/30 Findlay
8/31 Dublin

South Dakota

8/23 Huron

Texas

8/16 Amarillo
8/17 Lubbock

Wisconsin

8/31 Eau Claire
9/01 Madison

Questions about the meetings can be sent to FMH Training & Development at FMHTraining@fmh.com.

2017 FMHA SYSTEM ENHANCEMENTS

2017 will be an exciting year for FMH as all business will be processed through the FMH Agent Center (FMHA). The consolidation into one policy administration platform was important because maintaining two separate systems was impractical for cost and best business practices. The consolidation took a lot of effort over a short period of time, both from FMH employees and agents, and we sincerely appreciate everyone's patience as business was migrated into the FMH Agent Center.

In order to move business into a new system by Sales Closing Date and new crop year deadlines, many existing FMHA processes were adopted. We recognize that this massive amount of change that went with the migration has created some issues, and we have system enhancements planned for spring 2017 to help alleviate some of those issues. Some of the process changes that agents experienced in 2016 will not be the processes moving forward.

SPRING 2017 SYSTEM ENHANCEMENTS

✓ Document Printing Process

We will have a new Summary of Coverage (SOC) that has been redesigned to conform to the new CLU requirements. FMH will be printing and mailing the new SOC, as well as the Schedule of Insurance (SOI), Confirmation, and Cancellation notices directly to policyholders.

✓ Policy Provisions

We are developing an online portal that will house electronic provisions, enabling agents and insureds to view provisions by policy. FMH will still print and mail these documents if the insured requests them.

✓ Hail Business Enhancements

We will add hail plan descriptions that can be viewed while editing a policy within FMHA, as well as reduce the number of hail plans offered. We are also planning to enhance FMHA's hail quoting abilities.

✓ Forms Redesign

We are enhancing some forms for ease of use, including the Confirmation page, Acreage Report with CLU form, and Application forms.

✓ Batch Uploading of Documents Process

We are working on the process to be able to batch upload documents by applying bar codes to forms.

✓ Precision Tech and Mapping Enhancements

We will rewrite the mapping database to allow faster processing of the application.

POLICY MIGRATION: PREPARING FOR FINAL PHASE



We are dedicated to increasing the ease of doing business with us by migrating business into a single policy administration platform.

Multi-Peril fall policy migration is complete and all FMH Multi-Peril business is in the FMH Agent Center. The final phase of policy migration will include moving the remaining Crop Hail business from eCrop to the FMH Agent Center, and will begin this winter.

"We're 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.

Agents in eCrop will learn more details about this process and what to expect in the upcoming months. For Crop Hail agents new to the FMH Agent Center, multiple training webinars and online guides will be available. Agents are also encouraged to reach out to their sales managers with any questions they may have about the process.



2016 CROPS BETTER THAN LAST YEAR

If the mild weather patterns continue until harvest, we hope that the positive crop conditions can continue as well. Though some areas of the nation had a late start to planting due to excessive moisture, the summer's crops have made up for a tardy arrival with crop conditions coming in better than last year's crops at this time.

"With the recent rains over the last few weeks throughout the Midwest, the corn and soybean crops look to be off to a great start," said Larry Ewart, Senior Vice President of Claims.

According to the mid-July USDA report, 76 percent of the U.S. corn is in good to excellent condition. At this time last year, only 69 percent of the corn was rated good to excellent. Minnesota is barely beating out Iowa with the best corn crop, with 82 percent in good to excellent condition.

Soybeans are also having a good year, with 71 percent in good to excellent condition. Last year, only 62 percent of soybeans

fell into this category in mid-July. Iowa can boast the best soybean crops right now, with 80 percent in good to excellent condition.

"Soybean conditions are still firmly among the best observed over the last 30 years," stated a Planalytics report. The report also noted that the "2016 U.S. soybean crop is in a better position than corn to handle the hot and dry weather looming in late July."

The same rains that gave corn and soybeans a healthy boost in early July also slightly delayed the wheat harvest in Kansas and Nebraska, but it certainly didn't affect the crop outcome.

"The wheat yields through Kansas, western Nebraska, and eastern Colorado have been reported as outstanding," said Ewart. "Yields exceeding 75 bushels to the acre have been reported in many counties."



PRECISION CROP INSURANCE SOLUTIONS

FMH PRECISION CLAIMS

Producers can further utilize their precision equipment and experience an easier claims process by using Precision Claims. Precision Claims use the precision data that is already being collected within a producer's Farm Management Software (FMS) for claim settlement.

BENEFITS OF PRECISION CLAIMS

Faster Payment

The time required to validate a crop insurance claim is reduced when an FMH adjuster utilizes the records directly from the producer's precision system. Using precision data, adjusting a claim now takes a fraction of the time – a process that used to take three days could be reduced to as little as 30 minutes.

Easier Process

Only a few pieces of documentation are needed to complete a claim using precision data:

- Planting - Seeding Map
- Wet-Weight Yield and Moisture Map
- Calibration Report

Most Accurate

Have the confidence that the producer's data is submitted accurately, consistently, and completely – which results in the most fair loss payment.

DID YOU KNOW?

Producers don't have to report acreage or production via Automated Crop Reporting (ACR) to use Precision Claims. To be eligible, they just need to do the following:

- Record Planting Data
- Calibrate
- Record Harvest Data

HARVEST SAFETY REMINDERS

Harvest is right around the corner and so are the dangerous risks that come with the upcoming season. Farm accidents happen too often, and many of them can be avoided. FMH wants to ensure that farmers have a safe and successful season with our Harvest Safety Reminders:

1. Do not stand on grain that is being moved.
2. Secure reflective "Slow-Moving Vehicle" (SMV) signs and lights on equipment, especially important when working at night.
3. Wait until all mechanisms have stopped moving before attempting to service or unclog a machine.
4. Do not step over a rotating PTO.
5. Lock hydraulic cylinders or support the head prior to working under it.
6. Keep all guards in place.
7. Be conscious of where all co-workers are. It is hard to see your surroundings in large machinery.
8. Have all safety equipment in proper condition and ready to use.
9. Have ROPS (rollover protective structures) fitted on tractors.
10. Take breaks. Get enough sleep. Rest is important in order to be completely focused while working.

FMH CO-OP ADVERTISING PROGRAM

Have you been advertising FMH Crop Hail or Property & Casualty insurance this summer?

If so, you could be eligible for the FMH Co-op Advertising Program, where up to half the cost of your ad could be reimbursed by FMH.

How do I determine agency eligibility?

Reimbursement amounts are based on the total Crop Hail and Property & Casualty premium an agency wrote with FMH in the prior calendar year. Eligible agencies will qualify for one of three tier levels.

What qualifies an ad for the FMH Co-op Advertising Program?

- The ad must include the Farmers Mutual Hail logo or name.*
- Content must **only** reference Crop Hail or Property & Casualty insurance. Any piece referencing Multi-Peril crop insurance will not receive reimbursement.*

What forms of advertisements are eligible?

- Billboards
- County Directory
- Magazine
- Newspaper
- Radio
- Stand-Up Banners
- Tradeshow Booths
- TV Commercial

Go to marketing.fmh.com/coop.html to learn more about the FMH Co-op Advertising Program, determine your tier level for eligibility, and to fill out a reimbursement form.

**Farmers Mutual Hail reserves the right to make final determination of qualification.*



AUGUST SALES MANAGER TRAINING

This August, FMH Field Sales Managers will be gathering in West Des Moines, Iowa, for a weeklong training workshop. The workshop includes a sales coaching program by Dale Carnegie, company updates from FMH leadership, and prep for the fall sales season.

Recently, FMH emailed a survey to our agency force about the knowledge and service of the FMH sales staff. Over 250 agencies responded, with 87.2 percent satisfied with their sales staff.

One agent commented, "I appreciate the service and commitment [my sales manager] has to FMH and to me. I work with confidence in mind that when I need assistance, he will return a communication and reach out to assist me in a professional manner."

Though a largely positive response, there were areas identified where improvements could be made. FMH management took these needs into consideration when planning the upcoming training workshop, and incorporated specific training sessions to improve knowledge and service where needed.

One such area includes increasing the FMH Sales Manager's role in helping an agency grow a successful business, as well as implementing sound risk management solutions for their producers. Training will focus on building a professional partnership where both the agency and the company are profitable from the agency's growth.

FMH takes great pride in its strong sales management force. Continuous training ensures that our managers can not only meet the needs of today's agencies, but exceed expectations when it comes to customer service and dedication to the company-agency relationship. We understand that your FMH sales manager truly makes a difference in why you choose to partner with FMH, and we look forward to building that relationship further.



FMH SPONSORS 7TH ANNUAL CHARITY GOLF EVENT FOR OVARIAN CANCER COMMUNITY OUTREACH ORGANIZATION

On July 30, supporters of the Ovarian Cancer Community Outreach Organization teed off at the 7th annual “Tee Up for Ovarian Cancer” charity golf event, hosted at Thornberry Creek Golf Course in Oneida, Wisconsin.

The non-profit, 100-percent-volunteer organization was founded in 2009 by the late Connie Rutledge, sister of FMH President Ron Rutledge, while she was fighting her own personal battle with ovarian cancer. In addition to golf, the event also featured dinner, raffles, and a silent auction, with all proceeds going to benefit regional cancer research institutes.

FMH has already donated \$10,000 to the Ovarian Cancer Community Outreach Organization in 2016 alone, and over \$62,000 since the organization’s inception.

“It is truly an honor and a pleasure to support the continuing efforts of the Ovarian Cancer Community Outreach that was founded by my sister,” said Ron Rutledge. “Connie was a champion at making a difference in people’s lives and her legacy is a tribute to her unending quest to help people.”

During the course of Connie Rutledge’s treatment for ovarian cancer, she discovered three important things that shaped the mission of her organization: many women weren’t aware of the symptoms of ovarian cancer, they couldn’t cope with the financial burden of treatment and, finally, she truly believed that finding a cure was possible. These three tenets — awareness, support, and hope — formed the foundation of Connie’s organization. She passed away in September 2010, but the group continues on in her memory.

The organization was nominated for the 2013 Ethics in Business Award for the non-profit category, an award that recognizes groups and individuals that are positive models and generous developers of ethical capital in the community.



FMH President Ron Rutledge (left) and his wife, Tammy (middle left), with their team at the 7th annual OCCO golf event.





FMH TRAVELS: 2017 INCENTIVE TRIPS

FMH has four incentive trips planned for 2017. We hope to see you at one of them!

January: Grand Velas Resort, Riviera Maya, Mexico

June: Minnesota Twins Baseball Outing (Minneapolis, MN)

August: Solheim Cup (Des Moines, IA)

October: Pheasant Bonanza Hunt Club (Tekamah, NE)

Reminder: Qualifying trip points are earned based on Crop Hail, P&C, or Reinsurance premium only. Log into the Agent Resource Center to view incentive trip rules and more details about these upcoming trips.

Watch your email for more information.

PEOPLE IN THE NEWS

NEW HIRES, PROMOTIONS, AND TRANSFERS



Donna Christensen has been promoted to Insurance Specialist II.



Ashley Constable has been promoted to Agency Specialist II.



Chris Crawford has been promoted to Cash Management Supervisor I.



Dona Cretors has been promoted to Product Owner I. She was previously Insurance Specialist III.



Josh Menz has been promoted to Insurance Specialist III.



Rita Deveny has been hired as District Sales Manager I for Western Nebraska, Northern Colorado, and Wyoming.



Tim Rutledge has transferred to Help Desk Specialist I. He was previously Insurance Specialist II.

SUMMER EMPLOYEE PROGRAM

Farmers Mutual Hail is proud to announce the success of another summer employee program at the home office.

Each year, summer employees are placed in various departments throughout the company. This is a great way to introduce students to the agriculture and insurance fields. This year, the students also received professional development training, such as presentation skills, and the chance to interview a panel of FMH managers.

The long-running summer employee program has introduced several of our full-time employees to FMH in past years. The service that we provide our agents and policyholders would not be possible without their help.

Farmers Mutual Hail would like to thank them for their hard work over the summer. We wish them the best in their future endeavors and as they head back to school.

Agency/Sales/Marketing: Abbie Van Vleet, Amanda Johnson

Corporate Services: Nathan Ladehoff

Crop Operations: Kenny Cortum, Josh Ladehoff

Data Processing: Nick Cretors, Maddie Piechowski

IT-Development: Allison Porter, John Draughn

IT-Technical: Fuller Biehl, Kale Biehl



2016 Summer Employees (*pictured left to right*): Josh Ladehoff, Maddie Piechowski, John Draughn, Allison Porter, Nick Cretors, Amanda Johnson, Nathan Ladehoff, Kenny Cortum.

Not pictured: Abbie Van Vleet, Fuller Biehl, and Kale Biehl

IN MEMORY

Denver Hoggard

We regret to inform you of the passing of longtime FMH adjuster Denver Hoggard of Harviell, Missouri, on July 6, 2016, at the age of 80.

Denver adjusted for FMH from 2002 until his passing. He was born and raised in Rector, Arkansas, and served in the U.S. Army for two years. He was a talented guitar and mandolin player, and was also an avid hunter and fisherman. Denver loved his family that he raised with his late wife of 58 years, ElFreeda, and he especially loved spending time with their grandchildren. He enjoyed attending the Thousand Hills Cowboy Church and looked forward to morning coffee with his buddies.

Our thoughts and prayers are with his family and friends.

Irlee Stagemeyer

We regret to inform you of the passing of longtime FMH adjuster Irlee Stagemeyer of Holbrook, Nebraska, on July 15, 2016, at the age of 79.

Irlee adjusted for FMH from 1997-2012. He grew up near Holbrook on his family's farm, and attended the University of Nebraska-Lincoln to become a teacher of high school vocational agriculture. Irlee was called to serve in the military, and after he was discharged, he and his wife, Rosemary, continued to teach until the late 60's when they decided to farm and raise cattle full-time on his family's farm. He continued his passion for teaching as a part-time agriculture instructor and as an FFA advisor. He was involved in his church, the Nebraska Simmental Association, and strong promoter of FFA and 4-H.

Our thoughts and prayers are with his family and friends.

Clair 'Spec' Messerschmidt

We regret to inform you of the passing of longtime FMH agent and adjuster Clair "Spec" Messerschmidt of Sheffield, Iowa, on June 9, 2016, at the age of 92.

Spec began writing FMH crop insurance in 1957, and later adjusted for the company in his retirement. He has many family members that currently work for FMH, including his daughter, Leslie Bruett; son-in-law, Rodger Bruett; granddaughter, Mindy Klaassen; and niece, Jodie Dalsing.

Spec grew up on his family's farm outside of Sheffield. He served as a Navy Seabee during World War II. After his discharge, he attended university before returning to the family farm, where he farmed until retiring in 1979. Spec remained involved in the community through church and the American Legion. He also enjoyed hunting, fishing, and spending time with his wife of 56 years, Phyllis, and their large family.

Our thoughts and prayers are with his family and friends.

MARK YOUR CALENDARS

FARM PROGRESS SHOW

AUGUST 30 – SEPTEMBER 1 | BOONE, IOWA



Visit the FMH booth at
the largest outdoor farm
show in the country!

Ticket information and maps: www.farmprogressshow.com

Hours: Tuesday & Wednesday - 8 a.m. to 5 p.m.

Thursday - 8 a.m. to 4 p.m.

TheCloud

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