



## 2020 ANNUAL REPORT TO STATE FARM® MUTUAL POLICYHOLDERS

State Farm is the leading Auto and Home insurer in the United States and continues to offer products, service, and technology to meet customer needs. In 2020, State Farm Mutual overcame an unprecedented year to achieve an operating profit and build upon our financial strength that allowed us to be there for our customers when they needed us most – helping them recover from the unexpected and through the Good Neighbor Relief Program we established in response to the pandemic.

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 almost 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 who are leading a movement to encourage and empower others to get involved and take action. Each day, through Acts of Good, we are making a meaningful difference in our world. We empower people to be good neighbors and protect what matters most.

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](http://statefarm.com)® for any changes to the annual meeting location, date or time.

## STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

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

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Cash and Short Term Investments	\$ 3,969	\$ 2,434
Bonds	58,902	55,759
Unaffiliated Common & Preferred Stocks	65,404	58,802
Equity in Insurance Subsidiaries	46,160	45,233
Other Assets	19,500	16,248
<b>Total Assets</b>	<b>\$193,935</b>	<b>\$178,476</b>

### Liabilities

Claims and Claim Expenses	\$ 31,701	\$ 32,544
Unearned Premiums	12,688	13,022
Other Liabilities	23,494	16,752

### Surplus

Funds for Protection of State Farm Mutual Policyholders, including the Investment Fluctuation Reserve	\$ 75,649	\$ 65,907
Funds Assigned for Protection of Customers of Subsidiaries	46,542	47,141
Funds Assigned for Catastrophe Reinsurance Assumed from Affiliates	3,861	3,110
<b>Total Liabilities and Surplus</b>	<b>\$193,935</b>	<b>\$178,476</b>

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

	<u>2020</u>	<u>2019</u>
Premium Earned	\$ 41,986	\$ 42,137
Less: Dollars for Claims	22,748	27,536
Expenses for Paying Claims	4,679	5,065
Service and Administrative Fees	10,144	10,299
<b>Underwriting Gain or (Loss)</b>	<b>4,415</b>	<b>(763)</b>
Plus: Investment Gain <sup>1</sup> and Other Income	2,659	3,456
Income before Dividends and Taxes	7,074	2,693
Less: Dividends to Policyholders	1,929	0
Income Taxes Incurred (Recoverable)	927	383
<b>Net Income</b>	<b>\$ 4,218</b>	<b>\$ 2,310</b>

<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. 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 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
- 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