UNITED FIRE & CASUALTY CO
Form 10-K405/A
April 04, 2002
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

X Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2001

__ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

Commission File Number 2-39621

UNITED FIRE & CASUALTY COMPANY
(Exact name of registrant as specified in its charter)

Iowa **(State of Incorporation)**	**42-0644327** **(IRS Employer Identification No.)**
118 Second Avenue, S.E. **Cedar Rapids, Iowa** **(Address of principal executive offices)**	**52407-3909** **(Zip Code)**

Registrant s telephone number, including area code: (319) 399-5700

Securities Registered Pursuant to Section 12(b) of the Act: None

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of the Form 10-K or any amendment to this Form 10-K. X

As of February 1, 2002, 10,036,819 shares of common stock were outstanding. The aggregate market value of voting stock held by non-affiliates of the registrant as of February 1, 2002, was approximately $187,166,190.

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PART I.

ITEM 1. BUSINESS

GENERAL DESCRIPTION

The terms United Fire, we, us, or our refer to United Fire & Casualty Company or United Fire & Casualty Company and its consolidated subsidiaries and affiliate, as the context requires. We are engaged in the business of writing property and casualty insurance and life insurance. We are an Iowa corporation incorporated in January 1946. Our principal executive office is located at 118 Second Avenue SE, P.O. Box 73909, Cedar Rapids, Iowa 52407-3909. Telephone: 319-399-5700.

Our property and casualty segment includes the following companies:

Addison Insurance Company, an Illinois property and casualty insurer; Lafayette Insurance Company, a Louisiana property and casualty insurer; and American Indemnity Financial Corporation, a Delaware holding company, all of which are wholly owned by United Fire & Casualty Company.

American Indemnity Financial Corporation owns substantially all of American Indemnity Company, a Texas property and casualty insurer. American Indemnity Company has two wholly owned insurance subsidiaries, Texas General Indemnity Company, a Colorado property and casualty insurer, and United Fire & Indemnity Company, a Texas property and casualty insurer. United Fire Lloyds, a Texas property and casualty insurer, is an affiliate of and operationally and financially controlled by American Indemnity Company.

Addison Insurance Company is the sole owner of Addison Insurance Agency, an Illinois general agency.

Lafayette Insurance Company is the sole owner of Insurance Brokers & Managers, Inc., a Louisiana general agency.

Our life insurance segment consists of United Life Insurance Company, a wholly-owned subsidiary of United Fire & Casualty Company.

A table reflecting premiums, operating results and assets attributable to our segments is included in Note 11 of the Notes to Consolidated Financial Statements. As of December 31, 2001, we employed 719 full-time employees.

MARKETING

We market our products principally through our home office in Cedar Rapids, Iowa and in four regional locations: Westminster, Colorado, a suburb of Denver; Lincoln, Nebraska; New Orleans, Louisiana; and Galveston, Texas.

We are licensed as a property and casualty insurer in 40 states, primarily in the Midwest, West and South. Approximately 1,220 independent agencies represent United Fire and our property and casualty subsidiaries. Our life insurance subsidiary is licensed in 25 states, primarily in the Midwest and West, and is represented by approximately 1,470 independent agencies.

Our regional offices are staffed with underwriting, claims and marketing representatives and administrative technicians, all of whom provide support and assistance to the independent agencies. Also, home office staff technicians and specialists provide support to the subsidiaries, regional offices and independent agencies. We use management reports to monitor subsidiary and regional offices for overall results and conformity to our policy.

We compete in the United States property and casualty insurance market with more than 3,400 other insurers. The industry is highly competitive, with insurers competing on the basis of service, price and coverage. Because we rely heavily on independent agencies, we utilize a profit-sharing plan as an incentive to place high-quality property and casualty business with us. In 2002, we estimate property and casualty agencies will receive profit-sharing commissions of $8,423,000 based on business the agencies did in 2001.

Our life insurance segment also operates in a highly competitive industry. We encounter significant competition in all lines of business from other life insurance companies and from other providers of financial services. The life segment utilizes competitive commission rates and other sales incentives to attract and maintain its relationship with independent agencies.

To enhance our ability to compete, we utilize technology in a variety of ways to assist our agents and improve the delivery of service to our policyholders. For example, on our public access Web site that provides general company and product information, we provide a section accessible exclusively to our agents where they can receive quotes, report claims on-line, make online applications and receive policy approval.

Our agents can also use the agent-only portion of our Web site to access detailed information about our products, order sales literature, and download applications, questionnaires and other forms. Our life agents can view the status of clients' applications and access detailed information on our annuity, universal life, term life and whole life policies. We electronically scan and store our documents, allowing them to be easily retrieved and viewed by multiple users simultaneously. Additionally, for our policyholders, we provide secure online access to their account information. We believe our investment in technology allows us to provide enhanced service to our agents and policyholders.

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In 2001, direct premium writings on a statutory basis by state were as follows.

	Property and Casualty Insurance Segment		Life, Accident and Health Insurance Segment, Including Annuities (1)	
	Amount	Percent of Total	Amount	Percent of Total
	(Dollars in Thousands)			
Alabama	$ 4,190	1.0%		
Arkansas	8,031	2.1		
California	7,404	2.0		
Colorado	27,141	7.2	$ 5,147	2.6%
Florida	7,753	2.1		
Idaho	2,714	0.7		
Illinois	29,888	8.0	13,195	6.7
Indiana	3,636	1.0		
Iowa	50,807	13.5	82,904	42.0
Kansas	15,851	4.2	6,971	3.5
Louisiana	43,599	11.6		
Michigan	2,151	0.6	5,941	3.0
Minnesota	21,419	5.7	19,992	10.1
Mississippi	8,751	2.3		
Missouri	31,939	8.5	5,486	2.8
Nebraska	17,558	4.7	11,632	5.9
Oklahoma			6,971	3.4
New Mexico	1,361	0.4		
North Dakota	4,260	1.1	9,988	5.1
South Dakota	11,609	3.1	3,353	1.7
Texas	52,489	14.2	6,151	3.1
Utah	2,785	0.7		
Wisconsin	12,206	3.2	15,118	7.7
Wyoming	4,534	1.2	1,167	0.6
Other	3,521	0.9	3,600	1.8
	$ 375,597	100.0%	$ 197,616	100.0%

(1) Under statutory accounting principles, deposits from policyholders for universal life and annuity products are recognized as premiums when they are collected. Under generally accepted accounting principles, the deposits are reflected as a liability with the profits earned over the lives of the contracts.

PRODUCTS

Property and casualty insurance segment

We write both commercial and personal lines of property and casualty insurance. We focus on our commercial lines, which represented approximately 82 percent of our direct property and casualty premiums written for the year ended December 31, 2001. Our primary commercial lines are tailored business packages that include the following coverages: fire and allied lines, automobile, workers compensation and fidelity and surety. We also write multiple peril, inland marine and specialty lines for our commercial policyholders.

Our personal lines, which represented approximately 18 percent of our direct property and casualty premiums written for the year ended December 31, 2001, primarily consist of automobile and fire and allied lines coverage. Additionally, we write policies covering recreational vehicles and watercraft.

The table on the following page shows the apportionment of our property and casualty direct premiums written by major category and is presented in accordance with generally accepted accounting principles.

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Years Ended December 31	2001		2000		1999	
		Percent of Total		Percent of Total		Percent of Total
	(Dollars in Thousands)					
Commercial lines:						
Fire and allied lines (1)	$ 104,370	27.8%	$ 83,846	26.0%	$ 55,911	22.8%
Other liability (2)	77,525	20.6	64,962	20.2	47,142	19.2
Automobile	70,788	18.9	59,620	18.5	39,188	16.0
Workers compensation	29,528	7.9	27,755	8.6	21,710	8.9
Fidelity and surety	25,146	6.7	20,776	6.4	19,751	8.1
Miscellaneous	845	0.2	682	0.2	488	0.2
Total commercial lines	$ 308,202	82.1%	$ 257,641	79.9%	$ 184,190	75.2%
Personal lines:						
Automobile	$ 36,056	9.6%	$ 32,906	10.2%	$ 30,013	12.3%
Fire and allied lines (3)	30,576	8.1	30,893	9.6	29,881	12.2
Miscellaneous	763	0.2	838	0.3	789	0.3
Total personal lines	$ 67,395	17.9%	$ 64,637	20.1%	$ 60,683	24.8%
Total	$ 375,597		$ 322,278		$ 244,873	

(1) Fire and allied lines includes fire, allied lines, commercial multiple peril and inland marine.

(2) Other liability is business insurance covering bodily injury and property damage arising from general business operations, accidents on the insured s premises and products manufactured or sold.

(3) Fire and allied lines includes fire, allied lines, homeowners and inland marine.

The following table shows loss ratios, expense ratios and combined ratios for the periods indicated for us and for the property and casualty industry. The ratios have been prepared on a statutory basis. The industry figures, determined on a statutory basis, in the following table were obtained from A.M. Best Company.

Years Ended December 31	2001		2000		1999	
		Industry (1)		Industry		Industry
Loss ratio	74.4%	90.1%	74.2%	81.2%	75.6%	78.6%
Expense ratio (2)	30.3	26.9	31.9	28.9	33.6	29.2
Combined ratio	104.7%	117.0%	106.1%	110.1%	109.2%	107.8%

(1) A.M. Best Company estimate.

(2) Adjusted for policyholder dividends.

The following table shows our loss ratios, expense ratios and combined ratios for the periods indicated. The ratios are presented in accordance with generally accepted accounting principles. Industry ratios are unavailable because they are not normally calculated in accordance with generally accepted accounting principles.

	Year ended December 31,				
	2001	2000	1999	1998	1997
Loss ratio	73.9%	73.6%	75.2%	81.2%	66.2%
Expense ratio (1)	30.7	33.5	35.0	34.0	33.0
Combined ratio	104.6%	107.1%	110.2%	115.2%	99.2%

(1) Adjusted for policyholder dividends.

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Life insurance segment

United Life Insurance Company underwrites all of our life insurance business. Our principal life insurance products are single premium annuities and universal life products. For the year ended December 31, 2001, single premium annuities accounted for approximately 83 percent of our life insurance premium revenues determined on the basis of statutory accounting principles and universal life products accounted for approximately 7 percent of that revenue. Under statutory accounting principles, deposits for policyholders for universal life and annuity products are recognized as premiums when they are collected. Under generally accepted accounting principles, the deposits are earned over the life of the contracts. We also underwrite and market single premium whole life insurance, term life insurance, credit life insurance and disability insurance products. Additionally, we offer an individual disability income rider that may be attached to our life insurance products.

Total life insurance in force, before reinsurance, is $4,066,238,000 as of December 31, 2001. Universal life insurance represents 45 percent of insurance in force at December 31, 2001, compared to 47 percent at December 31, 2000.

REINSURANCE

Property and casualty insurance segment

Our property and casualty segment follows the industry practice of reinsuring a portion of its exposure by ceding to reinsurers a portion of the premium received and a portion of the risk under the policies reinsured. Reinsurance is purchased to reduce the net liability on individual risks to predetermined limits and to protect against catastrophic losses from a single catastrophe, such as a hurricane or tornado. Catastrophe protection is purchased on both direct and assumed business.

We use many reinsurers, both domestic and foreign; this helps us to avoid concentrations of credit risk associated with our reinsurance. Our principal reinsurers include Employers Reinsurance Corporation, AXA Reassurance, Continental Casualty Company, Hanover Re and Partner Reinsurance Company of the U.S.

Because catastrophe losses are by their nature unpredictable, the frequency and severity of catastrophic losses experienced in any year could potentially be material to our results of operations and financial position. Typical catastrophes experienced by our policyholders include windstorms, hailstorms, tornados and hurricanes. Other catastrophes include earthquakes, wildfires and terrorist acts. The severity of a particular catastrophe for us is a function of various factors, including how many policies we have written in the area of the catastrophe and the severity of the event. We continually assess and improve how we manage our exposure to catastrophe losses; we do this through individual risk selection, by limiting the concentration of insurance written in certain areas and through the purchase of catastrophe reinsurance.

Historically, we have acted as a reinsurer, assuming both property and casualty reinsurance from other insurance or reinsurance companies. Most of the business we have assumed is property reinsurance with an emphasis on catastrophe coverage. During the second quarter of 2000, we began to significantly reduce our assumed reinsurance business. Most of our reinsurance business expired on or before December 31, 2000. We have reduced our assumed business by limiting our reinsurance contracts to a very limited number of brokers. We will continue to have exposure related to the assumed reinsurance contracts that we have elected to continue to write.

Our property and casualty insurance segment limits the direct risk that it retains by reinsuring direct risks in excess of our retention limits. For our property and casualty lines of business, our retention for 2001 was $1,000,000, which means we have reinsurance for any single claim over $1,000,000. Our loss retention was $1,000,000 for losses that pertain to years 1995 through 2001 and $750,000 or less for losses that pertain to years prior to 1995. We also have reinsurance that limits the total direct loss we may incur from a single catastrophe. The total direct loss we may incur from a single catastrophe, after reinsurance, is $5,000,000 for years 1993 through 2001.

The ceding of reinsurance does not legally discharge us from primary liability under our policies, and we must pay the loss if the reinsurer fails to meet its obligation. We monitor the financial condition of our reinsurers. At December 31, 2001 and 2000 there are no uncollectable reinsurance balances that would result in a material impact on our financial statements. In accordance with generally accepted accounting principles and industry practice, we account for insurance written and losses incurred net of reinsurance ceded.

The table below sets forth the aggregate direct and assumed premiums written, ceded reinsurance and net premiums written for the three years ended December 31, 2001, 2000 and 1999, and is presented in accordance with generally accepted accounting principles.

	Years ended December 31					
	2001	Percent of total	2000	Percent of total	1999	Percent of total
	(Dollars in Thousands)					

Fire and allied lines (1)	$ 134,275	36.7%	$ 116,429	35.8%	$ 87,594	34.5%
Automobile	106,863	29.2	90,747	27.9	69,557	27.4
Other liability (2)	78,288	21.4	65,801	20.2	48,157	18.9
Workers compensation	30,662	8.4	28,385	8.7	22,192	8.7
Fidelity and surety	25,146	6.9	20,776	6.4	19,751	7.8
Reinsurance assumed	14,021	3.8	24,179	7.4	29,950	11.8
Miscellaneous	2,050	0.6	1,483	0.5	1,044	0.4
Aggregate direct and assumed premiums written	$ 391,305	107.0%	$ 347,800	106.9%	$ 278,245	109.5%
Reinsurance ceded	25,167	7.0	22,748	6.9	24,031	9.5
Net premiums written	$ 366,138	100.0%	$ 325,052	100.0%	$ 254,214	100.0%

(1) Fire and allied lines in this table includes fire, allied lines, homeowners, commercial multiple peril and inland marine.

(2) Other liability is business insurance covering bodily injury and property damage arising from general business operations, accidents on the insured s premises and products manufactured or sold.

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Life insurance segment

United Life Insurance Company follows the industry practice of reinsuring a portion of its exposure by ceding to reinsurers a portion of the premium received and risk under the policies reinsured. Reinsurance is purchased to reduce the net liability on individual risks. United Life Insurance Company's maximum retention is $200,000 per life, and it reinsures the remaining liability.

The ceding of reinsurance does not legally discharge United Life Insurance Company from primary liability under its policies. United Life Insurance Company must pay the loss if the reinsurer fails to meet its obligations. United Life Insurance Company's primary reinsurance companies are ERC Reinsurance Company, RGA Reinsurance Company and Business Men's Assurance Company of America. These companies insure both life and disability risks.

At December 31, 2001 and 2000, there are no uncollectable reinsurance balances that would result in a material impact on our financial statements.

RESERVES

Property and casualty insurance segment

We and our property and casualty subsidiaries are required by applicable insurance laws to maintain reserves for losses and loss adjustment expenses with respect to both reported and unreported losses. Loss reserves are estimates at a given time of the ultimate amount expected to be paid on losses that are, in fact, incurred. Reserves for loss adjustment expenses are intended to cover the actual cost of investigating losses and defending lawsuits arising from losses. These reserves are continuously revised based on historical analysis and management's expectations. Estimates of losses are based on facts and circumstances known when the estimates are made.

Loss and loss adjustment expense reserves have two components: reported reserves, which are reserves for reported losses, and reserves for incurred but not reported events. We estimate reserves for reported losses in one of two ways. For some classes of reported losses under $5,000, reserves are set based upon a schedule determined by averaging similar claims paid over a recent 13 month period. The estimate is revised in response to changes in experience or as investigations progress and further information is received. All other reserves for reported losses are established on an individual case basis. Our claims personnel establish reported reserves based on a variety of factors, including the type of each claim, our knowledge of the circumstances surrounding each loss, the policy provisions relating to the type of loss, trends in the legal system and other factors.

For incurred but not reported losses, we estimate the amount of reserves for each line of business on the basis of historical and statistical information. We consider historical patterns of paid and reported claims, industry data and the probable number and nature of losses arising from occurrences which have not yet been reported.

The process of estimating loss reserves and loss adjustment expense reserves involves a considerable degree of judgment by our claims personnel. Because reserves are estimates of the amount expected to be paid based on facts and circumstances known at any given time, we continuously review our loss and loss adjustment expense reserves. During the claims settlement period, which may extend over a long period of time, our claims personnel may become aware of additional facts regarding claims and trends which cause us to refine and adjust our estimates of ultimate liability. Consequently, actual loss and loss adjustment expenses may deviate from estimates reflected in our Consolidated Financial Statements. Such deviations may be significant.

We do not discount reserves based on the time value of money. We implicitly provide for inflation in the reserving process by reviewing cost trends and historical reserving results and projecting future economic conditions.

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The following table shows the calendar year development of net loss and loss adjustment expense reserve liabilities and payments for us and our property and casualty subsidiaries for the years 1992 through 2001. The top line of the table shows the estimated liability for unpaid losses and loss adjustment expenses recorded at the end of each of the indicated years. This liability represents the estimated amount of losses and loss adjustment expenses for losses arising in all prior years that are unpaid at the end of each year, including losses that had been incurred but not yet reported, net of applicable ceded reinsurance. The upper portion of the table shows the re-estimated amount of the previously recorded liability based on experience as of the end of each succeeding year. The estimate is increased or decreased as more information becomes known about the losses for individual years. Conditions and trends that have affected development of the liability in the past may not necessarily occur in the future. Accordingly, it may not be appropriate to extrapolate future redundancies or deficiencies based on this table. The second half of the table displays cumulative losses paid and loss adjustment expenses paid for each of the years indicated on the basis of generally accepted accounting principles.

	Years Ended December 31									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
	(Dollars in Thousands)									
Net Liability for Unpaid Losses and LAE	$ 158,825	$ 170,798	$ 180,653	$ 188,700	$ 209,876	$ 218,912	$ 243,006	$ 310,637	$ 320,506	$ 326,910
Liability re-estimated as of:										
One year later	154,572	153,691	160,776	159,571	176,332	192,297	213,047	273,706	273,469	
Two years later	148,507	142,572	172,546	145,486	169,348	185,700	233,325	261,217		
Three years later	144,159	158,312	164,133	142,877	164,030	198,298	226,353			
Four years later	134,309	155,313	161,961	140,639	172,366	198,931				
Five years later	132,075	154,849	162,424	147,412	176,411					
Six years later	132,747	157,005	169,472	152,134						
Seven years later	135,559	161,898	172,807							
Eight years later	140,038	164,591								
Nine years later	142,576									
Redundancy (Deficiency)	$ 16,249	$ 6,207	$ 7,846	$ 36,566	$ 33,465	$ 19,981	$ 16,653	$ 49,420	$ 47,037	
Cumulative amount of liability paid through:										
One year later	$ 54,291	$ 51,550	$ 80,246	$ 56,618	$ 61,694	$ 62,988	$ 71,251	$ 97,021	$ 110,516	
Two years later	84,074	102,637	109,281	83,071	93,599	97,142	123,965	154,886		
Three years later	96,976	119,349	123,469	97,763	110,531	122,818	155,622			
Four years later	107,420	127,333	132,414	106,770	122,413	143,216				
Five years later	112,360	133,531	137,597	112,456	134,193					
Six years later	116,929	137,295	141,524	119,400						
Seven years later	119,657	140,127	145,170							
Eight years later	121,861	143,080								
Nine years later	124,071									

We believe the reserves for our property and casualty segment at December 31, 2001 are appropriate. However, the determination of property and casualty insurance and reinsurance reserves, particularly those relating to liability lines, reflects significant judgment factors. If, during the course of our regular monitoring of reserves, we determine that coverages previously written were incurring higher than expected losses with respect to either reported losses or losses incurred but not yet reported, we would take action which could include increasing the related reserves. Any adjustments we make to reserves are reflected in operating results in the year in which we make those adjustments. As required by state law, we engage an independent actuary to render an opinion as to the adequacy of the statutory reserves we establish. The actuarial opinion is filed in those states where we are licensed. There are no material differences between our statutory loss reserves and those established under generally accepted accounting principles.

Life insurance segment

Reserves for the life insurance segment are based upon applicable Iowa insurance laws. Our life insurance subsidiary's reserves meet, or exceed, the minimum statutory requirements. The reserves reflected in our Consolidated Financial Statements are calculated in accordance with generally accepted accounting principles. Reserves determined on the basis of generally accepted accounting principles are based upon our best estimates of mortality and morbidity, persistency, expenses and investment income. Reserves determined for statutory purposes are based upon mortality rates and interest rates specified by state law. All of our reserves are developed and analyzed annually by independent consulting actuaries.

INVESTMENTS

We must comply with state insurance laws that prescribe the kind, quality and concentration of investments that may be made by insurance companies. We determine the mix of our investment portfolio based upon these state laws, liquidity needs, tax position and general market conditions. We also consider the timing of our obligations, as cash must be available when obligations are due to be paid. We make modifications to our investment portfolio as the conditions listed above change. We manage internally all but a small portion of our investment portfolio.

Assets relating to the property and casualty segment are invested to meet liquidity needs and maximize after-tax returns with appropriate risk diversification. Assets relating to the life insurance segment are invested to meet liquidity needs, maximize the investment return and achieve a matching of assets and liabilities.

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Investment results for the periods indicated are summarized in the following table, and are presented in accordance with generally accepted accounting principles.

	Years Ended December 31		
	Average Invested Assets (1)	Investment Income, Net (2)	Annualized Yield on Average Invested Assets
	(Dollars in Thousands)		
2001	$ 1,481,999	$ 98,909	6.7%
2000	1,316,906	86,867	6.6
1999	1,157,414	75,317	6.5

(1) Average of amounts at beginning and end of year.

(2) Investment income after deduction of investment expenses, but before applicable income tax. Realized gains and losses are excluded.

ITEM 2. PROPERTIES

We own two buildings and related parking facilities in Cedar Rapids, Iowa, which we use as our home office. We occupy all of a five-story office building and the top seven floors of an eight-story office building in which the first floor is leased to tenants. The two buildings are connected by a skywalk. We also lease additional adjacent space in Cedar Rapids.

Lafayette Insurance Company owns and occupies a two-story building in New Orleans, Louisiana, which serves as its home office.

American Indemnity Company, a subsidiary of American Indemnity Financial Corporation, owns two adjacent and connected buildings in Galveston, Texas, which serve as its home office. One building is seven stories and the other is three stories. These buildings are occupied primarily by American Indemnity Company with a small amount of office space leased to tenants.

ITEM 3. LEGAL PROCEEDINGS

All pending litigation of the registrant is considered to be ordinary, routine and incidental to its business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of the shareholders during the fourth quarter of 2001.

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

United Fire s common stock is traded on the Nasdaq National Market System under the symbol UFCS. On February 1, 2002, there were 891 holders of record of United Fire common stock. The following table sets forth, for the calendar periods indicated, the high and low bid quotations for the common stock and cash dividends declared. These quotations reflect inter-dealer prices without retail markups, markdowns or commissions and may not necessarily represent actual transactions.

Our policy has been to pay quarterly cash dividends, and we intend to continue that policy. The table set forth below shows the quarterly dividends paid in 2000 and 2001.

Payments of any future dividends and the amounts of such dividends, however, will depend upon factors such as net income, financial condition, capital requirements and general business conditions. We have paid dividends every quarter since March 1968.

State law permits the payment of dividends only from statutory accumulated earned profits arising from business. Furthermore, under Iowa law, we may pay dividends only if after giving effect to the payment, either we are able to pay our debts as they become due in the usual course of business or our total assets would be equal to or more than the sum of our total liabilities. Our subsidiaries are also subject to state law restrictions on dividends. See Note 8 in the Notes to Consolidated Financial Statements for a description of these restrictions.

	Share Price		Cash Dividends Declared
	High	Low	
2001			
Quarter Ended			
March 31	$ 25.00	$ 19.25	$0.18
June 30	34.51	19.50	0.18
September 30	31.85	19.00	0.18
December 31	31.42	24.58	0.18
2000			
Quarter Ended			
March 31	$ 23.31	$	