

TheCloud

www.fmh.com



Farmers Mutual Hail
Insurance Company of Iowa

2016 HARVEST UPDATE

Though the harvest rate is nothing exceptional, both corn and soybeans are reporting much better conditions than the 2015 crops. Corn is rated 73 percent good to excellent, compared to last year's 68 percent. Soybeans are showing 74 percent as good to excellent, compared to last year's 64 percent.

NEWSLETTER HIGHLIGHTS :

The production forecasts provided by the USDA in mid-October are predicting record yields for corn and soybeans, as well as improved harvest yields for cotton.

2016 HARVEST UPDATE

02

**CROP HAIL
POLICY MIGRATION**

06

**3 THINGS NEEDED TO
WORK AN MPCl CLAIM**

03

**FMH INVESTS IN
AG TECH ACCELERATOR**

07

AAC MEETING RECAP

04

**MEET THE FMH
TRAINING TEAM**

09

PRECISION FARMING AND CROP INSURANCE

"When crop insurance and precision farming technology are combined, improved risk management solutions will soon follow," says Don Preusser, Executive Vice President and CMO, in his in-depth look at the future of crop insurance combined with precision farming on page 4.





2016 HARVEST UPDATE

Harvest on Track, Yields Could Break Records

Harvest remains closely on track this year, with corn and soybeans lagging just slightly behind the five-year average. According to the USDA's early October report, the nation's corn harvest is 24 percent complete, three points behind the average completion of 27 percent by this time of year. Soybean harvest is 26 percent complete, only one point behind the average of 27 percent.

"Regarding harvest, the key state of Iowa continues to show the largest lag of 9 percentage points while Illinois is 5 percentage points ahead of its average," noted DTN Senior Analyst Darin Newsom. "The bottom line is these numbers should be considered neutral for corn."

Newsom added that the numbers should also be considered neutral for soybeans.

Though the harvest rate is nothing exceptional, both crops are reporting much better conditions than the 2015 crops. Corn is rated 73 percent good to excellent, compared to last year's 68 percent. Soybeans are showing 74 percent as good to excellent, compared to last year's 64 percent.

Cotton is staying close to average in both harvest and condition reports. Sixteen percent of the nation's cotton has been harvested, slightly above the average of 14 percent. The crop is showing 49 percent as good to excellent, which was the same as last year's cotton condition.

Grain sorghum harvest is above average this year, with 41 percent complete compared to the five-year average of 36 percent. Conditions are similar to last year, with 66 percent rated as good to excellent. 2015's crop conditions were 65 percent good to excellent.

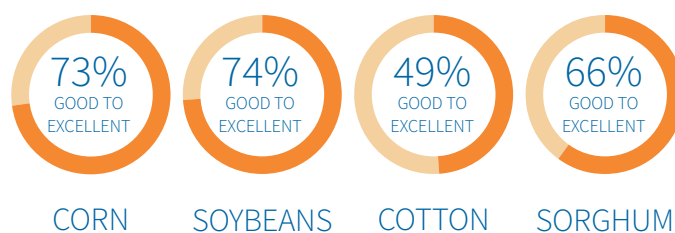
The production forecasts provided by the USDA in mid-October are predicting record yields for corn and soybeans, as well as improved harvest yields for cotton.

Corn production is forecast at 15.1 billion bushels, up 11 percent from last year. Based on October conditions, yields are expected to average 173.4 bushels per acre, up 5 bushels from 2015. If realized, this will be the highest yield and production on record for the United States.

Soybean production is forecast at a record 4.27 billion bushels, up 9 percent from last year. Based on October conditions, yields are expected to average a record 51.4 bushels per acre, up 3.4 bushels from last year.

All cotton production is forecast at 16.0 million 480-pound bales, up 24 percent from last year. Yield is expected to average 797 pounds per harvested acre, up 31 pounds from last year.

HARVEST CONDITIONS:





FOLLOW CROP PRICES WITH THE FMH PRICE DISCOVERY TOOL

October is when harvest 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 final harvest 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 during the price discovery period.

WWW.FMH.COM/PRICEDISCOVERY

3 THINGS NEEDED TO WORK AN MPC CLAIM

Policyholders should be aware that the following will be needed by the adjuster to finalize their claims:

TRADITIONAL CLAIM

- 1 Acreage and share verification by FSA certification, precision farming technology, or other acceptable methods for the county (typically gathered by the FMH adjuster).
- 2 Complete records of disposition of grain, including copies of summary and/or settlement sheets.
- 3 Estimated yields of all non-loss units of the crop.

PRECISION CLAIM

- 1 A seeding measured rate map or seeding field summary that includes the insured's name, unit number, and legal description, along with the crop, plant date, acres planted, and variable rate.
- 2 A harvest wet-weight map or harvest field summary that includes the crop, harvest date, acres harvested, total wet weight, and average moisture, along with the farm name and information.
- 3 An FMH Calibration Report where calibration is recorded manually or a software generated report for each crop. Reports must show the machine was calibrated within 3% of machine displayed weight compared to scale measured weight.

REPORT ALL CLAIMS TIMELY

Claims submitted after the policy defined deadlines must be rejected. Exceptions to this rule are extremely limited. We encourage all agents and policyholders to promptly examine their coverage and report any potential claim in a timely manner.

AAC MEETING: FUTURE OF AGRICULTURE

The world of agriculture is rapidly changing. Farmers today grow twice as much food as their parents did, while using less land, water, and energy to do so. Food production will need to increase by 70 percent by 2050 to keep up with the growing global population.

These were just a few of the points made during the 2016 Agent Advisory Council (AAC) meeting, held in mid-August in Urbandale, Iowa in order to set the stage for the discussion around what place FMH will occupy in that future and the impact to our trusted agency partners.

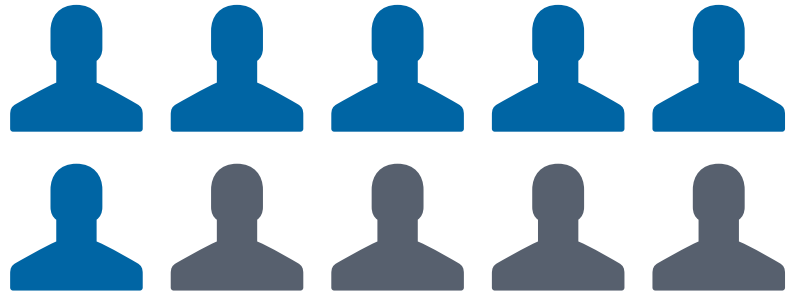
The AAC meeting is held annually, and provides an opportunity for FMH leaders to share ideas and business strategies with the agents who are part of the council. This year, the meeting focused on the future of agriculture, and how changes in agriculture will impact customer use and adoption of new technology and risk management solutions.

FMH's direction for growth, how we will align and support our agents, and how we will differentiate from our competitors in the years ahead are all part of strategies to align with these future changes. Council members commented that it was a good, meaningful meeting covering important topics. Their feedback reinforced the strategies FMH is implementing to remain a strong leader in the industry.

"The AAC is one of the most important resources FMH has to represent the voice of our agency force," said Dave DeCapp, FMH Senior Vice President - Marketing. "The AAC allows FMH leadership to have an open and candid conversation with the group in order to receive feedback on company strategies, new products & services, and other new initiatives."

PRECISION FARMING AND CROP INSURANCE WITH DON PREUSSER

Precision farming technology has been steadily growing for years and has provided significant gains in producer productivity and efficiency. Roughly six in ten production farmers are expected to adopt various precision technology solutions by 2018. From auto steer to variable rate applications, farmers have an abundance of new capabilities available to improve production farming.



6 IN 10 PRODUCTION FARMERS ARE EXPECTED TO ADOPT VARIOUS PRECISION TECHNOLOGY SOLUTIONS BY 2018

More recently, precision farming technology has been used by some farmers to simplify - and make more accurate - their crop planting and production information for required government reporting as a participant in the federal crop insurance program. Using the equipment GPS monitor and farm management software, producers are able to collect and report both planted and production acres without traditional paper records like planting logs and scale tickets.

In short, by leveraging their precision farming technology capabilities, farmers are able to "digitize" their planting and production records, making it more accurate and easier to report and manage critical planting and production information.

“ When crop insurance and precision farming technology are combined, improved risk management solutions will soon follow. ”

- Don Preusser, Executive Vice President and CMO





The creation of digitized farm data can also provide much greater insight into farming practices, including the ability to better understand crop production risk, particularly when combined with related data like weather, soil conditions, topography, and more. When greater insight and understanding of crop production risk is developed, insurers are better able to not only offer more risk management solutions, but more accurately underwrite and price the risk.

While crop insurance is significantly different than many other lines of insurance, it does share some fundamental principles similar to home and auto insurance. For example, auto insurance today is underwritten and priced significantly different than it was 10 years ago because of the use of telematics/GPS information obtained from the automobile. Auto insurers are able to more precisely underwrite and price auto insurance risk because telematics/GPS data generated from the automobile create better understanding of driver risk (i.e. speed, braking, etc.). Data generated from the automobile, combined with other traditional driver risk data, result in improved predictions of potential risk of an accident.

In a similar fashion, precision farming technology can provide insurers with more precise and greater information about planting and production activity (i.e. seed spacing, etc.) that can improve the prediction of potential crop performance beyond what weather alone might cause.

So how might precision technology and crop insurance solutions look in the future? Some solutions already exist. For example, Farmers Mutual Hail provides a discount on a crop hail insurance policy when a customer uses a combine head that integrates GPS technology from the combine. The GPS-enabled combine head is able to more effectively “pick-up” downed corn from a wind storm as the combine is more precisely guided along the row line obscured by flat corn stalks. Because less production loss is expected when using the GPS-guided head, insurance risk is less and a lower insurance premium can be applied.

Significant potential exists to leverage farmers' use of precision farming technology to improve agricultural risk management, including crop insurance. Using precision farming technology to collect and organize field data can lead to greater insight into crop production risk. Working within a clearly defined environment where the farmer controls and owns their data, trusted advisors can help farmers to identify and obtain new solutions, including improved risk management tools that more accurately reflect individual farmer risk and the solutions desired to protect against the risk of loss.



POLICY MIGRATION: CROP HAIL

The final phase of the policy migration project will involve moving Crop Hail business from eCrop into the FMH Agent Center. The following is a brief overview of what agencies can expect. In the following months, agents will receive more in-depth migration FAQs, training opportunities, and notifications about the migration as needed.



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



Who is keying policies into FMHA?

FMH Insurance Specialists will transfer the applicable Crop Hail policies into FMHA. Crop Hail in eCrop to Crop Hail in FMHA is not a one-to-one move as the two systems are quite different in how they house and display policy data. By migrating this data internally, FMH can ensure completion of the migration project prior to the beginning of 2017 Crop Hail life cycle processes.

Agencies interested in further discussion on the agency completing their own Crop Hail migration should contact their District Sales Manager.



When will policy movement begin?

The FMH Home Office will migrate all applicable Crop Hail policies with only wheat or canola on the policy starting in November 2016. Migration of all other Crop Hail policies will begin December 1, 2016. The migration cannot begin earlier than December 1 due to a system dependency on the 2017 spring ADM load, which will not be received until the end of November.

An exact end date is still being determined, but the end time will occur before 2017 Crop Hail rates are loaded and the declaration page printing processes begin.



What business will be moved during this migration?

FMH will move 2016 eCrop Crop Hail policies with a status of Goodstanding only. FMH will not move policies with a status of Suspended, Cancelled, or Expired.

This migration is being treated like a system crop roll, where the 2016 eCrop policies will be keyed into 2017 FMHA.



What are agency responsibilities?

The agency is responsible for proofing all policies in FMHA following migration. While FMH will migrate all coverage data from eCrop to FMHA, some differences will exist on how policy data is captured and displayed in FMHA. The agency is also responsible for keying any 2017 policy changes, and new applications following the migration of their Crop Hail policies. For agencies new to FMHA, training webinars and guides will be available to learn about the system.



Scott McEntee, FMH Vice President and Assistant Treasurer, speaking at the Ag Tech Accelerator press conference held during the Farm Progress Show.

FARMERS MUTUAL HAIL INVESTS IN LOCAL AG TECH ACCELERATOR

On August 30, Farmers Mutual Hail announced its investment in the new, local Ag Tech Accelerator to support the growth of new technology for producers and the ag industry. The Accelerator is designed to build upon one of the state's key industries of agriculture and the entrepreneurial activity that can advance technology in the industry.

The Accelerator is being formed by The Greater Des Moines Partnership and the Cultivation Corridor. FMH joins DuPont Pioneer, John Deere, and Peoples Company as one of the first companies to invest in the Accelerator. The announcement was made at a press conference held at the Farm Progress Show, and representatives from each investor had the opportunity to speak about why the Accelerator is important to their organization.

By investing in the Ag Tech Accelerator, FMH provides the opportunity for new technology to grow and advance the agriculture industry, ultimately benefiting farmers and their communities.

"As a company that began in Iowa over 123 years ago and is committed to remaining headquartered here, we feel that investing in start-ups and promoting agricultural innovation puts Iowa in the national spotlight and benefits a broad range of ag-related businesses throughout the state and region," said Ron Rutledge, FMH President and CEO. "We have long supported innovation in the industry and we are proud to be one of the founding members of the Ag Tech Accelerator."

FMH is also an investor in the Des Moines, Iowa-based Global Insurance Accelerator, which is a mentor-driven business accelerator designed to foster innovation in the insurance industry by supporting start-ups targeting the global insurance industry.

FARM PROGRESS SHOW

FMH joined over 600 exhibitors at the 63rd Annual Farm Progress Show held in Boone, Iowa this past August. The Farm Progress Show is the largest outdoor farm and equipment show in the country. An estimated 160,000 people were expected to attend the show this year.

FMH set up a booth in the Varied Industries Tent, where the company's history was showcased through a table featuring a timeline of FMH's involvement in agriculture. FMH also took this opportunity to play our new Precision Crop Insurance Solutions video for visitors.

We also set up a booth in building 24S to showcase FMH Precision Crop Insurance Solutions. Both booths were staffed by Field Sales Managers and other FMH employees.

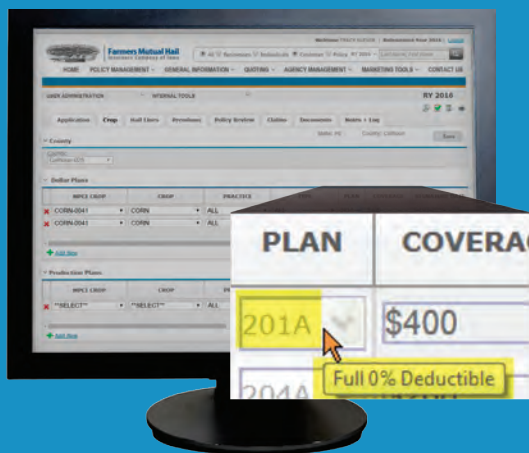


NEW CROP HAIL SYSTEM ENHANCEMENT

You asked and we listened! Now agents can quickly see a Standalone or Protector policy's plan description in View mode by hovering over the Plan field on the Crop tab.

If the policy is In Edit mode, the Plan drop down will also show the plan description.

While in Quick Quote and Farm Quote, the full plan description will now display when clicking on the Plan drop down.



ANNUAL NAMIC MEETING

Board members, company leadership, and reinsurance representatives from FMH attended the National Association of Mutual Insurance Companies (NAMIC) 121st Annual Convention held in Vancouver, Canada this past September.

The FMH team attended the two-and-a-half day convention to meet with reinsurers and FMH customers, as well as attend educational sessions about the industry.

The NAMIC Annual Convention provides an opportunity for mutual companies to network with peers, receive updates on industry breaking news and trends, and meet with reinsurers and rating bureaus – all in one location.

“ **NAMIC is the nation's largest industry association for mutual insurance companies. Each year, it is the premier educational event for mutual insurance companies. Many reinsurance clients of FMH attend this convention, and it provides a great opportunity for FMH to visit with those clients, as well as several of our reinsurers and reinsurance brokers who also attend this event.** ”

- Ron Kuethe, Senior Vice President - Reinsurance



FMH Founder W.A. Rutledge was one of the founding members of NAMIC and FMH has been a member company since its inception. NAMIC was founded in 1896 and has been serving the interests of mutual insurance companies in the U.S. and Canada since that time.

AARON RUTLEDGE EARNS FARM MUTUAL DIRECTOR CERTIFICATION



Aaron Rutledge received his Farm Mutual Director Certification (FMDC) at the NAMIC Annual Meeting this past September.

The FMDC program began in 2007 to offer training for the directors of farm and other small mutual insurance companies. The program provides courses in the areas of operations and insurance, finance and accounting, corporate governance, and management. The training ultimately

provides directors the knowledge to be more confident and effective board members within their company.

HOW DOES FMH PREPARE FOR SPRING UPDATE MEETINGS?

Spring update meetings are right around the corner as Farmers Mutual Hail and agents prepare for the spring 2017 sales season. To plan the material for the update meetings, the FMH training team will attend a “Train the Trainer” event this November. Tracy Klever, FMH Training and Development Manager, explains how her team takes all the changes they learn at this event and streamlines them into an update meeting for agents.



Tracy Klever
Training & Development
Manager

What is the “Train the Trainer” event?

Train the Trainer is a National Crop Insurance Services (NCIS)-sponsored event used to deliver program changes for the upcoming year. The objective is to provide trainers with training materials needed to prepare and conduct their own fall and spring update agent trainings. It is held twice per year (mid-July and early November) in Overland Park, Kansas.

Who attends this event?

Train the Trainer is arranged for crop insurance providers and their training personnel. RMA employees and NCIS staff also attend the event and present on the topics.

What do you do with the information presented at Train the Trainer?

Immediately following the event, the Training and Development (T&D) team meets to decide what NCIS materials should be included in the FMH presentation, the order of the content, and what additional information should be added to provide a valuable learning experience for employees and agents.

Then, we split up the topics and begin to prepare the PowerPoint slide decks. Our technical writers provide their expertise on grammar and writing etiquette. Our multi-media specialist formats the individual presentations, adds additional features such as graphics and videos, and then prepare the master file.

Next, the technical writers take the content and lay it out into the structure of the Participant Guide, which is printed and delivered to the training facilities.

We first host 2-3 internal sessions for FMH office employees and sales managers to prepare them for conversations during the sales season. Months in advance, the training administrator has already booked the venues and applied for state Continuing Education (CE) credits. The T&D Specialists will then hit the road for weeks at a time to deliver the content at multiple sessions, varying the presentation slightly based on the location.

What does the training team do after update meetings?

We prepare feedback surveys to learn what the agents liked about the session and what other topics they would like more information about in the future.

We will also report to the state Departments of Insurance the names of who attended the training sessions by granting agents CE credit and issuing certificates of completion. We also administer and grade competency exams. We maintain all this information on the FMH Agent Center agency record to ensure writing agents are compliant with federal training guidelines.

What else does the training team do for agents?

Outside of the update meeting sessions, we prepare content for MPC 101 sessions, which are held in multiple locations three months of the year (February, June, and October). We host cyclical webinars each month on FMHA system procedures and insurance products. The technical writers maintain the system user guides and job aides while the multi-media specialist edits video content.

The FMH Training Team (from left to right): Stephanie Majors, Tracy Klever, Beth Wendland, Grant Krohn, Derek Watters, Trevor Robins, Kelly Rus, Alissa Reece, and Kelli Soesbe. Not pictured: Ellen Miller.



FMH EMPLOYEES RAISE OVER \$900 FOR FOOD BANK OF IOWA

In mid-September, employees in the FMH Marketing Department held a sale of FMH apparel and promotional items, donated by the Sales department, at the annual Steak Fry event on September 19.

The Steak Fry event is a dinner for FMH employees and retirees. It's when FMH welcomes new employees, and recognizes employees with significant work anniversaries and position changes over the past year. It is also a time for management to thank the employees for their hard work and dedication to the company.

FMH employees and retirees raised a total of \$908 from the sale for the Food Bank of Iowa.



FMH Corporate Events Planner Julie Wilson presenting the check to Food Bank of Iowa Development Director Sarah Bonefas.

SERVICE AWARDS



Tammy Ross

FMH President Ron Rutledge presented Tammy Ross, Accounting Specialist I, with a service award for 15 years with FMH. Thank you for your dedication and service, Tammy!



Tracy Zeller

FMH President Ron Rutledge presented Tracy Zeller, Receptionist, with a service award for 15 years with FMH. Thank you for your dedication and service, Tracy!

VISIT THE NEW FMH STORE & MARKETING CENTER

Now you can order FMH apparel, promotional items, marketing materials, and advertising on one convenient new website!

FMH STORE & MARKETING CENTER OFFERS:

Advertising

Download advertising templates, view radio scripts, or request custom ads.

Apparel

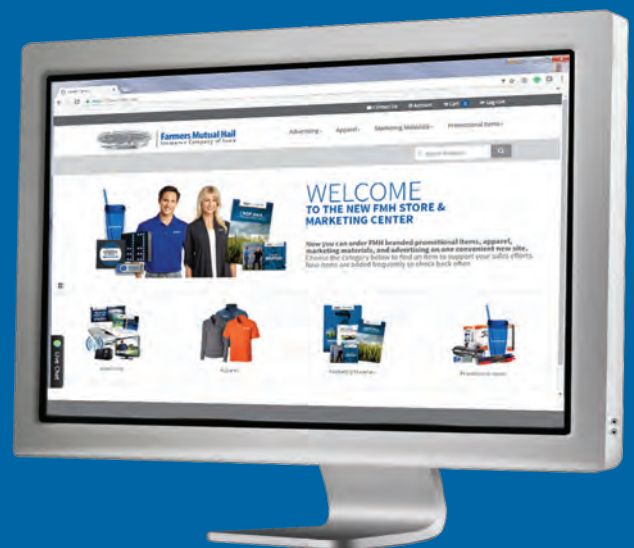
Purchase branded shirts, caps, outerwear, gloves, and more.

Marketing Materials

Order sales materials such as brochures and flyers, as well as FMH logos and signage.

Promotional Items

Order branded items such as calendars, home and office essentials, golf items, and giveaways for events and meetings.



GO TO STORE.FMH.COM TO VIEW ALL ITEMS

PEOPLE IN THE NEWS

NEW HIRES, PROMOTIONS, AND TRANSFERS



Joel Greteman has been promoted to Staff Accountant I. Joel was previously Insurance Specialist I.



Amber Vokt has been promoted to Agency Specialist I.



Erick Schminke has assumed the position of Sales Development Manager – East .



Larry Mahlstedt has been hired as Insurance Specialist III.



Ryan Robinson has been hired as Sales Development Manager – West.



Dawn Stoppelmoor has been hired as Business Development Manager – Mobile Technology & Insurance Solutions.

RETIREMENT ANNOUNCEMENTS



Curt Mardesen

Curt Mardesen, Regional Claims Specialist in Iowa, is retiring at the end of October after 12 years of service.

FMH would like to thank Curt for his service and wish him the best in retirement!

IN MEMORY

Lance Eckersell

We regret to inform you of the passing of longtime FMH agent Lance Eckersell of Boise, Idaho, on July 16, 2016 at the age of 62.

Lance began writing FMH crop insurance in 1980. He was born in Idaho Falls, Idaho and grew up in Utah and California before returning to Idaho, where he finished high school and then attended Boise State College. He worked at his father's insurance agency before opening his own agency. Lance enjoyed watching car racing and researching car statistics, playing golf, and anything James Bond. He also loved spending time with his family: his wife, Theresa, children, Sarah, Samantha, and Ethan, and grandchildren.

Our thoughts and prayers are with his family and friends.

PRECISION CROP INSURANCE SOLUTIONS PROMO VIDEO

A high-level overview of how Precision Crop Insurance Solutions from Farmers Mutual Hail can help simplify and improve your risk management needs.



TheCloud

The Cloud is published six times annually for the agents, adjusters, associates, employees, and retirees of Farmers Mutual Hail Insurance Company of Iowa.

800-247-5248 | www.fmh.com

Editor

Katie Hultgren (ext. 115)
katieh@fmh.com

Graphic / Layout Designer

Dawn Lauer (ext. 037)
dlauer@fmh.com

