

TheCloud

www.fmh.com



Farmers Mutual Hail
Insurance Company of Iowa

ALWAYS LOOKING AHEAD

FMH recognizes the future needs of our customers and meets those needs with innovative insurance solutions, investing in ag technology, and supporting industry research. Read more about how FMH supports industry progress on pages 6 and 7.

“Without continual growth and progress, such words as improvement, achievement, and success have no meaning.”

-Benjamin Franklin

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Farmers Mutual Hail
Insurance Company of Iowa

Celebrating 125 YEARS

Whether it's in the field or in the office, we know that true progress comes from our continual efforts to learn, grow, and excel in protecting America's farmers in an ever-changing agricultural landscape. This month, we are celebrating progress and how embracing change has helped FMH last for over a century. Read more on page 5.



2017 HARVEST UPDATE

Progress Falls Behind Average, Production Predictions Remain High

After a dry summer, September rains – though welcome in some areas – are slowing harvest. Crop conditions are also below last year's stellar crops, but the USDA is still predicting high yields – which could mean a record year for soybeans and the third highest year for corn.

According to the October 2 USDA Crop Progress Report, corn harvest is only 17 percent complete, nine points behind the five-year average of 26 percent. Soybeans are 22 percent harvested, just behind the average pace of 26 percent.

Corn crop conditions are currently rated at 63 percent good to excellent, compared to last year's 73 percent by early October. Soybeans are rated at 60 percent good to excellent. This time last year, soybeans were rated 74 percent good to excellent.

"If considered at all, these numbers would be viewed as neutral," said DTN Senior Analyst Darin Newsom of both corn and soybean conditions.

Cotton harvest is slightly ahead of average, with 17 percent harvested versus the five-year average of 13 percent. Fifty-seven percent of cotton is rated good to excellent, which is also above last year's early October condition rating of 49 percent.

Grain Sorghum harvest is 34 percent complete, just behind the five-year average of 37 percent. Crop conditions are also similar to past years, with 64 percent rated good to excellent this year, just behind last year's 66 percent.

With crop conditions lower than last year's crops, many were surprised that the USDA's 2017 production estimates were still quite high in its September report.

Chad Hart, Iowa State University Extension grain marketing economist, noted that traders and analysts thought the drought and other adverse growing conditions would cause significant reductions in the crop size numbers. But the reductions weren't as big as anticipated. He thought perhaps the biggest factors in the USDA estimates are the ear counts for corn and the weight of pods for soybeans.

Corn production is forecast at 14.2 billion bushels for 2017. Yields are expected to average 169.9 bushels per acre, down 4.7 bushels from 2016. If realized, this will be the third highest yield and production on record for the United States.

Soybean production is forecast at a record 4.43 billion bushels, up 3 percent from last year. Yields are expected to average 49.9 bushels per acre.

All cotton production is forecast at 21.8 million with 480-lbs. bales, up 27 percent from last year. Yield is expected to average a record high 908 pounds per harvested acre, up 41 pounds from last year.

The September USDA Crop Production Report did not take Hurricanes Harvey and Irma into account.

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:

PRECISION CLAIM

- 1 A seeding measured rate map or seeding field summary.
- 2 A harvest wet-weight map or harvest field summary.
- 3 A calibration report where calibration is recorded manually (an FMH Calibration Report makes this easy) or a software-generated report for each crop.

To learn more about FMH Precision Claims and qualifications, go to www.fmh.com/precision-solutions/precision-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.

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 HIGHLIGHTS ACCOMPLISHMENTS

The 2017 Agent Advisory Council (AAC) meeting was held the last week of August in Johnston, Iowa. 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.

Topics at this year's meeting reiterated how current and future changes in agriculture will impact customer adoption of new technology and risk management solutions, and how FMH is meeting those needs today and in the future through strategic business plans and technology goals.

FMH leaders discussed major technology enhancements from the past year, such as launching the Policyholder Center, multiple enhancements to the FMHA system and mapping application, and updating forms and reports. They also described the implementation of strategic business plans, including updating agency benefits, and customer experience-focused process changes.

"This past year really set the tone for how swiftly FMH can meet the technology goals we set for ourselves to support the needs of our customers. We have quantifiable results from our business strategies to show progress, and we have clear goals set for the following year," explained Dave DeCapp, FMH Senior Vice President of Marketing. "We were very excited to share our recent successes and future strategic initiatives with our council members."

AAC members commented that it was a valuable meeting and the company is continuing in the right direction. 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," added DeCapp. "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 and services, and other new initiatives."

FMH UPDATES MISSION AND VISION STATEMENTS

We are excited to announce our updated mission and vision statements. These statements reflect what we do, how we do it, and who we do it for. They are what FMH is doing every day in our work to serve our customers, and what we, as a company, aspire to be.

MISSION STATEMENT:

"To provide peace of mind to America's farmers by protecting their livelihoods and legacies through complete farm insurance solutions; enabling them to clothe, feed, and fuel the world."

VISION STATEMENT:

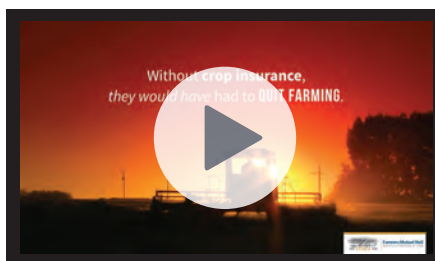
"To be a leading provider of financial security for America's farmers through innovative insurance solutions."

Why We Updated these Statements

FMH has changed significantly since the original mission statement was established. In just the past two decades, we've entered MPCI, added Property & Casualty to our products, and grown in geographic footprint and size.

The crop insurance industry has also changed. It's now seen as the number one safety net for America's farmers. It's what allows some farmers to keep their operations running year after year, and pass their farms down through the generations. Efficient delivery of crop insurance through private companies like FMH is important and widely recognized as what makes the program effective.

Our 125th year of business felt like the right time to update our mission and vision statements to truly reflect who we are as a company, and where we are heading for the next 125+ years.



Watch our Mission Statement Reveal Video

Go to www.fmh.com/about#mission to watch our new mission statement reveal video!



Celebrating PROGRESS

In the past 125 years, the scope and complexity of farming has changed. As one of the longest standing crop hail insurance companies in the nation, FMH has naturally progressed with the changing landscape of agriculture to offer some of the most comprehensive crop hail and private products in the industry. Since the company's beginning, FMH has been committed to the growth and advancement of crop insurance.



ADJUSTING PRACTICES

Ensuring our adjusters are knowledgeable and doing things right is just as important as providing the best service in the field. Since the company began, FMH adjusters have attended crop damage education at agriculture colleges. In the 1960's, FMH created test plots for improved and consistent adjuster training. Today, our adjusters are trained in utilizing precision data for claims purposes.

Whether it's in the field or in the office, we know that true progress comes from our continual efforts to learn, grow, and excel in protecting America's farmers in an ever-changing agricultural landscape.



INSURANCE SOLUTIONS

In the 1920's, FMH introduced fixed premium insurance so farmers could know their premium when they took out their policy. In the 1970's, the company implemented agreement of settlements based on percentage loss – greatly reducing the amount of time to adjust a loss. Today, FMH leads the industry in the use of precision technology for crop insurance purposes. FMH Precision Crop Insurance Solutions enable farmers to use precision farming data for required crop reporting, claims, and everything in between, saving time and increasing efficiency.



NEW TECHNOLOGY

The way today's farmers run their operation is a far cry from the practices of their predecessors. Progress means recognizing the future needs of our customers and meeting those needs with innovative insurance solutions. From investing in tech start-ups that will advance the insurance and agriculture industries, to supporting university-based crop damage research through NCIS, we know that the future of the industry lies in the innovative minds of today.



EARLY LOOK: 2018 NCIS RESEARCH PROJECTS

Consistent and accurate adjusting has always been a staple for the FMH adjuster force. Since the company began in 1893, FMH has focused time and resources in researching better loss adjustment procedures and standardizing adjusting practices for the company and entire crop insurance industry. As a member of National Crop Insurance Services (NCIS), FMH has also supported research projects that have set the standard for the industry.

For more than 90 years, NCIS and its predecessor organizations have conducted loss adjustment research on growing crops. Updates to, or new loss adjustment procedures have originated from the NCIS Agriculture Research program, under the direction of the NCIS Board of Directors. Projects are conducted at university experiment stations and agricultural colleges across the United States, as well as some locations in Canada. All projects are examined over the course of at least three years; however, if for some reason the results are not obtained for one or more years, the research project may be extended.

To know which crops need to be addressed, NCIS relies on company field adjusters, claims supervisors, and university researchers for advice. The NCIS research program then focuses on designing experiments that will result in data used to create up-to-date, consistent, and timely loss adjustment procedures.

FMH has supported the NCIS research program since its inception. In addition to providing project suggestions and advice during research, FMH uses the results of this program to update loss adjustment procedures and adjuster and claim training.

“It is important for FMH to continue to support and assist with the NCIS research program because the results help to shape and improve loss adjustment procedures for the entire industry. The procedures we use in the field today were developed based on NCIS projects,” said Larry Ewart, FMH Senior Vice President – Claims and Chairman of the NCIS Crop Hail Policy, Procedure, and Loss Adjustment (CHPPLA) Committee.

NCIS currently has 17 research projects across 13 states from Washington to South Carolina, and from Saskatchewan, Canada, to New Mexico. It is important to note that results are not used exclusively, but combined with results from previous years’ research, and any subsequent research, to provide the best loss adjustment procedures for NCIS members.

In late September, the NCIS Board of Directors approved new projects for 2018. Below is an early look at the new projects that will begin next year.

CROP	LOCATION	TYPE OF TEST
Corn	Illinois	Expanded 2nd losses
Corn	Minnesota	Expanded 2nd losses
Corn	Ohio	Expanded 2nd losses
Sugar Beets	North Dakota	Stand Reduction/Defoliation
Peanuts	Georgia	Defoliation
Industrial Hemp	Kentucky	Stand Reduction/Defoliation
Snap Beans	Wisconsin	Stand Reduction/Defoliation
Cranberries	Wisconsin	Plant Damage
Soybeans	Saskatchewan	Cut-offs

IOWA AGRITECH ACCELERATOR: MEET THE START-UPS



Scott McEntee speaks at the Iowa AgriTech Accelerator's Demonstration Day at the World Food Prize Hall in October.

Farmers Mutual Hail has been committed to the success and growth of America's farmers for 125 years. As an original investor in the Iowa AgriTech Accelerator, FMH provides the opportunity for new technology to grow and advance the agriculture industry, ultimately benefiting farmers and their communities. The Accelerator, which launched in August 2016, is designed to build upon one of Iowa's key industries of agriculture and the entrepreneurial activity that can advance technology in the industry.

"This first class includes start-ups from all across the country. As a company that began in Iowa and remains headquartered in Iowa, we understand the importance of investing in American companies, and making sure they find the funding and support they need right here in the U.S.," said FMH Vice President of Accounting Scott McEntee. "As America's Crop Insurance Company, the innovation FMH invests in today can make the breakthroughs in advancing the producers' operations of tomorrow."

The Accelerator's inaugural class is coming to the end of their mentorship program. To complete the program, each company presented at the Iowa AgriTech Accelerator's Demonstration Day at the World Food Prize Hall in Des Moines, Iowa on October 17, 2017.

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

Learn more at www.agiowa.com.

Below are the six start-up companies which make up the Iowa AgriTech Accelerator's 2017 class:

FarrPro

Based out of Iowa City, IA

FarrPro has designed a new type of heater for farrowing facilities that creates a micro-climate for piglets with the aims of reducing energy cost per received BTU; preventing losses due to lay-on events, chill and illness due to ineffective warming methods and allowing for improvements in health and comfort of the sow through reduced ambient heat transfer.

Hintech

Based out of St. Joseph, MO

Hintech designed the Decimator, a corn-stalk remover and crusher for facilitating no-till farming. The Decimator functions as an add-on to existing equipment.

Phenomics Labs

Based out of Burnsville, MN

Phenomics Labs creates portable growing labs equipped with inexpensive data collection sensors and cameras for conducting tests and capturing results from experiments.

PyrSolutions

Based out of Los Angeles, CA

PyrSolutions has developed a variety of the only non-toxic, biodegradable, plant-based pesticides, herbicides, and insecticides for agriculture and the home.

Rabbit Tractors

Based out of Ann Arbor, MI

Rabbit Tractors produces swarm-enabled, autonomous, miniature farm equipment.

WISLAN

Based out of Sunnyvale, CA

WISLAN is developing a software-as-a-service platform to increase agricultural operation efficiency, initially targeting improving worker productivity and agricultural machinery logistics.



ANNUAL NAMIC MEETING

Board members, company leadership, and reinsurance representatives from FMH attended the National Association of Mutual Insurance Companies (NAMIC) 122st Annual Convention held in Denver, Colorado 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. Education topics included everything from corporate succession planning to cyber security threats and solutions.

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, this is the premier educational event for these 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. ”

- Ron Kuethe, Executive Vice President - Reinsurance



About NAMIC

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.

It is the largest property/casualty insurance trade association with more than 1,400 member companies serving more than 170 million auto, home, and business policyholders. NAMIC member companies write nearly \$230 billion in annual premiums.



NEW SURVEY RESULTS: FMH WORLD CLASS CUSTOMER SERVICE CONTINUES

Farmers Mutual Hail has been known for its outstanding claim service for generations. FMH adjusters receive training above and beyond the RMA requirements, and are dedicated to the company's core value of service.

Throughout the entire 2016 Reinsurance Year, FMH surveyed policyholders about their adjuster and claim experience, and received responses from 3,511 customers. The results reflected the company's emphasis on creating a positive claim experience for the customer.

Using the Net Promoter Score™ methodology*, FMH's overall claims experience score for RY 2016 is 80.1, 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.

This score is also an improvement from RY 2015, which scored at 77.6.

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.

- 84.9 percent selected 9-10
- 10.3 percent selected 7-8
- 4.8 percent selected 0-6

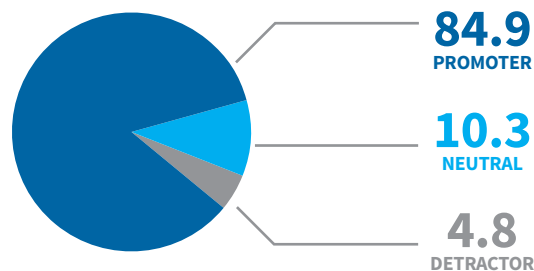
The Net Promoter Score™ methodology categorizes the scores into three descriptive groups: scores from 0-6 are considered detractors; scores from 7-8 are considered neutral; and scores from 9-10 are considered promoters. The net score is the promoter score minus the detractor score.

Applying this methodology to the FMH results, the FMH net score – or overall claims experience – is 80.1.



“ You have good people that try hard to be fair, that’s what I want. ”

- Attica, IN Policyholder



“ The adjuster allowed me to select a time that fit my schedule. He was very cooperative, professional and knowledgeable about agricultural practices. ”

- Paragould, AR 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 and their claim was closed, 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.



SOLHEIM CUP

Farmers Mutual Hail proudly served as a 2017 corporate sponsor of the 2017 Solheim Cup. The prestigious tournament was held at the Des Moines Golf and Country Club from August 14 – 20, and pitted the best U.S. female professional golfers against premier European players. The tournament followed a format similar to the Ryder Cup for male golf professionals.

FMH extended complimentary tickets to agents and employees to attend the event and cheer on the American women. In contrast to other LPGA events, attendees of the Solheim Cup were encouraged to cheer after each shot. With no shortage of red, white, and blue in the crowd, the event set a record attendance over all previous Solheim Cup tournaments. Ultimately, those in attendance saw the U.S. women prevail over their European competitors.

COACHES VS. CANCER SPONSORSHIP

FMH was a proud sponsor of the American Cancer Society's Coaches vs. Cancer Charity Golf Classic, held in West Des Moines, Iowa on August 21, 2017. Over the past several years, this tournament has raised money to help the American Cancer Society save lives and create a world with more birthdays. FMH was one of seven local companies sponsoring the event.



FMH BOARD OF DIRECTORS ANNOUNCEMENTS

James Brost to Join FMH Board of Directors



Farmers Mutual Hail is proud to announce that James A. Brost, retiring Senior Vice President with Holborn Corporation, will join the FMH Board of Directors on January 1, 2018. He will serve as our second outside director and will fulfill the term of Steve Fischer, who is retiring at the end of the year.

Brost began his reinsurance career in 1975 at E. W. Blanch and began working with FMH in 1978. He has been involved with crop insurance since 1976 and was a founding member of Collins Associates, which brokered business for the majority of the crop insurance industry prior to being acquired by Guy Carpenter. Brost has long been a supporter of the industry and has been an active participant in various associations, as well as testifying on behalf of the industry before the U.S. House Ag Committee.

“Jim’s long history with FMH, as well as his thorough understanding of the crop insurance industry, makes him a valuable addition to the Board and to FMH as a whole. Jim brings over 40 years of experience to the table and I look forward to having his expertise in the boardroom,” said FMH President and CEO Ron Rutledge.

Steve Fischer Retiring from FMH Board of Directors

Steve Fischer will be retiring from the FMH Board of Directors at the end of the year. Steve retired from his position as Senior Vice President of Human Resources in December 2016 after serving 17 years at FMH. We thank Steve for his final year of service on the Board and wish him the best in retirement!



PEOPLE IN THE NEWS

NEW HIRES, PROMOTIONS, AND TRANSFERS



Nick Luett has been promoted to Precision Tech Specialist II.



Adam Albers has been hired as Crop Adjuster II in Western KS and Eastern CO.



Ashley Kohler has been hired as a P&C Claims Adjuster/Property Inspector.



Alicia Poduska has been hired as a P&C Claims Adjuster/Property Inspector.



Michael Schmitt has been hired as a Help Desk Specialist I.

IN MEMORY

Dale Miller

We regret to inform you of the passing of longtime FMH agent Dale Miller of Mount Pleasant, Iowa, on August 21, 2017, at the age of 81.

Dale sold crop insurance for FMH for over 40 years. He also organized and was president of the Jefferson County Chapter of the Iowa Soybean Association. Dale held a pilot license and enjoyed flying, as well as reading and farming.

Our thoughts and prayers are with his family and friends.

Rodger Christianson

We regret to inform you of the passing of longtime FMH adjuster and agent Rodger Christianson of Fargo, North Dakota, on August 22, 2017, at the age of 79.

Rodger started selling hail insurance for FMH in 1985, and began crop adjusting in 1995. He loved the comradery he had with farmers and continued working for FMH until his passing.

Rodger enjoyed elk hunting in Colorado, fishing, playing cards, giving his granddaughters rides behind the pontoon boat, and traveling to Arizona each winter. He and his wife, Dallas, spent the last 26 summers at Frank's Lodge on Star Lake in Dent, Minnesota.

Our thoughts and prayers are with his family and friends.

Judith Haines

We regret to inform you of the passing of FMH retiree Judith (Clark) Haines of Johnston, Iowa, on September 1, 2017, at the age of 78.

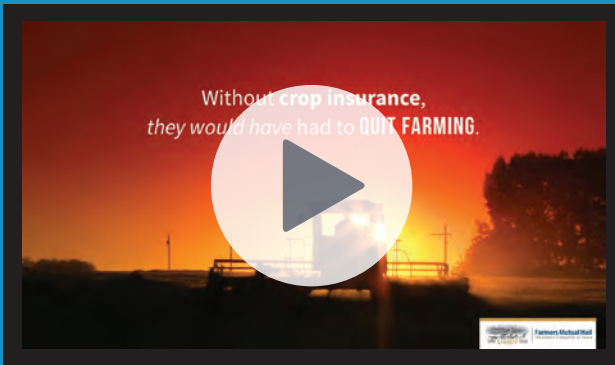
Judith began working for FMH in 1987 as a data entry specialist and transferred to an underwriting role in 1994. She retired from FMH in 1998.

Judith enjoyed cheering for the Iowa Hawkeyes and also loved music, especially singing. She and her husband, Larry, cherished spending time with their two children and multiple grandchildren.

Our thoughts and prayers are with her family and friends.

WATCH OUR MISSION STATEMENT REVEAL VIDEO

Go to www.fmh.com/about#mission to watch our new mission statement reveal video! Read more about our updated mission and vision statements on page 4.



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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