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Farmers Mutual Hail
Insurance Company of Iowa

2017 YEAR IN REVIEW

In his reflection on 2017, President and CEO Ron Rutledge discusses the shift towards one company, major FMH technology enhancements, and why FMH has lasted for 125 years. Read more on page 2.

“ FMH will continue to be there for America’s farmers for the same reason it is here after 125 years – we put customers first. ”

-Ron Rutledge
President & CEO

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Farmers Mutual Hail
Insurance Company of Iowa

Celebrating 125 YEARS

Our employees exemplify the five core values of the organization in their roles, and truly show that the foundation of who we are rests on these values and are what make us successful. For our final 125 feature article, we want to showcase some of the people that make FMH the company it is today on page 6.



2017: A YEAR IN REVIEW

with President & CEO Ron Rutledge

When thinking back on 2017, I am reminded of the proverb, “What goes around comes around.” We have come full circle with another year of profitability for FMH. 2012-2014 were three tough years, all of which resulted in substantial underwriting losses and money “going out” the door. I’m very happy to report that 2017 marks the third year in a row for solid profitability along with significant gains “coming to” surplus.

In 2017, there was a definite shift at FMH, as all of the effort to move towards One Company after the acquisition finally felt realized. Everyone was moving in one direction, as One Company, and our goals and strategies became greater as our whole team came together in support of our updated mission and vision statements.

We completed the policy migration project at the beginning of the year, so now all our crop business is being processed in one system, allowing us to shift our focus to enhancing that system and really making it a user-friendly tool by continuously adding features our agents have been asking for.

We also launched policyholder centers for both crop and P&C insureds, leveraging technology to enhance the customer experience.

Speaking of leveraging technology, a major effort this past year was defining how we can use data to better support business decisions and help us create the innovative insurance solutions of tomorrow. This led to creating the Business Intelligence Department, effective January 1, 2018. The department plays a key role in the strategic planning of FMH’s current and future data processes, as well as retaining the responsibility for ratemaking and product development.

Of course, 2017 was also a milestone year for FMH, as it was our 125th year of business, or Quasquicentennial. It’s a milestone few achieve, and we are proud to have served America’s farmers for so long.

I doubt that in 1893 W.A. Rutledge envisioned the company that is here 125 years later, but I’m sure that by the time he passed in 1949, he realized he had created something that would last for a long, long time. Six generations after its founding, Farmers Mutual Hail is stronger than ever.

Much has changed over 125 years, and the quarter century since the Centennial in 1993 has certainly seen its share of progress. Our surplus has grown from about \$90 million in 1993 to a projected \$450 million 25 years later.

One of the reasons we've been around as long as we have is that the principles the company was founded on are still here today. Our core values of integrity, service, accountability, teamwork, and excellence really are central to everything we do. It's something that we promote to our employees and share with our business partners, and we'll continue to stand by them because we think that separates us from the crowd.

While reflecting on 125 years of business, we can't help but look forward to the next 125 years. It's hard to tell what the future of agriculture will look like, but it will be different. Autonomous tractors, robotics in the field, and other technological advances are already in use. Precision technology capabilities are improving every day, and an amazing amount of farming can already be done from the comfort of an office.

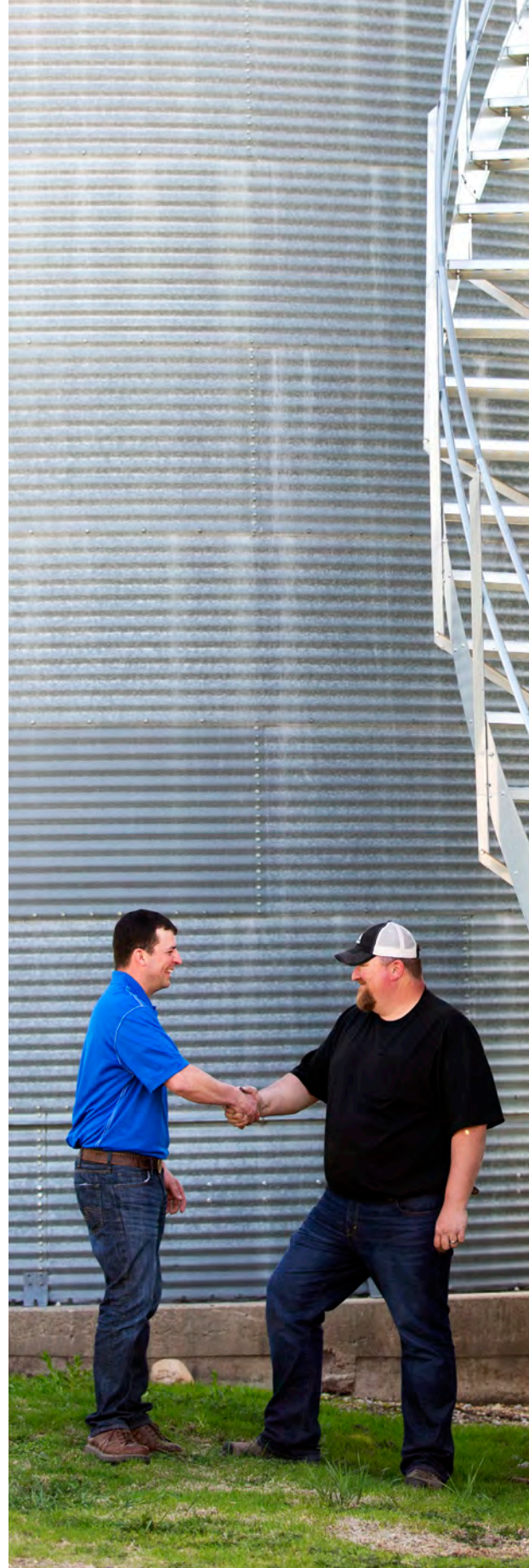
“ ***FMH will continue to be there for America's farmers for the same reason it is here after 125 years –we put customers first. Our highest priority is to pay claims fairly, accurately, and quickly. If something goes awry, we do our best to make it right for our insureds. As the needs of our customers change, we will be here for them with innovative products and services to help tomorrow's farmers protect their crops, their properties, and their livelihoods, just as we have for 125 years.*** ”

- Ron Rutledge
President & CEO



One last thing: the last four years have been incredibly turbulent for ownership in the crop insurance industry, with over three-fourths of the businesses having a change in ownership and many with a change in management. At this point over 80 percent of the crop insurance industry's business is ultimately owned by an offshore company. As a mutual company, FMH remains committed to keeping its roots in Iowa and to being America's Crop Insurance Company.

I hope 2017 was as good for you as it was for Farmers Mutual Hail. I wish you the best for 2018 and look forward to our continued success together.





FOLLOW CROP PRICES WITH THE **FMH PRICE DISCOVERY TOOL**

February is when projected prices are established for corn, soybeans, and cotton in many areas. Track daily prices throughout the discovery period with the FMH Price Discovery Tool as this year's projected prices are being calculated.

FMH PRICE DISCOVERY TOOL BENEFITS

Use on Desktop or Mobile Devices

- This tool adapts to your browser screen size so you can use it at the office or while you're on the go and still easily view all the necessary information.

Data is Direct from RMA

- The tool links directly to RMA data, so the information updates as soon as RMA makes changes.

Simple and Easy to Use

- Designed with speed in mind, this tool has simple filter options and easy-to-read charts to access the information you need quickly.

Share this tool with your customers or use for yourself, particularly during the price discovery periods.

WWW.FMH.COM/PRICEDISCOVERY

2017 SYSTEM ENHANCEMENTS FOCUS ON CUSTOMER EXPERIENCE

In 2017, we completed the policy migration project – all our crop policies are now processed in one system: FMH Agent Center.

With all crop agents now using the new system, we moved forward with other major enhancements. We launched other new systems to improve the customer experience, enhanced the FMH Agent Center and forms to better meet agent needs, and updated our Mapping application to support the growth of Precision Solutions.



Policyholder Centers Launched

- Access to policy provisions 24/7
- Reduced paper and mailing



QuickBind Launched

- Bind Crop Hail coverage even when not able to access FMHA



Crop Policy Forms Redesigned

- Many forms redesigned to be easier to read, easier to use, and include new fields



FMHA Enhancements

- Standalone Crop Hail Quoting added
- ACRSI enhanced to export to RMA/FSA
- Batch Upload added
- New Online Help site
- Margin Protection functionality added
- RAMP functionality added



FMHA Mapping Enhancements

- Auto-mapping added to make sending policy info from policy system to map as easy as a click of a button
- Mapping Preferences updated
- User interface enhanced
- New tools added such as multi-crop split tool and quick print option



New FMH Claims System Launched

- E-signature introduced
- Reduced claim document wait time



FMH.com Website Redesigned

- New modern look and feel with enhanced navigation

More to Come in 2018

We're always looking to improve the agent and policyholder's experience in our systems. In 2018, we're planning to add more features to our Policyholder Centers, enhance the user experience in the FMH Agent Center, and continue to develop new features and tools in our mapping application.

2018 INDUSTRY ASSOCIATION COMMITTEE MEMBERS

FMH 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.

Sheila Backer

Member, Crop Insurance and Reinsurance Bureau (CIRB) Emerging Leaders Program

Chris Burkett

Member, National Crop Insurance Services (NCIS) Actuarial & Statistics Committee

Larry Casey

Member, NCIS TIP Committee

Joel Erickson

Chairman, NCIS North Dakota Committee

Larry Ewart

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

Pat Faga

Board of Directors and Treasurer, Iowa Insurance Institute

Carrie Flynn

Board of Directors Communications Co-chair, National Agri-Marketing Association (NAMA) Iowa Chapter

Julie A. Garrison

Treasurer, National Association of Fleet Administrators (NAFA)

Joel Greteman

Finance Mentor, Global Insurance Accelerator

Finance Mentor, Iowa AgriTech Accelerator

Chad Groen

Co-chair, NCIS Minnesota Crop Hail School

Member, Crop Insurance and Reinsurance Bureau (CIRB) Emerging Leaders Program

Taylor Hellman

Finance Mentor, Global Insurance Accelerator

Finance Mentor, Iowa AgriTech Accelerator

Tracy Klever

Member, NCIS Training & Education Committee

Secretary, Central Iowa Customer Service Leaders

Ryan Kramer

Member, NCIS Data Mining Steering Committee

Grant Krohn

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

Scott McEntee

Board Member and Mentor, Global Insurance Accelerator

Board Chair and Mentor, Iowa AgriTech Accelerator

Vice President, IASA Publications and Textbook Committee

Member, IASA Membership Committee

Member, IASA E-Learning Committee

Member, IASA Strategic Planning Committee

Kathie McGinnis

Member, Des Moines Postal Customer Council

Becky Piechowski

Member, NCIS Communication & Outreach Committee

Jim Polish

Board Member, Iowa Farm Safety Council

Chairperson, Iowa Claims and Loss Control Committee (MIAI)

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

Ron Rutledge

Chairman, CIRB

Board of Directors and Executive Committee, CIRB

Board of Directors and Audit Committee, NCIS

Shannon Rutledge

Member, NCIS Program and Development Committee (PDC)

Curtis Swain

Member, NCIS Legal Affairs Advisory Board

John Thompson

Co-founder and Treasurer, Central Iowa Customer Service Leaders

Bryant Tjeerdsma

Member, NCIS Underwriting and Operations Committee

Lance Van Vleet

Member, Securities & Insurance Licensing Association (SILA)

Member, Insurance Carrier Relations Committee

Renée Walters

Member, MIAI Planning Committee

Board Member, NAMIC Merit Society Board of Directors



Celebrating VALUES

Though technology has drastically changed our processes, and our products have evolved to meet the needs of modern farming, the one thing that has remained the same for 125 years are the people that work every day to make FMH the best it can be.

Our employees exemplify the five core values of the organization in their roles, and truly show that the foundation of who we are rests on these values and are what make us successful. For our final 125 feature article, we want to showcase some of the people that make FMH the company it is today, and the values they – and the company – represent.



INTEGRITY



Terrell Pinnock,
Adjuster
6 years of service

"Integrity means the golden rule applies here. When working a claim, we must get the facts, verify the acres, production, and cause of loss, and search for any other contributing factors which might have led to a reduction in production. It may seem like a lot, but we have many tools to use, and if we don't do our jobs, we are short changing either the company, our insureds, or the RMA.

Integrity as a core value is the same as starting with a good structural foundation for a building. The builders of OUR company wanted it to withstand 125 years and more, and integrity is part of that foundation."



SERVICE



Sara Hoff, P&C
Underwriter II
19 years of service

"Good service is essential in our company's success and it is a top priority for all of us. Being available, respectful, and perceptive to our agent partners helps to retain and build good relationships that last for many years.

Technology enables FMH to grow and serve our customers more efficiently, but it is still necessary to keep that personal touch in the day-to-day interactions with agents to help build a long-lasting trust.

Listening to what our agents want or need and knowing our product offerings is vital to providing the best service."



“

One of the reasons we've been around as long as we have is that the principles the company was founded on are still here today. Our core values of integrity, service, accountability, teamwork, and excellence really are central to everything we do. It's something that we promote to our employees and share with our business partners, and we'll continue to stand by them because we think that separates us from the crowd.

- Ron Rutledge, President & CEO

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ACCOUNTABILITY



Rafeeq Shaik, AVP – IT
10 years of service

“Accountability pushes us to meet our obligations to our customers, team,

company, and the community at large.

Our commitment is to care for our customers' needs and keep them happy. Their feedback is very important as it gives us the opportunity to put ourselves in their shoes – to think from their perspective while we design and develop system functions that are easy, efficient to use, and to their satisfaction. Accountability means we aim to have satisfied customers – and a satisfied customer is a happy customer!”



TEAM WORK



Kelly Bertz, District Sales Manager
1 year of service

“We at FMH have a greater sense of

responsibility in creating unity between ourselves and our agents. We focus on what matters to them. We listen to their needs, how they want to drive their business, and find ways to help them reach their goals together. We want them to succeed so we can succeed. Whether its growth, diversity, or secession planning, we at FMH can help them see ‘the cornfield through the stalks’, so to speak! I've only been with the company a year, but I can see the profound care FMH has for its agents and employees. The base of our company lies with the relationships and teamwork we build – and it's a strong one!”



EXCELLENCE



Chris Burkett, Manager – Product Analytics
5 years of service

“It is important for excellence to be a value

of the company because it continuously challenges us at FMH to grow and explore new possibilities that will benefit our customers. We need to offer them products and solutions that will allow them to continue operating for years to come, as well as want to be repeat customers supporting FMH's longevity.

Developing products and rates is as much an art form as it is science-based. There are many factors that must be weighed against one another: economic outlook for our customers, competitive landscape, actuarial principles, financial stability, state laws/statutes, and so on. At the end of the day, a good balance of all these factors will benefit all parties involved – from our customers, to our agents, to our financial stability as a company.”



SPRING UPDATE MEETINGS ANOTHER SUCCESS

In December and January, FMH conducted its Spring Update Meetings at multiple locations across the U.S., and even a few via the web. Classes covered the new 2018 federal program changes, including the new Yield Cup Option, new Uninsurable Unavoidable Fire (UUF) and third party damage procedures, practical to replant definition changes, and timely claim reminders. Trainers also discussed FMH form and system enhancements, as well as sales and marketing reminders.

Before every spring and fall sales season, FMH provides training that meets an agent's federal requirement, which can also qualify for continuing education credits in most states.

"This is a service we like to provide to our agents because it prepares them for conversations with their customers, it gives them an opportunity to ask questions about our products and systems, and it gives us a chance to discuss with them what other learning opportunities they may be interested in," said Tracy Klever, FMH Training & Development Manager.

5 
TRAINERS

19 STATES

**OVER 1,900 ATTENDEES
FROM 27 STATES**

"I really appreciate how understandable the information was and how it was presented. The presenters were engaging and enjoyable to listen to."

- Nebraska Agent

 **54**
LOCATIONS

"It seems like there are always tidbits of information that I pick up at your spring update that I don't hear at the other ones."

- Webinar Attendee

Thank you to everyone that attended and a special thank you to our trainers!



PRECISION CLAIM SAVES TIME IN WESTERN IOWA

Precision Solutions reduces claim process from hours to minutes

This past fall, a claim that would have taken J.R. Oliphant, FMH Field Claims Supervisor II, hours to adjust using traditional methods, took only 45 minutes to complete due to FMH's Precision Claims process.

"I didn't have to measure five to six bins or handle a lot of paperwork. In the past, adjusting claims for this farmer took half a day," Oliphant explained.

Oliphant had adjusted claims at this 2,000 acre Onawa, Iowa farm in previous years, but this year was different. The farmer uses precision ag technology throughout his operation, and had prepared the proper planting and harvest maps, as well as calibration records, for Oliphant to use for adjusting – which meant Oliphant didn't need to sift through handwritten records, bin measurements, or settlement sheets.

"There was actually a discrepancy between the irrigated and non-irrigated ground, but the maps showed the pivot boundary perfectly," he said. "Having accurate precision maps made it easy to figure out."

To complete a Precision Claim, FMH adjusters only need these three pieces of documentation to verify losses: an acceptable seeding map, an acceptable harvest wet-weight map showing the acres and the production from the different units, along with an acceptable calibration report. The maps should be generated from what the farmer is using for Farm Management Software (FMS), and some FMS will even provide calibration records, or these can be maintained manually by the farmer.

After obtaining all of the necessary records, Oliphant adjusted the claim within 45 minutes, and the paperwork was ready to sign. Using the new e-signature function for FMH claims, the farmer only needed to sign once.

"He commented how easy it all was. He liked that he only needed to sign once instead of ten times," Oliphant said.

A process that would have traditionally taken the adjuster hours to complete with multiple touch points and time with the farmer, was reduced to less than an hour – and took up much less of the farmer's time – with FMH's Precision Solutions. The time-savings with Precision Solutions lets the farmer get back to work even sooner, and allows adjusters more time to process other claims.

COMPLIANCE REMINDER: RMA REQUIRED FORMS FOR MPCl AGENTS

Remember to complete your required compliance forms for 2018. Go to fmh.com/compliance to find the forms you need and to submit them electronically.

Agency Non-Disclosure

Deadline: March 27, 2018

Completed by:
Agency owner or officer

Individual Non-Disclosure

Deadline: Must be signed and submitted prior to accessing policyholder information

Completed by:
Any individual who has access to personally identifiable information of MPCl policyholders

Conflict of Interest

Deadline: Prior to the earliest acreage reporting date each year

Completed by:
Writing agents, loss adjusters, employees, and affiliates

Covenant Not to Sue

Deadline: Must be signed and submitted to all AIPs represented before any business can be accepted

Completed by:
All MPCl writing agents

Controlled Business

Deadline: December 29, 2018

Complete the form based on 2017 MPCl business. The form will become available October 2018

PEOPLE IN THE NEWS

NEW HIRES, PROMOTIONS, AND TRANSFERS



Dru Lesnick has been promoted to Vice President - IT and Corporate Security Manager



Jeff Lisk has been promoted to Vice President - IT



Candy Magee has been promoted to Vice President - Business Intelligence



Aaron Rutledge has been promoted to Vice President - Claims and Assistant Claims Manager



Curtis Swain has been promoted to Vice President - General Counsel



Angie Brooker has been promoted to Assistant Vice President - Reinsurance



Ryan Kramer has been promoted to Assistant Vice President - Compliance Manager



Rob Martin has been promoted to Assistant Vice President - Reinsurance



Willie Jones has been promoted to Assistant Vice President - P&C Sales



Sheila Backer has been promoted to Insurance Specialist Manager II



Lindsay Cade has been promoted to Lead Adjuster I



Tony Carnahan has been promoted to Lead Adjuster I



Dan Crowley has been promoted to Lead Adjuster II



Joel Erickson has been promoted to Field Supervisor II



Alissa Evans has been promoted to Training and Development Specialist II



Jesse Gerding has been promoted to Lead Adjuster I



Brian Hagen has been promoted to ACR Specialist II



Ryan Harris has been promoted to ACR Specialist II



Amanda Judkins has been promoted to Product Owner III



Josh Menz has been promoted to Underwriting Coordinator



Stephanie Mondon has been promoted to Insurance Specialist I



Jeff Monical has been promoted to Lead Adjuster I



TJ Patterson has been promoted to Help Desk Specialist II



Brett Pierce has been promoted to P&C Senior Claims Adjuster/Inspector



Randy Pingel has been promoted to MPC Analyst II



Dave Rice has been promoted to Field Supervisor II



Austin Rock has been promoted to Crop Adjuster II



Tammy Ross has been promoted to Treasury Specialist II



Marshall Sigsby has been promoted to Field Supervisor II



Chad Simon has been promoted to Insurance Specialist Manager II



Jodi Taylor has been promoted to Associate Insurance Specialist II



Kim Walker has been promoted to Reinsurance Analyst II



Derek Watters has been promoted to Training and Development Specialist III



Darla Wing has been promoted to Insurance Specialist Manager II



Scott Johnson has been hired as District Sales Manager I working in Wisconsin.



Landon Shafer has been hired as District Sales Manager II working in Nebraska.



Kayla Hamline has been hired as Help Desk Specialist I.



Pam Baier has transferred to Treasury Specialist II.



Sally Berry has transferred to Treasury Specialist III.



Chris Crawford has transferred to Treasury Supervisor.



Terry Kane has transferred to Lead Adjuster II in Nebraska.



David Lass has transferred to Compliance Field Specialist I in the North Region.



Mike Reed has transferred to Claims Analyst I.

NEW BUSINESS INTELLIGENCE DEPARTMENT FORMED

Our industry has become more focused and driven by data to support better business decision-making. As a company determined to fulfill all customer needs by unifying all lines of business, FMH formed the Business Intelligence Department, effective January 1, 2018. The department plays a key role in the strategic planning of FMH's current and future data processes, and also maintains responsibility for rate-making and product development.

RETIREMENTS



Chris Olson, District Sales Manager, retired January 31 after 28 years with FMH. Farmers Mutual Hail would like to thank Chris for his dedicated service and wish him the best in retirement.



Nanci Burkhart, Crop Insurance Specialist II, retired January 12 after 6 years with FMH. Farmers Mutual Hail would like to thank Nanci for her dedicated service and wish her the best in retirement.

IN MEMORY

Joseph Grawe

We regret to inform you of the passing of FMH agent and mutual manager Joseph Grawe of Quincy, Illinois, on December 17, 2017, at the age of 58.

Joe owned Grawe Insurance Agency, which he purchased from his father, Gene, in 2000. He was an FMH crop agent for 14 years. Joe was the former manager of Payson Farmers Mutual Insurance Co, and husband to Gail Grawe, current manager. Payson Farmers Mutual is a reinsured mutual of FMH.

Joe, father of three, was a lifelong Cubs baseball fan, and an avid outdoorsman who enjoyed hunting, fishing and gardening. He was a member of St. Anthony Catholic Church, the Knights of Columbus, and the Fourth Degree. He enjoyed supporting his kids in their sporting activities and loved playing with his grandchildren.

Our thoughts and prayers are with his family and friends.

Dwayne Yahnke

We regret to inform you of the passing of longtime FMH agent Dwayne Yahnke of Fargo, North Dakota, on December 20, 2017, at the age of 72.

Dwayne founded Yahnke Insurance Agency in 1982 and became one of the first FMH agents in North Dakota that same year. He worked until the fall of 2016, and his son, Derek, continues agency operations.

Dwayne had many hobbies including flower gardening, home improvement projects, fishing, sailing, and camping. He was an avid Bison athletics fan and MG enthusiast. Most of all, he loved spending time with his grandchildren.

Our thoughts and prayers are with his family and friends.

CELEBRATE 125 YEARS WITH US!

To commemorate our Quasquicentennial, we've created a booklet highlighting significant FMH achievements over the last 125 years!



Go to **STORE.FMH.COM** to order your FREE Celebrating 125 Booklet

Please note: Due to a limited quantity, only 10 booklets per person will be allowed. These will not be reordered once the supply runs out.

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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