

# **BYLAWS COMMITTEE PROPOSES CHANGE FOR DELEGATE CONSIDERATION**

The Board of Directors, as the Bylaws Committee for American Farmers & Ranchers Mutual Insurance Company (“AFR”), proposes the following amendment to Article IV, Section 8(c) of the 2016 Amended and Restated Bylaws of American Farmers & Ranchers Mutual Insurance Company (the “Bylaws”). Currently, Section 8(c) limits a CEO’s term to one (1) year.

During the last CEO search, the Board determined that a one (1) year limitation to a CEO’s term could be a disincentive for an otherwise qualified candidate to commit to be AFR’s CEO. A CEO candidate, when considering to relocate his/her family and leave other employment, is less inclined to do so for a one (1) year term commitment from AFR. AFR was able to hire a talented person who had solid experience with AFR as its new CEO. Nevertheless, the one (1) year term limitation was an issue during discussions.

The Board of Directors recommends that the Bylaws be amended to allow the Board of Directors to hire a CEO for a term up to three (3) years. This language would also grant the Board with the discretion to negotiate with a CEO candidate for a term of any length as long as it does not exceed three (3) years. The Board of Directors believes that the requested amendment will help place AFR in the position, as needed, to attract and hire the most-talented people for the position of CEO, which, in turn, benefits AFR and its policyholders. Additionally, extending the term for AFR’s CEO to three (3) years creates consistency with the current terms for AFR’s Officers and Directors, which are also three (3) year terms.

The Board recommends the approval of the amendment.

## **PROPOSED REVISION TO**

### **ARTICLE IV, Section 8(c)**

**Of**

## **2016 AMENDED AND RESTATED BYLAWS OF**

### **AMERICAN FARMERS & RANCHERS MUTUAL INSURANCE COMPANY**

(c) Chief Executive Officer (CEO). The A CEO shall be appointed by the Board of Directors of the Corporation to serve a term of one (1) year for a period of time up to three (3) years or until his successor is duly appointed. The Board of Directors shall have discretion to retain a current CEO for additional term(s) of office, but each such additional term(s) shall never exceed three (3) years. The CEO is not required to be an officer of the State Union. No person shall be eligible to serve and hold the office of CEO who has a conflicting interest in a similar organization as an officer, director, or agent, who would, by reason of other affiliates be in a position to engage in or profit from transactions prohibited by statute. The CEO shall have general and active

management, direction, and control of the business and affairs of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The CEO will also be responsible for other duties as assigned by the Board of Directors.