

December 31, 2018 - Annual Statement

Iowa Company Number: 0046

Farmers Mutual Insurance Association

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Schleswig IA 51461

DECEMBER 31, 2018

1. Ledger Assets, December 31 of previous year, Total, column 1, page 4			\$ 5,867,637
INCOME - INCREASES IN LEDGER ASSETS			
PREMIUMS			
	(1) Direct Premiums	(2) Reinsurance Premiums Assumed	(3) Specific Reinsurance Premiums Ceded
	(4) Net Premiums (1 + 2 - 3 = 4)		
2. Fire	\$ 1,822,309	\$	\$ 1,822,309
3. Windstorm	1,648,729		1,648,729
4. Crop hail	403,722		303,526
5. Homeowners assumed	xxxxxxx		100,196
6. Totals	\$ 3,874,760	\$	\$ 3,571,234
7. Aggregate excess loss reinsurance paid			1,119,506
8. Total net assessment, premiums and fees (line 6, col. 4 - line 7 = line 8)			\$ 2,451,728
9. Net interest received on bonds			173,253
10. Increase in adjustment of bonds \$ <u>1,630</u> , less \$ <u>9,936</u> decrease in adjustment of bonds			(8,306)
11. Dividends received			184
12. Interest received on bank deposits (schedule C-2, column 7)			17,778
13. Interest received on mortgage loans (schedule D, column 6)			
14. Other Interest (Iowa Fair Plan K-1)			19
15. Profit on sale of investment			961
16. Rents received*			9,000
17. Total income from investments (items 9 through 16)			\$ 192,889
18. Borrowed money			
19. Premiums collected for other companies (less refunds)			
20. Checks charged off			
21. Increase in ledger liabilities - Iowa W/H Payable			8
22. Underwriting expense reimbursement			
23. Federal income tax refund			
24. Miscellaneous income			847
25. GMRC Direct Liability Premium Adjustment			76,835
26.			
27. Total (items 18 through 26)			\$ 77,690
28. Total income (items 8, 17 and 27)			\$ 2,722,307
29. Total assets and income (item 1 plus item 28)			\$ 8,589,944

*Includes \$ _____ For association's occupancy of its own buildings

DECEMBER 31, 2018

1. Amount brought forward from line 29 page 2 \$ 8,589,944

DISBURSEMENTS - DECREASES IN LEDGER ASSETS

	(1) Direct Losses	(2) Reinsurance Assumed	(3) Specific Reinsurance Recovered	(4) Net Losses Paid (1 + 2 - 3 = 4)
2. Fire	\$ 1,323,728	\$	\$	\$ 1,323,728
3. Windstorm	470,492			470,492
4. Crop Hail	190,024		190,024	
5. Homeowners Assumed	xxxxxxx			
6. Totals	\$ 1,984,244	\$	\$ 190,024	\$ 1,794,220

7. Received from aggregate excess loss reinsurance 17,043

8. Total of all net losses (line 6, col.4 - line 7 = line 8) \$ 1,777,177

OPERATING EXPENSE

9. Loss Adjustment Expenses				92,576
10. Commissions				493,607
11. Advertising				7,385
12. Boards, bureaus and associations				10,753
13. Inspection and loss prevention				805
14. Salaries of officers.				59,274
15. Expenses of officers				
16. Salaries of office employees				57,462
17. Employee welfare				8,648
18. Insurance				11,681
19. Directors' compensation				7,900
20. Directors' expenses				
21. Rent and rent items				2,954
22. Equipment				
23. Printing, stationery and supplies				7,381
24. Postage and telephone				15,269
25. Legal and accounting				10,125
26. State insurance taxes March 1		2,846		
June 1	16,435	August 15	16,939	36,220
27. Insurance Division licenses and fees				240
28. Payroll taxes				15,432
29. All other taxes (excluding Federal income)				
30. Real estate expenses				7,009
31. Real estate taxes				1,922
32. Interest on borrowed money				
33. Miscellaneous				4,159
a Conventions & Registration Fees				2,840
b Travel & Travel Items				1,168
c Meals & Lodging				1,640
d Computer & Office Equipment Expense				11,874
34.				
35. Total operating expense (items 9 through 34)				\$ 868,324

NON-OPERATING EXPENSE

36. Borrowed money repaid				
37. Depreciation on real estate				315
38. Loss on sale of investments				3,348
39. Federal income tax Prior year	68,962	Current year	40,000	108,962
40. Premium collections transmitted to other companies				
41. Commissions paid agents for other companies				
42. Decrease in ledger liabilities				
43. Iowa Fair Plan - Net Loss				232
44. Total non-operating expense (items 36 through 43)				\$ 112,857
45. Total disbursements (items 8, 35 and 44)				\$ 2,758,358
46. Balance - ledger assets, December 31st must agree with Line 22, Column 1, Page 4				\$ 5,831,586

ASSETS - DECEMBER 31, 2018

	(1) Ledger Assets	(2) Non-ledger including excess of market (or amortized) over book value	(3) Assets not admitted including excess of book over market or amortized values	(4) Current Year Net Admitted Assets (1+2-3=4)	(5) Prior Year Net Admitted Assets
1. Bonds (schedule A-part 1)	\$ 4,795,611	\$	\$ 60,000	\$ 4,735,611	\$ 4,528,478
2. Stocks (schedule A-part 2)	46,004		28,710	17,294	18,446
3. Bank Balances					
3.1 Subject to check (C-1)	120,982			120,982	250,730
3.2 On interest (C-2)	856,837			856,837	970,656
4. Mortgage loans (schedule D)					
4.1 First liens					
4.2 Other than first					
5. Collateral loans (schedule E)					
6. Real estate (schedule F)	8,821			8,821	9,137
7. Cash in office	100			100	100
8. Unpaid Premiums					
8.1 Due before November 1		2,036	2,036	xxxxxxx	xxxxxxx
8.2 Due after November 1		41,286		41,286	36,938
9. Bills receivable				xxxxxxx	xxxxxxx
10. Agents' balances					
11. Reinsurance receivable on paid losses		35,162		35,162	
12. Accrued interest	xxxxxxx	32,767		32,767	34,143
13. Accrued rent due	xxxxxxx				
14. Equipment and furniture				xxxxxxx	xxxxxxx
15. Supplies		2,500	2,500	xxxxxxx	xxxxxxx
16. Automobiles				xxxxxxx	xxxxxxx
17. Salvage on Equipment.					2,750
18. Federal income tax recoverable		40,000		40,000	
19. Subrogation Recoverable.		90,000		90,000	
20. Property Reinsurance Contingent Commission Receivable		24,379		24,379	
21. Iowa Fair Partnership Plan.	3,231		3,231		
22. Totals	\$ 5,831,586	\$ 268,130	\$ 96,477	\$ 6,003,239	\$ 5,851,378

LIABILITIES - DECEMBER 31, 2018

		Current Year	Prior Year
1. Unpaid claims (reported)	\$ 452,050		
2. Unpaid claims (incurred but not reported)			
3. Total unpaid losses	452,050		
4. Less: reinsurance recoverable on unpaid losses	50,000		
5. Net unpaid claims		\$ 402,050	\$ 224,440
6. Unpaid adjusting expenses		16,500	9,830
7. Ceded reinsurance balances payable		203,910	99,956
8. Unpaid salaries and commissions		33,415	30,524
9. Borrowed money			
10. Interest due on borrowed money			
11. Amounts withheld for the account of others			
12. Taxes payable:	Real Estate	1,874	1,970
	Federal Income		64,483
	Premium	1,834	(1,518)
	Other (IA W/H 8 + Fed U/P 198)	206	197
13. Other unpaid expenses		3,503	2,844
14. Premiums collected for other companies - not remitted		31,981	15,367
15. Premiums received in advance		37,140	32,126
*16. Unearned premium reserve		1,358,825	1,269,573
17. Retirement Benefits Payable		9,823	9,203
18. Suspense - Member Funds		810	318
19. Total liabilities		\$ 2,101,871	\$ 1,759,313
20. Surplus		\$ 3,901,368	\$ 4,092,065
21. Total liabilities and surplus		\$ 6,003,239	\$ 5,851,378

(line 21 must agree with line 22, column 4, page 4)

*Method of calculation:

Direct Fire Premiums (Page 2, Line 2, Column 1).....	1,822,309
Direct Wind Premiums (Page 2, Line 3, Column 1).....	1,648,729
Less: Non Refundable Fire & Wind Policy Fees Included in Premiums.....	(73,309)
Add: Reinsurance Homeowners	
Premiums Assumed (Page 2, Line 5, Column 2).....	-
Add: Unpaid Premiums (Page 4, Line 8.2, Column 4).....	41,286
Less: Premiums Received in Advance (Page 5, Line 15).....	(37,140)
Subtotal:	<u>3,401,875</u>
Less: Unpaid Premiums (Prior Year) Page 4, Line 8.2, Column 4	(36,938)
Add: Premiums Received in Advance (Prior Year) Page 5, Line 15	<u>32,126</u>
	3,397,063
Rate	40%
Unearned Premium Reserve	<u>1,358,825</u>

HISTORICAL INFORMATION

	2018	2017	2016	2015	2014
Gross Premium					
Fire.....	1,822,309	1,729,757	1,811,249	1,743,629	1,630,659
Windstorm.....	1,648,729	1,556,649	1,626,932	1,570,488	1,479,026
Crop Hail.....	403,722	447,508	381,129	406,660	498,967
Total.....	3,874,760	3,733,914	3,819,310	3,720,777	3,608,652
Net Premiums Written					
Fire.....	1,822,309	1,729,757	1,811,249	1,743,629	1,630,659
Windstorm.....	1,648,729	1,556,649	1,626,932	1,570,488	1,479,026
Crop Hail.....	100,196	101,349	87,286	83,345	113,931
Total.....	3,571,234	3,387,755	3,525,467	3,397,462	3,223,616
Total Net of Agg.....	2,451,728	2,192,139	2,367,349	2,209,201	2,208,931
Gross Losses Paid					
Fire.....	1,323,728	827,354	1,627,054	952,266	697,810
Windstorm.....	470,492	469,931	612,940	343,076	1,035,932
Crop Hail.....	190,024	71,906	562,336	12,265	673,731
Total.....	1,984,244	1,369,191	2,802,330	1,307,607	2,407,473
Net Losses Paid					
Fire.....	1,323,728	827,354	1,538,835	952,266	697,810
Windstorm.....	470,492	469,931	612,940	343,076	1,035,932
Crop Hail.....	-	-	-	-	-
Total.....	1,794,220	1,297,285	2,151,775	1,295,342	1,733,742
Total Net of Agg.....	1,777,177	1,135,406	1,445,025	1,111,580	1,635,936
Loss Percentage (Direct)					
Fire Losses/Fire Prem.....	72.64%	47.83%	89.80%	54.61%	42.79%
Windstorm Losses/Windstorm Prem..	28.54%	30.19%	37.67%	21.85%	70.04%
Crop Hail Losses/Crop Hail Prem....	47.07%	16.07%	147.54%	3.02%	135.03%
Total Losses/Total Prem.....	51.21%	36.67%	73.37%	35.14%	66.71%
Loss Percentage (Net)					
Fire Losses/Fire Prem.....	72.64%	47.83%	84.96%	54.61%	42.79%
Windstorm Losses/Windstorm Prem..	28.54%	30.19%	37.67%	21.85%	70.04%
Crop Hail Losses/Crop Hail Prem....	0.00%	0.00%	0.00%	0.00%	0.00%
Total Losses/Total Prem.....	50.24%	38.29%	61.04%	38.13%	53.78%
Tot Net Agg Losses/Tot Net Agg Prem	72.49%	51.79%	61.04%	50.32%	74.06%
Balance Sheet Items					
Total Admitted Assets.....	6,003,239	5,851,378	5,590,219	5,510,766	5,024,828
Liabilities.....	2,101,871	1,763,866	1,794,388	1,802,180	1,861,907
Surplus.....	3,901,368	4,087,512	3,795,831	3,708,586	3,162,921
Bonds.....	4,735,611	4,528,478	4,104,632	4,158,281	3,935,263
Stocks.....	16,769	18,446	16,965	16,249	17,207
Real Estate.....	8,821	9,137	9,452	9,768	10,083
Unpaid Premium (line 8.1).....	-	-	-	-	-
Unpaid Premium (line 8.2).....	41,286	36,938	55,835	213,352	137,898
Agents' Balances.....	-	-	-	-	-
Unearned Premium.....	1,358,852	1,269,573	1,284,049	1,331,647	1,266,518
Balance Sheet Percentages					
Bonds/Admitted Assets.....	78.88%	77.39%	72.68%	75.50%	78.61%
Stocks/Admitted Assets.....	0.28%	0.32%	0.30%	0.30%	0.34%
Real Estate/Admitted Assets.....	0.15%	0.16%	0.10%	0.20%	0.20%
Unpaid Prem (line 8.2)/Admitted Assets	0.69%	0.63%	0.10%	3.90%	2.74%
Agents' Balances/Admitted Assets...	0.00%	0.00%	0.00%	0.00%	0.00%
Income/Disbursement Items					
Total Income.....	2,722,288	2,394,911	2,569,120	2,421,655	2,410,955
Total Disbursements.....	2,759,038	2,136,068	2,312,387	1,987,920	2,527,240
Operating Expense.....	869,236	850,337	858,871	869,217	884,897
Commissions.....	493,607	489,841	493,269	498,600	490,741
Investment Income.....	192,870	190,026	201,541	196,494	201,888
Salaries (lines 14-17).....	125,384	121,147	119,953	124,079	168,870
Other					
Gross Risk in Force.....	964,574,118	963,483,464	965,092,682	783,559,181	744,214,345
Number of Policies.....	25,582	2,660	2,744	2,780	2,738
Operating Expense/Net Premium....	35.45%	38.79%	36.27%	39.35%	40.06%