

ALEXIS K LEBAHN
3470 WASHINGTON DR#103
EAGAN, MN 55122



Home Insurance Renewal

KATHLEEN T SIZEMORE
5027 206TH ST N
FOREST LAKE MN 55025-8982

6/15/2022

Dear Kathleen T Sizemore,

Thank you for choosing Farmers for your homeowners insurance needs. We appreciate the opportunity to offer continued coverage for you and your family contingent upon payment toward the premium as stated below.

Please review the renewal offer documents that have been enclosed:

- Declaration page – a summary of your insurance coverages, limits, and deductibles
- Detailed reconstruction cost estimate of your home

A summary of your premium and policy change information is shown below. With this renewal, you'll see an increase in your home coverage limits. This change reflects the rising cost to replace homes in your area, including labor and construction materials.

Premium at-a-glance

Policy Premium	\$3,930.21
Fees	\$19.65

▶ Premium and Fees **\$3,949.86**

Summary of changes

	Previous	Renewal
Coverage: Dwelling	\$373,000	\$415,000
Coverage: Loss of Use	\$149,200	\$166,000
Coverage: Personal Property	\$279,750	\$311,250
Coverage: Separate Structures	\$37,300	\$41,500

Your Farmers Policy

Policy Number: 98873-63-72
Effective: 8/19/2022 12:01 AM
Expiration: 8/19/2023 12:01 AM

Property Insured

5027 206th St N
Forest Lake, MN 55025-8982

Your Farmers Agent

Alexis K Lebahn
3470 Washingt Dr#103
Eagan, MN 55122
(651) 280-4180
alebahn@farmersagent.com

To file a claim log on to [Farmers.com](https://www.farmers.com)
or the [Farmers® Mobile App](#) or call
1-800-435-7764

Did you know?



Farmers Friendly Review

Contact your agent to learn more about the policy discounts, coverage options, and other product offerings that may be available to you.



Go Mobile

The Farmers® Mobile App gives you 24/7 account access on the go. Text GETAPP to 29141 to download it today!

Renewal (continued)

This is not a bill. Your bill with the amount due will be mailed separately.

If you prefer, you can log into farmers.com today to review your balance and make a payment. You can also contact us at 1-877-327-6392 or visit your agent's office with your payment.

Sincerely,

Farmers Insurance Group®

Next Generation Homeowners Declaration

Page



Policy Number: 98873-63-72
Effective: 8/19/2022 12:01 AM
Expiration: 8/19/2023 12:01 AM
Named Insured(s): Kathleen Sizemore
 5027 206th St N
 Forest Lake, MN 55025-8982
e-mail: ksizemore1@icloud.com
Address(es):
Property Insured: 5027 206th St N
 Forest Lake, MN 55025-8982
Underwritten By: Fire Insurance Exchange
 6301 Owensmouth Ave.
 Woodland Hills, CA 91367

Premiums/Fees

Policy Premium	\$3,930.21
Fees	
Minnesota Fire Surtax	\$19.65
▶ Policy Premium and Fees*	\$3,949.86

*also see Information on Additional Fees below

This is not a bill.

Your bill with the amount due will be mailed separately.

Description of Property

Year of Construction	Construction Type	Roof Type	Number of Units	Occupancy
2004	Plastic/Vinyl	Asphlt/Fbrgls or Dimnsl Asphlt	1	Owner Occupied (Primary Res.)

Property Coverage

Coverage	Limit	Coverage	Limit
Coverage A - Dwelling	\$415,000	Coverage D - Loss of Use	\$166,000
Extended Replacement Cost	\$103,750	Identity Fraud Coverage	\$30,000
Coverage B - Separate Structures	\$41,500	Building Ordinance or Law	10%
Coverage C - Personal Property	\$311,250		
Contents Replacement Cost	Covered		

Liability Coverage

Coverage	Limit	Coverage	Limit
Coverage E - Personal Liability	\$300,000	Coverage F - Medical Payments to Others	\$1,000
Association Loss Assessment	Not Covered		

Deductible

Type of Loss	Deductible
Applicable to each covered loss	\$5,000

Discounts Applied to Policy

Discount Type	Discount Type
Central Burglar Alarm	Auto/Home

Declaration Page (continued)

Discount Type

Non Smoker

Discount Type

Mortgage / Other Interest

1st Mortgage

Loan Number

Rushmore Loan Management
Services
ISAOA ATIMA
PO Box 692409
San Antonio, TX 78269-2409

7601426344

Mortgage Deductible Clause

Subject to all of the terms and conditions of the policy, the following provision applies only if a mortgagee is named in the declarations, and the mortgagee has foreclosed on the property prior to the date of loss: the applicable deductible for any interest of any mortgagee will be the smallest of the following amounts:

1. The deductible stated in the declarations; or
2. \$1,000.

This provision does not apply to loss or damage from earthquake, where a separate, increased deductible applies to loss or damage caused by this peril.

Policy and Endorsements

This section lists the policy form number and any applicable endorsements that make up your insurance contract. Any endorsements that you have purchased to extend coverage on your policy are also listed in the coverages section of this declarations document: 56-5543 2nd ed.; J6898 1st ed.; J6944 1st ed.; MN079 1st ed.; 25-2481 6-12; MN080 1st ed.

Other Information

- Please contact your Farmers[®] agent for a free Farmers Friendly Review[®] so that you can ensure that your family is properly protected. Your agent can explain all of the policy discounts/credits, coverage options and our various other product offerings that may be available to you.
- Your privacy is important to us. To view our Privacy Notice go to <https://www.farmers.com/disclaimer/privacy-policy/> or on the Farmers[®] mobile app accessible in the legal section.

***Information on Additional Fees**

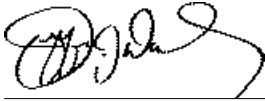
The "Fees" stated in the "Premium/Fees" section on the front apply on a per-policy, not an account basis. The following additional fees also apply:

Declaration Page (continued)

- 1. Service Charge per installment** (In consideration of our agreement to allow you to pay in installments):
- For Recurring Electronic Funds Transfer (EFT) and enrolled online billing (paperless): **\$0.00** (applied per account)
 - For other Recurring EFT plans: **\$2.00** (applied per account)
 - For all other payment plans: **\$5.00** (applied per account)

If this account is for more than one policy, changes in these fees are not effective until the revised fee information is provided for each policy.

Countersignature



Authorized Representative

- 2. Late Fee: \$10.00** (applied per account)
- 3. Returned Payment Charge: \$25.00** (applied per check, electronic transaction, or other remittance which is not honored by your financial institution for any reason including but not limited to insufficient funds or a closed account)
- 4. Reinstatement Fee: \$25.00** (applied per policy)

One or more of the fees or charges described above may be deemed a part of premium under applicable state law.



Policy Endorsements

Important Information About Your Policy

The following provides you with information about changes to your home/auto policy, effective upon its renewal.

This message is provided for informational purposes only. It is not a part of your policy and does not affect or provide coverage, in and of itself. Since the policy, including its declarations and endorsements, is your contract with us, it takes precedence over this message. For a more detailed description of your coverage, please refer to your policy documents.

REDUCTION IN COVERAGE

Your policy contract currently includes a condition for Duties After Loss that indicates you must give prompt written notice to us or our agent without unnecessary delay. We have updated the conditions of your policy to specify that in the case of a loss caused by Windstorm or Hail you must provide notice to us within 365 days after the loss. In some instances, this may be a reduction in coverage.

If you have any questions, please contact your Farmers[®] agent.

94-7913 A1

Windstorm or Hail Claim Reporting Limitation (MN080 - 1st Edition)

It is agreed that coverage provided by this policy is modified as follows: In Section I Property Conditions, 3. Duties After Loss, a. is deleted and replaced with the following:

- a. Give prompt notice to us or our agent without unnecessary delay. In the case of loss caused by **Windstorm or Hail**, the notice must be within 365 days after the date of loss. In the case of theft, you must also immediately notify the police. In case of loss covered in Section I - Extensions of Coverage, Identity Fraud, involving an unauthorized use of a credit card, debit card, fund transfer card, forgery, or acceptance of counterfeit money, you must also immediately notify the police, and as appropriate, the issuer of the card, credit bureau, credit reporting agency, and the credit granter;

94-7913 1st Edition 7-21

This endorsement is part of your policy. All other policy terms and conditions apply.



Policy Notices

Notice of Information Practices - Minnesota

You have certain rights under state and federal law with respect to the privacy of information we obtain about you when you engage in insurance transactions involving insurance primarily for personal, family or household use. You will receive, or already may have received, a notice entitled "Farmers Privacy Notice." Your state gives you additional protections that are explained in this notice. Our information practices, as described in this notice, extend to applicants, policyholders and former policyholders.

Collection of Information

Much of the information we need comes from you when you apply for insurance. Sometimes, however, we may need additional information or may need to verify information you've given us. In those instances, we may contact you, your spouse or another adult member of your household either by phone or by mail.

In addition, we often employ the common insurance industry practice of asking an outside source, called a "consumer reporting agency" or "insurance support organization," to provide us with consumer reports. On occasion, that source may contact you, another adult member of your household or a neighbor, either by phone or in person to provide us with a report. As the Named Insured, you have the right to request that you or your spouse be contacted for a personal interview. If you choose this option, we will make every effort to comply with your request.

We may also obtain information from consumer reporting agencies and other sources for purposes other than underwriting, such as when processing claims, investigating potential fraud, or servicing your account. For example, we may obtain financial information relating to a particular bank account if you desire to set up an electronic funds transfer payment. In addition, we may obtain information relating to health and employment during the processing of a claim.

Types of Information Collected

In connection with the underwriting and/or servicing of policies covering your personal vehicles, we may obtain information, including information relating to the use of your vehicle(s), ages and drivers, mileage, items relating to the driver, such as, personal habits and characteristics, credit information, prior accidents and driving violations, prior arrests or convictions, claims history and previous insurance experience.

In connection with the underwriting and/or servicing of policies covering your real and personal property, we may obtain information, including information relating to construction type, square footage, heating, other physical characteristics of the property, care and maintenance of the property, the personal habits and characteristics of the property's occupants, credit information, claims history and previous insurance experience.

What We do with Information We Collect About You

We use the information we collect about you to perform insurance functions, including underwriting and servicing your policy, processing claims and for other purposes permitted by state and federal law. For example, we may disclose this information, as permitted by law, and without your prior authorization to:

1. Your Agent, who may need the information to service your policy.
2. Persons who need this information to perform normal business functions for us.
3. Persons conducting actuarial or research studies on our behalf.
4. Persons to detect or prevent criminal activity or fraud in connection with an insurance transaction.
5. A healthcare institution or health professional, to verify insurance coverage or benefits, or to inform an individual of a medical problem of which the individual may not be aware.
6. An insurance regulatory authority.

Policy Notices (continued)

7. Law enforcement or other governmental authority.
8. A group policyholder to report claims experience or conduct an audit of our operations, but only as necessary to conduct the review or audit.
9. Affiliates, as permitted by law.
10. Other non-affiliated third parties, as permitted by law.
11. A party to a proposed or consummated sale, transfer, merger or consolidation of all or part of the company underwriting your policy.

Information obtained from a report prepared by an insurance-support organization may be retained by that organization and disclosed to other persons who use these reports, but only to the extent permitted by federal and state law.

Access to and Correction of Personal Information

You have the right to know the contents of any recorded personal information about you that is in our records, including any investigative consumer report we have obtained. You also have the right to receive a copy of this information and to request that we correct, amend or delete any of the information that you feel is in error. To exercise these rights, you must send us a written request. If you request correction, amendment or deletion of any erroneous information, we will review the recorded personal information and your written request. If the requested changes are in order, we will make the appropriate changes in our records. If we cannot make the change, you then have the option of filing a statement of the reasons why you disagree with our decision, which will be included in our policy records so anyone reviewing the disputed personal information will have access to it. Any future disclosure made by us, if any, will also include your filed statement. We will also provide a copy to anyone designated by you who may have received recorded personal information from us in the past two years. In any case, whether we can or cannot comply with your request to correct recorded personal information, we will advise you of our decision in writing.

These rights do not extend to information collected in connection with or in reasonable anticipation of a claim, or civil or criminal proceeding, or to specific items of privileged information when an applicant or policyholder is suspected of fraud, material misrepresentation or material nondisclosure.

You may contact your Agent for the appropriate service center address where you can direct your written inquiry.

Keeping You Informed

As required by law, we will notify you of our information practices regularly. We reserve the right to modify our practices at any time, when permitted by law.

If, after reading this, you have any further questions, please feel free to contact your Agent.

This notice is sent on behalf of the Farmers Insurance Group of Companies, whose members include, but are not limited to:

Policy Notices (continued)

Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange, Mid-Century Insurance Company, Farmers New Century Insurance Company, Farmers Insurance Company, Inc. (A Kansas Corp.), Farmers Insurance Company of Arizona, Farmers Insurance Company of Idaho, Farmers Insurance Company of Oregon, Farmers Insurance Company of Washington, Farmers Insurance of Columbus, Inc., Farmers Texas County Mutual Insurance Company, Illinois Farmers Insurance Company, Mid-Century Insurance Company of Texas, Texas Farmers Insurance Company, Civic Property and Casualty Company, Exact Property and Casualty Company, and Neighborhood Spirit Property and Casualty Company.

25-2481 6-12

Important Information About Damage Caused by Flooding

The policy does not cover damage to your property caused by flooding. Flood insurance is available to communities and property that participate in the National Flood Insurance Program ("NFIP"). Not all communities participate in the NFIP. Flood insurance may be available even if you do not live in a flood hazard area as defined by the NFIP.

If your community does not participate in the NFIP, you may contact your insurance agent or broker to see if there is other flood insurance coverage available to you.

To purchase or receive more information on flood insurance coverage, please contact your local Farmers agent. Information regarding flood insurance is also available by calling the National Flood Insurance Program at 1-800-427-4661.

25-4414 8-08

Reconstruction Cost and Your Coverage A (Dwelling) Amount

Policy Number: 98873-63-72

This document contains important information about your insurance coverage. Please review this information carefully.

Do You Think You Have Enough Coverage?

At renewal your policy will provide **\$206** per square foot to rebuild your home. (This does not include any additional amount added by extension or endorsement to your policy.)

When you first obtained your policy, Farmers® used an estimating program to calculate a reconstruction cost estimate for your home. This was an estimate, not a guarantee of reconstruction costs.

For this renewal offer we have applied a reconstruction cost factor as part of the annual renewal process. Since we do not unilaterally reduce the Coverage A amount at renewal, there will be no change in the Coverage A amount if application of the factor would result in a decrease in the Coverage A amount. The chart below shows the amount for which we have offered to insure your home at renewal as well as the reconstruction cost estimate with the factor applied (see below). We will calculate a new estimate, rather than apply the reconstruction cost factor, upon request or when you notify us of changes to the features of your home.

Policy Notices (continued)

Coverage A (Dwelling) Amount offered to insure your home: \$415,000
Reconstruction Cost Estimate: \$415,000

Please review the next page to make sure the details about your home are correct, and let me know of any necessary changes. Changes to these details could result in a change to the reconstruction cost estimate. Feel free to contact me at any time if you want a new estimate calculated or if you want to make a change to the amount for which your home is insured.

It's important to understand that reconstruction cost is NOT the same as the market value of your home.

Reconstruction Cost

Reconstruction cost is the amount it would cost to rebuild your home if it were destroyed. It includes costs like materials and labor and city/county fees. It is not what a buyer would pay for your home or the amount of your mortgage. It does not include the value or cost of the land.

vs.

Market Value

Market value is the price a buyer would pay to purchase the home, including the land and property, in its current condition. It takes into account the location, the desirability of the property, changes in the housing market, and the economy. It does not take into account the cost to build a new home.

Do You Need Help?

As your Farmers Agent I am happy to help you with any questions you have. I can provide guidance as to the coverage options available, but I cannot choose your coverage amounts for you. Ultimately it is your responsibility to make sure you have purchased sufficient insurance coverage to rebuild your home and replace your personal property.

If you have questions about your coverage or the Coverage A amount offered for your home with this renewal offer please contact my office at **(651) 280-4180**. As your Farmers Agent, I am committed to providing you with excellent service.

Sincerely,

Alexis K Lebahn

Questions to Consider When You are Determining Your Coverage:

- Is the square footage accurate?
- Have you remodeled your kitchen, bathrooms or any other part of your home?
- What is the overall quality of your home? (See the Quality Grade definitions later in this document.)

Information We Have About Your Home.

Please review the information below about your home for accuracy. Additionally, keep in mind that the amount for which we have offered to insure your home is not a guarantee of reconstruction costs. Again, feel free to contact me if you want to make a change to your Coverage A amount.

Policy Notices (continued)

<i>ZIP Code:</i>	55025-8982	<i>Roof Material:</i>	Asphlt/Fbrgls or Dimnsl Asphlt
<i>Year Built:</i>	2004	<i>Garage Type:</i>	3 Car Attached/ Built-In
<i>Square Footage:</i>	2,016	<i>Interior Wall Construction</i>	Drywall
<i>Style or Number of Stories:</i>	2 Stories	<i>Material:</i>	
<i>Dwelling Quality Grade:</i>	Economy	<i>Basement:</i>	Yes
<i>Foundation Type:</i>	Basement	<i>Number of Units:</i>	1
<i>Foundation Shape:</i>	8-10 Corners - T,U,Z Shape		

Please note that the above information is not an all inclusive list of the individual home features that would be used to recalculate your estimate, but would be major contributors to the development of that estimate. If you desire a complete list of all home features or any other information, please contact me so I can provide that information. Please see the next page for definitions of selected reconstruction cost terms.

There are other coverages and/or options that may be right for you, including those that follow. Some may not be available based on your policy form and/or some may have additional underwriting requirements.

Extended Replacement Cost Coverage: This coverage increases your Coverage A (Dwelling) limit up to an additional 25% or 50% of the Coverage A amount to repair or replace covered damage to your home. This coverage is subject to the policy terms and conditions and may not be available in all states. This coverage may provide an additional layer of protection as your policy **does not** provide Guaranteed Replacement Cost coverage. If your policy does not already include this coverage as indicated on your Declarations page, contact your agent to explore your coverage options.

Building Ordinance or Law Coverage: This coverage pays for increased costs incurred from rebuilding your home in compliance with updated building codes. Contact your agent to learn more about this coverage and the limits available to you.

Options to Choose a Reduced Coverage A (Dwelling) Amount: Depending upon your state, there may be several options to insure your home for lower limits and/or less coverage.

Personal Property: You may also be able to purchase increased coverage for certain items of personal property. These items may include but are not limited to jewelry, watches, electronic data processing equipment, fine arts, firearms, silverware, and other collectibles.

Please contact me to discuss any of the coverages or options listed above.

Selected Definitions

<i>Term</i>	<i>Definitions</i>
Square Footage	The total square footage figure includes all floors of your home. IMPORTANT: The total square footage does NOT include any of the following: attached garage or built-in garage, carport, basement (even if fully finished), attached greenhouse, porches or decks, or any detached structures.
Reconstruction Cost Factor	This Factor is applied as part of the annual renewal process. The Factor may be based on the approximate difference between a current and former reconstruction cost estimate program and/or may reflect the changes in the cost of materials and labor required to rebuild a home in your area.
Dwelling Quality Grade	The following "definitions" are general guidelines to help with your review. Your home can have elements of more than one specific Dwelling Quality Grade. Therefore, you should determine the Quality Grade by choosing the one that comes closest to describing your home.

Policy Notices (continued)

Term

Definitions

Premium: Unique style and/or shape which vary from the other homes in the area. They are typically very large homes, generally at least 5,000 square feet. Vaulted ceilings (9' - 12') typically throughout. Highest grade materials used throughout (countertops, cabinets, flooring, wall coverings etc.). Contains unique features such as wall safes, built-in movie theaters, and other luxury constructions.

Custom: These homes can be recognized by the unique style and/or shape which vary from the other homes in the area. They are typically quite large homes. Custom homes are distinguished by style and shape as well as by the finishes, though they may contain both Above Average and/or Premium quality finishes. Includes features such as highly upgraded kitchen and bath countertops, floor and wall coverings, built-in bookshelves, and wet bars.

Above Average: Tract style home construction with upgraded features. Home design is produced throughout the area. Many rooms, including the kitchen, bathrooms, and bedrooms have been upgraded from the standard construction design and have features that are made of higher quality materials. Typical designs include raised ceilings. Many upgraded features include the wall and floor coverings, lighting fixtures and kitchen and master bath countertops.

Standard: Typical of common tract style home construction. Home design is produced throughout the area. Features come as part of the packaged construction design and are made of solid and quality conventional materials. Typical designs may include slightly higher ceilings with occasional vaulted ceilings. Some upgraded features but not prevalent.

Economy: Basic home features and design. Simple construction layout and floor plan. Inexpensive fixtures and features. Lower grade, but functional, construction materials (for example: roofing, flooring, cabinets, and countertops).

25-8862 4-18

Important Information Regarding Your Policy

Thank you for choosing Farmers Insurance for your insurance needs. We appreciate your business and want to keep you informed of actions concerning your policy.

Reduction in Coverage

Effective upon renewal, your policy is amended to include a 365-day time limitation from the date of loss for claims resulting from Windstorm or Hail. This is effective February 2, 2022.

If you have any questions, please contact your Farmers[®] Agent, who will be happy to help you, or this office directly at (888) 327-6377.

25-9074 9-21



Subscription Agreement Notice

Important Notice - Please keep for your records

Subscription Agreement Notice

By payment of the policy premium, you acknowledge that you have received and read the Fire Insurance Exchange Subscription Agreement (the terms of which are provided below) and that you agree to be bound to all of the terms and conditions of the Subscription Agreement.

Under the Subscription Agreement, you appoint Fire Underwriters Association (the "Association") to act as the attorney-in-fact. The Association has acted in this capacity since 1942. The Subscription Agreement provides for payment of compensation to the Association for its becoming and acting as attorney-in-fact. This compensation consists of a membership fee and a percentage of premiums on all policies of insurance or reinsurance issued or effected by the Exchange. These fees are included in your policy payment and are not an additional fee.

We reserve the right to request that you provide us with a signed Subscription Agreement and if you fail to do so, your coverage may be terminated.

Subscription Agreement

For and in consideration of the benefits to be derived therefrom the subscriber covenants and agrees with Fire Insurance Exchange and other subscribers thereto through their and each of their attorney-in-fact, the Fire Underwriters Association, to exchange with all other subscribers' policies of insurance or reinsurance containing such terms and conditions therein as may be specified by said attorney-in-fact and approved by the Board of Governors or its Executive Committee for any loss insured against, and subscriber hereby designates, constitutes and appoints Fire Underwriters Association to be attorney-in-fact for subscriber, granting to it power to substitute another in its place, and in subscriber's name, place and stead to do all things which the subscriber or subscribers might or could do severally or jointly with reference to all policies issued, including cancellation thereof, collection and receipt of all monies due the Exchange from whatever source and disbursement of all loss and expense payments, effect reinsurance and all other acts incidental to the management of the Exchange and the business of interinsurance; subscriber further agrees that there shall be paid to said Association, as compensation for its becoming and acting as attorney-in-fact, the membership fees and twenty five per centum of the Premium Deposit for the insurance provided and twenty five per centum of the premiums required for continuance thereof.

The remaining portion of the Premium Deposit and of additional term payments made by or on behalf of the subscriber shall be applied to the payment of losses and expenses and to the establishment of reserves and general surplus. Such reserves and surplus may be invested and reinvested by a Board of Governors duly elected by and from subscribers in accordance with provisions of policies issued, which Board or its Executive Committee or an agent or agency appointed by written authority of said Executive Committee shall have full powers to negotiate purchases, sales, trades, exchanges, and transfers of investments, properties, titles and securities, together with full powers to execute all necessary instruments. The expenses above referred to shall include all taxes, license fees, Attorneys' fees and adjustment expenses and charges, expenses of members' and governors' meetings, agents' commissions, and such other specified fees, dues and expenses as may be authorized by the Board of Governors. All other expenses incurred in connection with the conduct of the Exchange and such of the above expenses as shall from time to time be agreed upon by and between the Association and the Board of Governors or its Executive Committee shall be borne by the Association.

The principal office of the Exchange and its attorney-in-fact shall be maintained in the City of Los Angeles, County of Los Angeles, State of California.

This agreement can be signed upon any number of counterparts with the same effect as if the signatures of all subscribers were upon one and the same instrument, and shall be binding upon the parties thereto, severally and ratably as provided in policies issued. Wherever the word "subscriber" is used the same shall mean members of the Exchange, the subscriber hereto, and all other subscribers to this or any other like agreement. Any policy issued hereon shall be non-assessable.



2022 Exchange Update

Dear Fellow Fire Insurance Exchange Member:

As we close the books on 2021, Farmers Insurance Group® continues to provide its customers with coverage options to help them manage risk and meet their insurance needs. We strive to deliver the best value and experience to every customer we're privileged to serve. Farmers appreciates your business and looks forward to continuing to earn your confidence for many years to come.

Fire Insurance Exchange is one of the insurers comprising Farmers Insurance Group®. Fire Insurance Exchange along with Farmers Insurance Exchange and Truck Insurance Exchange, and their subsidiaries and affiliates, provide automobile, homeowners, personal umbrella and business owners insurance. For more information, please visit farmers.com.

Recent Developments

- A key highlight in 2021 was our successful acquisition and integration of MetLife Auto & Home®, which diversified our distribution and extended the Farmers brand to new customers.
- We also continued our strong performance in customer experience, with our overall customer satisfaction score at an all-time high.
- In a year of elevated weather and fire catastrophes, Farmers responded with our award-winning Catastrophe team to serve our customers and help communities in need.

Better Together

- We began pivoting to a new way of working based on feedback from our employees and after demonstrating we're more than capable of operating Farmers and serving our customers with the vast majority of our employees working virtually.
- We are committed to a diverse workforce and are proud that Farmers has achieved a perfect score of 100 on the 2022 Corporate Equality Index (CEI).

Your Voting Rights

As a member of Fire Insurance Exchange, you have the important right to vote for representatives of the Exchange Board of Governors. To ensure that all our customers have an opportunity to exercise their voting rights, we now have three ways in which you can cast your votes. You may vote in person at the Annual Meeting of Members of Fire Insurance Exchange, appoint a proxy to act on your behalf by requesting and returning a completed proxy form, or conveniently cast your votes online through your Farmers.com account. Additional information on Fire Insurance Exchange and your voting options can be found in the FAQs on the other side of this page.

Thank you for your ongoing support and participation.

Sincerely,

A handwritten signature in black ink that reads "Kenneth W. Bentley".

Kenneth W. Bentley
Chair of the Board of Governors of Fire Insurance Exchange

2022 Exchange Update (continued)

FREQUENTLY ASKED QUESTIONS

As a member of Fire Insurance Exchange, we want you to understand the basics of the operation of an Exchange because, as you will see below, you are an owner of the Exchange.

What is an Exchange?

An Exchange is an insurance organization, which operates in most ways like any other insurance company, but with a few key differences. Fire Insurance Exchange was organized under a provision in the California Insurance Code, which allows insureds to "exchange" policies with other insureds. Because the insureds cannot practically be involved in actually issuing policies, collecting premium, paying commissions to agents, etc., they appoint a third party - called an "attorney-in-fact" (AIF) - to perform those duties on their behalf for a fee. That appointment is made through a document called a "Subscription Agreement." You were asked to sign a Subscription Agreement at the time you applied for insurance with Fire Insurance Exchange and that is how you became a member (aka subscriber).

Who owns the Exchange?

You do. Subscribers of the Exchange are owners until such time as they no longer have insurance from the Exchange. Subscribers elect a Board of Governors which supervises the financial affairs of the Exchange and the performance of the AIF in conformity with the Subscription Agreement terms.

Why is an AIF fee paid to Fire Underwriters Association (FUA)?

Under the Subscription Agreement mentioned above, members appoint FUA to perform certain of the tasks, such as policy issuance and collection of premium, which are involved in running an insurance operation. The Subscription Agreement specifies an AIF fee of 25 percent of premium, although FUA has taken less than that amount.

What is FUA?

FUA is a wholly owned subsidiary of Farmers Group, Inc. (FGI), which is part of the Zurich Insurance Group, Ltd (ZIG), a Swiss company. Neither FUA, FGI nor ZIG has any ownership interest in Fire Insurance Exchange, which is owned by its subscribers (insureds).

How was your premium dollar spent by Fire Insurance Exchange in 2021?

Your premium dollar covers Exchange costs including losses incurred, acquisition costs, taxes, license fees, the AIF fee, and any contributions to surplus. For 2021, the AIF fee was 12.5% of the premium dollar, which included the AIF profit of 6.68% of the premium dollar for that year.

Can the Exchange lose money?

If premiums collected exceed claims payments and other expenses (including the fee for the AIF), then the Exchange retains those net premium earnings (as contributions to surplus). If premiums are not sufficient to cover claims and expenses, the Exchange will lose money. That's one reason it is important to build surplus to pay future losses. The AIF does not participate in claims losses and does not enjoy any net premium earnings. Importantly, subscribers are not responsible for any losses the Exchange might suffer.

How can I exercise my right to vote?

You may exercise your voting rights in any of the following ways:

1. By attending the annual members' meeting in Woodland Hills, CA on March 20, 2023 at 10 AM,
2. Electronically through your Farmers.com account (voting will be available from January 1, 2023 to March 10, 2023 and you will be required to create a Farmers.com account if you do not already have one), or
3. Through mail by requesting a paper proxy from the Subscriber Relations Office (completed proxies must be received by March 10, 2023)

Where can I get more information about the Exchange, or obtain a paper proxy?

You can go to www.farmers.com/about-us for most questions. If you have additional questions or want to obtain a paper proxy along with a postage paid envelope to confidentially return your proxy, please contact:

Subscriber Relations Office
Fire Insurance Exchange
Attn: Corporate Secretary
P.O. Box 4461
Woodland Hills, CA 91365
Subscriber.relations@farmersinsurance.com