

2015 Brings a Return to Profitability: President & CEO Reflects on 2015



Ron Rutledge
President & CEO

One of my favorite truisms is that 'normal' is just the average of abnormals. I'm pretty sure 2015 was another 'abnormal' year, but what a difference from the three previous.

Last year, our projected MPCl gross loss ratio was just shy of 104 percent. This year, on a much larger book, we are projected at just over 58 percent. Neither of those are what I would call 'normal' loss ratios, but it is a rather enormous – and welcome – improvement!

Our Crop Hail business is also looking great at a projected 53 percent loss ratio. While a single year of good results can't overcome the losses of 2012-2014, it will make a nice dent in them and we are looking forward to sharing our good fortune with our agents when we send out MPCl profit sharing checks this fall.

Our Reinsurance Department will once again be profitable for 2015, and our P&C Division, with another year of impressive growth, is reaching critical mass and is on the cusp of booking some black ink.

While 2015 turned out to be a good year, we didn't assume it would be and we made a number of

changes a year ago to ensure our results were consistent with the industry – and that Iowa, our flagship state, couldn't overpower our results as it has done in recent years.

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 John Deere Insurance Company acquisition, we are confident we have put Farmers Mutual Hail in a very strong position for future success.

Speaking of the acquisition, many of you have asked how it's going. Quite frankly, it has been amazing. Our first goal was to get all of the computer systems in-house and under our control. That project was completed a month early and under budget. How often does that happen?

We've also reconciled product, rate and provision differences, made filings for all of the changes with the state insurance departments in a timely manner, and have streamlined processes and made great improvements in efficiency.

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2016 KEY BUSINESS STRATEGIES

2015 was a year of transition and growth for Farmers Mutual Hail. As we enter 2016, FMH is focused on strategies to create new efficiencies, and to support a premier agency experience.

The company is moving full speed ahead with continued investment in systems, processes, and key differentiators to help our agencies and our company serve our joint customers with the best service and benefits in the industry.

FMH will continue to share with our agencies about the execution on our core strategies as well as important industry developments.

Turn to the next page to read about initiatives related to our continued

dedication to improving the support of our agency force. These strategies will strengthen our core crop insurance business and are intended to deepen our relationship with your agency.

As the spring selling season gets underway, we would like to thank you for your business and for partnering with FMH. We look forward to growing with you in the year ahead.

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President & CEO Reflects on 2015 (cont.)

The team came together exceptionally well from the beginning, and the combination of the two organizations has surged with the synergy we envisioned. That is a testament to the commonality of cultures and to the commitment and integrity of all of the people that work at Farmers Mutual Hail.

We are now working feverishly on policy migration and I'd like to thank all of you for your patience as we get the business consolidated into one system.

Our strategic focus on precision agriculture continues to be a priority for us and we are working hard to provide the services our agents need to expand their use of it. We are also collaborating with Deere & Company to not only drive more utilization, but to look for new uses and services that we can provide to you. More accurate data, more efficient processing, and the faster completion that comes from using precision ag are benefits our insureds, our agents, and the Company can all enjoy.

Before I close I'd like to make one more point: with the recent purchase of RCIS by the Zurich Insurance Group, over three-fourths of the MPCl market is now ultimately owned by foreign companies.

While being 'Made in America' may not be important to everybody, Farmers Mutual Hail takes great pride in being a U.S. based company, domiciled in the heart of the Corn Belt, and as a mutual, we will never be for sale or change ownership.

They say 'life is about change,' but there are some things you can always count on – and FMH continuing to serve America's farmers, as we have done for over 123 years, is one of them.

We look forward to 2016 and our continued success with a great group of employees and with you, our partners. Here's to a healthy, happy, and successful year!

Best wishes,



Ron Rutledge
President & CEO



2016 KEY BUSINESS STRATEGIES



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

About the Policy Migration Process
FMH has started migrating multi-peril policies from eCrop to the FMH Agent Center (FMHA). This complex undertaking is taking place only months after the successful FMHA system launch in September.

With a project of this magnitude, Farmers Mutual Hail's first priority is customer service. Training webinars are available to agents new to FMHA, and agents are encouraged to reach out to their sales managers with any questions they may have about the process.

By migrating business into a single policy administration platform, we will increase the ease of doing business with us, and expand our technology solutions for agents, providing a premier experience for our agency partners.

About the FMH Agent Center

FMH Agent Center (FMHA) is a proven web-based MPCl and Hail policy administration system that features map-based acreage reporting, precision technology solutions, claim updates, and much more. FMHA will align our multiple existing systems and business processes into a single policy administration platform.



Precision Technology
We are dedicated to providing industry-leading precision technology products and services to help differentiate FMH agencies in the marketplace.

About Precision Crop Insurance Solutions
Our precision technology reporting and claim solutions provide significant advantages for our agents and customers, and set us apart from other crop insurers. With increasing demand by farmers, agents will benefit from having access to this technology. Our plan is to continue to improve our agency support by investing in enhanced training and sales resources.

Field and In-house Support
We're increasing our support in the field with Precision Technology Specialists that are available to educate agencies on best practices for using growers' precision data for crop insurance. They are also available to help growers and their data managers ensure they have met all the requirements needed for crop insurance reporting. Agents utilizing Automated Crop Reporting and other precision technology services can always contact the home office and speak with one of our in-house ACR Specialists when they have questions.

Relationship with John Deere
Our ongoing relationship with John Deere continues well beyond the purchase of the crop insurance business. It is a continuous effort between two agricultural companies that are fully invested in serving our shared customers in the best manner possible. FMH and John Deere continue to work together to enable customers to transfer precision data to their FMH agents through MyJohnDeere.com, which is one of the preferred platforms for customers to send data to the FMH Agent Center.



Agency Segmentation
We are dedicated to our agency partnerships and investing in agencies with demonstrated commitment to FMH.

Grow Our Mutual Success
Thriving agency partnerships are vital to our continued success, and both FMH and our agents benefit when we align with each other to serve our customers. To support our mutual success in growing our business relationship, we will organize and invest additional resources in agencies with demonstrated commitment to FMH.

FMH Agent Center Features

- ✓ Personalized Policy & Claims Reports
- ✓ Automated Reminders & Claims Status Updates
- ✓ Precision Technology Solutions
- ✓ Customizable Quotes for Quick, Farm, Batch & Crop Hail Products



2016 Adjuster Schools

Providing outstanding service for policyholders is a key component to FMH's long-term stability and success. Our large staff of adjusters plays an essential role in providing the unrivaled service that FMH is so well-known for throughout the nation.

Our adjusters must complete a substantial amount of training each year to ensure accurate adjustments and quality service. In addition to field days, one-on-one training, and specialty classes, FMH is holding two, three-day adjuster schools that will cover MPCl topics of importance for adjusters in the company. Below are the dates and locations for this year's adjuster schools.



February 23-25

Sheraton Hotel | West Des Moines, Iowa

Applies to: Delta, Midwest, Northeast, Southeast, Southwest & West Central Regions

March 22-24

Sheraton Hotel | West Des Moines, Iowa

Applies to: East Central, Far West/Dakota, Great Lakes & Northern Regions



2016 Mapping

Farmers Mutual Hail will no longer be offering the eCrop FMH Map Book mapping service with the policy migration to the FMH Agent Center. Agents will have enhanced mapping capabilities in 2016 with FMHA:

Wall Maps

FMH Wall Maps are available to all agents. Wall maps are available in two different sizes and paper types, and can also be dry-erase laminated.

Map-Based Reports

FMHA offers on-demand, self-service mapping options which allow an agency to generate and print their own map-based reports, so there is no need to send 578s/maps to the FMH home office. The following reporting options are available:

- Map Based Combo Report (Acreage, Production and APH History)
- Map Based Production Report
- Map Book Report
- Pocket Map Book Report
- CIMS Producer Summary
- Wall Map Report

Migrating Agencies Reminder

Once migrated into FMHA, policies will not initially have all of the data required to run mapping reports. Agents unfamiliar with the system's mapping requirements will need to sign up for a mapping webinar and then enter specific data before running the reports. Go to www.fmh.com/training to learn more and register for mapping webinars.

2016 Industry Association Committee Members

Farmers Mutual Hail Thanks These Individuals for Their Contributions to the Industry

We are very proud to have so many FMH employees that volunteer their time for industry committees and associations. We would like to recognize those who are currently serving terms and thank them for their extra time and effort above and beyond their daily responsibilities.

Larry Casey

*Member, NCIS TIP Committee
Member, Technology Association of Iowa
Member, Iowa CIO Forum*

Larry Ewart

Chairman, NCIS Crop Hail Policy, Procedure, and Loss Adjustment (CHPPLA) Committee

Pat Faga

*Board of Directors and Treasurer, Iowa Insurance Institute
Member, Mutual Insurance Association of Iowa (MIAI) Guarantee Fund Committee*

Carrie Flynn

Member, National Agri-Marketing Association (NAMA)

Chad Groen

Co-Chair, NCIS Minnesota Crop Hail School

Jim Hanson

Member, University of Minnesota Annual Crop Insurance Conference Steering Committee

Nick Harris

Board of Directors Vice President, Central Iowa Chapter of National Customer Service Association (NCSA)

Tracy Klever

Member, NCIS Training & Development Committee

Grant Krohn

Member, NCIS MPCl Policy Procedure and Loss Adjustment (PPLA) Committee

Candy Magee

Board of Directors and Education Committee Chair, Intermediaries and Reinsurance Underwriters Inc. (IRU, Inc.)

Rob Martin

Member, Illinois Association of Mutual Insurance Companies (IAMIC) Education Committee

Scott McEntee

*Board Member and Mentor, Global Insurance Accelerator
Chairman, Insurance Accounting and System Association (IASA) Membership Committee
Member, IASA ELearning Committee*

Becky Piechowski

Member, NCIS Communication & Outreach Committee

Jim Polish

*Board Member, Iowa Farm Safety Council
Chairman, MIAI Claims and Loss Control Committee*

Don Preusser

Member, NCIS Program Development Committee (PDC)

Aaron Rutledge

Member, CIRB Emerging Leaders Program

Ron Rutledge

*Board of Directors and Audit Committee Member, NCIS
Board of Directors, Executive Committee, and Vice Chairman, CIRB*

Shannon Rutledge

Member, NCIS Underwriting and Operations Committee

John Thompson

Board of Directors Speaker and Event Coordinator, Central Iowa Chapter of NCSA

Lance Van Vleet

*Member, Securities & Insurance Licensing Association (SILA)
Member, Insurance Carrier Relations Committee*

Renee Walters

Member, MIAI Planning Committee

FMH TRAVELS 2016 INCENTIVE TRIP

Indianapolis, Indiana

May 27-30, 2016

5,500 points per couple



2016 marks the 100th anniversary of the Indy 500, and you have the opportunity to be there!

Join FMH for the excitement and energy that surrounds this event as drivers set new records, reaching speeds in excess of 240 mph on the 2.5 mile racetrack. Outside of race day, be prepared to explore even more of the "Circle City," known for its great sporting venues, shopping, restaurants, and nightlife. Registration will be opening in March.

NOTE: This trip will be the last chance to use points earned from 2013, 2014, and 2015 Crop Hail, P&C, and Reinsurance premium. At the end of 2016, those points will expire. A new incentive trip point structure based on 2016 books of business will be coming for 2017 trips.

Check Your Points Online

Go to www.FMHTravels.com to check your points by agency code. Email IncentiveTrips@fmh.com if you have questions about the FMH Travels program.



FMH MARKETING CENTER

Print Materials

Check out our redesigned product brochures and booklets on the FMH Marketing Center.

- Each piece provides detailed overviews of FMH products and risk management solutions.
- Sample calculations and term definitions make it easy to introduce new products to customers.



MARKETING.FMH.COM

Branding

Are you using the FMH logo on your agency website or in advertisements? Our branding page has all the branding info you need, including downloadable logos and guidelines.



Farmers Mutual Hail
Insurance Company of Iowa

FMH MARKETING CENTER

Co-op Advertising Program

Did you know that Farmers Mutual Hail may reimburse your agency up to half the cost of your ad?

Through the FMH Co-op Advertising program, agencies are eligible for co-op dollars based on the total crop hail and property & casualty premium they wrote with FMH in the prior calendar year. New agencies without prior year business are eligible for the first tier level.

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.*

Tier Levels

Your total previous year book of crop hail and property & casualty premium with Farmers Mutual Hail will be used to establish the level for which you are eligible. The reimbursement is based on half of each bill submitted until you reach your maximum allotment for the year.

| | Tier 1 | Tier 2 | Tier 3 |
|--|----------------------|-----------------------|----------------------|
| Crop Hail and Property & Casualty Premium | \$50,000 - \$100,000 | \$100,001 - \$300,000 | \$300,000 and Higher |
| Percent of Reimbursement for Each Invoice Submitted* | 50% | 50% | 50% |
| Total Agency Allotment per Year | \$200 | \$400 | \$600 |

Go to marketing.fmh.com/coop.html to learn more about the FMH Co-op Advertising Program and to fill out a reimbursement form.

What forms of advertisements are eligible?

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

What items are NOT eligible?

- Pieces referencing multi-peril crop insurance
- Online store purchases
- Door prizes, golf fees
- Personalized postcards
- Postage or mailing/handling fees
- Livestock

Need help designing your ad? Go to marketing.fmh.com/advertising.html to select customizable advertising options.



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

CONGRATULATIONS, RETIREES!

Like a graduating class of high school seniors, some of FMH’s longest working employees retired together at the end of January. Though no caps and gowns were donned, each employee left with a sense of accomplishment and a smile, knowing they’ve left their mark on the company after a long and successful career. Together, the employees on these pages have a combined 358 years with Farmers Mutual Hail.

FMH thanks each employee for their years of service and wishes them the best in retirement!



Barb Raife
*Senior Vice President
of Crop Hail*
34 Years of Service

After receiving her B.S. in Education and Arts from Iowa State University, Barb worked at a day care before joining FMH full-time in Underwriting.

“I worked at FMH during the summers while in college,” she said. “We goofed around a lot while we were summer help – I’m still friends with some of those people.”

Favorite FMH memory: “Working on the system conversion from TIP to eCrop. We had a great team that worked well together. We worked really hard but had a lot of fun at the same time. We were proud of the end result.”

Favorite part of job: “Problem solving: figuring out a solution and trying to find a win-win answer that’s fair to all parties.”

What I’ll miss the most: “I will miss the people I’ve worked with. We end up spending more time with our coworkers than we do with our families. I’ve worked with some wonderful people that I regard as good friends that I’ll miss talking with on a regular basis.”

What sets FMH apart: “At the first adjuster school I attended, the message of ‘pay the insured what he has coming – no more, no less’ has really stuck with me. Treat every insured fairly; treat the company fairly: that’s a pretty good business model!”

Retirement plans: “I plan to travel, spend more time gardening and quilting, and – most importantly – spend time with my grandsons Eliot (3) and Benjamin (9 months).”

Barb will also remain on the FMH Board of Directors until the end of her term.



Karen Daugherty
Assistant Vice President of Crop Hail
31 Years of Service

Karen started at FMH as a “summer kid” during college, and joined full-time after teaching junior high for six years.

Favorite FMH memory: “The centennial celebrations in 1993: they had all of these decorations and contests – even a cookbook and a company choir that I sang in.”

Retirement plans: “I want to travel, take piano lessons, write mission and Sunday school curriculum, and continue to decorate tables for charity events. I also plan to visit different tea rooms in the area with a group of friends.”



Roger Haist
P&C Underwriting Specialist
39 Years of Service

Roger joined FMH when his current company, Farmers Union Cooperative Insurance Company, was acquired by FMH in 1991. Roger has achieved his CPCU designation and his Certified Insurance Counselor designation in his career.

Favorite FMH memory: “Mostly, it has been working with a highly talented and dedicated employee force at FMH. They are folks who offer all they have from the heart!”

Retirement plans: “Fishing, home improvement, and packing a tent and cooler for 2-3 day tour in that direction...or perhaps that direction instead!”



Joni Farwell
Policy Administration Manager
39 Years of Service

After receiving her Secretarial Degree from AIB College, Joni went to her first-ever job interview at FMH...and the rest is history!

Favorite FMH memory: “I really enjoyed helping to create the MPCU Department and the Data Department. I’ve had some awesome teams over the years that made goals I never thought were possible – I learned you can do anything with great teams.”

Retirement plans: “I want to be that nana that goes to all of her grandkids’ school programs and sporting events. I also plan to travel. One of the things on my bucket list is to make it to all 50 states...I have beaches that are calling my name!”



Virginia Constable
Executive Assistant to the CFO
26 Years of Service

Virginia started at a reinsurance brokerage firm that did business with FMH. When her branch closed in 1989, she joined FMH.

Favorite FMH memory: “In the old [home office] building, most everyone took a morning and afternoon break in the cafeteria, and no one was at their desk to answer their phones. When I worked for the reinsurance brokerage firm, we knew not to call FMH at break time!”

Retirement plans: “I plan to spend winters in Arizona or Florida, and summers in Okoboji, Iowa - and, of course, spend as much time as possible with family!”



Marvin Lancaster
Mail Center Output Processing Specialist
25 Years of Service

Marvin joined FMH in 1990 after a friend told him about the Print Press Operator opening.

Favorite FMH memory: “Preparing for the centennial celebration in 1993 - we had so much going on, but it just seemed to fly by. In that short time, I not only made good friends, I got hooked on FMH and wanted to stay as long as possible.”

Retirement plans: “My wife, Karin, and I love to travel with our two dogs in our camper. We hope to camp in all 50 states – we have 11 more to hit that goal!”



Vickie Bell
Accounting Manager
39 Years of Service

After receiving her Certificate in Accounting from Truman State University, Vickie applied for a job opening she found in the Yellow Pages. That job happened to be at FMH.

Favorite FMH memory: “I really enjoyed my job. Some of my favorite memories are when work was fun and not just work – I will miss how close-knit the FMH family is.”

Retirement plans: “I will be a grandma for the first time at the end of May, so that will be a new experience! I might also do some traveling.”



Deb Smith
Agency Services Specialist
41 Years of Service

Deb’s neighbor and then FMH print shop manager, Clarence Clement, encouraged her to apply at Farmers Mutual Hail after graduating from high school.

Favorite FMH memory: “Everyone dressing to the nines and June Gilham’s touching speech at the centennial celebration banquet in 1993. Also, the random birthday celebrations and Hawaiian Luau parties. I will definitely miss my coworkers.”

Retirement plans: “I bought a new Nikon digital camera and will be taking some photography classes...but most of all, I’ll be watching my new granddaughter, Hadley, one day a week!”



Jeff Dunlap
North Dakota Claims Supervisor
28 Years of Service



Mary Ann Bockelman-Abdallah
Project Manager
27 Years of Service



Debbie Rockwell
Mail Center Output Processing Specialist
29 Years of Service

FMH Employees Present \$50K Donation to Local Children’s Hospital

Every spring for the past ten years, Farmers Mutual Hail employees volunteer their time – and often their heads – to raise money for the St. Baldrick’s Foundation at the annual St. Baldrick’s Head Shaving Event.

This past December, volunteers had the opportunity to meet with personnel at a local children’s hospital to present a \$50,000 check to use towards “conquering childhood cancer,” and to learn first-hand just how far their donations go.

“With other organizations, we don’t often get to see how our donations impact people,” said Jim Polish, FMH Senior Mutual Services Representative and St. Baldrick’s Foundation volunteer. “With St. Baldrick’s, we can see our how our donation directly helps this hospital.”

The pediatric cancer center’s medical director, Dr. Wendy Woods-Swofford, addressed the volunteers and explained the various areas in which their donation directly helps the patients. Because of funding provided by St. Baldrick’s Foundation, 60 patients and their families are able to stay in central Iowa and receive treatment at the center. The center is also now able to support a full-time pharmacist dedicated only to the hospital’s pediatric cancer patients.

“We are grateful beyond words,” added Dr. Woods-Swofford.

St. Baldrick’s Foundation is an organization dedicated to funding the most promising research to find cures for childhood cancers and give survivors long and healthy lives.

The 11th annual St. Baldrick’s Head Shaving Event in Central Iowa will be held in West Des Moines on March 8, 2016.



Pictured from left to right: Renee Walters (FMH), Liesha Lane (Funny Bone Comedy Club), Jenny Shoeman (FMH), Kim Walker (FMH), Karen Wright (Unity Point), Dr. Wendy Woods-Swofford (Blank Children’s Hospital), Jim Polish (FMH), Liz Jackson (St. Baldrick’s Foundation), Debbie Ladehoff (FMH)

People in the News

FMH is pleased to announce the following promotions and transfers in the field:



Dave Benes
Promoted to Assistant Vice President / Regional Sales Manager



Ryan Benes
Promoted to District Sales Manager II



Chock Hefner
Promoted to District Sales Manager II



Dave Kahle
Promoted to Assistant Vice President / Regional Sales Manager



Robby Shrum
Promoted to District Sales Manager III



Branden Plummer
Transferred to Precision Technology Specialist



Patrick Temple
Transferred to Precision Technology Specialist



Russ Hefner
Assumed the role of Strategic Account Manager for TX, OK, and KS

People in the News

FMH is pleased to announce the following promotions, transfer, and new hire in the home office:



Zach Allsup
Promoted to Assistant Vice President / Claims



Najua Anderson
Promoted to Insurance Specialist II



Angie Brooker
Promoted to Senior Reinsurance Underwriter / Reinsurance Operations Administrator III



Rob Martin
Promoted to Senior Reinsurance Underwriter



Jake Ritland
Promoted to P&C Underwriter I



Trevor Robins
Promoted to Training & Development Coordinator



Kim Walker
Promoted to Reinsurance Underwriting Assistant II



Jim Wilson
Promoted to Assistant Vice President / Claims



Stefanie Wolfe
Promoted to Insurance Specialist II



Jenny Bos
Hired as Reinsurance Claims Analyst



Brian Hagen
Transferred to ACR Specialist I

In Memory

Vincent Krinke

We regret to inform you of the passing of former FMH adjuster Vincent Krinke of Blue Earth, MN, on December 19, 2015 at the age of 94.

Vincent grew up in Elmore, MN, and began farming with his family after graduating from high school. When he retired from farming, he became a hail adjuster with FMH.

He is survived by two children, four grandchildren, and 10 great-grandchildren.

Our thoughts and prayers are with his family and friends.

Ray Olson

We regret to inform you of the passing of former FMH Personnel Manager Ray Olson of Bonners Ferry, ID on January 23, 2016 at the age of 95.

In his 30 years at the company, Ray also served as Assistant Secretary on the Board of Directors, as well as Vice President of his department. After retiring in 1982, Ray enjoyed gardening and traveling with his wife of 68 years, Hazel, and spending winters in Florida.

He is survived by two children, 11 grandchildren, and 30 great-grandchildren.

Our thoughts and prayers are with his family and friends.

Roger Irwin

We regret to inform you of the passing of former FMH adjuster Roger Irwin of Remsen, IA on February 3, 2016, at the age of 83.

Roger began farming in rural Remsen in 1955, after serving in the U.S. Army. He was a hail adjuster for FMH from 1991 to 2009, as well as federal crop adjuster and clerk for Henry Township.

He is survived by his wife of 62 years, Marjorie, six children, 15 grandchildren, and four great-grandchildren.

Our thoughts and prayers are with his family and friends.

ALL NEW PRICE DISCOVERY TOOL

Projected price values are in the discovery period for many crops across our writing area. Our **completely redesigned** price discovery tool will help you **stay informed** about the markets and when final crop insurance prices are established.

