

**North Carolina Security Breach Reporting Form
Pursuant to the Identity Theft Protection Act of 2005**

Name of Business Owning or Licensing Information Affected by the Breach: National Farmers Union Property and Casualty Company
Address: 5619 DTC Parkway, Suite 300
Greenwood Village, CO 80111
Telephone: 800-347-1961
Fax: 303-338-2211
Email: info@FarmersUnionInsurance.com

PLEASE SUBMIT FORM TO:
Consumer Protection Division
NC Attorney General's Office
9001 Mail Service Center
Raleigh, NC 27699-9001
Telephone: (919) 716-6000
Toll Free in NC: (877) 566-7226
FAX: (919) 716-6050

Date Security Breach Reporting Form submitted: 6/13/08
Date the Security Breach was discovered: 5/28/08 (laptop stolen 5/02/08)
Estimated number of affected individuals: 20,414
Estimated number of NC residents affected: One (1)

Name of business maintaining or possessing information that was the subject of the Security Breach, if the business that experienced the Security Breach is not the same entity as the business reporting the Security Breach (pursuant to N.C.G.S. § 75-65(b)): N/A

Describe the circumstances surrounding the Security Breach and state whether the information breached was in electronic or paper format: Laptop stolen on May 2, 2008, which contained 20,414 social security numbers in electronic format.

Regarding electronic information breached, state whether the information breached or potentially breached was password protected or encrypted in some manner. Yes If so, please describe the security measures protecting the information: Laptop security included a unique user ID and strong password but did not include encryption technology.

Describe any measures taken to prevent a similar Security Breach from occurring in the future: Implementing robust data encryption on all laptops and other portable data sources, and emphasizing security awareness program to all employees.

Date affected NC residents were/will be notified: June 13, 2008

If there has been any delay in notifying affected NC residents, describe the circumstances surrounding the delay pursuant to N.C.G.S. § 75-65(a) and (c): N/A

If the delay was pursuant to a request from law enforcement pursuant to N.C.G.S. § 75-65(c), please include the written request or the contemporaneous memorandum.

How NC residents were/will be notified? (pursuant to N.C.G.S. § 75-65(e))
Please attach copy of the notice if in written form or a copy of any scripted notice if in telephonic form.

written notice
 electronic notice (email)
 telephone notice
 substitute notice

Signature: _____ Date: 6/13/08
Contact Person, Title: Michael Smith, Managing Corporate Counsel
Address: One General Drive
(if different from above) Sun Prairie WI 53596
Telephone: 608-825-5082 Fax: 608-825-5899 Email: michael.smith@qbeamericas.com

June 13, 2008



FARMERS UNION INSURANCE

«FIRSTNAME» «LASTNAME»

«ST_ADDRESS»

«CITY» «ST» «ZIP»

Dear current or former National Farmers Union policyholder:

On behalf of National Farmers Union Property and Casualty Company, I'm writing to inform you of a recent security incident involving your personal information. While we have no reason to believe your personal data has been accessed or misused, we want you to know we are taking this situation very seriously and have put in place several safeguards to reduce your potential risk from this exposure.

Incident Summary

On May 2, 2008, an employee's laptop containing personal customer information was stolen. During an internal investigation, we learned the stolen laptop contained your name, address and Social Security number. The laptop was protected with a unique user identification and a strong password, which provides some fundamental protection to prevent an unauthorized person from accessing this personal information.

To reduce the likelihood of future incidents, we are already implementing more robust data encryption on all laptops and other portable data sources. In addition, we are strengthening our security protective measures by: 1) emphasizing our security awareness program to all employees, specifically addressing the protection of sensitive data, laptop handling and security breach reporting, and 2) implementing more stringent security monitoring standards.

Free credit monitoring

Although we have no indication of improper activity, as a precaution we've partnered with ConsumerInfo.com®, an Experian® company, to offer you free credit monitoring for 12 months to help you detect any possible misuse of your data. Their credit monitoring product, Triple AlertSM, will identify and notify you of key changes that may be a sign of Identity Theft.

Your complimentary membership includes:

- Monitoring of all three of your national credit reports every day
- E-mail alerts of key changes to any of your three national credit reports
- \$10,000 identity theft insurance provided by Virginia Surety Company, Inc.*
- Dedicated fraud resolution representatives available for victims of identity theft

*Due to New York state law restrictions, coverage cannot be offered to residents of New York.

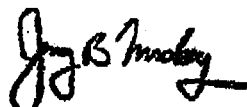
You have 90 days to activate this membership, which will then continue for 12 full months. We encourage you to activate your credit monitoring membership quickly. To redeem your Triple Alert membership, please visit <http://partner.consumerinfo.com/nfu> and enter the code provided below. You'll be instructed on how to initiate your online membership.

Your Credit Monitoring Activation Code: «EX_CODE»

If you have questions and would like to speak to one of our customer representatives, please call us toll-free at 800-779-3269 Monday through Friday, 8 a.m. to 4:30 p.m. CT.

On behalf of National Farmers Union, I would like to apologize for this unfortunate security breach. We understand the importance of protecting your personal information and are committed to continually improving our systems and processes to ensure your data is safe. We appreciate your trust in our company and look forward to serving you in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Mackey". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke at the end.

Jerry Mackey
President and Chief Executive Officer