

# **WITHSTANDING CHALLENGE, DRIVING GROWTH**

Annual Report 2023

FARM BUREAU MUTUAL HOLDING COMPANY

**Every driver saves 10 percent.  
Most save more.**

With nearly 15 million licensed drivers on the road in our 8-state footprint, all of whom like saving money, our Driveology® program enhancements are providing a great opportunity for our agents.

Program enhancements completed in July 2023 make the technology easier to install, give users better visibility into their driving scores and offer larger discounts on selected coverages. Agents adapted well to the changes and new vehicle enrollments in the Driveology program were up 46 percent for the last six months of the year. We expect growth will continue throughout 2024, as the program offers significant savings opportunities for client/members challenged by ongoing inflation.

Speaking of inflation, it continues to impact our business as well, driving up the cost of supplies for vehicles, homes and farm equipment alike. That, combined with ongoing supply chain issues, higher reinsurance retention and increased storm severity and frequency, led to a loss ratio of 90.6 percent, well in excess of plan.

While our storm claim count was down slightly from last year (101,565), the increase in severity was significant. Our teams responded to 11 storm events with direct losses greater than \$20 million.

Capital and surplus were negatively impacted by higher-than-expected inflation, supply chain issues and storm losses. Surplus decreased by \$255.5 million and our premium-to-surplus ratio increased to 1.34.

Topline growth for the company was strong as we grew accounts in force by 4.2 percent for a total of 383,259 client/member relationships in 2023.

**Delivering Financial Results**

We achieved exceptional topline growth across the organization:

- Fire and casualty direct written premium grew 16.8%, reaching a record of \$1.94 billion.
- Farmowners direct written premium grew 15.8%, exceeding plan by 5.6%.
- Total units in force increased 5.4% with private passenger auto exceeding goal by 3.4%.
- Client/member retention reached an all-time high of 92.3%.

**Modernization Enhances Client/Member Experience**

Launched in October, our new Rapid Enroll process enables agents to take payment at the point of sale for new Farm Bureau Member's Choice policies. This resource helps eliminate several potential future billing issues for new client/members and provides an immediate opportunity to enroll in electronic funds transfer, eliminating the risk for late payments. In addition, client/members visiting fbfs.com to make payments electronically are now using an all-new processing system that streamlined our previous payment process.

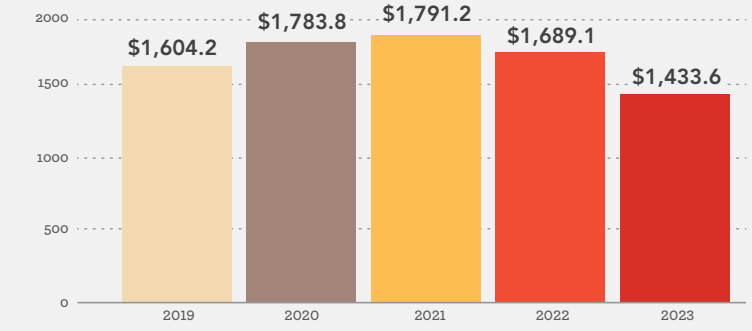
Enhancing the client/member experience is a top priority that will continue to bring about innovation in the year ahead.

**Strong and Stable in the Industry**

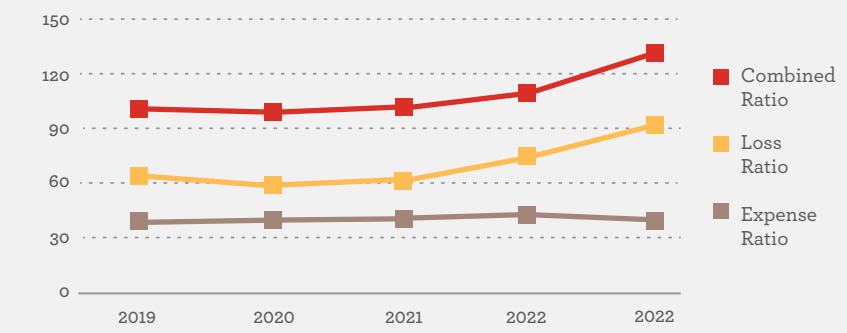
- We're the #1 ag insurer in our eight-state footprint and have been for more than 25 years. Our farm/ranch related premium came in at \$1.074 billion.
- A.M. Best\*\* affirmed our "A" (Excellent) rating, putting us among an elite group of insurers recognized by A.M. Best Review for maintaining an A.M. Best Financial Rating of A or higher for more than 75 years.
- Driveology program enhancements produced a net growth of more than 9,000 vehicles in 2023.
- Fire and casualty underwriting loss of \$488.8 million came in higher than expected due to high inflation, supply chain issues and storm losses. Ours is a similar experience to companies across the industry.

\*\*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.

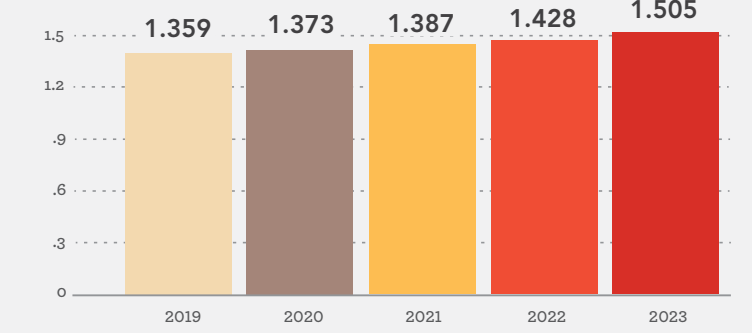
► Policyholder Surplus (in Millions)



► Key Operating Ratios

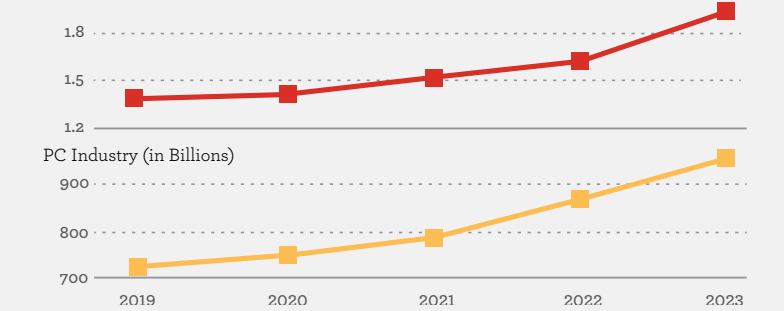


► Units in Force (in Millions)

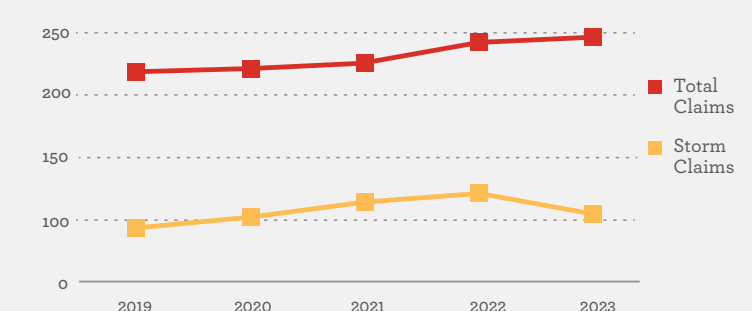


► Direct Written Premium - Fire And Casualty

Farm Bureau Property & Casualty Insurance Company (in Billions)



► Claim Counts (in Thousands)



## CLASS A DIRECTORS AND NOMINEES



**Mark A. McHargue**  
Nebraska

Mark McHargue is chairman of the board of directors of Farm Bureau Mutual Holding Company. He also serves on the board of directors of FBL Financial Group, Inc. and Farm Bureau Life Insurance Company. He has served Nebraska Farm Bureau in various leadership capacities since 1998, and is presently serving as President. McHargue also serves on the American Farm Bureau Federation Board of Directors. 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.



**Stefanie Smallhouse**  
Arizona

Stefanie Smallhouse is vice chairman of the board of directors of Farm Bureau Mutual Holding Company and serves on the boards of directors of FBL Financial Group, Inc. 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 also serves on the American Farm Bureau Federation board of directors. 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. Smallhouse and her husband operate a fifth generation diversified livestock and value-added agricultural enterprise in the San Pedro River Valley.



**Glenn Brunkow**  
Kansas

Glenn Brunkow serves on the board of directors of Farm Bureau Mutual Holding Company. He is currently the Vice President of Kansas Farm Bureau, after previously serving as a district director. Brunkow and his family operate a fifth-generation farm in Pottawatomie County, growing soybeans, corn, wheat and hay, and raising cattle and sheep. He earned a bachelor's degree from Kansas State University in ag economics and a master's degree in agronomy.



**Brian Feldpausch**  
Iowa

Brian Feldpausch serves on the board of directors of Farm Bureau Mutual Holding Company, as well as on the boards of directors of FBL Financial Group, Inc. and Farm Bureau Life Insurance Company. He is currently the Vice President of the Iowa Farm Bureau Federation, after previously serving as a district director. He earned his bachelor's degree in agriculture education from Iowa State University and spent 12 years as an ag educator. Feldpausch and his wife grow corn, soybeans and alfalfa and raise hogs and cattle on their farm near Beaman, Iowa.



**Will Frazee**  
Iowa

Will Frazee serves on the board of directors of Farm Bureau Mutual Holding Company, as well as on the boards of directors of FBL Financial Group, Inc. and Farm Bureau Life Insurance Company. Frazee is a district director for the Iowa Farm Bureau Federation, having served on that board since 2014. Frazee and his family have a cattle feeding operation and grow corn and soybeans on their farm in southwest Iowa.



**Dan Glessing**  
Minnesota

Dan Glessing serves on the board of directors of Farm Bureau Mutual Holding Company. He is currently the President of the Minnesota Farm Bureau Federation, after having served as Vice President of the organization for seven years. He also serves on the American Farm Bureau Federation board of directors. Glessing is active in 4-H, FFA, and several dairy organizations, including the American Dairy Association, and the Dairy Herd Improvement Association. Glessing and his family operate a dairy and row crop farm near Waverly, Minnesota.



**Brent Johnson**  
Iowa

Brent Johnson serves on the board of directors of Farm Bureau Mutual Holding Company. He also serves on and is chairman of the board of directors of FBL Financial Group, Inc. and Farm Bureau Life Insurance Company. Johnson is currently the President of the Iowa Farm Bureau Federation, after previously serving as a district director. He also serves on the American Farm Bureau Federation board of directors. Johnson earned a Bachelor of Science degree in Agronomy from Iowa State University and has specialized in precision agriculture, previously working as an agronomist and certified crop advisor. Johnson farms with his family growing corn and soybeans on their northwest Iowa farm.



**Steve McCloud**  
Kansas

Steve McCloud serves on the board of directors of Farm Bureau Mutual Holding Company. He is a member of the Kansas Farm Bureau board of directors. McCloud is a certified property appraiser, owning and operating his own appraisal company. McCloud is a graduate of Wichita State University, and operates a sixth generation crop and livestock farm in Harvey County, Kansas.

## CLASS A DIRECTORS AND NOMINEES



**Joe Newland**  
**Kansas**

Joe Newland serves on the board of directors of Farm Bureau Mutual Holding Company, as well as on the boards of directors of FBL Financial Group, Inc. and Farm Bureau Life Insurance Company. He was elected as President of Kansas Farm Bureau in 2022, after previously serving as a district director from 2011-2019. Newland also serves on the American Farm Bureau Federation board of directors. He previously served in the Kansas House of Representatives from 2019-2022. Newland and his wife farm 4,000 acres of wheat, corn, soybeans and hay in Wilson County, and manage a 450 head cow-calf herd.



**Katie Olsen**  
**Nebraska**

Katie Olson serves on the board of directors of Farm Bureau Mutual Holding Company. She also serves as First Vice President of the Nebraska Farm Bureau Federation. She has served on the Nebraska Farm Bureau Young Farmers & Ranchers Committee, various local church and 4-H boards, and is a 4-H volunteer. Olson and her husband raise irrigated corn and soybeans and have a cow/calf operation near Atkinson in Holt County.



**Larry Reagan**  
**New Mexico**

Larry Reagan serves on the board of directors of Farm Bureau Mutual Holding Company. He was elected President of New Mexico Farm and Livestock Bureau in 2022, and previously served as First and Second Vice President and as county president of De Baca County Farm and Livestock Bureau. He and his wife have a cow-calf operation north of Fort Sumner, New Mexico.



**ValJay Rigby**  
**Utah**

ValJay Rigby serves on the board of directors of Farm Bureau Mutual Holding Company. He was elected as President of the Utah Farm Bureau Federation in 2023. Rigby earned a bachelor's degree in finance and a master's degree in information systems from Utah State University. He and his family operate a fifth-generation farm near Newton, Utah, growing alfalfa, corn, safflower, wheat, and other small grains, and raising beef cattle. Rigby is active in his community, volunteering with a variety of organizations.



**Scott E. VanderWal**  
**South Dakota**

Scott VanderWal serves on the board of directors of Farm Bureau Mutual Holding Company. 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 previously served on the Farm Bureau Young Farmers and Ranchers committee at the state and national levels. 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 serves on the board of directors of Farm Bureau Mutual Holding Company, as well as on the boards of directors of FBL Financial Group, Inc. and Farm Bureau Life Insurance Company. 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). Austen is a graduate of the University of Nebraska, receiving a degree in mathematics and economics, and holds the Chartered Property Casualty Underwriting designation.



**Don Kemp**

Don Kemp serves on the board of directors of Farm Bureau Mutual Holding Company. He is a financial services industry professional, having served as an audit partner for KPMG for thirty years. Kemp presently serves on the Board of Directors of Merchants Bonding Company (Mutual), for which he chairs the Governance Committee and Investment Committee. He 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.