

Enduring Strength and Stability



FARM BUREAU MUTUAL HOLDING COMPANY

ANNUAL REPORT / 2017

Enduring Strength and Stability

Achieving profitable growth is an indicator of financial strength in any year. And when profitable growth occurs through challenging years, it's even more rewarding.

In the first half of 2017, storms rolled repeatedly through the Farm Bureau Mutual Holding Company footprint. Eighteen significant storm events resulted in a record 118,574 storm claims for the year. While challenging, events like these represent our companies' greatest opportunity to demonstrate our commitment to protecting livelihoods and futures, helping client/members get back on their feet. Our Farm Bureau claims teams, including the dedicated Catastrophe Response Team, were instrumental in processing these claims quickly and accurately, delivering the excellent service our client/members have come to expect.

Despite the active storm season, Farm Bureau Mutual Holding Company grew in other key areas, including our core farm and ranch market. As farm and ranch sizes continue to grow, so does our footprint with this client/member base. Large farm/ranch premium has increased in excess of 40 percent in the last five years and while accounts in force have increased by more than 10,000. In late 2017, we kicked off a new initiative that will further enhance our ag servicing model in the years ahead.

Usage-based insurance was another area of success in 2017. Our Driveology® program was made available across our eight-state footprint beginning in February. In the first 11 months, we enrolled 10,134 drivers who logged more than 46.3 million miles behind the wheel. Through this program, participants are granted a 5 percent premium discount at sign-up and then can earn up to a 30 percent additional discount based on driving behavior.

Enhancing Member Service

While insurance is among the many benefits of Farm Bureau membership, our service to members goes well beyond just that. We were pleased to introduce paperless account management in 2017, enabling client/members to receive and view bills and statements online via their FBFS.com account. In the year ahead, we look forward to further enhancing our online service with electronic signature features and an online quick pay option. Finally, our Farm Bureau Member Benefits App makes it easy to access important information anytime, anywhere.

To date, more than 150,000 of our client/members participate in combined billing, which enables them to renew their Farm Bureau membership and insurance premiums at the same time. This process offers convenience to the client/member and has helped gain efficiencies for both the insurance companies and the membership organizations.

Farm Bureau Agents: The Human Element

In surveys, today's consumers continue to reiterate their desire to buy insurance from a real person. The face-to-face interactions and the trusted relationships they build with our agents simply can't be replaced by a robot or algorithm. Our agents conduct annual SuperCheck® appointments to ensure client/members always have the coverage they need, when they need it.

And for those times when an agent isn't readily available, the FBFS Central Agency is there to back them up. Started in late 2015, FBFS Central is a Home Office-based team that steps in to actively service accounts when an agent retires or leaves the company. This fully-licensed group conducts SuperCheck appointments, updates coverage and serves as that key relationship until an agent is back in the local area. The FBFS Central team also fulfills online requests for quotes and is available as a back-up service for agents who are on vacation or otherwise temporarily unavailable.

Whether with an agent or a member of our FBFS Central team, our client/members can be assured we'll work together with them to protect what matters most.

Sustained Financial Growth

Our commitment to excellence in service and financial management helps us continue to grow:

- The addition of \$110 million to policyholder surplus improves our premium-to-surplus ratio to 1.03, driving us closer to our long-term goal of 1.00.
- Fire & Casualty direct written premium reached \$1.497 billion, positioning us to achieve the \$1.5 billion mark in 2018.
- We delivered a combined ratio of 92.9 percent.
- We grew property-casualty units in force by 5,000.
- Property-casualty membership accounts increased to 361,978.

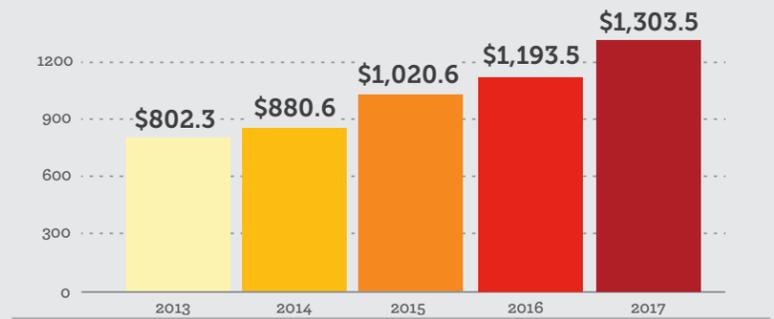
Strong Industry Performance

Continued forward momentum sets us apart from other regional and national carriers:

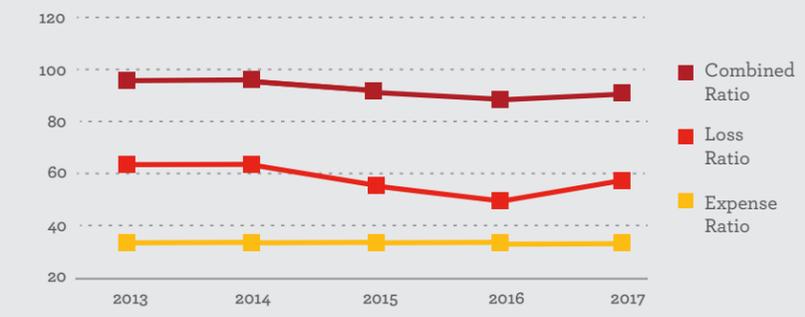
- We're the #1 ag insurer in our eight-state footprint. Our farm/ranch account premium increased to over \$650 million.
- We achieved a Fire & Casualty underwriting gain for a record sixth consecutive year, outpacing the industry
- Through our usage-based auto insurance program, we gave 10,134 client/members the opportunity to improve their safety on the road and earn premium discounts
- A.M. Best* affirmed our "A" (Excellent) rating. A distinction we've earned for 71 years, putting us among an elite group of insurers recognized by A.M. Best Review for 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.

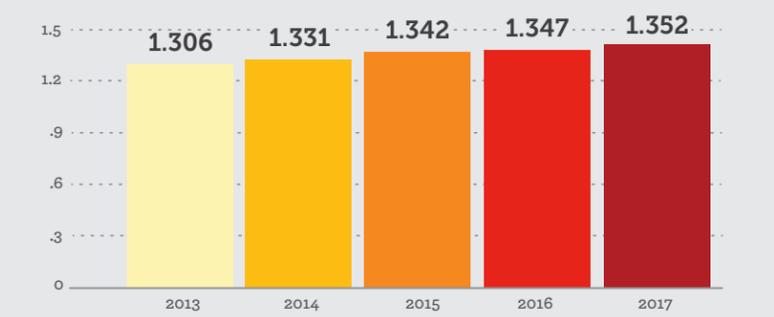
Policyholder Surplus (in Millions)



Key Operating Ratios

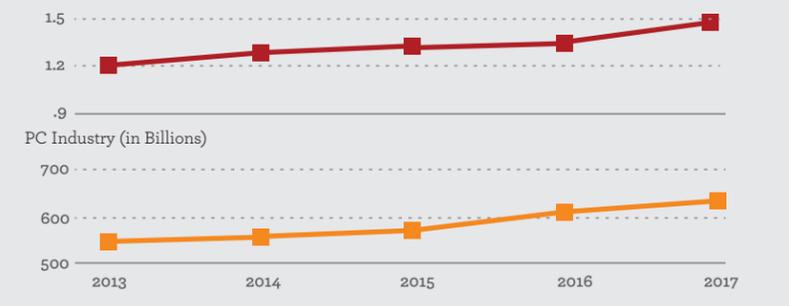


Units in Force (in Millions)

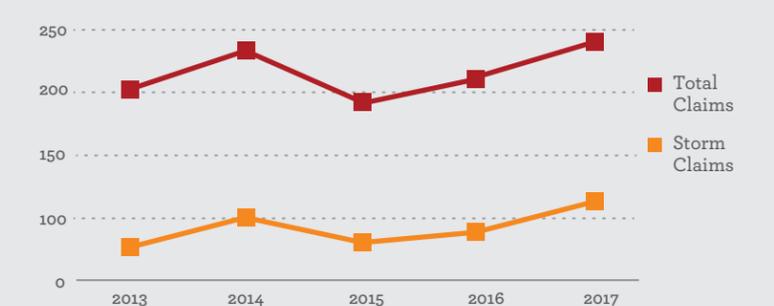


Direct Written Premium - Fire And Casualty

Farm Bureau Property & Casualty Insurance Company (in Billions)



Claim Counts (in Thousands)



Class A Directors and Nominees



Richard W. Felts
Kansas

Richard Felts is 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.



Stephen D. Nelson
Nebraska

Steve Nelson is vice chairman of the board of directors for Farm Bureau Mutual Holding Company, and serves as a director on the board of 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.



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.



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.



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.



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.



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.



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.

Class A Directors and Nominees



Kevin D. Paap
Minnesota

Kevin Paap serves 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 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.



Stefanie Smallhouse
Arizona

Stefanie Smallhouse serves on the board of directors of Farm Bureau Mutual Holding Company and Farm Bureau Life Insurance Company. She is currently President of the Arizona Farm Bureau, having previously served as chair of the Redington National Resource Conservation District Board of Supervisors, and President of the Pima County Farm Bureau. She received her Bachelor of Science degree from New Mexico State University, and previously worked as a wildlife biologist for the Bureau of Land Management. Stefanie and her husband operate a fifth generation diversified livestock and value-added agricultural enterprise in the San Pedro River Valley.



Phil Sundblad
Iowa

Phil Sundblad serves on the board of directors of Farm Bureau Mutual Holding Company following his appointment to the board in February 2018. He also serves on the board of directors of Farm Bureau Life Insurance Company. Sundblad is a member of the Iowa Farm Bureau Federation board of directors, representing several counties in northwest Iowa. He is currently the Iowa Farm Bureau liaison to the Iowa Soybean Association. He serves as president of a locally owned wind farm, and raises corn and soybeans near Albert City, Iowa.



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 is also Vice President of the American Farm Bureau Federation. 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 Directors



W. Kim Austen

Kim Austen has served on the board of directors of Farm Bureau Mutual Holding Company, following his appointment as the company's 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.



Don Kemp

Don Kemp has served on the board of directors of Farm Bureau Mutual Holding Company, following his appointment as the company's second Class B Director in 2017. He is a financial services industry professional, having served as an audit partner for KPMG for thirty years. Don presently serves on the Board of Directors of Merchants Bonding Company (Mutual) and Principal Bank, being Audit Committee Chair for both companies. Don is a certified public accountant, receiving his accounting degree from Iowa State University. He is also a member of the American Institute of Certified Public Accountants and a member of the Iowa Society of Certified Public Accountants.