



2019 ANNUAL REPORT TO STATE FARM® MUTUAL POLICYHOLDERS



As the leading Auto and Home insurer in the United States, State Farm continues to offer products, service, and technology to meet customer needs. In 2019, State Farm Mutual achieved an operating profit and built upon our financial strength that allows us to be there for our customers when they need us most, helping them recover from the unexpected.

The A.M. Best Co., which provides an independent opinion of an insurance company's ability to meet obligations to policyholders, continues to give State Farm Mutual its highest rating (A++).

For nearly one century, we have helped people – through our service to customers and in communities around the United States. State Farm employees and independent contractor agents are dedicated people focused on encouraging and empowering others to get involved and take action. Each day through acts of good we are working together, and we believe we can make, and inspire, a meaningful difference in our world.

Thank you for putting your trust in State Farm. We are honored to serve you.

Michael L. Tipsord
Chairman, President and Chief Executive Officer

Notice of Annual Meeting

The annual meeting of State Farm Mutual Automobile Insurance Company is held each year at 10 a.m. on the second Monday of June at the Company's Corporate Headquarters, One State Farm Plaza, Bloomington, Illinois. All members may attend the annual meeting, and the first named insured has a right to vote by proxy or in person. You may receive a proxy by writing to Customer Service, One State Farm Plaza, Bloomington, Illinois 61710. Please include your State Farm Mutual Automobile Insurance Company policy number in your request. A return envelope will be provided for your convenience and proxies must be on file with the Corporate Secretary 20 days before the annual meeting. Please visit statefarm.com® for any changes to the annual meeting date and time.

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

Statement of Condition (In Millions of Dollars)

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Cash and Short Term Investments	\$ 2,434	\$ 2,384
Bonds	55,759	53,043
Unaffiliated Common & Preferred Stocks	58,802	47,852
Equity in Insurance Subsidiaries	45,233	40,729
Other Assets	16,248	15,857
Total Assets	\$178,476	\$159,865
<u>Liabilities</u>		
Claims and Claim Expenses	\$ 32,544	\$ 32,554
Unearned Premiums	13,022	12,924
Other Liabilities	16,752	13,634
<u>Surplus</u>		
Funds for Protection of State Farm Mutual Policyholders, including the Investment Fluctuation Reserve	\$ 65,907	\$ 55,434
Funds Assigned for Protection of Customers of Subsidiaries	47,141	42,534
Funds Assigned for Catastrophe Reinsurance Assumed from Affiliates	3,110	2,785
Total Liabilities and Surplus	\$178,476	\$159,865

Summary of Operating Data (In Millions of Dollars)

	<u>2019</u>	<u>2018</u>
Premium Earned	\$ 42,137	\$ 43,426
Less: Dollars for Claims	27,536	26,524
Expenses for Paying Claims	5,065	5,235
Service and Administrative Fees	10,299	10,385
Underwriting Gain or (Loss)	(763)	1,282
Plus: Investment Gain ¹ and Other Income	3,456	5,786
Income before Dividends and Taxes	2,693	7,068
Less: Dividends to Policyholders	0	0
Income Taxes Incurred (Recoverable)	383	718
Net Income	\$ 2,310	\$ 6,350

¹Investment Gain is reported net of capital gains tax.

The financial statements of the Company are audited by an independent public accounting firm.

Board of Directors

- Dan E. Arvizu** – Chancellor, New Mexico State University System
- Charles K. Bobrinsky** – Vice Chairman & Head of Investment Group, Ariel Investments
- W. Steven Jones** – Professor of Organizational Behavior & Strategy, University of North Carolina
- W. H. Knight, Jr.** – Former Chief Financial Officer, Capital One Financial Corp., Seattle University School of Law
- Allan R. Landon** – Former Chairman of the Board & Chief Executive Officer, Bank of Hawaii Corporation
- Vicki A. O'Meara** – Chairman, AdSwerve
- Gary L. Perlin** – Former Chief Financial Officer, Capital One Financial Corp.
- Debra L. Reed-Klages** – Former Executive Chairman, Sempra Energy
- Pamela B. Strobel** – Former Executive Vice President & Chief Administrative Officer, Exelon Corporation
- Michael L. Tipsord** – Chairman, President & Chief Executive Officer, State Farm Mutual Automobile Insurance Company
- Kenneth J. Worzel** – Chief Operating Officer, Nordstrom, Inc.

State Farm Mutual Automobile Insurance Company
Bloomington, IL