

MARKET CONDUCT EXAMINATION REPORT OF  
WESTERN AGRICULTURAL INSURANCE COMPANY  
DES MOINES, IOWA  
AS OF DECEMBER 31, 2021

West Des Moines, Iowa  
September 4, 2025

HONORABLE DOUG OMMEN  
Commissioner of Insurance  
State of Iowa  
Des Moines, Iowa

Commissioner:

In accordance with your authorization and pursuant to Iowa statutory provisions, a market conduct examination has been made of the records, business affairs and marketing practices of

WESTERN AGRICULTURAL INSURANCE COMPANY

WEST DES MOINES, IOWA

AS OF DECEMBER 31, 2021

at its home office located at 5400 University Ave, West Des Moines, IA 50266

### INTRODUCTION

This examination report, containing applicable comments, explanations and findings, is presented herein. In general, this is a report by exception. Comments regarding practices and procedures reviewed during the examination have been omitted from the report if no improprieties were found. All unacceptable or non-complying practices may not have been identified. The failure to identify specific company practices does not constitute acceptance of these practices.

### SCOPE OF EXAMINATION

This risk-focused market conduct examination of Western Agricultural Insurance Company, hereinafter referred to as the "Company", covers the period from January 1, 2018, through December 31, 2021. The Company was previously examined as of December 31, 2017. The Company's parent, Farm Bureau Property & Casualty Insurance Company, and affiliate, Farm Bureau Life Insurance Company, were also examined concurrently with this examination with separate reports prepared for each entity.

The risk-focused market examination reviews the Company's internal policies, procedures, and control structures for compliance with applicable Iowa statutes and administrative rules. The examination then focuses on the Company's compliance with those policies, procedures, and control structures.

This Report of Examination reflects the examination of the Company's activities with Iowa consumers.

## HISTORY

The Company was organized and incorporated as a stock casualty insurance company under the laws of the State of Arizona on October 15, 1971.

1996 - The Company became a part of an insurance holding company system upon consolidation of Farm Bureau Life Insurance Company (domiciled in Iowa) and Western Farm Bureau Life Insurance Company (domiciled in Colorado) under FBL Financial Group, Inc. (FBL)

2005 - The stockholders approved the recommendation to change the domiciled state from Arizona to Iowa. The Articles of Incorporation were amended to reflect the re-domestication and were approved by the Iowa Insurance Commissioner on December 13, 2005.

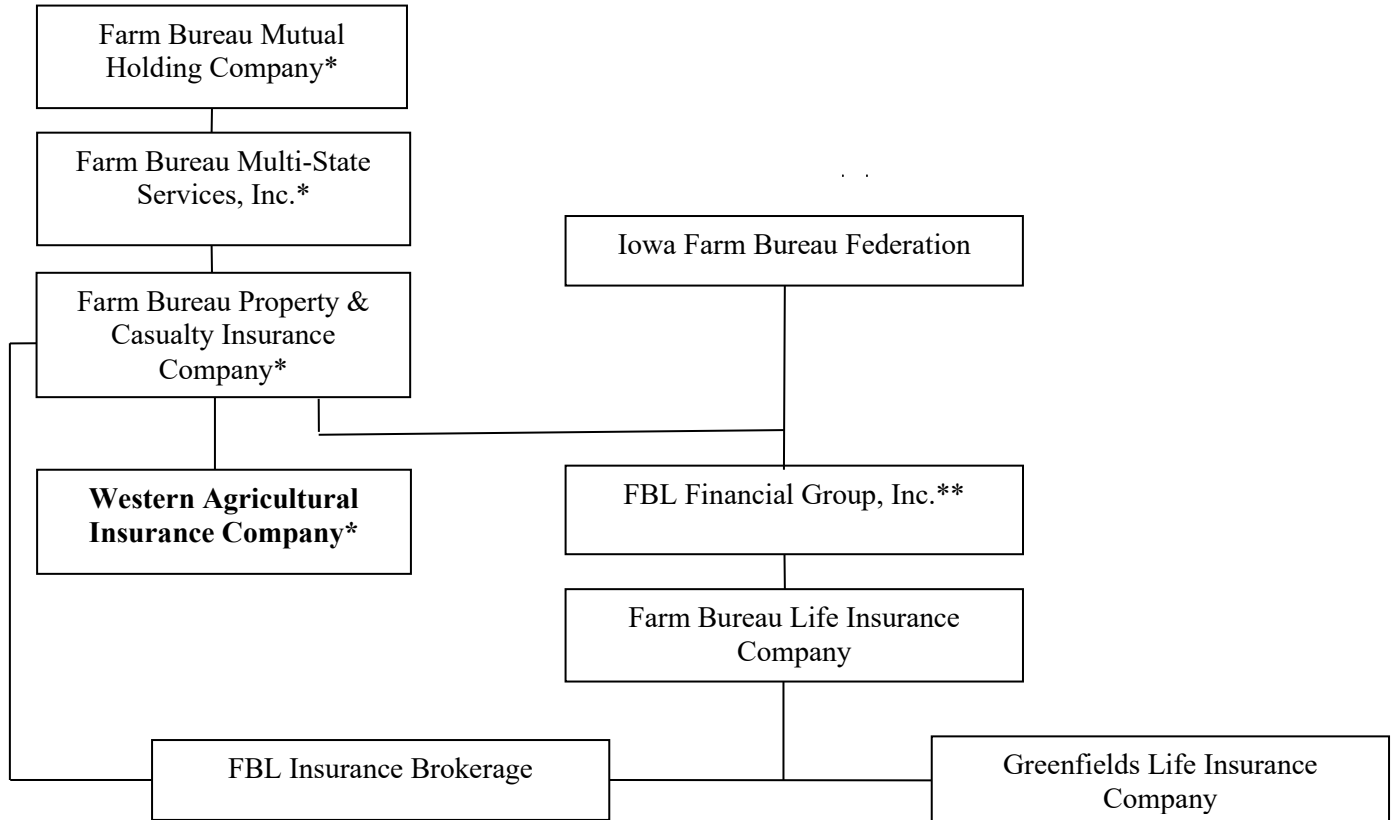
2010 - Farm Bureau Property & Casualty Insurance Company (FBPCIC), a stock insurance company, was created as a result of the conversion of Farm Bureau Mutual Insurance Company to a mutual holding company system. At the same time, an intermediate holding company named Farm Bureau Multi-State Services, Inc. was formed and currently owns all the outstanding shares of FBPCIC, the Company's parent.

2020 – FBPCIC purchased the minority shares of the Company, which totaled .08% of the common stock. 100% of the Company's outstanding common stock is now owned by FBPCIC.

## INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Holding Company System as defined by Chapter 521A, Code of Iowa. The Company and its parent, FBPCIC, are managed by FBL Financial Group, Inc., under a management services agreement. The appropriate forms, as mandated under the Iowa Code regarding insurance company holding systems, were filed for each year under review.

An organizational chart identifying the insurance companies within the Holding Company System is as follows:



\*Managed by FBL Financial Group, Inc. through management services agreement

\*\*The Iowa Farm Bureau Federation owns seventy-two percent (72%) of the total voting interest stock of FBL Financial Group, Inc., and FBPCIC owns twenty-eight percent (28%) of the total voting interest stock of FBL Financial Group, Inc.

## TERRITORY AND PLAN OF OPERATION

The Company operates as an Iowa stock insurer to provide various types of property and casualty insurance coverage. The Company writes commercial agricultural (farmowners), and commercial automobile primarily in Midwest and Western states. Direct written premium in 2021 totaled \$373 million.

The Company is also a direct writer of multiple peril crop insurance (and other crop related lines) through Rain & Hail, LLC. The majority of this premium is written in Kansas, Iowa and Nebraska.

The Company is authorized to write business in the following jurisdictions:

|          |              |                |
|----------|--------------|----------------|
| Alabama  | Michigan     | Oklahoma       |
| Arizona  | Minnesota    | South Carolina |
| Arkansas | Missouri     | South Dakota   |
| Colorado | Montana      | Tennessee      |
| Idaho    | Nebraska     | Texas          |
| Illinois | Nevada       | Utah           |
| Indiana  | New Mexico   | Virginia       |
| Iowa     | North Dakota | Wisconsin      |
| Kansas   | Ohio         | Wyoming        |

The bulk of direct premium writings in 2021 came from three states: Kansas, Iowa, and Nebraska constituting approximately 70% of total premium written.

## TREATMENT OF POLICYHOLDERS

### Complaints

The Examiners reviewed the Company's complaint register, complaint handling policies and procedures. The Company's complaint register was determined to be in compliance with applicable statutes and regulations. The Examiners then reviewed a sample of 17 complaints. The Company was unable to provide the required documents for 13 of the 17 complaints sampled. The missing documents included copies of the original complaint, correspondence with the Complainant and final resolution letters. A review for timely handling of complaints, nor a determination of adequate handling of the complaint could not be performed by the Examiner as many of the files sampled did not contain a final response letter. This is not in compliance with Iowa Administrative Code 191-15.13(507B) (1) regarding record retention. Subsequent to the exam, the Company provided revised complaint handling policies and procedures to address the finding.

### Underwriting Practices

The Examiners reviewed the underwriting procedures and guidelines. A sample of 26 new business policies were reviewed and all were determined to be in accordance with Company guidelines.

### Claim Practices

The Examiners reviewed the Company's claim handling policies and procedures. A sample of 6 paid claims and 2 denied claims were reviewed from the examination period to verify timeliness of settlement, accuracy of payments, and adherence to claim policies and procedures. All of the sampled claims were determined to follow claim handling guidelines and were in compliance with applicable statutes and regulations.

## MARKETING AND SALES

The policies and procedures for marketing and sales are consistent across all companies in the group.

The Examiners reviewed the Company's advertising log and advertising materials. The Examiners reviewed the advertising log for the examination period. The advertising log was found to be in compliance with state statutes and regulations. A sample of 30 advertisements across the insurance group were reviewed and were determined to be handled in accordance with Company guidelines and complied with applicable laws and regulations with two exceptions. The Company was unable to produce the advertising approval documentation for one sample and was unable to provide the advertising material nor approval documentation for another sample.

## PRODUCER LICENSING AND APPOINTMENTS

The Examiners reviewed the Company's onboarding, training, licensing, and termination procedures. These procedures were found to be in compliance with state statutes and regulations with the exception of its termination procedures. During the exam, the Company did not have a documented procedure or process in place for the reporting or tracking of producers terminated for cause to demonstrate compliance with IAC 191-10.17; but has subsequently documented policies and procedures to address the finding.

## CONCLUSION

The cooperation and assistance extended by the officers and employees of the Company is hereby acknowledged.

In addition to the undersigned, John Echeveste and Bouavan Kha, Financial Examiners for the Iowa Insurance Division participated in the examination and preparation of this report.

Respectfully submitted,

/s/ Amanda Theisen  
Amanda Theisen, CFE, MCM  
Supervisor and Assistant Chief Examiner  
Iowa Insurance Division