



FARMERS MUTUAL INSURANCE COMPANY

16 N. Main – P.O. Box 396

Ellinwood, Kansas 67526-0396

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Notice of ACV Valuation and Coverage Adjustments

Dear Policyholder,

We all know that inflation is impacting everyone. Inflationary concerns are on everyone's minds, and into everyone's pockets. Likewise, we have experienced inflation in loss experience. As a Mutual company we will share in this burden by absorbing the increased expenses of our operations, and feel strongly that this is our "Mutual" spirit. However, we must increase coverages to agree with current Actual Cash Value (ACV) of property values to account for future loss expectations. Any resulting updates to your coverage limits are reflected on the enclosed Renewal Declarations Page.

We strongly believe that the inflation impact on our policyholders through loss experience is solely a coverage concern rather than a rate concern. We do not believe it is fair to take rate increases to address the inflation that we are experiencing in our claims, as long as we adjust the coverage to reflect the whole of the Actual Cash Value (ACV) of the property. Therefore, your premium will reflect proportionately any increase in your insurance coverage at this renewal, if applicable.

FMI utilizes a cost estimator to calculate the ACV amount of your dwelling or structure. The ACV cost estimator calculation is based on age, condition, other physical attributes, and a grading by the company underwriter. The cost estimator is updated at least quarterly to provide accurate construction costs and adequately meet your ACV coverage needs.

For your renewal our underwriters have performed the calculations on dwellings/structures insured according to file information and known details of the insured property. Your coverage amount has been updated to that current ACV of your dwelling/structure.

Please note that, Personal Property or any Scheduled Property coverages listed on your policy are not increased on the renewals unless part of a package policy (Homeowners). It is most likely that your Personal Property or Scheduled Property items are underinsured for their current ACV. We strongly suggest that you review coverages with your agent to ensure adequate coverage.

This impacts all policyholders. You, nor any specific policyholder or policy is being singled out for this purpose. Your prior experience with payments or claims does not impact the outcome of this increase.

If you have any questions, please contact your agent/agency listed on the enclosed Declarations Page. Your agent/agency is your representative to assist you with any additional coverage concerns. We appreciate you being our Policyholder!

Mutually yours,

Justin Lear, PFMM – CEO

Our Mission:

Provide Kansans with insurance protection
that is reliable and personal.

Our Slogan:

Small enough to care, large enough to serve,
because it's always something.