



# FBL Financial Group, Inc.

2011 Annual Report



**Living Our Values**



**Serving our Customers**



**Driving Results**



## Letter To Shareholders

### To My Fellow Shareholders,

FBL Financial Group experienced a year of change and growth in 2011. We successfully completed our largest-ever business transaction, strengthened our capital position and were recognized by *Fortune* magazine for business growth.

On December 30, 2011 we closed the sale of FBL's EquiTrust Life Insurance subsidiary for \$465.3 million in cash. With this sale, we were able to reduce the risk of the overall enterprise, increase our financial flexibility and enable capital management. As a result, in the fourth quarter we increased our dividend rate and began to repurchase FBL stock. In addition, we reduced debt with the redemption of \$50 million of affiliated senior notes at the end of the year and the redemption of \$175 million of public debt at the end of January 2012.

The divestiture of EquiTrust Life allows us to have greater focus on our very attractive Farm Bureau niche. This focus is opportune as our Farm Bureau Life business continues to produce consistent growth, even through uncertain times.

*Continued on next page >>*



### Living Our Values

Our policyholders' stories confirm that we are fulfilling our purpose: to protect livelihoods and futures. This purpose is built upon our values of integrity, leadership, accountability, teamwork and passion. These values provide the foundation for the relationships we have with agents and associates, as we work to make our customers' lives simpler and more secure.

### Serving Our Customers

From our deep roots in Midwestern soil to seeds we've planted in western states, we proudly serve customers in a 14-state area. Our Farm Bureau Life subsidiary serves a niche farmer and rancher market of Farm Bureau members as well as others with financial needs. Just as agriculture is sophisticated and innovative, so too is Farm Bureau Life, which designs state-of-the-art applications, delivers outstanding customer service and develops new products to meet twenty-first century needs.

Our cross-sell rate is industry-leading, and we see opportunity for further growth. Farm Bureau Life continues to build upon its rural market leadership through superior market knowledge, product design and customer service.

### Driving Results

We look back on 2011 as a year of success, with a significant business transaction and improved financial strength. We celebrate being named to *Fortune* magazine's list of 100 Fastest Growing Companies, an acknowledgment of our growth in revenue, earnings per share, and total return to shareholders. Despite the impact of the sale of EquiTrust Life, we reported solid financial results for 2011, with net income of \$1.00 per share and operating income of \$2.61 per share. FBL's book value per share increased 13 percent to \$41.60 and FBL's stock price gained 19 percent to close the year at \$34.02.

As we move forward in 2012, FBL Financial Group is a more focused organization with attractive growth opportunities in its niche market. This solid foundation, coupled with ongoing capital management action, position us well for the future.

Sincerely,

James E. Hohmann  
Chief Executive Officer

## Questions and Answers with CEO Jim Hohmann

### **Q: What facet of FBL are you most proud of as you reflect on 2011?**

**A:** 2011 was a transformative year for FBL Financial Group, and there were several notable accomplishments. I am very proud of our FBL team that worked so diligently to complete the sale of EquiTrust Life. Farm Bureau Life had another record sales year, and I'm proud of its excellent operations and customer service. We increased our shareholder dividend by 60 percent. We retired \$225 million of debt, reducing our leverage and risk. I'm grateful for our agents and associates, who serve our customers and their communities. I'm proud of FBL employees and their community service. We invest our time and resources in many organizations, including United Way, JDRF, various hunger awareness entities, and many more. Finally, I'm pleased that FBL's stock significantly outperformed industry averages. In 2011, life insurance stock indices were decidedly negative while FBL stock was up nearly 19%.

### **Q: Why did you decide to sell EquiTrust Life?**

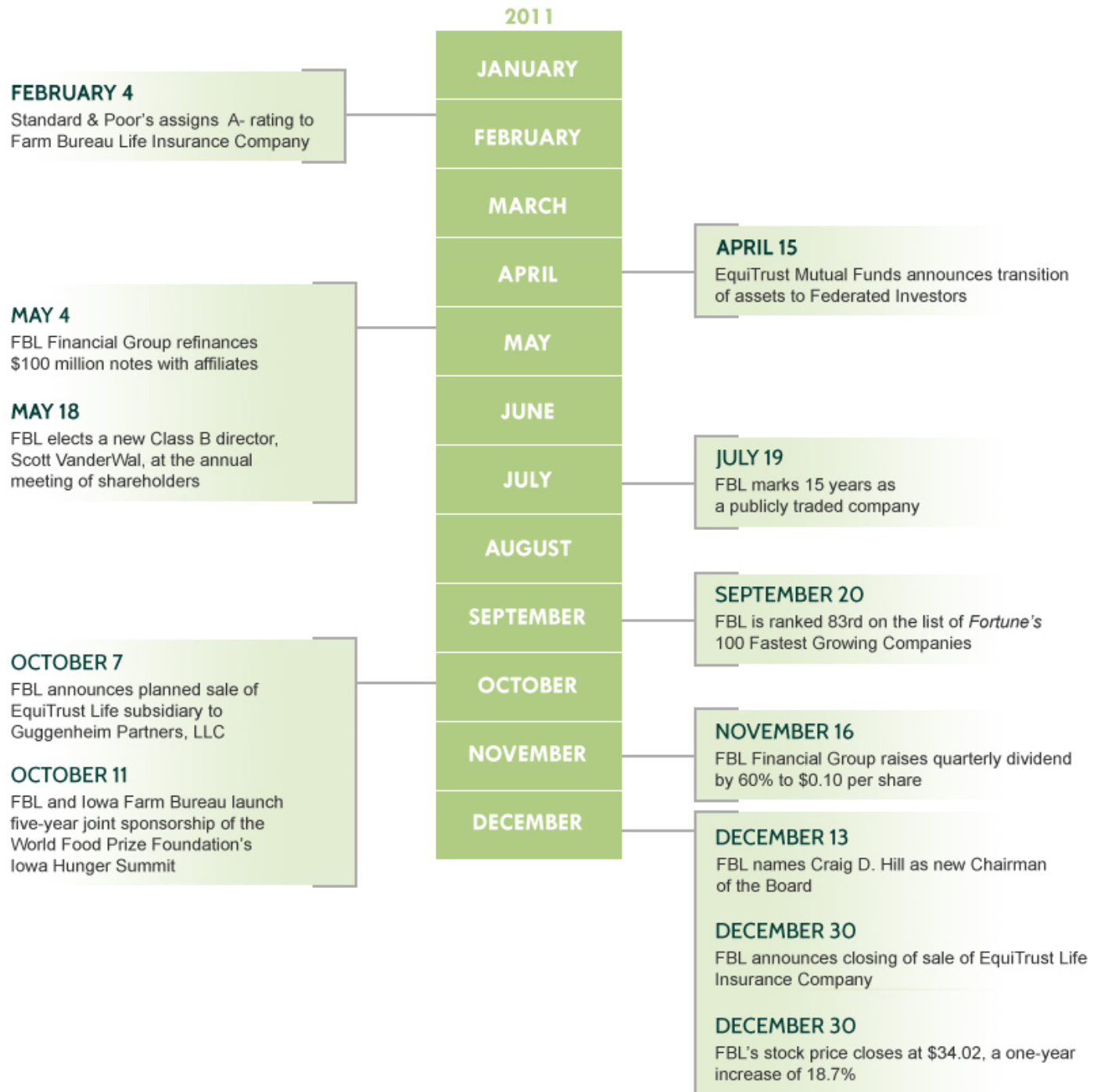
**A:** Our primary opportunity at FBL Financial Group is serving the niche Farm Bureau customer base. We viewed the EquiTrust Life business, with its different focus, as complementary to our Farm Bureau Life business. However, as demonstrated during the financial crisis, this business also brought increased risk to the organization. The divestiture of EquiTrust allowed FBL Financial Group to reduce risk, increase its financial flexibility and enable capital management while at the same time allowing greater focus on our very attractive Farm Bureau niche.

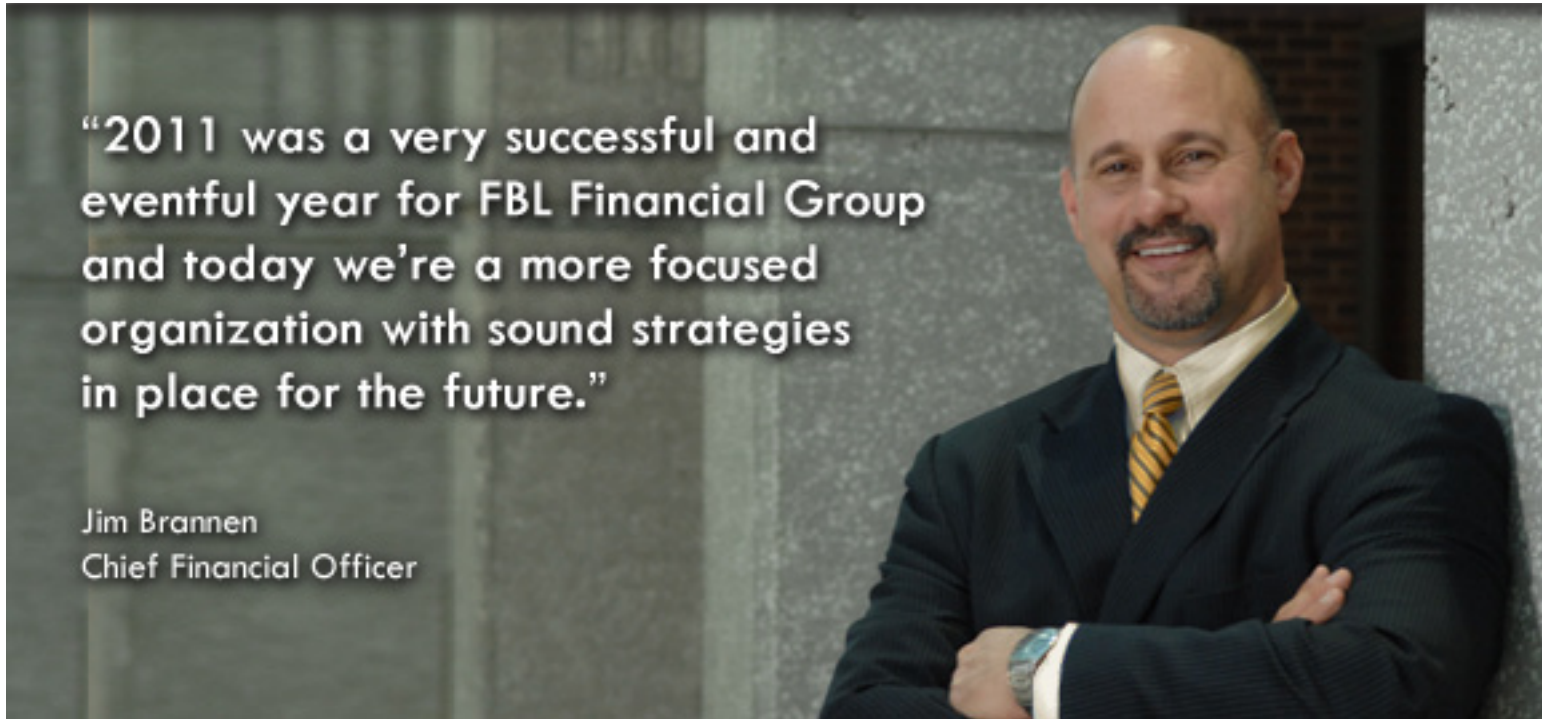
Over the past few years, we have executed a number of financial and business initiatives to strengthen our financial foundation, to sharpen our focus and to grow our business and profits. This transaction builds upon that work from a strategic perspective and follows our decisions in recent years to discontinue our own underwritten variable products and to discontinue manufacturing EquiTrust mutual funds.

### **Q: How would you describe capital management strategies for 2012?**

**A:** We've been active from a capital management perspective as the sale of EquiTrust Life freed up capital and allowed us to execute several strategies. We increased our quarterly stockholder dividend by 60% and redeemed \$225 million of debt. In 2011 we repurchased \$14 million worth of FBL stock under our \$200 million buyback authorization, and in 2012 announced a tender offer and repurchase for up to \$175 million. Our capital levels are excellent, with Farm Bureau Life increasing its risk based capital ratio again in 2011 to 465%.

2011 Year In Review





## Financial Review

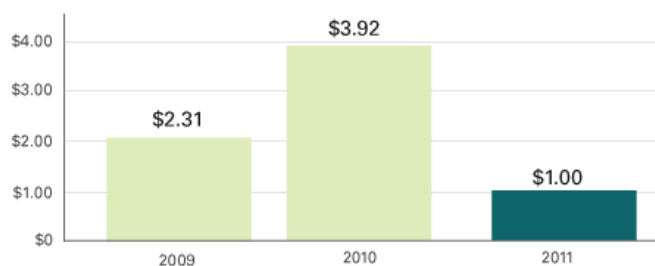
2011 was a very successful and eventful year for FBL Financial Group. We completed several significant transactions, most notably the sale of EquiTrust Life. We delivered strong results, even as the economy continued to face headwinds. We are successfully navigating the challenging low interest rate environment. Our investment portfolio continues to perform very well, with improved valuations over the past year. We are well capitalized and remain highly rated by the rating agencies.

We made tremendous progress in 2011 and took actions to de-risk our organization, increase our financial flexibility and execute on our capital management strategies. We're a more focused organization and have sound strategies in place to build the future of FBL Financial Group and increase shareholder value.

Some of the more significant financial metrics are highlighted on the following pages. And of course you can find more detailed information in our Form 10-K.

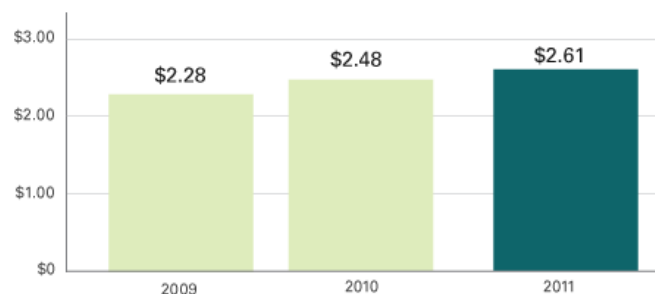
**Net Income** per common share

Net income in 2011 includes a loss of \$90.1 million, or \$2.93 per share, related to the sale of EquiTrust Life Insurance Company and related debt redemption. This subsidiary was sold to reduce risk of the overall enterprise, increase financial flexibility and enable capital management.



**Operating Income** per common share

Operating income remained strong in 2011, growing 5% to \$81.8 million, or \$2.61 per share, reflecting the sound fundamentals and growing business of Farm Bureau Life.



*NOTE: Operating income excludes the impact of unrealized/realized gains and losses on investments, the impact of the change in net unrealized gains and losses on derivatives, discontinued operations and loss on debt redemption associated with disposed operations.*

**Capitalization**

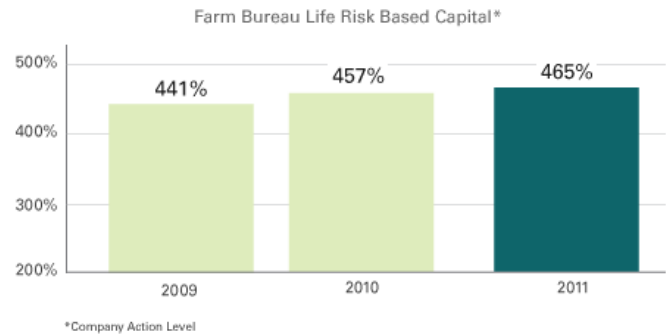
FBL's total capitalization is nearly \$1.6 billion. Senior notes were redeemed on January 30, 2012, resulting in a pro forma debt-to-total capitalization ratio, with equity credit for trust preferreds, of 3.9%.

	As of Dec. 31, 2011 (thousands)
<b>Long Term Debt</b>	
Senior notes, 5.85%, due 2014 <sup>1</sup>	\$ 75,142
Senior notes, 5.875%, due 2017 <sup>1</sup>	99,116
Notes payable to affiliates, 6.10%, due 2015	49,968
Trust preferred securities, 5%, due 2047	97,000
	321,226
<b>Total Debt</b>	
Preferred stock	3,000
Common stockholder's equity, excluding AOCI	1,125,444
	1,449,670
Total capitalization, excluding AOCI	
Accumulated other comprehensive income (AOCI)	149,622
	\$ 1,599,292
<b>Total Capitalization, Including AOCI</b>	
<b>Pro forma debt/total capitalization<sup>2</sup></b>	
Excluding AOCI, including equity credit for trust preferred securities	3.9%

1. Senior notes redeemed on January 30, 2012 with proceeds from the sale of EquiTrust Life  
 2. Senior notes redeemed on January 30, 2012 not included

### Statutory Capital

Farm Bureau Life is well-capitalized with excellent company action level risk based capital, or RBC, of 465%, an improvement from 2010 and well above target levels.



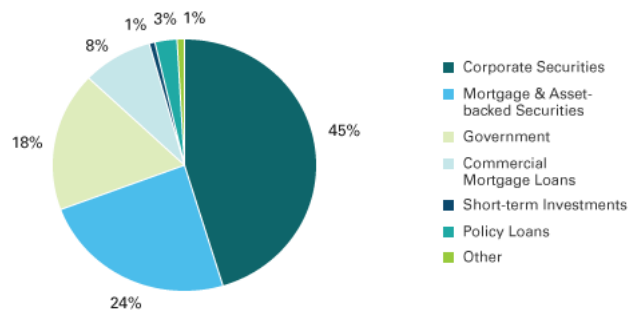
### Book Value per common share

GAAP book value grew by 13% in 2011 reflecting solid earnings and improving investment valuations.



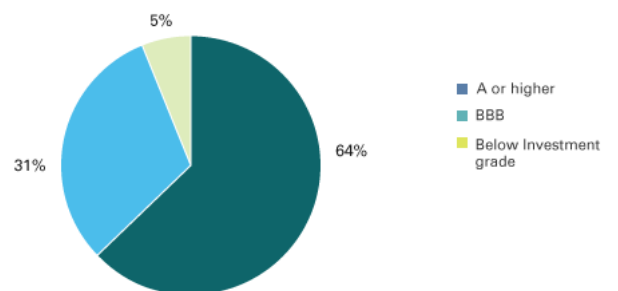
### Investments By Type

At December 31, 2011, FBL's investments totaled \$6.4 billion and are well diversified by individual issue and industry.



### Investments By Quality

FBL's investment portfolio quality is high with 95% of the securities being investment grade.







# FBL Financial Group, Inc.

## GAAP to Non-GAAP Reconciliation

For the year ended December 31, 2011

(dollars in thousands, except per share data)

	2009	2010	2011
<b>Net income</b>	\$ 69,835	\$ 120,653	\$ 31,276
Adjustments:			
Loss on redemption of debt <sup>(a)</sup>	-	-	21,564
Net impact of discontinued operations <sup>(a)</sup>	(19,344)	(36,252)	24,042
Net realized/unrealized (gains) losses on investments <sup>(a)</sup>	20,025	(5,899)	5,825
Net change in unrealized gains/losses on derivatives <sup>(a)</sup>	(1,732)	(2,293)	(931)
<b>Operating Income <sup>(b)</sup></b>	<u>\$ 68,784</u>	<u>\$ 76,209</u>	<u>\$ 81,776</u>
<b>Operating income per common share assuming dilution <sup>(b)</sup></b>	<u>\$ 2.28</u>	<u>\$ 2.48</u>	<u>\$ 2.61</u>
<b>Book value</b>	\$ 28.49	\$ 36.95	\$ 41.60
Less: Per share impact of accumulated other comprehensive income (loss)	(3.89)	1.29	4.88
<b>Book value, excluding accumulated other comprehensive income/loss <sup>(c)</sup></b>	<u>\$ 32.38</u>	<u>\$ 35.66</u>	<u>\$ 36.72</u>

(a) Net of adjustments, as applicable, to amortization of unearned revenue reserves, deferred acquisition costs, value of insurance in force acquired and income taxes attributable to these items.

(b) In addition to net income FBL Financial Group has consistently utilized operating income, a non-GAAP financial measure commonly used in the life insurance industry, as a primary economic measure to evaluate its financial performance. Operating income equals net income attributable to FBL adjusted to eliminate the impact of realized gains and losses on investments, the change in net unrealized gains and losses on derivatives, the impact of discontinued operations and the loss on debt redemption. FBL uses operating income, in addition to net income, to measure its performance since realized gains and losses on investments and the change in net unrealized gains and losses on derivatives can fluctuate greatly from quarter to quarter. Also, the discontinued operations and loss on debt redemption are nonrecurring items. These fluctuations make it difficult to analyze core operating trends. A view of our operating performance without the impact of these mismatches and nonrecurring items enhances the analysis of our results. We use operating income for goal setting, determining short-term incentive compensation and evaluating performance on a basis comparable to that used by many in the investment community.

(c) Book value per share excluding accumulated other comprehensive income (loss) is a non-GAAP financial measure. Since accumulated other comprehensive income (loss) fluctuates from quarter to quarter due to unrealized changes in the fair market value of investments caused principally by changes in market interest rates, FBL Financial Group believes this non-GAAP financial measure provides useful supplemental information.

## FBL Management Team



(Standing, left to right)

**Richard J. Kypta**, Executive Vice President – Farm Bureau Life

**Raymond W. Wasilewski**, Vice President – Information Technology

**Charles T. Happel**, Executive Vice President – Chief Investment Officer

**David A. McNeill**, Vice President, General Counsel and Secretary

**James P. Brannen**, Chief Financial Officer, Chief Administrative Officer and Treasurer

**James E. Hohmann**, Chief Executive Officer

**Lori K. Strottman**, Vice President – Human Resources

**Donald J. Seibel**, Vice President – Finance

**Kevin R. Slawin**, Executive Vice President – Marketing & Distribution

**David T. Sebastian**, Vice President – Strategy & Business Development

**Russell J. Wiltgen**, Chief Actuary



**Richard J. Kypta**  
**Executive Vice President – Farm Bureau Life**

Richard J. (Rich) Kypta is executive vice president – Farm Bureau Life. He joined the company in August 2007 and served as senior vice president and general counsel through March 2008. Kypta also served as the secretary of FBL Financial Group through April 2009. Prior to joining FBL, Kypta held a number of legal, finance, and operations positions within Aviva USA Corporation and Aegon Insurance Group. He started his career with the public accounting firm of PricewaterhouseCoopers.

Kypta holds a BS degree from Georgetown University, an MS degree from Johns Hopkins University and a J.D. degree from the University of Maryland’s School of Law. He is a certified public accountant; a member of the American Institute of Certified Public Accountants, American Bar Association and Maryland State Bar Association; and a Fellow of the Life Management Institute. Kypta currently serves as a director of the Iowa and Wyoming Life and Health Guaranty Associations, a director of the Life Insurers Council, a Council of LOMA and as a trustee of the HCI Foundation.



**Raymond W. Wasilewski**  
**Vice President – Information Technology**

Raymond W. (Ray) Wasilewski was named vice president, information technology for FBL Financial Group in August 2011. In his previous position as vice president technology, Wasilewski was responsible for Life and P/C applications delivery and led the Enterprise Architecture team. Wasilewski holds a bachelor’s degree in Vocational Education from Southern Illinois University and a master’s degree in Computer Information Systems from Nova Southeastern University. Before joining FBL Financial Group he was a consultant, a commercial software designer, a computer science and electronics instructor at Alaska Junior College and served in the U.S. Navy for 17 years in the cryptography field. Wasilewski serves on the PCI Information Technology Committee, CSC Insurance Cybersecurity Council, and is on the board of The Technology Association of Iowa.



**Charles T. Happel**  
**Executive Vice President - Chief Investment Officer**

Charles T. (Charlie) Happel is executive vice president - chief investment officer of FBL Financial Group. He joined the company in 1984 as a Farm Bureau Financial Services agent, moving to the corporate office in 1986. Over the next 15 years, he held various positions in investments, as securities analyst and portfolio manager. Happel became securities vice president in 2001, vice president - investments in August 2008, and was named executive vice president - chief investment officer in September 2009. He is a graduate of the University of Northern Iowa and earned an MBA from Drake University. He is a Chartered Financial Analyst (CFA), and holds a number of industry designations, including CFP, FLMI, ChFC, CLU, and CPCU. He is a member of the Iowa Society for Financial Analysts and the Association for Investment Management and Research (AIMR).



**David A. McNeill**  
**Vice President, General Counsel and Secretary**

David A. McNeill, vice president, general counsel and secretary of FBL Financial Group, joined FBL's legal department in 1989. He held various positions in the legal department before being named to his current position in 2009. Prior to joining FBL, McNeill was in private practice as an attorney in the Des Moines law firm of Davis, Hockenberg, Wine, Brown, Koehn & Shors (now Davis Brown) and an attorney with Miller & Sanford law firm (now Lathrop & Gage) in Springfield, Missouri. McNeill received his Juris Doctorate degree, with honors, from Drake University Law School in 1985 and his bachelor's degree from Simpson College in 1979. McNeill serves on several civic and industry organizations, including the Kansas Life & Health Insurance Guaranty Association, the Iowa Chapter of the American Parkinson Disease Association and serves on the Board of Governors of the Iowa College Foundation.



**James P. Brannen**  
**Chief Financial Officer, Chief Administrative Officer and Treasurer**

James P. (Jim) Brannen, chief financial officer, chief administrative officer and treasurer of FBL Financial Group, is a graduate of the University of Iowa with a major in accounting. He joined FBL in 1991 and held various positions in the tax and accounting areas prior to being named to vice president - finance in 2000 and to his current position in 2007. Prior to joining FBL, Brannen managed corporate tax matters for insurance companies at Ernst & Young. He is a certified public accountant and is a member of the American Institute of Certified Public Accountants and the Iowa Society of Certified Public Accountants. Brannen serves in several civic and industry organizations, including the board of directors of United Way of Central Iowa.



**James E. Hohmann**  
**Chief Executive Officer**

James E. (Jim) Hohmann was named chief executive officer of FBL Financial Group in January 2010. He has more than 30 years of experience in the financial services industry. Prior to FBL Financial Group, he was president and CEO of Allstate Financial; president and chief operating officer at Conseco, Inc.; president and CEO of XL Life and Annuity; and president, Financial Institutions, for Zurich Kemper Life. He is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries.

Hohmann earned a bachelor's degree in mathematics from Northwestern University and an MBA from the University of Chicago, graduating with high honors. Hohmann is a member of the board of governors of the Property Casualty Insurers Association of America, serves on the American Agricultural Insurance Company advisory committee and is a former member of the board of directors of the American Council of Life Insurers. He also serves on the boards of Bankers Trust, the Greater Des Moines Partnership, and OMNI Youth Services in Chicago.



**Lori K. Strottman**  
**Vice President – Human Resources**

Lori Strottman joined the companies in 1986 and has served in a number of human resources capacities over the past 25 years. She was director of corporate recruitment and employment from 1995 until 2003, when she became employment services vice president. She was named to her current position in March 2010. Strottman graduated from the University of Northern Iowa with a bachelor's degree in management (human resources emphasis). She has earned numerous human resources and insurance industry designations including Senior Professional Human Resources (SPHR), Certified Employee Benefits Specialist (CEBS), Group Benefits Administrator (GBA), Certified Compensation Professional (CCP) and Fellow Life Management Institute (FLMI). She is past president of the Society for Human Resource Management's central Iowa chapter and currently serves on the board for the Iowa Senior Olympics.



**Donald J. Seibel**  
**Vice President – Finance**

Donald J. (Don) Seibel, vice president – finance, joined FBL in 1996 to help lead accounting efforts necessary for FBL Financial Group's initial public offering. He became GAAP accounting vice president in 1998 and vice president – accounting in 2002 and was named to his current position in 2007. Prior to joining FBL, Seibel worked for 11 years at public accounting firm Ernst & Young. He is responsible for departments providing financial and tax reporting for FBL, investor relations, employee benefits and certain corporate services. Seibel holds a bachelor's degree in accounting from Iowa State University, is a certified public accountant, and holds the Fellow Life Office Management Institute (FLMI) certification. Seibel is a board member of the Iowa Society of CPAs and is active in civic organizations.



**Kevin R. Slawin**  
**Executive Vice President – Marketing & Distribution**

Kevin R. Slawin, executive vice president – marketing & distribution, joined FBL Financial Group in October 2009. He is responsible for all aspects of the organization's marketing and distribution functions including business development, brand management, sales management and agent recruiting and retention. Slawin has more than 30 years of experience in the financial services industry. Prior to FBL Financial Group, he held a number of senior executive positions at Allstate Financial including president of distribution where he was responsible for Lincoln Benefit Life Co., American Heritage Life Co. and sales of financial products through captive agents, banks and broker dealers. He also held roles as CEO, Allstate Bank; senior vice president, operations and technology; and senior vice president, chief financial officer. He began his career in public accounting, spending seven years with Touche Ross & Co. (now Deloitte). Slawin, a certified public accountant, holds a Masters of Management degree from the J. L. Kellogg Graduate School of Management at Northwestern University and a BS degree in accounting from Indiana University. He serves and has served on many corporate and charitable committees and boards of directors.



**David T. Sebastian**  
**Vice President – Strategy & Business Development**

David T. Sebastian was named vice president - strategy and business development in June of 2008, having served as vice president in various sales and marketing capacities since joining FBL Financial Group in 2004. Sebastian was a consultant to the companies on sales, marketing and business matters beginning in 1995. Prior to joining FBL, Sebastian was an independent consultant to clients in financial services, professional services, manufacturing, consumer products and education for more than 20 years.



**Russell J. Wiltgen**  
**Chief Actuary**

Russell J. (Russ) Wiltgen joined FBL Financial Group as chief actuary in February 2010. He is responsible for actuarial matters and enterprise risk management. Wiltgen came to FBL Financial Group with 30 years of experience in the financial services, with expertise in strategic business planning, risk management, product development and management, distribution expansion and field engagement. Prior to joining FBL, he was with the UNIFI Companies in Lincoln, where he most recently served as vice president-individual annuity product management. He also worked for the Mutual of Omaha Companies for 17 years where he held various actuarial management positions including vice president and chief product actuary risk life. Wiltgen holds a bachelor's degree in actuarial science from the University of Iowa. He is a Fellow of the Society of Actuaries, a member of the American Academy of Actuaries and serves on the board of Greater Des Moines Habitat for Humanity.

## Board of Directors



### **Craig D. Hill, Chairman of the Board**

Craig D. Hill, 56, is the Chairman of the Board and chair of the Executive Committee. He was elected President of the Iowa Farm Bureau Federation and its subsidiary, Farm Bureau Management Corporation, in December 2011 and has served on its board of directors since 1989. He was its Vice President from 2001 to 2011. He served as a Class B director from 2002 to 2004 and since 2007. He has served on the board of Farm Bureau Life from 1989 to 2007, and on the board of Farm Bureau Property & Casualty since 1989, and also serves on the boards of Western Agricultural and Crop1 Insurance. Hill farms 1,000 acres of row crops and has a swine operation near Milo, Iowa.



### **Steve L. Baccus**

Steve L. Baccus, 62, became a Class B director in May 2002 after being named President of the Kansas Farm Bureau. He is also chairman of the board of directors of Farm Bureau Property & Casualty, and a director of Farm Bureau Life, Western Ag and FB BanCorp. In 2004 Mr. Baccus was elected to the board of directors of the American Farm Bureau Federation. His family farm in Ottawa County, Kansas produces wheat, milo, soybeans, sunflower and irrigated corn. Baccus earned bachelor's and master's degrees in psychology from Washburn University and Chapman College, respectively.



### **Roger K. Brooks**

Roger K. Brooks, 74, became a Class A director in May 2009. He serves on the Finance Committee and the Management Development and Compensation Committee. Brooks is the retired chief executive officer and chairman of AmerUs Group. He retired from AmerUs in 2005, after nearly 50 years of service. Brooks has served on numerous community boards and is a member of the Iowa Insurance Hall of Fame and Iowa Business Hall of Fame. He is also a Fellow of the Society of Actuaries. Brooks graduated magna cum laude with a bachelor's degree in mathematics from the University of Iowa. He also participated in Stanford University's Executive Program.


**Jerry L. Chicoine**

Jerry L. Chicoine, 69, Class A director since 1996, is the lead director of the independent directors, vice chairman of the board, and serves on the Executive Committee and the Management Development and Compensation Committee. Chicoine retired effective January 1, 2001 as chairman and chief executive officer of Pioneer Hi-Bred International, Inc. He had served in those capacities since 1999, and was Pioneer's executive vice president and chief operating officer since 1997. From 1988 to 1997 he had served as senior vice president and chief financial officer. He was named a director of Pioneer Hi-Bred in March 1998. He was named Outstanding CPA in Business and Industry by the Iowa Society of CPAs in 1998. He was a partner in the accounting firm of McGladrey & Pullen from 1969 to 1986 and also holds a law degree. He is a member of the Board of Directors of The Weitz Company.


**Tim H. Gill**

Tim H. Gill, 59, Class A director since 2004, has served as president and chief executive officer of Montana Livestock Ag Credit, Inc. since 1986. The company specializes in agricultural finance throughout the state of Montana, underwrites long term real estate loans and has its own investment offerings. Gill is on the finance committee of Montana Stockgrowers; a trustee and finance chairman of the Montana Stockgrowers Research and Education Foundation; a member of the tax and credit committee of the National Cattlemen's Beef Association; a director and past chairman of the Montana Council on Economic Education; a director of the Carroll College Athletic Association. He is chair of the Management Development and Compensation Committee.


**Robert H. Hanson**

Robert H. Hanson, 70, Class A director since 2004, served as investment banker with Merrill Lynch, Pierce Fenner & Smith in New York from 1965 to 1989, since 1972 as a vice president, specializing in providing corporate finance services to the regulated utilities and telecommunications industries. In 1990 he relocated to Cody, Wyoming, where he was employed by Dean Witter Reynolds, Inc. as an account executive, and later by D.A. Davidson & Co., as vice president and office manager of that firm's Cody office. In 1993 he joined GST Telecommunications, Inc., initially as senior vice president—corporate development, and subsequently as chief financial officer, retiring from those positions in 1999. Hanson is a past member of the Wyoming Telecommunications Council and current president of the Boys & Girls Club of Park County, Wyoming. In addition, he is a director and trustee of two national conservation organizations, for which he has the responsibility for financial and investment management. Hanson is a graduate of Yale University. He is chair of the Finance Committee, and has been named by the Board of Directors as one of our "Audit Committee financial experts."




**James E. Hohmann**

James E. (Jim) Hohmann, 56, was named chief executive officer of FBL Financial Group in January 2010. He has over 30 years of experience in the financial services industry. Prior to FBL Financial Group, he was president and CEO of Allstate Financial; president and chief operating officer at Conesco, Inc.; president and CEO of XL Life and Annuity; and president, Financial Institutions, for Zurich Kemper Life. He is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. Hohmann earned a bachelor's degree in mathematics from Northwestern University and an MBA from the University of Chicago, graduating with high honors. Hohmann is a member of the board of governors of the Property Casualty Insurers Association of America and is a former member of the board of directors of the American Council of Life Insurers. He also serves on the boards of Bankers Trust, the Greater Des Moines Partnership, and OMNI Youth Services in Chicago.


**Paul E. Larson**

Paul E. Larson, 59, Class A director since 2004, has been named by the Board of Directors as one of our "Audit Committee financial experts." He retired in 1999 as president of Equitable Life of Iowa and its subsidiary, USG Annuity and Life, after 22 years with the companies. Larson holds both a law degree and a certified public accountant designation. He was named Outstanding CPA in Business and Industry by the Iowa Society of CPAs in 1999, and inducted into the American Institute of CPAs Business and Industry Hall of Fame in 2000. He is a member of the Board of Directors of non-public companies Wellmark, Inc., Wellmark of South Dakota, Inc., GuideOne Mutual Insurance Company and GuideOne Specialty Mutual Insurance Company. He was also a board member of EquiTrust Mutual Funds (which was then managed by one of our subsidiaries), where he was chair of the Audit Committee and the committee's financial expert. He resigned from the EquiTrust Mutual Funds board upon election to the FBL Financial Group board in 2004.


**Edward W. Mehrer**

Edward W. Mehrer, 73, Class A director since 2004, is the chair of the Audit Committee and has been named by the Board of Directors as one of our "Audit Committee financial experts." He is currently a member of the board of directors, and the audit and compensation committees of NovaStar Financial. He served as interim chief executive officer of CyDex, Inc., a drug delivery company, from late 2002 to mid 2003, and as its chief financial officer from November 1996 to December 2003. Prior to joining CyDex in 1996, Mehrer was executive vice president and chief financial and administrative officer of Marion Merrell Dow and a director and member of its executive committee. From 1976 to 1986, Mehrer served as partner-in-charge of audit and accounting for KPMG Peat Marwick in Kansas City, Missouri.


**Denny J. Presnall**

Denny J. Presnall, 58, became a Class B director in January 2012, filling a vacancy. Since 2007, he has been the executive director and secretary-treasurer of the Iowa Farm Bureau Federation and a director of its Farm Bureau Management Corporation. He joined Iowa Farm Bureau in 1982. He is also senior vice president and secretary of Farm Bureau Life and of Farm Bureau Property & Casualty. He is a director of Valley Bank and chair of the Board of Ambassadors for Coaches vs. Cancer. He is past president of the Ankeny, Iowa school board and former chairman of the Iowa High School Athletic Association board of control.


**Kevin G. Rogers**

Kevin G. Rogers, 51, has served as a Class B director since February 2008. He has been president of the Arizona Farm Bureau Federation since 2003. Rogers is also a director of Farm Bureau Life, the vice chairman of Farm Bureau Property & Casualty and a director of Western Agricultural. He is a board member of Farm Bureau Bank. Rogers is an officer of the Arizona Cotton Growers Association and serves on the National Cotton Council, the United States Department of Agriculture (USDA) Cotton Board on the USDA Air Quality Task Force. He served on the American Farm Bureau Board of Directors and on its five-member executive committee for six years (2005-2010). His family farms more than 7,000 acres in the Phoenix metropolitan area and produces cotton, alfalfa, wheat, barley and corn.


**Scott E. VanderWal**

Scott E. VanderWal, 48, was elected a Class B director in May 2011. VanderWal has been president of the South Dakota Farm Bureau Federation since 2004, and a member of its board of directors since 1997. He is also a member of the boards of directors of Farm Bureau Property & Casualty (since 2004), Farm Bureau Life (since 2004), American Farm Bureau Federation (since 2006) and a member of a number of American Farm Bureau task forces. VanderWal received a bachelor's degree in General Agriculture, with a Plant Science minor, from South Dakota State University in 1985. His family farm operation in Volga, South Dakota includes corn, soybeans, custom cattle feeding and custom harvesting.


**John E. Walker**

John E. Walker, 73, Class A director since 1996, is chair of the Class A Nominating and Corporate Governance Committee. He retired January 1, 1996 from Business Men's Assurance (BMA), Kansas City, Missouri, where he had been the managing director of Reinsurance Operations since 1979. He had been a member of the Board of Directors of BMA for 11 years prior to his retirement, and a member of its executive committee. Mr. Walker was a director of LabOne, Inc., a publicly traded testing laboratory, and its predecessor, for close to 20 years until the company was acquired by merger in late 2005. He serves on a variety of nonprofit community boards.

Living Our Values

**OUR PURPOSE**  
We protect livelihoods and futures.

**OUR VALUES**

**INTEGRITY** **LEADERSHIP**

We operate in a manner consistent with the highest professional and ethical standards.

- We are trustworthy and we trust each other.
- We make decisions that support our purpose and values.
- We make decisions for the right reasons and communicate effectively.
- We adhere to high ethical standards and report completely – including bad news.
- We hold ourselves and each other accountable.

We lead courageously and inspire people by living our purpose and values; by doing what is best for the organization and the people in it.

- We set clear, understandable objectives and enable people to accomplish them and celebrate achievements.
- We take action and have the courage to make difficult decisions.
- We respect each other.
- We give credit where credit is due and take personal responsibility for the team’s performance.
- We delegate and empower others.
- We acknowledge and leverage the differences within our workforce.

**ACCOUNTABILITY**

**TEAMWORK**

We focus on outcomes, report results honestly and provide constructive feedback.

- We make and keep our commitments.
- We establish and communicate clear goals and hold ourselves accountable for results.
- We measure results against objectives and continuously look for ways to improve outcomes.
- We take ownership regardless of role, responsibility or position.
- We own our outcomes and do not make excuses.

We work together to achieve common goals.

- We commit to an inclusive and team-oriented management process.
- We collaborate and cooperate across the enterprise.
- We place the company and the team’s interest ahead of our own.
- We encourage and constructively challenge each other.
- We help each other succeed.
- We embrace a culture of coaching and personal development.

**PASSION**

We are fully engaged, operate with a deep sense of ownership and demonstrate a high-level of personal commitment.

- We are fully present in mind and body.
- We apply energy, urgency, enthusiasm and a relentless focus to everything we do.
- We perpetuate an atmosphere of continuous improvement throughout the enterprise.
- We view the outcome of our actions as a learning opportunity.
- We deliver excellence to all who depend on us.
- We recognize success and celebrate our accomplishments.

## Serving Our Customers

From our deep roots in Midwestern soil to seeds we've planted in western states, we proudly serve customers in a 14-state area. Our Farm Bureau Life subsidiary serves a niche market of Farm Bureau members, many of whom are farmers and ranchers. Just as agriculture is sophisticated and innovative, so too is Farm Bureau Life, which designs state-of-the-art applications, delivers outstanding customer service and develops new products to meet twenty-first century needs.

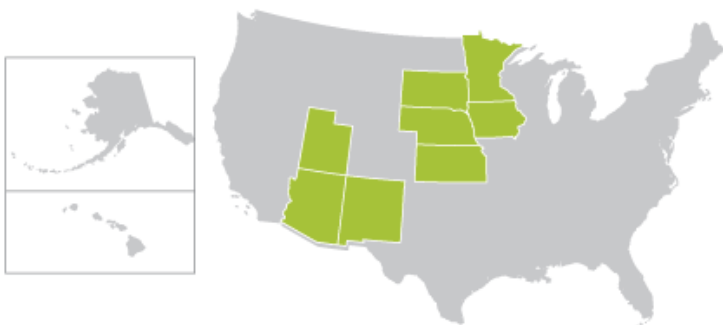
FBL Financial Group's primary operating subsidiary, Farm Bureau Life Insurance Company, serves a target market of Farm Bureau members and "Middle America" in its 14-state territory. Farm Bureau Life traditionally has been very strong in rural and small town markets and is growing its presence in small and mid-metro markets where there are significant life and annuity opportunities. This target market represents a relatively financially conservative and stable customer base. The financial needs of this target market tend to focus on security, insurance needs and retirement savings.

### Farm Bureau Life Insurance Company



FBL Financial Group's Farm Bureau Life Insurance Company subsidiary has 1,937 exclusive agents and managers in 14 Midwestern and Western states. Farm Bureau Life, which originated in 1945, serves the niche marketplace of Farm Bureau members with a comprehensive line of life insurance and annuity products.

### Farm Bureau Property & Casualty Insurance Company Western Agricultural Insurance Company



FBL Financial Group manages all aspects of two Farm Bureau affiliated property-casualty insurance companies: Farm Bureau Property & Casualty Insurance Company and Western Agricultural Insurance Company, which operate predominantly in eight states. FBL Financial Group receives a management fee from these companies and underwriting results do not impact FBL Financial Group's results.

### Corporate Headquarters

FBL Financial Group, Inc.  
5400 University Avenue  
West Des Moines, Iowa 50266  
(515) 225-5400  
[www.fblfinancial.com](http://www.fblfinancial.com)

### Independent Auditors

Ernst & Young LLP  
801 Grand Avenue  
Suite 3000  
Des Moines, Iowa 50309

### Form 10-K and Proxy Statement

View FBL Financial Group's Form 10-K and Proxy Statement by visiting [www.fblfinancial.com](http://www.fblfinancial.com) and selecting Financial Information, SEC Filings.

### Stock Transfer Agent

The Bank of New York Mellon  
c/o BNYMellon Shareowner Services  
Shareholder Relations Department  
P.O. Box 358015  
Jersey City, NJ 07310-1900  
[www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner)

### Security Products and Services offered through

FBL Marketing Services, LLC  
5400 University Avenue,  
West Des Moines, Iowa 50266  
(877) 860-2904

### Financial and Investor Inquiries

Anyone interested in learning more about FBL Financial Group can ask questions and/or request news releases, annual reports, financial supplements, and Forms 10-K and 10-Q at no charge by completing our Document Request Form for printed materials or our Contact Us Form for questions or comments. Direct mail inquiries should be forwarded to:

Kathleen Till Stange  
Investor Relations Vice President  
FBL Financial Group, Inc.  
5400 University Avenue  
West Des Moines, Iowa 50266  
(515)226-6780  
fax: (515) 226-6966  
email: [Kathleen.TillStange@FBLFinancial.com](mailto:Kathleen.TillStange@FBLFinancial.com)

### FBL Share Direct

The FBL Share Direct, a direct stock purchase for FBL Financial Group, Inc. Class A common stock, offers many convenient features, allowing you to:

- Purchase shares of FBL Financial Group Class A common stock as often as once a week, up to a maximum of \$150,000 per year.
- Make purchases by check or automatic monthly deduction from your checking or savings account and sell shares directly through the program.
- Automatically reinvest all or a portion of your quarterly dividends.
- Send in your share certificates for safekeeping by our transfer agent at no cost to you.
- Have easy Internet access to your account and perform plan transactions online through Investor ServiceDirect at [www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner).

For more information on FBL Share Direct, please review the plan prospectus at [www.fblfinancial.com/shareholder\\_information.cfm](http://www.fblfinancial.com/shareholder_information.cfm)

### Forward Looking Statement

Certain statements made in this annual report concerning FBL Financial Group's prospects for the future are forward-looking statements intended to qualify for the "safe harbor" from liability established by the Private Securities Litigation Reform Act. These statements generally can be identified by their context, including terms such as "believes," "anticipates," "expects," or similar words.

These statements involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statement. These risks and uncertainties are detailed in FBL Financial Group's reports filed with the Securities and Exchange Commission and include, but are not limited to, difficult conditions in financial markets and the economy, lack of liquidity and access to capital, investment valuations, interest rate changes, competitive factors, the ability to attract and retain sales agents and a decrease in ratings. These forward-looking statements are based on assumptions which FBL Financial Group believes to be reasonable; however, no assurance can be given that the assumptions will prove to be correct. These important risks and uncertainties should be considered in evaluating any statement contained herein.

Investors should not place undue reliance upon any forward-looking statements included in this annual report, as they are only as of the date March 30, 2012. FBL disclaims any obligation to update forward-looking statements after the date of this annual report. Further, FBL Financial Group assumes no responsibility for any inaccuracies or misstatements that occur as a result of the review of dated material. For FBL Financial Group's most current information, please reference FBL Financial Group's current SEC filings, which may be found on FBL Financial Group's website under Financial Information, SEC Filings (<http://www.fblfinancial.com/sec.cfm>).



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