

Strong, Steady, Growing

Improved financial strength and sustained growth drive results



FARM BUREAU MUTUAL HOLDING COMPANY

ANNUAL REPORT / 2016

Strong, Steady, Growing

Outstanding service, operational excellence and substantial financial strength are just a few key attributes of a strong, growing insurance company. In 2016, Farm Bureau Mutual Holding Company demonstrated all three.

Our farm and ranch client/members remain at the heart of our business, and we're proud of our service and growth in this segment. Our expanded team of Ag Underwriters works closely with agents, visiting farms and ranches across our footprint to conduct on-site SuperCheck® appointments. This client/member-focused approach has helped reduce the risk of exposure for a number of our client/members. It also helps identify available savings opportunities. We continue to optimize our products and services to meet the specific needs of this market, ensuring we're always delivering Smarter Insurance for Agriculture®.

Across the business, we demonstrated new levels of financial strength in 2016, breaking records set only one year prior. Thanks to a quieter-than-average storm year, we returned a record \$170 million net income. We also added \$173 million to policyholder surplus, surpassing a record set in 2015 by more than \$30 million. Viewed by industry ratings agencies as an indicator of financial strength, policyholder surplus is a measure that, for us, serves as confirmation that we are continuing to grow and are fully prepared to deliver on our promises to client/members.

Innovation in Auto Insurance

Available in two states throughout 2016, our usage-based insurance program, Driveology®: The Science of Safe Driving, saw success in its pilot phase. In this program, participants were granted a 5 percent premium discount at sign-up and then had the opportunity to earn up to a 30 percent discount based on driving behavior. In addition to potential savings, the program provided drivers with feedback related to safety, vehicle health and more. We were excited to introduce the program to members in our remaining six states in February 2017.

Driving Financial Results

Our continued focus on operational excellence helps us grow and achieve new financial milestones:

- We achieved the lowest premium-to-surplus ratio in recent company history – 1.11
- Fire & Casualty direct written premium reached a record \$1.33 billion
- We delivered the lowest combined ratio in more than 20 years – 86.5 percent
- Our new property-casualty accounts grew by 3.0 percent
- Property-casualty membership accounts increased to 361,391

Solid Industry Performance

Innovation and service set us apart from other regional and national carriers:

- We achieved a Fire & Casualty underwriting gain for a record fifth consecutive year, outpacing the industry
- We increased farm direct written premium by 3.2%; we continue to be the #1 farm insurer in our 8-state footprint
- We successfully piloted a usage-based insurance program offering client/members increased safety and the opportunity to earn discounts
- 2016 marked the 70th year A.M. Best* affirmed our “A” (Excellent) rating. We are among an elite group of insurers recognized by A.M. Best Review for consistently maintaining an A.M. Best Financial Rating of A or higher for more than 50 years.

* A.M. Best is a leading provider of insurer ratings. An “A” (Excellent) rating is the third highest of A.M. Best's 16 individual ratings.

Enhanced Service to Members

We're proud of the relationships we've built with our valued client/members and were pleased to continue enhancing our service to members in 2016. The addition of a mobile insurance card to the Farm Bureau Member Benefits App makes it easy for members to have access to their information anytime, anywhere. The updated App is available for both Apple and Android devices.

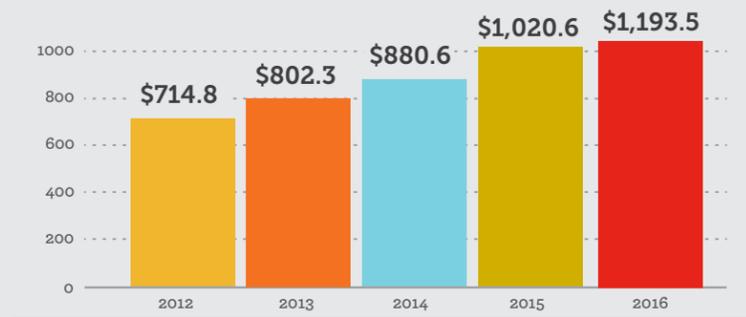
Enhancements to our billing process mean over 100,000 of our client/members are participating in combined billing. This process offers the opportunity to renew a Farm Bureau membership and insurance premiums at the same time. We are eager to further extend this program in 2017.

Extending the Value of the Agent

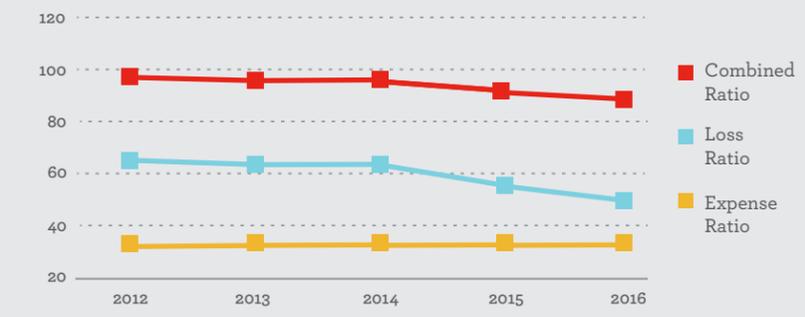
We live in a time when online, instant-access insurance is commonplace. In 2016, we expanded our ability to respond quickly to digital requests for quotes through a program called Rapid Web Response. Beginning in November, Our Rapid Web team took calls from visitors to FBFS.com during traditional business hours. They wrote and bound policies on the spot, offering both the immediate response and personal touch our client/members desire. The early results of the program are positive and we look forward to the ways it can further enhance the service and value we provide client/members in 2017.

Working together, our second-to-none agency force and our internal Rapid Web team are the face and heart of Farm Bureau. They're on the frontlines helping protect their friends and neighbors and we wouldn't have it any other way.

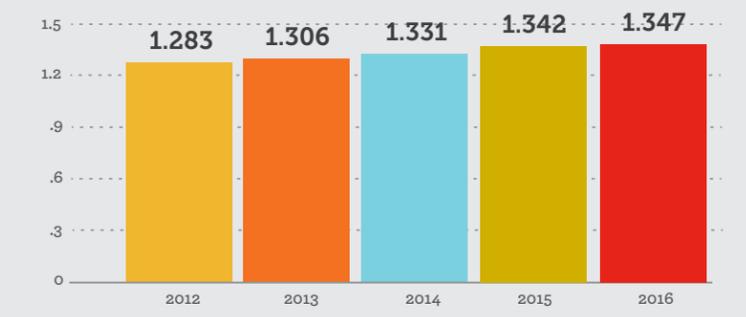
► Policyholder Surplus (in Millions)



► Key Operating Ratios

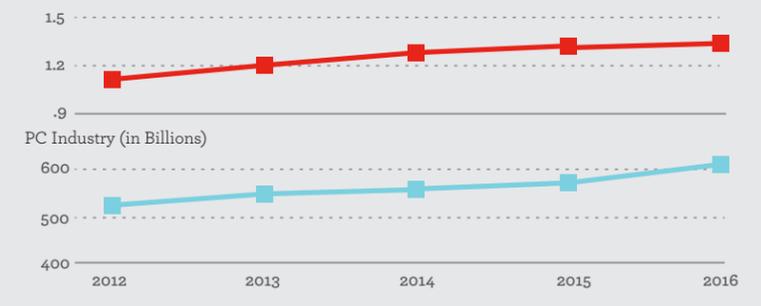


► Units in Force (in Millions)

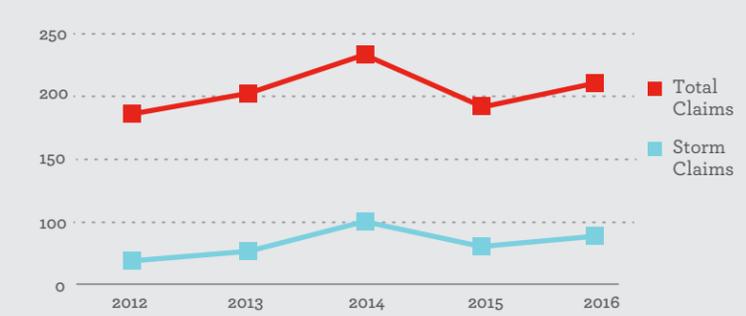


► Direct Written Premium - Fire And Casualty

Farm Bureau Property & Casualty Insurance Company (in Billions)



► Claim Counts (in Thousands)



Class A Directors and Nominees



Kevin G. Rogers
Arizona

Kevin Rogers is chairman of the board of directors for Farm Bureau Mutual Holding Company. He also serves on the boards of directors of Farm Bureau Life Insurance Company, FBL Financial Group, Inc. and American Agricultural Insurance Company. Rogers is president of the Arizona Farm Bureau Federation. He serves on the National Cotton Council and is Vice President of the Arizona Cotton Growers Association. Rogers' family farms 7,000 acres in the Phoenix area.



Joe D. Heinrich
Iowa

Joe Heinrich serves on the boards of directors for Farm Bureau Mutual Holding Company and FBL Financial Group, Inc. He is vice president of the Iowa Farm Bureau Federation and has served on its board of directors since 2004. Heinrich farms corn, soybeans, oats and hay and has a beef cow-calf herd and a dairy operation in Maquoketa, Iowa.



Richard W. Felts
Kansas

Richard Felts is vice chairman of the board of directors for Farm Bureau Mutual Holding Company. He also serves on the boards of directors for FBL Financial Group, Inc. and Farm Bureau Life Insurance Company. He was elected to the Kansas Farm Bureau Board of Directors in 2001, and is presently serving as President. Felts was elected to the American Farm Bureau Federation Board of Directors in 2016. Felts is also actively involved in the Eastern Kansas Royalty Owner's Association. Felts is a Kansas State University graduate with a degree in Animal Sciences and Industry. He farms in partnership with family members near Liberty, Kansas; they maintain diversified crop operation of corn, soybeans and wheat.



Craig D. Hill
Iowa

Craig Hill serves on the board of directors for Farm Bureau Mutual Holding Company and is chairman of the board and chair of the Executive Committee for FBL Financial Group, Inc. He is also a director and president of Farm Bureau Life Insurance Company. He is president of the Iowa Farm Bureau Federation and director and president of its subsidiary, Farm Bureau Management Corporation. In 2012, Hill was elected to the board of directors of the American Farm Bureau Federation. Hill farms 1,000 acres of row crops and has a swine operation near Milo, Iowa.



Ron B. Gibson
Utah

Ron Gibson serves on the board of directors for Farm Bureau Mutual Holding Company and Farm Bureau Life Insurance Company. Gibson is president of the Utah Farm Bureau Federation and began his Farm Bureau service as part of the Young Farmer & Rancher Committee. He has held numerous positions with community organizations. He is currently on the Board of Directors of his local marketing co-op and has served on the local FSA Committee and National Dairy Council Reproduction Board. Ron owns and operates a 1,500 cow dairy and grows 1,500 acres of corn silage, barley and alfalfa on his farm in West Weber, Utah.



Mark A. McHargue
Nebraska

Mark McHargue serves on the board of directors of Farm Bureau Mutual Holding Company. He is a past Merrick County Farm Bureau president and has served Nebraska Farm Bureau in various leadership capacities since 1998. He is the current First Vice President of Nebraska Farm Bureau. McHargue is an active member of the Nebraska Pork Producers Association and serves on the National Pork Board's speakers bureau. He is a fourth-generation farmer and owns a farrow-to-finish hog operation and raises irrigated popcorn. McHargue attended Grace University in Omaha. He is active in his community, serving on a variety of boards.



Jeffrey A. Grossenbacher
Kansas

Jeffrey Grossenbacher serves on the board of directors for Farm Bureau Mutual Holding Company. He was elected to the Kansas Farm Bureau Board in 1995 and currently serves as Vice President. Grossenbacher is a leader in his church and community, and currently serves on a variety of boards. He is the sixth generation to farm his family's diversified corn, soybean and cattle operation near Bern. Grossenbacher earned a bachelor's degree in Agriculture Mechanization Business and Industry from Kansas State University.



Stephen D. Nelson
Nebraska

Steve Nelson serves on the boards of directors for Farm Bureau Mutual Holding Company and Farm Bureau Life Insurance Company. He served Nebraska Farm Bureau as a director (1997-2002) and as first vice president (2002-2011) before he was elected president in December 2011. In 2014 he was elected to the board of directors of the American Farm Bureau Federation. Nelson has chaired the American Farm Bureau Federation's Feed Grains Committee and served on the Water Quality Task Force and the Information and Technology Committee. He was appointed to the American Farm Bureau's MAAPP (Making Agriculture Productive and Profitable) committee to study the future of American agriculture from 2003-2006. He holds a bachelor's degree from the University of Nebraska.

Class A Directors and Nominees



Charles E. Norris
Iowa

Charlie Norris serves on the boards of directors for Farm Bureau Mutual Holding Company and Farm Bureau Life Insurance Company. He is also a member of the Iowa Farm Bureau Federation board of directors. Norris has served in a number of leadership capacities as a member of the Cerro Gordo County Farm Bureau, including president, vice president, voting delegate. He also served as president of the Cerro Gordo County Corn Growers Association. He currently is the Iowa Farm Bureau liaison to the Iowa Corn Growers Association. Norris manages a corn and soybean operation near Mason City.



Craig Ogden
New Mexico

Craig Ogden is on the board of directors for Farm Bureau Mutual Holding Company. He was elected president of New Mexico Farm & Livestock Bureau in 2016 after serving as both First and Second Vice President for a number of years. Ogden earned a bachelor's degree of Science and Agricultural Business/Economics and a Masters of Agriculture from New Mexico State University. He is active in his community, serving on a variety of boards and organizations. Ogden and his son Joseph own a farm in Loving, New Mexico, where they produce cotton, alfalfa and small grains.



Kevin D. Paap
Minnesota

Kevin Paap serves on the boards of directors for Farm Bureau Mutual Holding Company and Farm Bureau Life Insurance Company. He is president of the Minnesota Farm Bureau; he served as vice president from 1997-2005. In 2012 he was elected to the board of directors of the American Farm Bureau Federation. Paap is an active member of the corn and soybean growers' organizations, past state president of the Minnesota Soybean Growers Association, a graduate of the first Minnesota Agriculture and Rural Leadership Program, and a policy fellow through the Humphrey Institute for Public Affairs. He is a past member of Farm Safety 4 Just Kids National Board of Directors. Paap also serves on the Alumni Board of the University of Minnesota-Waseca, where he earned a bachelor's degree. He owns and operates a fourth-generation family farm in Blue Earth County.



James D. Sipes
Kansas

Jim Sipes serves on the board of directors of Farm Bureau Mutual Holding Company. He also serves the Kansas Farm Bureau as director of the 9th district in Southwest Kansas. He has also served on the Stanton County Farm Bureau board and Kansas Farm Bureau's state Resolutions Committee. Sipes attended Kansas State University, earning a bachelor's degree and a master's degree in agronomy. From there, he returned to the family farm in Stanton County; he is the fourth generation to work that ground alongside his father and uncle.



Scott E. VanderWal
South Dakota

Scott VanderWal is on the boards of directors for Farm Bureau Mutual Holding Company, Farm Bureau Life Insurance Company and FBL Financial Group, Inc. He is president of the South Dakota Farm Bureau and has been a member of its board since 2004. VanderWal was elected Vice President of the American Farm Bureau Federation in 2016. He has served on numerous other boards and committees. He has previously served on the Farm Bureau Young Farmers and Ranchers committee at the state and national levels. In 2004, VanderWal was accepted into the South Dakota Agriculture and Rural Leadership Program. He is a graduate of South Dakota State University and a third generation farmer from Volga, South Dakota.

Class B Director and Nominee



W. Kim Austen

Kim Austen has served on the board of directors of Farm Bureau Mutual Holding Company, following his appointment as the companies first Class B director in 2016. He is a veteran of the insurance industry, having spent his career with Allied Group/Nationwide. Following his retirement as president and chief operating office at Nationwide in 2015, Austen has remained focused on the industry and the Greater Des Moines community. He has served on the board of directors of the United Way of Central Iowa, the American Red Cross of Greater Iowa and the National Association of Mutual Insurance Companies (NAMIC). He currently serves on the National Advisory Council for the School of Actuarial Science at Drake University, the Grand View University Board of Trustees and is a board member for the Science Center of Iowa. Austen is a graduate of the University of Nebraska, receiving a degree in mathematics and economics, and holds the Chartered Property Casualty Underwriting distinction.