

**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: Federated Mutual Insurance Company
Address: 121 E. Park Square
Owatonna MN 55060
Telephone: 1-800-533-0472
Fax: - see below -
Email: - see below -

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: December 23, 2008
Date the Security Breach was discovered: Nov. 24, 2008
Estimated number of affected individuals: 2,206
Estimated number of NC residents affected: 1,969

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: Information was in electronic form in a laptop computer stored in a locked office. Thieves broke windows to gain access and stole equipment.

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: Both password protection and encryption were in place on the laptop. However, the user had taped the password to the device.

Describe any measures taken to prevent a similar Security Breach from occurring in the future: Continued education of work force, use of encryption & password tools.

Date affected NC residents were/will be notified: December 23, 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))

- written notice
 electronic notice (email)
 telephone notice
 substitute notice

Please attach copy of the notice if in written form or a copy of any scripted notice if in telephonic form.

Signature: Lori M. Weisenburger Date: 12/22/08

Contact Person, Title: Lori Weisenburger, Legal Counsel

Address: - same as above -

(if different from above)

Telephone: 507-444-6893 Fax: 507-455-8246 Email: lrmweisenburger@fedins.com

December 23, 2008

«Sal» «First» «Last»
«Address»
«City», «State» «Zipcode»

Re: Security Breach Notification

Dear «Sal» «Last»,

I am writing to advise you of a recent security incident at Federated Insurance Company that may affect you. On November 23, 2008, a laptop computer was stolen from the office of one of our marketing managers. The laptop contained some of your personal information (specifically, your name and driver license number) that potentially could be acquired by an unauthorized person.

We have no reason to believe that the thief's intent was to acquire the data on the computer; rather the culprit was probably more interested in the laptop's resale value. Nevertheless, Federated cannot guarantee that an unauthorized person would not attempt to circumvent the security on the stolen laptop and misuse the information.

As a result of this incident, we recommend that you remain vigilant by reviewing your account statements and monitoring your free credit reports. Monitor your financial transactions for inconsistencies and unusual activity, such as:

- Missing Bills – bills you normally receive every month don't arrive as expected
- Unexpected Credit Cards – cards mailed to you that you never ordered
- Loss of Credit – being unexpectedly denied credit or offered unfavorable credit terms
- Unexpected Bills – asking you to pay for merchandise or services you didn't buy

Please let us know if you observe any of these warning signs or have any reason to believe your personal information is being misused.

For your convenience, we have established a 1-800 "Identity Recovery Help Line" at no charge to you. Among other things, this Help Line can provide you assistance in ordering and reviewing your credit report for indications of fraud. To learn more about this service or to ask questions about this letter, please contact our home office (1-800-533-0472) and ask to speak to Dan Dant (Ext. 8982) or Steve Searl (Ext. 5470).

Federated continues to leverage technology to protect personal information. We constantly look for ways to enhance the physical security of our office locations as well as educate our employees on the best practices for data protection.

Rest assured, Federated will continue to strive to improve security measures and to build upon the sound practices currently in place to prevent further occurrences.

Sincerely,

Joseph R. Stiles
First Vice President