

**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of Farm Bureau Town & Country Insurance Company of Missouri
for the period ended December 31, 2014

ORDER

After full consideration and review of the report of the financial examination of Farm Bureau Town & Country Insurance Company of Missouri for the period ended December 31, 2014, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, subsequent events, company history, corporate records, management and control, territory and plan of operation, reinsurance, financial statements, comments on financial statement items, examination changes, and general comments and/or recommendations.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of Farm Bureau Town & Country Insurance Company of Missouri as of December 31, 2014 be and is hereby ADOPTED as filed and for Farm Bureau Town & Country Insurance Company of Missouri to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 8th day of July, 2016.




John M. Huff, Director
Department of Insurance, Financial Institutions
and Professional Registration

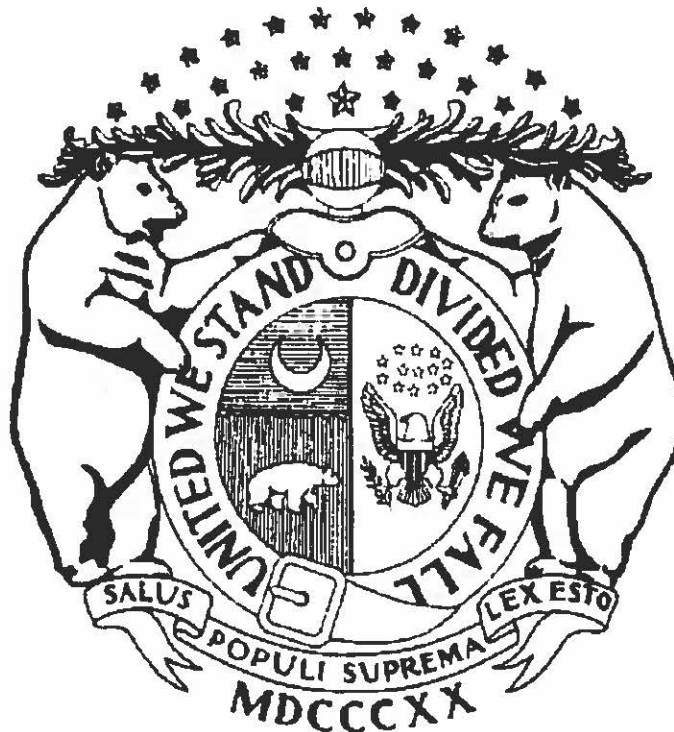
REPORT OF THE
FINANCIAL EXAMINATION OF
**FARM BUREAU TOWN & COUNTRY
INSURANCE COMPANY OF MISSOURI**

AS OF
DECEMBER 31, 2014

FILED

JUL 18 2016

DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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Jefferson City, Missouri
April 29, 2016

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial Institutions
and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Huff:

In accordance with your financial examination warrant, a full scope financial examination has been made of the records, affairs and financial condition of

Farm Bureau Town & Country Insurance Company of Missouri

hereinafter referred to as such, as FBT&C, or as the Company. Its administrative office is located at 701 South Country Club Drive, Jefferson City, Missouri, 65109, telephone number (573) 893-1400. This examination began on October 26, 2015, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) has performed a full scope financial examination of FBT&C. The last examination was completed as of December 31, 2009. This examination covers the period of January 1, 2010, through December 31, 2014. This examination also included the material transactions or events occurring subsequent to December 31, 2014.

This examination was performed concurrently with the Missouri DIFP examinations of FBT&C affiliates, Farm Bureau Life Insurance Company of Missouri (FBL) and Farm Bureau New Horizons Insurance Company of Missouri (FBNH).

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners' (NAIC) Financial Condition Examiners Handbook (Handbook) except where practices, procedures and applicable regulations of the DIFP and statutes of the State of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the

Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

The examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

Reliance Upon Others

The examiners relied upon information supplied by the Company's independent auditor, Williams Keepers, LLP, of Columbia, Missouri, for its audit covering the period from January 1, 2014, through December 31, 2014. Areas in which the testing and results from the CPA workpapers were relied upon in our examination included internal controls, bank confirmations, paid claims data, premiums receivable, unearned premiums, attorney representation letters, fraud assessment, and subsequent events review.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues, or material changes to the financial statements noted during the examination.

SUBSEQUENT EVENTS

There were no significant subsequent events noted from December 31, 2014, through the date of the report.

COMPANY HISTORY

General

FBT&C was incorporated on January 9, 1946, under the laws of the State of Missouri and commenced business on April 1, 1946. The Company operates as a stock property and casualty insurer under the insurance laws of Chapter 379 RSMo (Insurance Other Than Life).

The Company was originally a mutual insurer named “Farm Bureau Mutual Insurance Company of Missouri” when it was formed in 1946. An affiliated stock company named “Farm Bureau Casualty Company” was formed in 1971 and subsequently changed its name to “Farm Bureau Town & Country Insurance Company of Missouri.” These two entities were merged in 1977, which resulted in the current FBT&C entity.

Dividends and Capital Contributions

The Bylaws allow for dividends to be paid on common stock shares, pursuant to a declaration by the Board of Directors. The ultimate parent, Missouri Farm Bureau Federation (MFB-Federation), has adopted a general policy to require an annual dividend from FBT&C that is equal to 10% of the prior year’s net income. The following dividends were declared and paid to the direct parent, Missouri Farm Bureau Services, Inc. (MFB-Services), during the examination period.

| <u>Year</u> | <u>Dividends Paid</u> |
|-------------|-----------------------|
| 2010 | \$ 96,855 |
| 2011 | 190,919 |
| 2012 | 0 |
| 2013 | 942,133 |
| 2014 | 2,066,122 |

In 2012, FBT&C contributed \$3.5 million in paid in capital to its subsidiary Farm Bureau New Horizons Insurance Company of Missouri.

Mergers and Acquisitions

There were no mergers or acquisitions involving the Company or the holding company system of the ultimate parent, MFB-Federation, during the examination period.

CORPORATE RECORDS

The Company’s Articles of Incorporation and Bylaws were reviewed. There were no amendments during the examination period. The minutes of the Board of Directors’ meetings, written consents in lieu of meetings, and the sole shareholder written consents were reviewed for proper approval of corporate transactions. In general, the minutes and written consents appear to properly reflect and approve the Company’s major transactions and events for the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

The management of the Company is vested in a Board of Directors, which is appointed by the sole shareholder. The Company's Bylaws specify that the Board of Directors shall consist of twelve (12) members. The directors of the ultimate parent, MFB-Federation, simultaneously serve as directors all of its subsidiaries, including FBT&C. The Board of Directors appointed and serving, as of December 31, 2014, were as follows:

| <u>Name</u> | <u>Address</u> | <u>Principal Occupation and Business Affiliation</u> |
|-----------------|------------------|--|
| Charles Bassett | Dixon, MO | Farmer, Self-Employed |
| Lane Baxter | Rogersville, MO | Farmer, Self-Employed |
| Chris Chinn | Clarence, MO | Farmer, Self-Employed |
| Mary Fischer | Rockville, MO | Executive Secretary, First Christian Church |
| Brent Hampy | Smithton, MO | Farmer, Self-Employed |
| Vernon Hart | St. Joseph, MO | Farmer, Self-Employed |
| Todd Hays | Monroe City, MO | Farmer, Vice-President of MFB-Federation |
| Blake Hurst | Tarkio, MO | Farmer, President of MFB-Federation |
| Denny Mertz | Chesterfield, MO | Farmer, Self-Employed |
| Allen Rowland | Dexter, MO | Farmer, Self-Employed |
| Teribeth Spargo | Naylor, MO | Farmer, Self-Employed |
| Harry Thompson | Lohman, MO | Farmer, Self-Employed |

The Articles of Incorporation and Bylaws do not require any committees, but the Articles of Incorporation do allow for committees to be appointed by the Board of Directors. The FBT&C committees formally appointed and serving as of December 31, 2014, were as follows:

| <u>Audit Committee</u> | <u>Compensation Committee</u> | <u>Per Diem & Expense Committee</u> |
|------------------------|-------------------------------|---|
| Denny Mertz, Chairman | Todd Hays, Chairman | Todd Hays, Chairman |
| Vernon Hart | Harry Thompson | Brent Hampy |
| Chris Chinn | Charles Bassett | Lane Baxter |
| Allen Rowland | Teribeth Spargo | Mary Fischer |

The Company also has six informal committees which include the Investment Committee, Personnel Committee, Reinsurance Committee, Software Development Initiative (SDI) Steering Committee, 401(k) Committee and Long-Term Planning Committee. The committees consist of management and staff members from all areas of the Company.

Officers

The officers elected by the Board of Directors and serving as of December 31, 2014, were as follows:

| <u>Officer</u> | <u>Position</u> |
|------------------|--|
| Blake Hurst | President |
| Todd Hays | Vice-President |
| Daniel Cassidy | Secretary and Chief Administrative Officer |
| Randall Campbell | Treasurer and Chief Financial Officer |

Holding Company, Subsidiaries and Affiliates

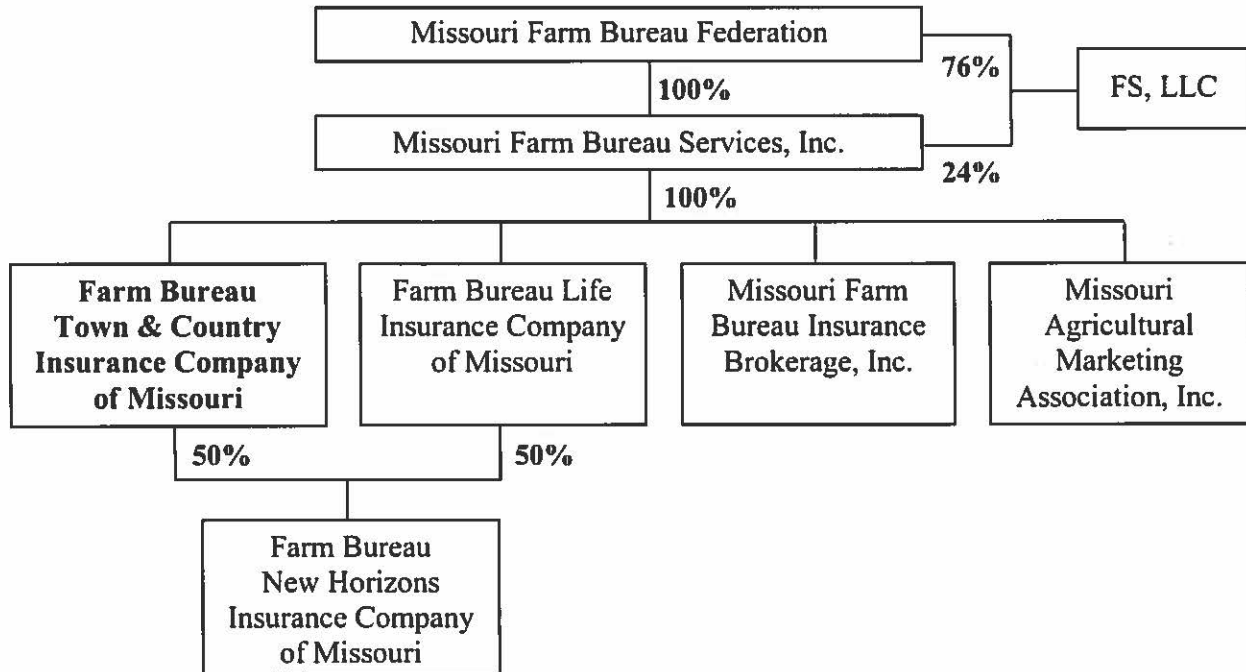
The Company is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). An Insurance Holding Company System Registration Statement was filed by the direct parent, MFB-Services, on behalf of FBT&C and its other insurance subsidiaries for each year of the examination period. FBT&C is ultimately owned 100% by MFB-Federation.

Below is a description of the business operations of all affiliated entities.

- **MFB-Federation** – The ultimate parent company is a not-for-profit organization that promotes the interests of its member farmers and the agriculture industry. Profits from the insurance operations of FBT&C, FBL and FBNH are the main source of income for the consolidated operations of MFB-Federation.
- **MFB-Services** – A holding company that directly or indirectly owns all insurance entities. Employees of MFB-Services conduct most of the daily operations of the insurance entities.
- **FBL** – A life insurance company that offers mostly whole life, term life and individual annuity products.
- **FBNH** – A property and casualty insurer formed in 2005 that specializes in writing property business for individuals with poor claims history or properties with higher risks due to poor condition or other reasons. Most of its net written business is derived from business assumed from an unaffiliated Missouri mutual insurer.
- **Missouri Farm Bureau Insurance Brokerage, Inc.** – A brokerage designed to place insurance coverages either not offered by or not available through FBT&C, FBL or FBNH. Coverages offered range from workers' compensation, non-standard automobile, professional liability, individual and group health products, disability, Medicare supplements, long-term care and many specialty coverages.
- **Missouri Agricultural Marketing Association, Inc.** – A dormant entity that had no business operations during the examination period.
- **FS, LLC** – An entity formed in 2006 for the sole purpose of holding ownership to the main office building in Jefferson City, Missouri. Ownership of the building was transferred from MFB-Federation to FS, LLC at the time of its formation to provide tax advantages that could not be utilized by MFB-Federation.

Organizational Chart

Below is an organizational chart reflecting FBT&C’s ownership and affiliates, as of December 31, 2014. [Note: All entities incorporated / domiciled in Missouri.]



Intercompany Agreements

The Company is a party to significant intercompany agreements in effect as of December 31, 2014, as outlined below:

1. **Type:** Allocation of Consolidated Tax Liability Agreement
- Parties:** MFB-Federation, MFB-Services and all subsidiaries
- Effective:** September 1, 2005
- Terms:** MFB-Services and its subsidiaries (including FBT&C) agree to file a consolidated federal income tax return. The Company will pay estimated federal income tax payments to MFB-Services on or before April 15, June 15, September 15, and December 15 of each current tax year and on or before March 15 of the following year for the extension filing. Settlement of the remaining tax liability or receivable due with the final tax return will be made after the final tax return is filed. The allocation of the consolidated federal income tax payments to each entity will be based upon the proportion of each entity’s individual taxable income to the consolidated taxable income. A separate adjustment shall be made each year between MFB-Services and each subsidiary for the difference, if any, between the allocated tax payments and the tax liability that would have resulted from each entity filing a separate federal tax return.

- 2. Type:** Claims Service Agreement
- Parties:** FBT&C and FBNH
- Effective:** January 1, 2006
- Terms:** FBT&C will provide claims adjusting and claims payment functions for FBNH. FBNH will pay a fee for each claim processed by FBT&C personnel. The per claim fees vary depending on the amount of the claim payment, as follows: \$175 fee for claims \$1,000 and under; \$240 fee for claims between \$1,000 and \$2,500; \$335 fee for claims between \$2,500 and \$5,000; \$560 fee for claims between \$5,000 and \$10,000; \$670 fees for claims between \$10,000 and \$15,000; \$810 for claims above \$15,000. Fees are to be paid by FBNH to FBT&C on a monthly basis and are due within 60 days after the actual total fees for the month are determined.
- 3. Type:** Space Rent Agreement
- Parties:** FS, LLC, FBT&C, FBNH and FBL
- Effective:** July 1, 2013
- Terms:** FBT&C, FBNH and FBL utilize office space and facilities in a building located in Jefferson City, Missouri that is owned by FS, LLC. This building serves as the home office for FBT&C, FBNH and FBL to conduct all major business functions. FBT&C, FBNH and FBL will pay rent to FS, LLC for the following expenses associated with operating the building: depreciation, maintenance and repairs, utilities, taxes, building management, insurance, interest, and other costs. The rent shall be calculated on an annual basis and charged to FBT&C, FBNH and FBL based upon the assigned square footage of each entity.
- 4. Type:** Service Agreement
- Parties:** MFB-Services, FBT&C, FBL and FBNH
- Effective:** January 1, 2007
- Terms:** MFB-Services will provide the following services for the subsidiary insurers: executive management, human resources, accounting, legal, audit, investment, information technology, public affairs, mailroom, imaging, printing, supplies, furniture and equipment, fleet rental, building maintenance, janitorial, cafeteria, copying, customer service, and actuarial. The insurers will pay fees to MFB-Services on a monthly basis for the services provided. The fees for most of the provided services are calculated based upon various allocation methods that are specified in the agreement. The fees for some services may be directly attributable to an entity and will be billed based upon actual usage. Fees payable to MFB-Services are to be paid within 60 days after the fees have been calculated.

- 5. Type:** Cost Sharing Agreement
- Parties:** MFB-Federation, MFB-Services, FBT&C, FBL, FBNH and MFB-Brokerage
- Effective:** January 1, 2007
- Terms:** The parties utilize common management and employees for various operational activities. The costs will be shared among the parties for the following operational functions: underwriting, sales (commissions), sales contests, promotional events, agents' payroll, Partners for Growth program (county office expenses), and other miscellaneous areas. The allocation of costs shall be computed on a monthly basis after actual expenses are determined and are due within 60 days of the computations. The allocation basis for underwriting, commissions, and service center costs is not specified but is to be based upon predetermined percentages that are reviewed annually. Allocation of agents' payroll is to be based upon the production attributable to each entity in the preceding month. The allocation basis for the costs of other activities was not explained in the agreement.

TERRITORY AND PLAN OF OPERATION

FBT&C is licensed only in the State of Missouri under Chapter 379 RSMo (Insurance Other Than Life). The major lines of business, based upon 2014 direct and net written premiums, are listed in the table below.

| <u>Line of Business</u> | <u>Direct Premiums</u> | <u>Net Premiums</u> |
|----------------------------------|------------------------|---------------------|
| Homeowners Multiple Peril | 29.8% | 28.7% |
| Farmowners Multiple Peril | 26.1% | 25.2% |
| Private Passenger Auto Liability | 18.4% | 19.3% |
| Auto Physical Damage | 17.8% | 18.6% |
| Commercial Multiple Peril | 4.9% | 4.7% |
| All Other | <u>3.0%</u> | <u>3.5%</u> |
| Total | <u>100.0%</u> | <u>100.0%</u> |

The Company writes business in all 114 counties in the State of Missouri. The geographic concentration of property risks is diversified among all areas of Missouri. No single county accounts for more than 5% of total insured property risks. The highest concentration of risks are located in the Kansas City and St. Louis metropolitan areas, which in total account for approximately 18% of insured property risks.

FBT&C is the largest writer of farmowners insurance in Missouri and the fifth largest writer of all property and casualty lines in Missouri. The majority of policyholders are located in rural areas. A policyholder must be a member of the ultimate parent, MFB-Federation, in order to be insured by FBT&C. This requirement results in the high percentage of farmowner policies and a large number of policies in sparsely populated farming regions.

Business for FBT&C is produced by a dedicated agency force employed by an affiliate, Missouri Farm Bureau Insurance Brokerage, Inc. (MFB-Brokerage). There were 235 agents of MFB-Brokerage, as of December 31, 2014. The agents produce business exclusively for FBT&C and its two affiliates, FBL and FBNH. Any risks for lines of business not written by FBT&C, FBL or FBNH are placed by MFB-Brokerage with third-party insurers.

REINSURANCE

General

The Company's premium activity on a direct written, assumed and ceded basis, for the period under examination, is detailed below:

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Direct Business | \$ 143,641,823 | \$ 155,578,625 | \$ 173,410,721 | \$ 179,557,403 | \$ 191,189,427 |
| Reinsurance Assumed | | | | | |
| Affiliates | 0 | 0 | 0 | 986,000 | 936,302 |
| Non-affiliates | 1,412,151 | 1,834,564 | 1,825,196 | 622,011 | 555,757 |
| Reinsurance Ceded: | | | | | |
| Affiliates | 0 | 0 | 0 | (139,000) | (110,000) |
| Non-affiliates | (14,250,060) | (15,951,730) | (9,197,757) | (12,636,310) | (13,070,861) |
| Net Premiums Written | <u>\$130,803,914</u> | <u>\$141,461,459</u> | <u>\$166,038,160</u> | <u>\$168,390,104</u> | <u>\$179,500,625</u> |

Assumed

The Company assumes property business from FBNH under per risk and catastrophe excess of loss contracts. Under the per risk agreement, FBT&C assumes losses in excess of a retention of \$300,000, limited to \$200,000 per risk and \$1 million per occurrence. Under the catastrophe agreement, FBT&C assumes losses in excess of a \$1 million retention, limited to \$9 million per occurrence.

The Company assumes property and casualty business on a retrocessional basis from American Agricultural Insurance Company (American Ag). American Ag has underlying reinsurance agreements to assume property catastrophe risks from approximately 24 insurers (including FBT&C) that operate under the "Farm Bureau" name and write business in 35 states. FBT&C and the other Farm Bureau insurers assume varying percentages of American Ag's multi-line and terrorism catastrophe losses from its primary reinsurance agreements under two pooling agreements. FBT&C assumes a 1.33% share of the multi-line pool, limited to a capacity of \$50,000 per loss per original contract covered. FBT&C and FBNH collectively assume a 4.37% share of the terrorism catastrophe pool, and the pool's aggregate liability under the agreement is \$35 million.

Ceded

The Company cedes property business to FBNH under a catastrophe excess of loss agreement. FBT&C cedes losses in excess of a \$9 million per occurrence retention, limited to \$1 million per occurrence.

All of the Company's external reinsurance coverage is provided by American Agricultural Insurance Company through multiple reinsurance agreements, on which both FBT&C and affiliate FBNH are named as reinsureds. American Ag is collectively owned 100% by 24 insurance companies in 35 states that operate under the "Farm Bureau" name. FBT&C owns only 1.1% of the outstanding common stock of American Ag and therefore, the entities are not related parties. FBT&C has a long standing business relationship with American Ag, and the Company's President, Blake Hurst, is a director for American Ag.

Property risks are reinsured on an individual risk basis through an excess of loss agreement with American Ag. The excess of loss agreement provides coverage for 100% of property losses in excess of a \$500,000 retention per risk with a reinsurance liability limit of \$19.5 million per risk.

Property catastrophe coverage is provided through agreements with American Ag, which cover non-terrorism and terrorism occurrences. The occurrence property and auto catastrophe agreement covers non-terrorism events, providing layered coverage totaling \$65 million per occurrence in excess of a retention of \$10 million and a 10% participation in the first \$10 million layer of coverage. The occurrence property catastrophe (terrorism) agreement covers terrorism events, which are excluded in the aforementioned agreement. The Company's retention is \$5,963,300 per occurrence, and the reinsurer's limit is \$11,926,600 per occurrence and in aggregate for the year. The agreement also contains a secondary limitation that limits the reinsurer's losses under all terrorism catastrophe agreements with all Farm Bureau companies to \$35 million per occurrence and in aggregate for the year. In the event this secondary limit is exceeded, the Farm Bureau companies would recover losses on a pro rata basis, based on each company's losses submitted under the contract in proportion to the total losses of all companies submitted under the contracts. An additional catastrophe agreement is named "over other protections" or "OOPS". Under the agreement, the Company has a retention of \$76 million per occurrence, and the reinsurer's limits are \$34 million per occurrence and \$68 million in aggregate. The agreement also contains a secondary limitation that limits the reinsurer's losses under all OOPS agreements with all Farm Bureau companies to \$150 million per occurrence and \$300 million in aggregate for the year. In the event this secondary limit is exceeded, the Farm Bureau companies would recover losses on a pro rata basis, based on each company's losses submitted under the contract in proportion to the total losses of all companies submitted under the contracts.

Most liability risks are reinsured through an excess of loss agreement with American Ag. The Company cedes 100% of risks in excess of a \$600,000 retention per occurrence with a maximum reinsurer liability limit of \$30,000,000 per occurrence. A separate reinsurance agreement with American Ag provides coverage for umbrella liability risks. The Company cedes 90% of the first \$1,000,000 of umbrella risks and 100% of umbrella risks in excess of \$1,000,000.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance agreement.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the DIFP and present the financial condition of the company for the period ending December 31, 2014. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

ASSETS
as of December 31, 2014

| | <u>Assets</u> | <u>Non- Admitted Assets</u> | <u>Net Admitted Assets</u> |
|---|------------------------------|-------------------------------------|--------------------------------|
| Bonds | \$ 233,517,619 | 0 | \$233,517,619 |
| Common Stocks | 36,660,176 | 0 | 36,660,176 |
| Cash, Cash Equivalents and Short-Term Investments | 4,184,026 | 0 | 4,184,026 |
| Other Invested Assets | 5,485,985 | 0 | 5,485,985 |
| Investment Income Due and Accrued | 2,418,838 | 0 | 2,418,838 |
| Uncollected Premiums and Agents' Balances | 464,583 | 206,131 | 258,452 |
| Deferred Premiums | 46,957,315 | 0 | 46,957,315 |
| Amounts Recoverable from Reinsurers | 550,670 | 0 | 550,670 |
| Net Deferred Tax Asset | 5,026,183 | 0 | 5,026,183 |
| Receivables from Parent, Subsidiaries and Affiliates | 187,710 | 0 | 187,710 |
| Aggregate Write-In Assets | 221,114 | 175,552 | 45,562 |
| TOTAL ASSETS | <u>\$ 335,674,219</u> | <u>\$ 381,683</u> | <u>\$335,292,536</u> |

LIABILITIES, SURPLUS AND OTHER FUNDS
as of December 31, 2014

| | |
|--|-----------------------------|
| Losses | \$50,474,588 |
| Loss Adjustment Expenses | 9,272,681 |
| Commissions Payable | 1,470,454 |
| Other Expenses | 1,135,475 |
| Taxes, Licenses and Fees | 234,037 |
| Current Federal Income Taxes | 4,107,449 |
| Unearned Premium | 78,336,421 |
| Advance Premium | 31,135,505 |
| Ceded Reinsurance Premiums Payable | 969,700 |
| Remittances and Items Not Allocated | 52,232 |
| Drafts Outstanding | 7,488,495 |
| Payable to Parent, Subsidiaries and Affiliates | 749,241 |
| Aggregate Write-Ins for Liabilities | <u>1,471,538</u> |
| TOTAL LIABILITIES | \$186,897,816 |
| Aggregate Write-Ins for Special Surplus Funds | 5,576,039 |
| Common Capital Stock | 1,200,000 |
| Gross Paid-In and Contributed Surplus | 5,000,000 |
| Unassigned Funds (Surplus) | <u>136,618,680</u> |
| Capital and Surplus | <u>\$148,394,719</u> |
| TOTAL LIABILITIES AND SURPLUS | <u>\$335,292,535</u> |

STATEMENT OF INCOME
For the Year Ended December 31, 2014

| | |
|--|------------------------------------|
| Premium Earned | \$174,224,159 |
| DEDUCTIONS: | |
| Losses Incurred | 113,370,090 |
| Loss Adjustment Expenses Incurred | 10,391,608 |
| Other Underwriting Expenses Incurred | 39,822,478 |
| Total Underwriting Deductions | <u>\$163,584,176</u> |
| | |
| Net Underwriting Gain | \$ 10,639,983 |
| | |
| Net Investment Income Earned | 10,345,028 |
| Net Realized Capital Losses | 955,042 |
| Net Investment Gain | <u>\$ 11,300,070</u> |
| | |
| Other Income | 3,000,429 |
| Federal Income Taxes Incurred | 7,598,973 |
| | <u> </u> |
| | |
| Net Income | <u><u>\$ 17,341,509</u></u> |
| | |
| CAPITAL AND SURPLUS ACCOUNT: | |
| Surplus as Regards Policyholders, December 31, 2013 | 130,957,875 |
| Net Income | 17,341,509 |
| Change in Net Unrealized Capital Gains or (Losses) | 2,023,478 |
| Change in Net Deferred Income Tax | 183,819 |
| Change in Non-Admitted Assets | (45,838) |
| Dividends to Stockholders | (2,066,122) |
| | <u> </u> |
| Change in Surplus as Regards Policyholders for the Year | <u>17,436,846</u> |
| Surplus as Regards Policyholders, December 31, 2014 | <u><u>\$148,394,721</u></u> |

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

EXAMINATION CHANGES

None.

GENERAL COMMENTS AND/OR RECOMMENDATIONS

None.

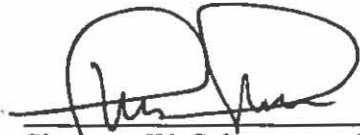
ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Farm Bureau Town & Country Insurance Company of Missouri during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Jennifer Danz, CPA, CFE, Examiner-In-Charge, Marc Peterson, CFE, Steve Koonse, CFE, John Merrigan, CPA, MBA, Debbie Doggett, CFE, PIR, Chris Bosch, CFE, and Kim Dobbs, CFE, AES, examiners for the Missouri DIFP, participated in this examination. Jon Michelson, FCAS, MAAA, of Expert Actuarial Services, LLC, also participated as a consulting actuary.

VERIFICATION

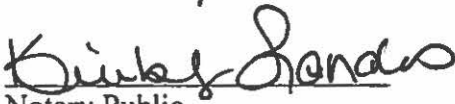
State of Missouri)
)
County of)

I, Shannon W. Schmoeger, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of Farm Bureau Town & Country Insurance Company of Missouri, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.



Shannon W. Schmoeger, CFE, ARE
Examiner-In-Charge
Missouri DIFP

Sworn to and subscribed before me this 23rd day of May, 2016.

My commission expires: May 18, 2020 
Notary Public



KIMBERLY LANDERS
My Commission Expires
May 18, 2020
Callaway County
Commission #12558402

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed except where practices, procedures and applicable regulations of the MO DIFP and statutes of the State of Missouri prevailed.



Levi N. Nwasoria, CPA, CFE
Audit Manager
Missouri DIFP