

MARKET CONDUCT EXAMINATION REPORT OF
FARM BUREAU PROPERTY & CASUALTY 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

FARM BUREAU PROPERTY & CASUALTY 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 Farm Bureau Property & Casualty Insurance Company, hereinafter referred to as the “Company”, covers the period from January 1, 2018, through December 31, 2021. Farm Bureau Property & Casualty Insurance Company was previously examined as of December 31, 2017. The Company’s subsidiary, Western Agricultural Insurance Company, and affiliate, Farm Bureau Life Insurance Company, were 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 incorporated on February 23, 1939, as a mutual assessment association called the “Iowa Farm Mutual Insurance Company”. It commenced business on May 10, 1939, writing automobile insurance for the members of the Iowa Farm Bureau Federation. Following automobile insurance, general liability writings commenced in 1943 and multiple lines in 1953.

1958 – The Company became successor by merger with “Iowa Mutual Hail Insurance Company”. Concurrent with the merger, the corporate title of Farm Bureau Mutual Insurance Company was adopted.

1999 – The Company merged with South Dakota Farm Bureau Mutual Insurance Company, with the Company being the survivor.

2002 – The Company merged with affiliate Western Farm Bureau Mutual Insurance Company, with the Company being the survivor.

2002 – The Company’s wholly owned subsidiary, Utah Farm Bureau Insurance Company was dissolved, and the business absorbed by the Company.

2003 – The Company merged with Farm Bureau Mutual Insurance Company, Inc. and Farm Bureau Insurance Company of Nebraska, with the Company being the survivor.

2006 – The Company purchased Crop1 Insurance Direct, Inc. (Crop1), a managing general agency offering the Federal Multi-peril Crop Insurance product.

2010 – Farm Bureau Property & Casualty Insurance Company, 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 the Company.

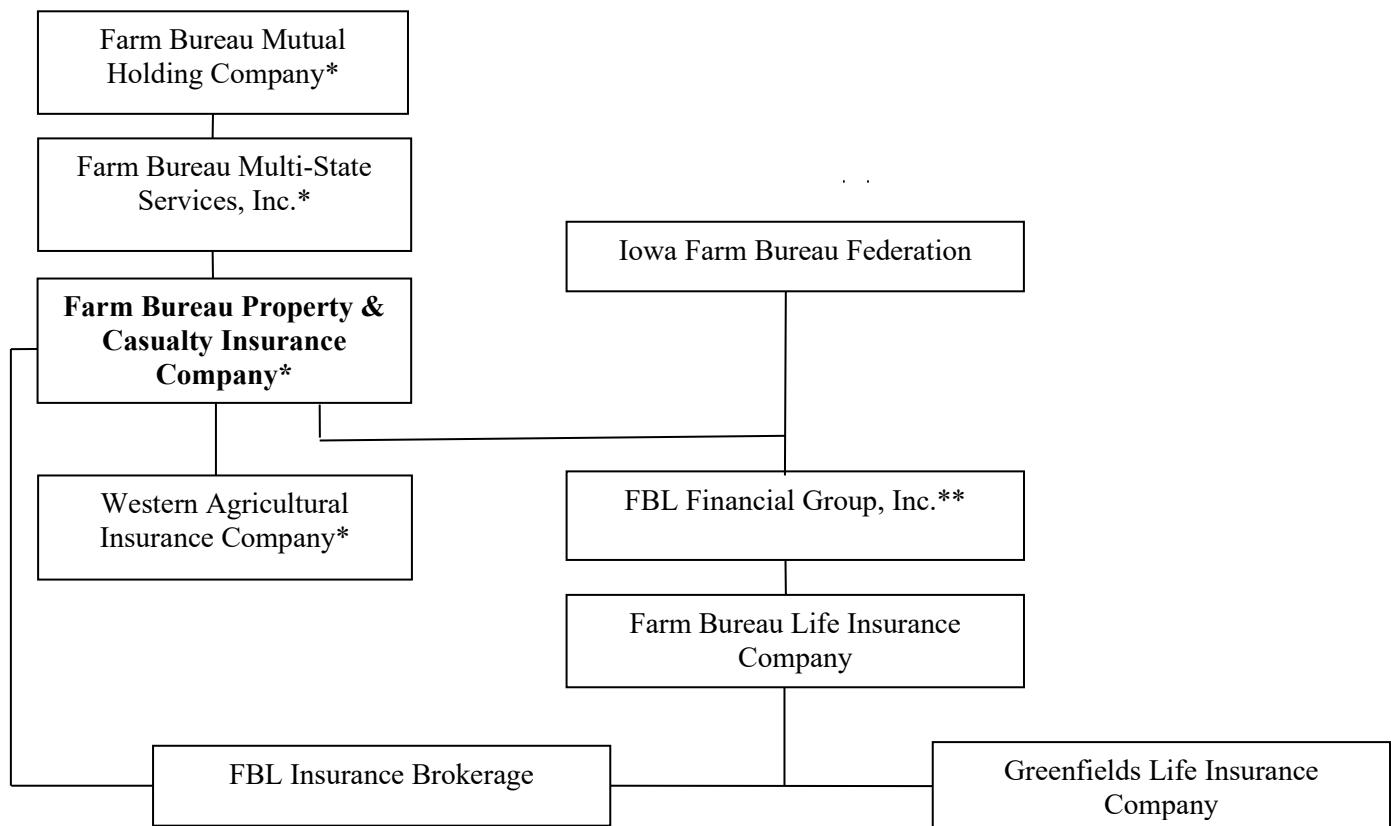
2012 – Crop1 was dissolved and its assets of \$2.9 million and liabilities of \$3.5 million were transferred to the Company.

2021 – The Company acquired approximately 39.5% of the common stock of FBL Financial Group, Inc., the parent of Farm Bureau Life Insurance Company. The transaction resulted in the privatization of FBL Financial Group, which is now owned solely by the Company and the Iowa Farm Bureau Federation.

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 subsidiary, WAIC, 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 solely as a property and casualty insurance company and markets personal and commercial lines of insurance products to Farm Bureau members, farmers, ranchers and agriculture affiliated individuals and businesses in rural, suburban, and small metropolitan areas in its eight core Midwest and Western states.

The Company serves their customers through a mix of personal lines, agriculture, and other commercial lines. The primary personal lines product is a package policy, Farm Bureau Members Choice, offering several coverages under a single policy with a single premium and deductible. In addition, the Company's focus is on providing products for the agricultural market supported by AgMax products and various crop insurance products.

The Company utilizes an eight-state distribution channel with approximately 850 captive agents and agency managers. The captive agency force sells multi-line property and casualty, and cross sells life, and other supporting insurance products through various affiliates. Distribution is managed by the Company via Regional State Vice Presidents who are responsible for both property and casualty and affiliate product distribution. The property and casualty renewal book is owned by the property and casualty companies.

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

Arizona
Iowa
Kansas

Minnesota
Missouri
Nebraska

New Mexico
South Dakota
Utah

The bulk of direct premium writings in 2021 came from four states: Iowa, Kansas, Nebraska, and Minnesota, constituting approximately 79% 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 33 complaints. The Company was unable to provide the required documents for 24 of the 33 complaints sampled. The missing documents included acknowledgement letters, copies of the original complaint, and final resolution letters. A review of the 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 50 new business policies issued were reviewed and determined to be in accordance with Company guidelines. Examiners also reviewed a sample of 85 policies that were bound by the producer but subsequently cancelled after an underwriting review was performed by the Company. The samples were determined to be cancelled in accordance with guidelines and included appropriate communications to the consumer except for 3 of the samples where the Company was unable to provide documentation to support the cancellation reason. In addition, the Examiner reviewed a sample of 50 policies that were non-renewed 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 100 paid claims and 50 denied claims were reviewed 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