

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Joint Application)	
Filed Pursuant to K.S.A. 40-1220 by)	
)	
FARM BUREAU MUTUAL INSURANCE)	
COMPANY, INC.,)	
)	
FARM BUREAU INSURANCE COMPANY OF)	
NEBRASKA)	
)	
and)	Docket No. 3112-M
)	
FARM BUREAU MUTUAL INSURANCE)	
COMPANY)	
)	
and the)	
Proposed Acquisition of)	
)	
KFB INSURANCE COMPANY, INC.)	

ORDER

NOW on this 23rd day of December, 2002, the above matter comes before the Commissioner of Insurance of the State of Kansas upon the filing of the Joint Application for Approval for Merger pursuant to K.S.A. 40-1220 ("Joint Application") by Farm Bureau Mutual Insurance Company, Inc., a Kansas domestic mutual fire and casualty insurance company and operated pursuant to K.S.A. 40-1201 *et seq.* ("Farm Bureau Kansas"), Farm Bureau Insurance Company of Nebraska, a Nebraska mutual fire and casualty insurance company ("Farm Bureau Nebraska") and Farm Bureau Mutual Insurance Company, an Iowa mutual fire and casualty insurance company ("Farm Bureau Mutual").

The Joint Application, which was filed by the Applicants with the Kansas Insurance Department on December 2, 2002 pursuant to K.S.A. 40-1220, relates to the proposed merger of Farm Bureau Kansas and Farm Bureau Nebraska with and into Farm Bureau Mutual.

Farm Bureau Kansas is represented by its attorneys, Steve Imber and Karen Jordan. Farm Bureau Nebraska is represented by its attorney, W. Scott Davis. Farm Bureau Mutual is represented by its attorneys, David McNeil. The Kansas Insurance Department is represented by Assistant General Counsel, Linda Sheppard, and Staff Attorney, Deletria L. Nash. Also appearing for the Kansas Insurance Department are Don Gaskill, Chief Examiner, and Patrick Mulvihill of the Financial Surveillance Division.

All parties are relying on documentary and contractual representations filed with the Kansas Insurance Department.

FINDINGS OF PUBLIC INTEREST AND POLICY

The purpose of filing the Joint Application and Agreement and Plan of Merger was to obtain the approval of the Kansas Insurance Department for the proposed merger of Farm Bureau Kansas and Farm Bureau Nebraska with and into Farm Bureau Mutual. The terms and conditions of the proposed merger are fully set forth in the Joint Application and Agreement Plan of Merger.

Significant documents have been reviewed by representatives of the Financial Surveillance and the Legal Division of the Kansas Insurance Department, and the Commissioner has had the benefit of their technical expertise and advice.

The Applicants have submitted the following documents as Exhibits to the Joint Application:

- Exhibit A Plan and Agreement of Merger
- Exhibit B1 Excerpt of Minutes from Farm Bureau Mutual Board of Directors Meeting
- Exhibit B2 Excerpt of Minutes from Farm Bureau Nebraska Board of Directors Meeting
- Exhibit B3 Excerpt of Minutes from Farm Bureau Kansas Board of Directors Meeting
- Exhibit C1 Minutes from Farm Bureau Kansas Policyholders Meeting
- Exhibit C2 Minutes from Farm Bureau Nebraska Policyholders Meeting
- Exhibit D1 Certificate of Secretary – Farm Bureau Mutual
- Exhibit D2 Certificate of Secretary – Farm Bureau Nebraska
- Exhibit E1 Affidavit of Mailing – Farm Bureau Kansas
- Exhibit E2 Affidavit of Mailing – Farm Bureau Nebraska
- Exhibit F1 Quarterly Financial Statement – Farm Bureau Kansas
- Exhibit F2 Quarterly Financial Statement – Farm Bureau Nebraska
- Exhibit F3 Quarterly Financial Statement – Farm Bureau Mutual
- Exhibit G1 Certificate of President – Farm Bureau Nebraska
- Exhibit G2 Certificate of President – Farm Bureau Kansas
- Exhibit G3 Certificate of President – Farm Bureau Mutual

The staff of the Kansas Insurance Department has inspected and reviewed the contents of the Joint Application and all Exhibits attached thereto

and found that the filing of the Joint Application and Exhibits attached thereto is in accordance with K.S.A. 40-1220 and that the Joint Application and Exhibits attached thereto have provided all the information required under Kansas statutes to enable the Commissioner to render a decision on the Joint Application and Agreement and Plan of Merger.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Farm Bureau Kansas is a mutual fire and casualty insurance company organized and operating pursuant to the provisions of Article 12 of the Kansas Insurance Code, with its home office located in Manhattan, Kansas. Farm Bureau Kansas became authorized to transact business in Kansas on October 31, 1938;

2. Farm Bureau Nebraska is a mutual fire and casualty insurance company organized and operating pursuant to the provisions of Chapter 44 of the Nebraska Insurance Code, with its home office located in Lincoln, Nebraska. Farm Bureau Nebraska is not authorized to transact business in Kansas;

3. Farm Bureau Mutual is a mutual fire and casualty insurance company organized and operating pursuant to the provisions of Title XIII of the Iowa Insurance Code, with its home office located in West Des Moines, Iowa. Farm Bureau Mutual became authorized to transact business in Kansas on December 23, 2002.

4. KFB Insurance Company, Inc., a domestic stock fire and casualty insurance company organized and operating pursuant to the provisions of Article 12 of the Kansas Insurance Code, with its home office located in Manhattan,

Kansas. KFB Insurance Company, Inc. became authorized to transact business in Kansas on January 26, 1962;

5. According to K.S.A. 40-1217, a domestic mutual insurance company organized pursuant to K.S.A. chapter 40, article 12 may merge with any other, other than life, solvent non-domestic mutual insurance company which is authorized to do insurance business in this state if such merger is authorized by the laws of the state in which such non-domestic company is organized.

6. According to K.S.A. 40-3304, a domestic mutual insurance company merging subject to the requirements of K.S.A. chapter 40, article 12 is exempt from filing a Form A with the Kansas Insurance Department. The acquisition of Kansas Farm Bureau by Farm Bureau Mutual is part of the merger of mutual insurance companies and is subject to the approval of the Kansas Insurance Department under Article 12.

7. K.S.A. 40-1218 sets forth the procedure that must be followed when merging mutual insurance companies. The first requirement is that the directors of each company shall enter into a joint agreement prescribing the terms and conditions of the merger.

8. On August 29, 2002, a meeting of the Board of Directors of Farm Bureau Nebraska was convened pursuant to notice duly provided to each Board member in accordance with the Articles, Bylaws and all laws applicable to Farm Bureau Nebraska. One of the purposes of said meeting was to consider the proposed merger of Farm Bureau Kansas and Farm Bureau Nebraska with and into Farm Bureau Mutual;

9. On September 3, 2002, a meeting of the Board of Directors of Farm Bureau Mutual was convened pursuant to notice duly provided to each Board member in accordance with the Articles, Bylaws and all laws applicable to Farm Bureau Mutual. One of the purposes of said meeting was to consider the proposed merger of Farm Bureau Kansas and Farm Bureau Nebraska with and into Farm Bureau Mutual;

10. On September 20, 2002, a meeting of the Board of Directors of Farm Bureau Kansas was convened pursuant to notice duly provided to each Board member in accordance with the Articles, Bylaws and all laws applicable to Farm Bureau Kansas. One of the purposes of said meeting was to consider the proposed merger of Farm Bureau Kansas and Farm Bureau Nebraska with and into Farm Bureau Mutual;

11. The Boards of Director of Farm Bureau Kansas, Farm Bureau Nebraska and Farm Bureau Mutual each unanimously approved the merger as set forth in the Plan and Agreement of Merger of Farm Bureau Kansas and Farm Bureau Nebraska with and into Farm Bureau Mutual;

12. The second requirement of K.S.A. 40-1218 is that the agreement shall not be effective unless the same shall be approved by the policyholders of the companies and the Commissioner of Insurance.

13. The Merger Agreement was presented to policyholders of each of the Merging Corporations at meetings held on October 23, 2002 (Farm Bureau Kansas and Farm Bureau Nebraska). Farm Bureau Mutual did not have a policyholder meeting inasmuch Iowa law does not require such a policyholder

meeting to approve the Merger Agreement. The policyholders of each of the Merging Corporations approved the Joint Application;

14. Farm Bureau Nebraska, Farm Bureau Kansas and Farm Bureau Mutual filed a certified copy of the Joint Application with the Kansas Insurance Department on December 2, 2002;

15. The Joint Application, Articles and Plan of Merger is in compliance with the provisions of K.S.A. 40-1220.

16. Evidence has been introduced to establish that the mergers of Farm Bureau Kansas, Farm Bureau Nebraska and Farm Bureau Mutual as proposed in the Joint Application will not be hazardous or prejudicial to the insurance-buying public;

17. The evidence submitted supports approval of the proposed the Joint Application of Farm Bureau Kansas and Farm Bureau Nebraska with and into Farm Bureau Mutual;

18. The evidence shows that the competence, experience and integrity of those persons who would control the surviving entity, Farm Bureau Mutual, are such that it would be in the interest of policyholders and of the public to permit the Plan and Agreement of Merger.

17. The proposed merger of Farm Bureau Kansas, Farm Bureau Nebraska and Farm Bureau Mutual is also subject to the approval of the Director of Insurance of the State of Nebraska because Farm Bureau Nebraska is a Nebraska domestic mutual insurer and the Director of Insurance of the State of Iowa because Farm Bureau Mutual is an Iowa domestic mutual insurer.

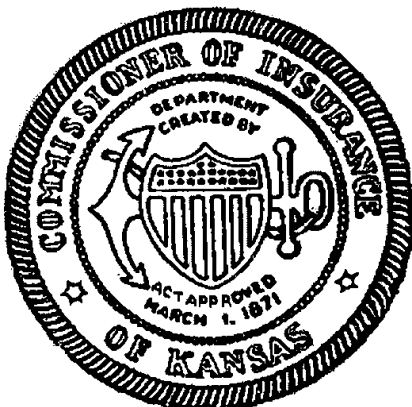
**IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE,
ORDERED THAT:**

1. The merger of Farm Bureau Mutual Insurance Company, Inc. and Farm Bureau Insurance Company of Nebraska with and into Farm Bureau Mutual Insurance Company as set forth in the Joint Application and Exhibits attached thereto is hereby approved pursuant to K.S.A. 40-1221, provided the merger is effected within sixty (60) days of the date of this Order.

2. The merger of Farm Bureau Mutual Insurance Company, Inc. and Farm Bureau Insurance Company of Nebraska with and into Farm Bureau Mutual Insurance Company as set forth in the Joint Application and Exhibits attached thereto is hereby approved pursuant to K.S.A. 40-1221, provided all closing documents are executed and filed with the Kansas Insurance Department within sixty (60) days of the date of this Order.

3. The Commissioner of Insurance retains jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such further Order or Orders as may be deemed proper.

**IT IS SO ORDERED THIS 23RD DAY OF DECEMBER, 2002, IN THE
CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.**



/s/ Kathleen Sebelius
Kathleen Sebelius
Commissioner of Insurance