

MARCH-APRIL 2024

### Positive 2023 Results from Farm Credit Captive



“The Captive is confident in taking on the risk because it serves Farm Credit, which is itself inherently risk averse, and whose organizations take proactive risk management and loss control steps.”

— **KOTI CHEN**  
DIRECTOR OF FINANCE  
FOR THE CAPTIVE, FCCS

The Farm Credit Captive Insurance Company recently reported another successful year of supporting Farm Credit members with risk management and insurance solutions, designed and evolved to meet changing liabilities at significant savings.

Through the Captive’s self-insurance coverages and the group purchasing power of the Farm Credit System for purchased commercial insurance, Farm Credit’s premiums continue to be nearly half of what an independent company would pay for the same coverages – an annual savings of \$50 million.

The Captive also reports an overall surplus of \$96.6 million at the end of 2023, which is a slight decrease over \$97.1 million reported at year-end 2022. This slight decrease includes the \$7 million patronage distribution paid in 2023 that was approved by the board at year-end 2022, offset by the \$6.6 million added to the surplus from the 2023 results.

To increase capital retention as part of the long-term strategic shift toward full self-insurance, the Board of Directors approved a \$3.5 million dividend to be paid to member organizations in April. This distribution amount is half that of previous years as the Captive continues to build capital surplus. For ten years beginning in 2025, the Captive will retain all capital with no patronage distribution to speed that effort.

“Shifting insurance coverage to the Captive from commercial providers increases our risk of higher losses should a major event occur, which is why we’re building a strong capital foundation,” says Koti Chen, the Captive’s Director of Finance. “The Captive is confident in taking on the risk because it serves Farm Credit, which is itself inherently risk averse, and whose organizations take proactive risk management and loss control steps.”

The Captive had a loss ratio of 85.4%, a significant improvement over the 102.2% reported for 2022; the Captive’s 10-year loss ratio is 59.8% compared to the overall commercial insurance industry’s 71.6%.

The recently released 2024 Stewardship Report includes an overview of the 2024 insurance renewal and offers detailed descriptions of insurance coverages, limits, premiums, rates and losses. [Click here](#) to view the full 2024 Stewardship Report.

For more information on insurance coverages and risk management services, including presentations on risk management strategies and coverages, contact Lisa Parrinello, Vice President, Risk Management and Insurance Services, at 303-721-3214 or [via email](#).

[Click here](#) to view a short video on The Farm Credit Captive Insurance Company, or [click here](#) to read the 2023 Annual Report.