

APR 25 2022

FILED

CERTIFICATION

April 25, 2022

I, Eric Dunning, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the Financial Examination Report of

FARMERS MUTUAL UNITED INSURANCE COMPANY

AS OF

DECEMBER 31, 2020

The report is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.



A handwritten signature in blue ink, appearing to read "Eric Dunning", is written over a horizontal line.

DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Notice of the proposed report for the financial examination of

FARMERS MUTUAL UNITED INSURANCE COMPANY

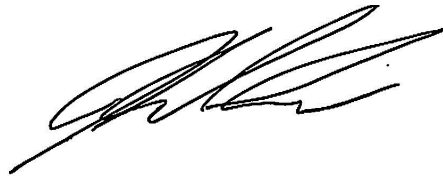
502 NORTH LINDEN STREET

WAHOO, NEBRASKA 68066

dated as of December 31, 2020, verified under oath by the examiner-in-charge on March 29, 2022, and received by the company on April 1, 2022, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3) (a).

Dated this 15th day of April 2022.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

A handwritten signature in black ink, appearing to read 'Justin C. Schrader', is written over a horizontal line.

Justin C. Schrader, CFE
Chief Financial Examiner

STATE OF NEBRASKA

Department of Insurance

EXAMINATION REPORT

OF

FARMERS MUTUAL UNITED INSURANCE COMPANY

as of

DECEMBER 31, 2020

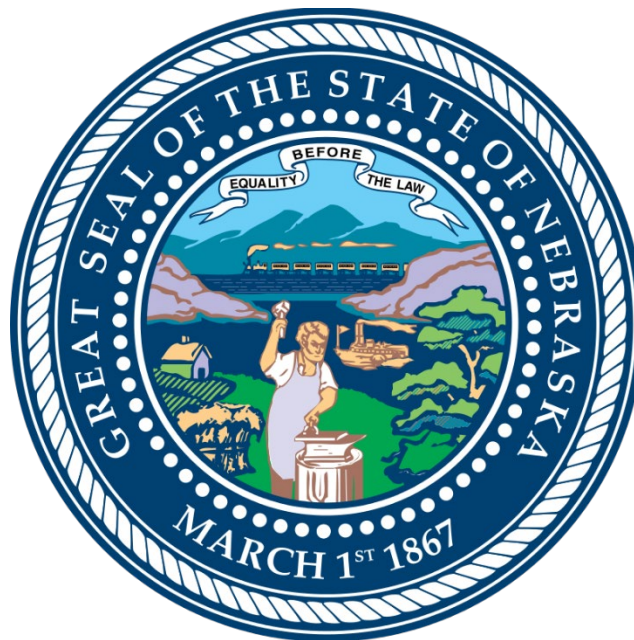


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Lincoln, Nebraska
February 15, 2022

Honorable Eric Dunning
Director of Insurance
Nebraska Department of Insurance
1526 K Street, Suite 200
Lincoln, Nebraska 68508

Dear Sir:

Pursuant to your instruction and authorizations, and in accordance with statutory requirements, an examination has been conducted of the financial condition and business affairs of:

FARMERS MUTUAL UNITED INSURANCE COMPANY
502 North Linden Street
Wahoo, Nebraska 68066

(hereinafter also referred to as the “Company”) and the report of such examination is respectfully presented herein.

INTRODUCTION

The State of Nebraska last examined the Company as of December 31, 2016. The current financial condition examination covers the intervening period to and includes the close of business on December 31, 2020, and such subsequent events and transactions as were considered pertinent to this report. The State of Nebraska participated in this examination and assisted in the preparation of this report.

SCOPE OF EXAMINATION

The Nebraska Department of Insurance conducted this examination pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska Insurance Statutes.

The Nebraska Department of Insurance made a general review of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption "Description of Company." All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the Members and Board of Directors held during the examination period were read and noted. Attendance at meetings, election of Directors and Officers, approval of investment transactions, and authorizations of salaries were also noted.

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed. The Certificate of Authority to conduct the business of insurance in the State of Nebraska was inspected, and a survey was made of the Company's general plan of operation.

Data reflecting the Company's growth during the period under review is reflected in the financial section of this report under the caption "Body of Report."

The Company's reinsurance facilities were ascertained and noted, and have been commented upon in this report under the caption "Reinsurance." Accounting records and procedures were tested to the extent deemed necessary through the substantive testing procedures. The Company's method of claims handling and procedures pertaining to the adjustment and payment of incurred losses were also noted.

All accounts and activities of the Company were considered in accordance with the provisions of Section §44-5904(1) of the Nebraska Insurance Statutes. The assets were verified and evaluated, and the liabilities were determined in order to present the statement of the Company's financial condition as of December 31, 2020.

Any failure of items to add to the totals shown in schedules and exhibits appearing throughout this report is due to rounding.

DESCRIPTION OF COMPANY

HISTORY

Effective January 1, 1986, the following corporations agreed to and completed consolidation: Concordia Mutual Insurance Company, Arlington, Nebraska; Farmers Mutual Insurance Association of Dodge County, Nebraska; and Farmers Mutual Insurance Company of Saunders County, Nebraska. In accordance with the Articles of Consolidation the new entity was named Farmers Mutual United Insurance Company, Incorporated, with its principle office being 444 North Linden, Wahoo, Nebraska. Said location was the home office of the former Farmers Mutual Insurance Company of Saunders County.

On August 18, 1989, Farmers Mutual Agency Inc. was formed as a subsidiary corporation with the issuance of 5,000 shares of common stock to its parent, Farmers Mutual United Insurance Company. The Company made a \$2,000 capital contribution to the newly formed agency on March 20, 1991. A further capital contribution was made by the Company in the amount of \$3,000 on March 13, 1992. On January 21, 1994, the Company agreed to sell a 40% stake in the agency to Pat Sullivan, an agent of the Company. This measure was approved by the Nebraska Department of Insurance on March 10, 1994, leaving Farmers Mutual United Insurance

Company with a 60% interest in the agency or 3,000 shares of common stock out of a total of 5,000 shares outstanding.

The following mergers took place with the approval of the Nebraska Department of Insurance. Effective January 1, 1995, German Farmers Insurance Company of York County was merged into the Company. Effective January 1, 2001, Farmers Mutual Insurance Company of Gage County was merged into the Company. Effective January 1, 2002, Farmers Mutual Insurance Company of Washington County was merged into the Company. Effective January 1, 2005, Mutual Insurance Company of Oakland, Nebraska and Douglas County Mutual Insurance Company were merged into the Company.

MANAGEMENT AND CONTROL

Holding Company

On November 1, 1989, Farmers Mutual United Agency Inc. was formed by the Company as a wholly owned subsidiary insurance agency. The agency was formed to provide the Company's insureds additional sources of coverage that are not written by the Company itself. The agency utilizes a portion of the Company's building for which it pays monthly rent of \$120. Operating expenses of the agency are paid directly by the agency.

The Company's building also houses two non-affiliated companies, Nebraska Farmers Agency (NFA) and the Nebraska Farmers Mutual Reinsurance Association. Both of these non-affiliates also utilize Company personnel. Each non-affiliate has its own equipment and supplies.

The Company is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing flowing from the "Ultimate Controlling Person", as reported in the 2020 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

Farmers Mutual United Insurance Company (60%)
Farmers Mutual United Agency, Inc.

Members

Article X of the Company's Articles of Incorporation states, "the annual meeting of the Members shall be held on or before May 31st of each year as required by law, the specific date to be set by annually by the Board of Directors."

Section 3 of the Company's By-Laws states, "every person, corporation, association or partnership desiring insurance authorized by this association may become a Member by making a written application therefor upon a printed blank furnished by the association, which must contain a description of the property to be insured, be signed by the applicant, and by one Member of the association recommending the same, to be presented to the Secretary-Treasurer with the required assessment as designated by the Board of Directors and when his application has been accepted and approved by the President and Secretary-Treasurer said applicant shall become a Member and his insurance shall be in force."

Board of Directors

Section 1 of the Company's By-Laws states that, "the Board of Directors shall consist of not less than nine (9) nor more than twelve (12) members, all of whom shall be Members of the association and reside within the State of Nebraska. The Directors shall be elected at the annual meeting... each Director shall be elected for a three (3) year term." As of December 31, 2020, the Company only had eight (8) Directors serving on the Board. It is recommended that the Company add a Member to the Board of Directors to comply with the number of Directors required by the Articles of Incorporation and By-Laws.

The following persons were serving as Directors at December 31, 2020:

<u>Name and Residence</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Kim Leif Benedict, Nebraska	Farmer	2021
Tom Sherman Ashland, Nebraska	Farmer	2021
Steve Jacobsen Omaha, Nebraska	Farmer	2022
Mark Rezac Valpraiso, Nebraska	Insurance Agent	2022
Matt Hannan Fremont, Nebraska	Farmer	2023
Arnold Heyen Ceresco, Nebraska	Farmer	2023
Mark Johnson Oakland, Nebraska	Farmer	2023
Terry Rasmussen Arlington, Nebraska	Farmer	2023

All Directors receive \$200 per diem and are reimbursed for mileage at the IRS allowable rate for attendance at meetings, except the President of the Company who does not receive the per diem. The President is paid an annual director fee of \$3,750 plus mileage.

Officers

Section 2 of Company's By-Laws states that, "the Board of Directors shall elect one President and one Vice-President from among its Members and shall appoint and employ a Secretary-Treasurer as well as such other assistants as are deemed necessary."

The following is a listing of Officers elected and serving the Company at December 31, 2020:

<u>Name</u>	<u>Office</u>
Terry Rasmussen	President
Kim Leif	Vice-President
Andy Dokulil	Secretary-Treasurer

Committees

Section 2 of the Company’s By-Laws states that, “the President, Vice-President and Secretary-Treasurer shall constitute an Executive Committee who shall have the general management of the business of the association in the absence of the Board of Directors.”

The following persons were serving on the Executive Committee at December 31, 2020:

Andy Dokulil	Kim Leif
Terry Rasmussen	

TRANSACTIONS WITH AFFILIATES

Cost Allocation Agreement

The Company entered into a cost allocation agreement on August 2, 2000 with Farmers Mutual United Agency, Inc. Under this agreement, the Company allocates outlays that arrive from charges directly attributable to the agency directly to the agency. Rent for office space, including utilities, is provided to the agency at a cost of \$120 per month.

TERRITORY AND PLAN OF OPERATIONS

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in the State of Nebraska only and is authorized to transact the kinds of insurance prescribed by Section §44-201, subsections (5) and (18) of the Nebraska Insurance Statutes (property insurance and marine insurance).

Active production includes Saunders, Dodge, Douglas, Washington, Burt, Gage, Cuming, York, Holt, and their adjacent counties. Twenty-nine (29) agents currently handle new business and the servicing of renewals.

Policies are written for a one-year term with premiums payable annually or semi-annually. Agents receive a one-time commission of twenty percent (20%) for new business. Renewal commissions are ten percent (10%) of net premiums written.

The Company has available to its members comprehensive personal and general liability coverages underwritten by Nebraska Farmers Mutual Reinsurance Association through the Nebraska Farmers Agency Company.

REINSURANCE

Ceded

The Company has a property reinsurance contract with Nebraska Farmers Mutual Reinsurance Association (NFMRA). Under the agreement, NFMRA agrees to reinsure the company against loss by fire, lightning, windstorm, hail, standard extended coverages, and other such coverages as may be approved by the Board of NFMRA, to dwellings, churches, schools, and other real and personal property, except on growing crops. The term of the agreement is from January 1 to December 31, and a new agreement is entered into each year.

NFMRA is liable for 100% of the amount by which the Company's Ultimate Net Losses incurred during the year exceed the Ultimate Retention. The Ultimate Retention is calculated based on the 2020 average insurance in force with a retention rate of \$2,700 per million. A 2020 Preliminary Retention shall be used for recoveries until the 2020 Ultimate Retention is calculated after December 31, 2020 insurance in force totals are reported to NFMRA by the Company.

If, prior to incurring ultimate net losses exceeding the preliminary retention, the Company incurs a reinsured loss on a single risk greater than \$40,000, the reinsurer will assume 100% of the amount of that loss over the applicable excess per risk retention up to \$660,000 (\$1,160,000 for single farm outbuildings and contents therein). Recoveries made under this provision greater

than recoveries available under the aggregate coverage are deducted from subsequent aggregate recoveries. If a company receives recoveries under this coverage but the net losses do not exceed the Ultimate Retention for the year, the amount recovered per risk between the Company's single risk retention and 1/8th of 1 percent (1%) of the Company's January 1 insurance in force is to be refunded prior to March 1 of the next year.

Regarding the limit per risk, it is agreed that surplus amounts over \$1,200,000 pertaining to farm outbuildings and machinery, or \$700,000 for all other covered property and/or policies, shall be pro rata reinsured by each Member Company, or such reinsurance shall be deemed to be in effect in determining the Company's Ultimate Net Loss.

In case of loss of any one or more items on a covered risk involving more than one of the reinsurer's member companies, the loss payable by the reinsurer will be divided between the member companies in proportion to the share each had in the loss.

The Company retains the first \$1,000 of each risk, each loss, as respects mobile home risks located in trailer courts. The limit of coverage is \$48,000 per trailer court. Two or more trailers in one location constitute a trailer court.

If the Company has a deficit balance (reinsurance assessments paid minus reinsurance recoveries and recoverables minus prior profit sharing and/or return premiums resulting in a negative balance) and chooses not to continue to be a reinsured member with NFMRA, a withdrawal payment equal to 50% of the last year's assessment must be paid to the reinsurer prior to February 1 following the ending effective date of the contract. This payment is not required if a Company merges or consolidates with a member company who continues to be a member of NFMRA. Most commercial risks are excluded from coverage under this agreement.

The Company utilizes facultative coverage available through NFMRA. NFMRA is provided this coverage through a Property Pro Rata Facultative Reinsurance Agreement placed by Guy Carpenter.

This agreement has an effective date of January 1, 2020, and allows NFMRA and its members the option to cede their excess liability. The cession is limited to five times the net retained liability and is subject to a maximum cession of \$700,000 and a minimum retention of \$100,000 as respects any one risk.

Assumed

The Company maintains a 100% Quota Share reinsurance agreement with Grange Mutual Insurance Company of Custer County (Grange). Property policies issued by Grange covered under this contract are identical to and do not exceed policies covered by the NFMRA Property Reinsurance Contract with Grange. The Company's liability, as respect to the losses occurring during the first contract year, shall not exceed an amount equal to the Ultimate Retention of the Company, as defined in the NFRMA Contract, minus losses that occurred in 2018 prior to the effective date of this contract. The agreement has an effective date April 19, 2018.

The Company is paying ceding commission to Grange of 22.5% while the agreement lists the commission as 20%. It is recommended that the Company amend the reinsurance agreement with Grange to include the necessary ceding commission changes.

General

The reviewed contracts contained a standard insolvency clause, an arbitration clause, an offset clause, and an errors and omissions clause. The contracts also contained the entire agreement clause as required per SSAP No. 62R, paragraph 8c of the NAIC Accounting Practices and Procedures Manual.

BODY OF THE REPORT

GROWTH

The following comparative data reflects the growth of the Company during the period covered by this examination:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$ 831,057	\$1,300,204	\$1,462,283	\$1,227,462
Common stock	2,449,372	2,418,239	2,180,646	511,327
Cash and short-term investments	2,267,348	2,731,282	1,758,233	4,114,744
Admitted assets	6,604,769	6,765,024	5,818,385	6,207,481
Loss reserves	82,292	656,887	245,638	543,220
Unearned premiums	2,627,024	2,825,111	3,502,099	3,795,764
Total liabilities	2,911,018	3,728,027	4,049,313	4,597,260
Capital and surplus	3,693,751	3,036,997	1,769,072	1,610,221
Premiums earned	3,850,960	4,394,134	5,361,154	5,176,628
Losses incurred	3,594,124	3,353,143	4,588,450	4,195,055
Net investment income	262,018	264,700	349,882	246,439
Net income	(1,005,704)	(385,901)	(598,565)	(506,215)

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the State of Nebraska Department of Insurance and present the financial condition of the Company for the period ending December 31, 2020. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statements and should be considered an integral part of the financial statements. A reconciliation of the capital and surplus account for the period under review is also included.

FINANCIAL STATEMENT
December 31, 2020

<u>Assets</u>	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$1,227,462		\$1,227,462
Common stocks	511,327		511,327
Real estate	280,760		280,760
Cash and short-term investments	<u>4,114,744</u>		<u>4,114,744</u>
Subtotal, cash and invested assets	\$6,134,293		\$6,134,293
Investment income due and accrued	9,077		9,077
Funds held or deposited with reinsured companies	64,111		64,111
Other amounts receivable under reinsurance contracts	1,760,563	\$1,760,563	
Furniture and equipment	<u>43,648</u>	<u>43,648</u>	
Totals	<u>\$8,011,692</u>	<u>\$1,804,211</u>	<u>\$6,207,481</u>

Liabilities, Surplus, and Other Funds

Losses		\$ 543,220
Loss adjustment expenses		11,864
Commissions payable, contingent commissions		107,000
Other expenses		688
Taxes, licenses and fees		97,778
Unearned premiums		3,795,764
Ceded reinsurance premiums payable		39,512
Liability premiums payable		<u>1,434</u>
Total liabilities		<u>\$4,597,260</u>
Unassigned funds (surplus)		<u>\$1,610,221</u>
Total capital and surplus		<u>\$1,610,221</u>
Totals		<u>\$6,207,481</u>

STATEMENT OF INCOME – 2020

Underwriting Income

Premiums earned	\$5,176,628
Losses incurred	4,195,055
Loss adjustment expenses incurred	241,004
Other underwriting expenses incurred	<u>1,575,301</u>
Total underwriting deductions	<u>\$6,011,360</u>
Net underwriting gain	<u>\$ (834,732)</u>

Investment Income

Net investment income earned	\$ (25,125)
Net realized capital gain	<u>271,564</u>
Net investment gain	<u>\$ 246,439</u>

Other Income

Commission and adjustment income	\$ 19,430
Other income	<u>64,648</u>
Total other income	<u>\$ 82,078</u>
Net income	<u>\$ (506,215)</u>

CAPITAL AND SURPLUS ACCOUNT

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Capital and surplus, beginning	\$ 4,183,513	\$3,693,751	\$3,036,997	\$1,769,072
Net income	\$(1,005,704)	\$ (385,901)	\$ (598,565)	\$ (506,215)
Change in unrealized capital gains	(6,828)	(259,448)	(478,720)	387,096
Change in nonadmitted assets	12,830	(11,405)	(8,464)	(10,653)
Change in surplus notes	517,465		391,237	
Paid in: Quota share unearned premiums			(591,667)	(29,079)
Transferred to surplus: Adjustments for investments			18,254	
Adjustment to unrealized gain	19,351			
Capital loss adjustment	(6,023)			
Investment fees	(5,973)			
Net amounts posted to balance sheet	(14,880)			
Net change for the year	<u>\$ (489,762)</u>	<u>\$ (656,754)</u>	<u>\$ (1,267,925)</u>	<u>\$ (158,851)</u>
Capital and surplus, ending	<u>\$3,693,751</u>	<u>\$3,036,997</u>	<u>\$ 1,769,072</u>	<u>\$1,610,221</u>

EXAMINATION CHANGES IN FINANCIAL STATEMENTS

Unassigned funds (surplus) in the amount of \$1,610,221, as reported in the Company's 2020 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

The recommendations appearing in the previous report of examination are reflected below together with the remedial actions taken by the Company to comply therewith:

Safekeeping Agreement – It is recommended the Company execute safekeeping agreements with TD Ameritrade and Fidelity that are fully compliant with Title 210, Chapter 81.

Action: The Company has not complied with this recommendation. This recommendation will be repeated under the caption “Commentary on Current Examination Findings” in this report.

Outstanding Checks – It is recommended that the Company remit outstanding checks over five (5) years old to the State Treasurer as unclaimed property and review this on an annual basis going forward.

Action: The Company has not complied with this recommendation. This recommendation will be repeated under the caption “Commentary on Current Examination Findings” in this report.

Reinsurance Clauses – It is recommended the Company amend its Property Reinsurance Contract to include the entire agreement clause and the reporting of premiums and losses on a quarterly basis in accordance with SSAP No. 62R, paragraph 8c & d of the NAIC Accounting Practices and Procedures Manual.

Action: The Company has complied with this recommendation.

Unearned Premium – It is recommended the Company retain the unearned premium report run at year-end that is used to complete the annual statement as support for future examinations.

Action: The Company has not complied with this recommendation. This recommendation will be repeated under the caption “Commentary on Current Examination Findings” in this report.

Number of Directors – It is recommended the Company ensure the number of Members serving on the Board of Directors is consistent with its By-Laws.

Action: The Company has not complied with this recommendation. This recommendation will be repeated under the caption “Commentary on Current Examination Findings” in this report.

Conflict of Interest – It is recommended the Company require their Officers and Directors to complete conflict of interest disclosures on an annual basis.

Action: The Company has not complied with this recommendation. This recommendation will be repeated under the caption “Commentary on Current Examination Findings” in this report.

Uncollected Premiums – It is recommended the Company make the necessary adjusting entries or correct how cancellations are recorded to eliminate the growth of this account balance and retain the documentation to aid in future examinations. In addition, the amount reported as uncollected premiums should be considered non-admitted in future filings.

Action: The Company has complied with this recommendation.

Investment Review/Approval – It is recommended the Board of Directors review and approve investment transactions on a no less than quarterly basis in accordance with §44-5105(3).

Action: The Company has complied with this recommendation

Reserve Documentation – It is recommended the Company retain documentation of the reserve estimates received from adjusters to aid in future examinations.

Action: The Company has complied with this recommendation

COMMENTARY OF CURRENT EXAMINATION FINDINGS

Safekeeping Agreement

Safekeeping agreements with Fidelity Investments and TD Ameritrade were reviewed in the 2016 exam and have not been amended. Both of the agreements were not found to be fully compliant with Title 210, Chapter 81. It will again be recommended the Company execute safekeeping agreements that are fully compliant with Title 210, Chapter 81.

Outstanding Checks

The Company had \$686,901 in checks outstanding on their bank reconciliation as of December 31, 2021. A significant sum of those have been outstanding for more than 5 years and should have been remitted to the State Treasurer in accordance with *Neb. Rev. Stat. § 69-1310*. It will again be recommended that the Company remit any outstanding checks over five (5) years old to the State Treasurer as unclaimed property and review this on an annual basis going forward.

Conflict of Interest

The Company does not have Officers or Directors fill out conflict of interest statements. It is recommended the Company require their Officers and Directors to complete conflict of interest disclosures on an annual basis.

Reserve Maintenance

Claims reported in 2020, with settlement completed in January 2021, did not have a reserve maintained at year end 2020. It is recommended that reserves are maintained for all claims outstanding at year end.

Unearned Premium

The unearned premium report used at year-end to arrive at the Annual Statement liability was not retained as recommended in the prior examination. It is again recommended the Company retain the unearned premium report run at year-end that is used to complete the annual statement as support for future examinations.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

The following comments and recommendations have been made as a result of this examination:

Safekeeping Agreement – It is recommended the Company execute safekeeping agreements with TD Ameritrade and Fidelity that are fully compliant with Title 210, Chapter 81.

Outstanding Checks – It is recommended that the Company remit outstanding checks over five (5) years old to the State Treasurer as unclaimed property and review this on an annual basis going forward.

Reinsurance Commission – It is recommended that the Company amend the reinsurance agreement with Grange to include the necessary ceding commission changes.

Number of Directors – It is recommended the Company ensure the number of Members serving on the Board of Directors is consistent with its By-Laws.

Conflict of Interest – It is recommended the Company require their Officers and Directors to complete conflict of interest disclosures on an annual basis.

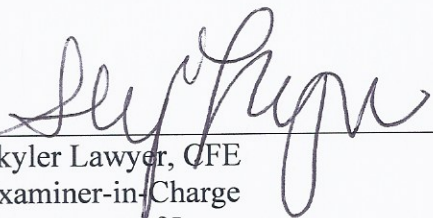
Reserve Documentation – It is recommended that reserves are maintained for all claims outstanding at year end.

Unearned Premium – It is recommended the Company retain the unearned premium report run at year-end that is used to complete the annual statement as support for future examinations.

ACKNOWLEDGMENT

The courteous cooperation extended by the Officers and employees of the Company during this examination is hereby acknowledged.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Skyler Lawyer", is written over a horizontal line.

Skyler Lawyer, CFE
Examiner-in-Charge
Department of Insurance
State of Nebraska

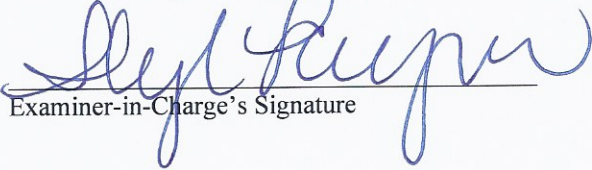
State of Nebraska,

County of Lancaster,

Skyler Lawyer, being duly sworn, states as follows:

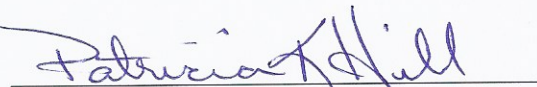
1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination Farmers Mutual United Insurance Company.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Farmers Mutual United Insurance Company was performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

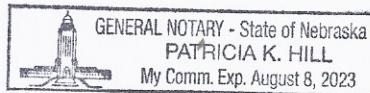
The affiant says nothing further.


Examiner-in-Charge's Signature

Subscribed and sworn before me by Skyler Lawyer on this 29 day of March, 2022.

(SEAL)


Notary Public



My commission expires 8-8-23 [date].