



# 2018 ANNUAL REPORT

## TO STATE FARM® MUTUAL POLICYHOLDERS

As the number one Auto and Homeowners insurer in the United States, State Farm remains a strong choice for customers. In 2018, State Farm Mutual achieved an operating profit and continued to build our financial strength, which allows us to deliver on the promises we make and help our customers 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 its highest rating (A++) to State Farm Mutual.

Helping people – through the many ways we serve our customers and our communities – is part of who we are and what we're about. Through our Neighborhood of Good®, we're leading a movement to encourage and empower people to get involved and take action. Working together, we believe we can make, and inspire, a meaningful difference in our world.

Thank you for putting your trust in State Farm. We are proud 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. Proxies must be on file with the Corporate Secretary 20 days before the annual meeting.

State Farm Mutual Automobile Insurance Company  
Bloomington, IL

153-9000.49

## STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

### Statement of Condition (In Millions of Dollars)

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Cash and Short Term Investments	\$ 2,384	\$ 2,527
Bonds	53,043	45,751
Unaffiliated Common & Preferred Stocks	47,852	55,303
Equity in Insurance Subsidiaries	40,729	39,030
Other Assets	15,857	18,121

**Total Assets** **\$159,865** **\$ 160,732**

### Liabilities

Claims and Claim Expenses	\$ 32,554	\$ 33,237
Unearned Premiums	12,924	13,132
Other Liabilities	13,634	17,358

### Surplus

Funds for Protection of State Farm Mutual Policyholders, including the Investment Fluctuation Reserve	\$ 55,434	\$ 53,863
Funds Assigned for Protection of Customers of Subsidiaries	42,534	40,816
Funds Assigned for Catastrophe Reinsurance Assumed from Affiliates	2,785	2,326

**Total Liabilities and Surplus** **\$159,865** **\$ 160,732**

### Summary of Operating Data (In Millions of Dollars) 2018 2017

Premium Earned	\$ 43,426	\$ 42,420
Less: Dollars for Claims	26,524	31,092
Expenses for Paying Claims	5,235	5,417
Service and Administrative Fees	10,385	10,192
<b>Underwriting Gain or (Loss)</b>	1,282	(4,281)
Plus: Investment Gain <sup>1</sup> and Other Income	5,786	4,039
Income before Dividends and Taxes	7,068	(242)
Less: Dividends to Policyholders	0	0
Income Taxes Incurred (Recoverable)	718	(1,944)

**Net Income** **\$ 6,350** **\$ 1,702**

<sup>1</sup>Investment 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. Arvizo** – Chancellor, New Mexico State University System
- Charles K. Bobrinsky** – Vice Chairman & Head of Investment Group, Ariel Investments
- Christopher C. DeMuth** – Distinguished Fellow, Hudson Institute
- W. Steven Jones** – Professor of Organizational Behavior & Strategy, University of North Carolina
- W. H. Knight, Jr.** – Professor of Law & Distinguished Academic in Residence, 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
- Paul T. Stecko** – Director, Former Chairman & Chief Executive Officer, Packaging Corporation of America
- 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 Digital Officer & President, Nordstrom.com
- John D. Zeglis** – Former Chairman of the Board & Chief Executive Officer, AT&T Wireless