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FBL FINANCIAL GROUP INC  
Form 10-Q  
May 07, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 10-Q

(Mark one)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

or

☐ 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: 1-11917  
(Exact name of registrant as specified in its charter)

Iowa 42-1411715  
(State or other jurisdiction of incorporation or (I.R.S. Employer Identification No.)  
organization)

5400 University Avenue, West Des Moines, Iowa 50266-5997  
(Address of principal executive offices) (Zip Code)

(515) 225-5400  
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Title of each class	Outstanding at May 5, 2015
Class A Common Stock, without par value	24,787,694
Class B Common Stock, without par value	11,413

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FBL FINANCIAL GROUP, INC.  
 FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2015  
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## ITEM 1. FINANCIAL STATEMENTS

FBL FINANCIAL GROUP, INC.  
CONSOLIDATED BALANCE SHEETS (Unaudited)  
(Dollars in thousands)

	March 31, 2015	December 31, 2014
Assets		
Investments:		
Fixed maturities - available for sale, at fair value (amortized cost: 2015 - \$6,180,490; 2014 - \$6,111,433)	\$6,833,252	\$6,700,698
Equity securities - available for sale, at fair value (cost: 2015 - \$115,127; 2014 - \$107,410)	122,355	112,623
Mortgage loans	673,311	629,296
Real estate	3,613	3,622
Policy loans	182,432	182,502
Short-term investments	23,262	48,585
Other investments	3,400	3,644
Total investments	7,841,625	7,680,970
Cash and cash equivalents	44,276	76,632
Securities and indebtedness of related parties	130,375	129,872
Accrued investment income	83,187	76,445
Amounts receivable from affiliates	3,542	2,666
Reinsurance recoverable	106,916	101,247
Deferred acquisition costs	204,699	220,760
Value of insurance in force acquired	22,015	22,497
Other assets	75,950	70,286
Assets held in separate accounts	688,194	683,033
Total assets	\$9,200,779	\$9,064,408

FBL FINANCIAL GROUP, INC.  
CONSOLIDATED BALANCE SHEETS (Continued)  
(Dollars in thousands)

	March 31, 2015	December 31, 2014
Liabilities and stockholders' equity		
Liabilities:		
Future policy benefits:		
Interest sensitive products	\$4,621,780	\$4,543,980
Traditional life insurance and accident and health products	1,597,322	1,581,138
Other policy claims and benefits	41,069	34,895
Supplementary contracts without life contingencies	337,733	341,955
Advance premiums and other deposits	258,963	248,679
Amounts payable to affiliates	274	188
Long-term debt payable to non-affiliates	97,000	97,000
Current income taxes	4,309	2,764
Deferred income taxes	223,573	205,698
Other liabilities	81,474	72,196
Liabilities related to separate accounts	688,194	683,033
Total liabilities	7,951,691	7,811,526
Stockholders' equity:		
FBL Financial Group, Inc. stockholders' equity:		
Preferred stock, without par value, at liquidation value - authorized 10,000,000 shares, issued and outstanding 5,000,000 Series B shares	3,000	3,000
Class A common stock, without par value - authorized 88,500,000 shares, issued and outstanding 24,785,471 shares in 2015 and 24,703,903 shares in 2014	147,307	144,625
Class B common stock, without par value - authorized 1,500,000 shares, issued and outstanding 11,413 shares in 2015 and 2014	72	72
Accumulated other comprehensive income	287,828	258,410
Retained earnings	810,850	846,737
Total FBL Financial Group, Inc. stockholders' equity	1,249,057	1,252,844
Noncontrolling interest	31	38
Total stockholders' equity	1,249,088	1,252,882
Total liabilities and stockholders' equity	\$9,200,779	\$9,064,408

See accompanying notes.

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FBL FINANCIAL GROUP, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)  
(Dollars in thousands, except per share data)

	Three months ended March 31,	
	2015	2014
Revenues:		
Interest sensitive product charges	\$28,121	\$27,091
Traditional life insurance premiums	47,148	45,492
Net investment income	98,773	92,631
Net realized capital losses on sales of investments	(366	) (540
Other income	4,270	3,861
Total revenues	177,946	168,535
Benefits and expenses:		
Interest sensitive product benefits	55,808	53,380
Traditional life insurance benefits	45,709	41,497
Policyholder dividends	2,961	3,345
Underwriting, acquisition and insurance expenses	35,541	33,444
Interest expense	1,212	1,212
Other expenses	4,530	4,128
Total benefits and expenses	145,761	137,006
Income taxes	32,185	31,529
Equity income, net of related income taxes	(10,384	) (10,228
Net income	1,769	1,648
Net loss attributable to noncontrolling interest	23,570	22,949
Net loss attributable to noncontrolling interest	21	43
Net income attributable to FBL Financial Group, Inc.	\$23,591	\$22,992
Earnings per common share	\$0.95	\$0.92
Earnings per common share - assuming dilution	\$0.94	\$0.91
Cash dividends per common share	\$0.40	\$0.35
Special cash dividend per common share	\$2.00	\$—



See accompanying notes.

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## FBL FINANCIAL GROUP, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(Dollars in thousands)

	Three months ended March 31,	
	2015	2014
Net income	\$23,570	\$22,949
Other comprehensive income (1)		
Change in net unrealized investment gains/losses	29,187	69,308
Change in underfunded status of postretirement benefit plans	231	172
Total other comprehensive income, net of tax	29,418	69,480
Total comprehensive income, net of tax	52,988	92,429
Comprehensive loss attributable to noncontrolling interest	21	43
Total comprehensive income applicable to FBL Financial Group, Inc.	\$53,009	\$92,472

Other comprehensive income is recorded net of deferred income taxes and other adjustments for assumed changes (1) in deferred acquisition costs, value of insurance in force acquired, unearned revenue reserve and policyholder liabilities.

## FBL FINANCIAL GROUP, INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (Unaudited)

(Dollars in thousands)

	FBL Financial Group, Inc. Stockholders' Equity					
	Preferred Stock	Common Stock	Accumulated Other Comprehensive Income	Retained Earnings	Non-controlling Interest	Total Stockholders' Equity
Balance at January 1, 2014	\$3,000	\$135,065	\$119,067	\$787,609	\$50	\$1,044,791
Net income - three months ended March 31, 2014	—	—	—	22,992	(43)	22,949
Other comprehensive income	—	—	69,480	—	—	69,480
Issuance of common stock under compensation plans	—	6,411	—	—	—	6,411
Purchase of common stock	—	(1,435)	—	(9,727)	—	(11,162)
Dividends on preferred stock	—	—	—	(38)	—	(38)
Dividends on common stock	—	—	—	(8,664)	—	(8,664)
Receipts related to noncontrolling interest	—	—	—	—	29	29
Balance at March 31, 2014	\$3,000	\$140,041	\$188,547	\$792,172	\$36	\$1,123,796
Balance at January 1, 2015	\$3,000	\$144,697	\$258,410	\$846,737	\$38	\$1,252,882
Net income - three months ended March 31, 2015	—	—	—	23,591	(21)	23,570
Other comprehensive income	—	—	29,418	—	—	29,418
Issuance of common stock under compensation plans	—	2,682	—	—	—	2,682
Dividends on preferred stock	—	—	—	(38)	—	(38)
Dividends on common stock	—	—	—	(59,440)	—	(59,440)

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Receipts related to noncontrolling interest	—	—	—	—	14	14
Balance at March 31, 2015	\$3,000	\$147,379	\$ 287,828	\$810,850	\$31	\$ 1,249,088

See accompanying notes.

FBL FINANCIAL GROUP, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)  
(Dollars in thousands)

	Three months ended March 31,	
	2015	2014
Operating activities		
Net income	\$23,570	\$22,949
Adjustments to reconcile net income to net cash provided by operating activities:		
Interest credited to account balances	37,964	37,014
Charges for mortality, surrenders and administration	(26,977)	(26,081)
Net realized losses on investments	366	540
Change in fair value of derivatives	(97)	(326)
Increase in traditional life and accident and health benefit liabilities	16,184	13,923
Deferral of acquisition costs	(10,354)	(10,044)
Amortization of deferred acquisition costs and value of insurance in force	9,054	8,493
Change in reinsurance recoverable	(5,669)	(625)
Provision for deferred income taxes	2,036	3,125
Other	(281)	(18,421)
Net cash provided by operating activities	45,796	30,547
Investing activities		
Sales, maturities or repayments:		
Fixed maturities - available for sale	123,134	81,293
Equity securities - available for sale	420	200
Mortgage loans	14,257	8,272
Derivative instruments	1,078	253
Policy loans	9,222	9,019
Securities and indebtedness of related parties	4,892	1,207
Acquisitions:		
Fixed maturities - available for sale	(179,351)	(161,976)
Equity securities - available for sale	(8,130)	(6,189)
Mortgage loans	(58,235)	(18,100)
Derivative instruments	(896)	(617)
Policy loans	(9,152)	(10,718)
Securities and indebtedness of related parties	(7,956)	(3,725)
Short-term investments, net change	25,323	41,084
Purchases and disposals of property and equipment, net	(3,443)	(1,240)
Net cash used in investing activities	(88,837)	(61,237)

FBL FINANCIAL GROUP, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
(Dollars in thousands)

	Three months ended March 31,	
	2015	2014
Financing activities		
Contract holder account deposits	\$196,491	\$180,472
Contract holder account withdrawals	(128,679)	(111,788)
Receipts related to noncontrolling interests, net	14	29
Excess tax deductions on stock-based compensation	620	507
Issuance or repurchase of common stock, net	1,717	(3,977)
Dividends paid	(59,478)	(8,702)
Net cash provided by financing activities	10,685	56,541
Increase (decrease) in cash and cash equivalents	(32,356)	25,851
Cash and cash equivalents at beginning of period	76,632	6,370
Cash and cash equivalents at end of period	\$44,276	\$32,221
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	\$1,213	\$1,213
Income taxes	2,001	2,005

See accompanying notes.

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FBL FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

March 31, 2015

## 1. Significant Accounting Policies

### Basis of Presentation

The accompanying unaudited consolidated financial statements of FBL Financial Group, Inc. (we or the Company) have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. Our financial statements include all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of our financial position and results of operations.

Operating results for the three-month period ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. We encourage you to refer to our consolidated financial statements and notes for the year ended December 31, 2014 included in our Annual Report on Form 10-K for a complete description of our material accounting policies. Also included in the Form 10-K is a description of areas of judgments and estimates and other information necessary to understand our financial position and results of operations.

### Recent Accounting Pronouncements

In January 2014, the Financial Accounting Standards Board (FASB) issued guidance related to accounting for investments in low income housing tax credit limited partnerships. Our low income housing tax credit investments totaled \$88.1 million at March 31, 2015 and \$84.8 million at December 31, 2014. Presently, we account for these investments under the equity method and include related tax benefits as a component of equity income. The new guidance allows us the option to account for these partnerships using the proportional amortization method, which amortizes the acquisition cost of the partnership in proportion to the recognition of the tax benefits associated with these projects. The tax credits, net of the amortization of the partnership interest, would be recognized as a component of income taxes. This guidance, which became effective during the first quarter of 2015, did not impact us as we elected not to adopt the optional accounting for our low income housing tax credit limited partnerships.

In May 2014, the FASB issued guidance that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, which supersedes most current revenue recognition guidance, including industry-specific guidance. Although insurance contracts are specifically excluded from the scope of this guidance, almost all entities will be affected to some extent by the significant increase in required disclosures. The new guidance is based on the principle that an entity should recognize revenue to reflect the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard, which becomes effective for fiscal years beginning after December 15, 2016; early adoption is not permitted. We are currently evaluating the impact of this new guidance on our consolidated financial statements.

In February 2015, the FASB issued guidance that amends existing consolidation guidance. The new guidance modifies the consolidation framework for certain investment entities and all limited partnerships. It also eliminates certain criteria used to determine whether fees paid to a decision maker are a variable interest. The amendment allows

for either a full retrospective or modified approach at adoption, and is effective during the first quarter of 2016. We are currently evaluating the impact of this new guidance on our consolidated financial statements.



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## 2. Investment Operations

## Fixed Maturity and Equity Securities

## Available-For-Sale Fixed Maturity and Equity Securities by Investment Category

	March 31, 2015				Non-credit losses on other-than-temporary impairments (1)
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	
	(Dollars in thousands)				
Fixed maturities:					
Corporate (2)	\$3,369,116	\$392,286	\$(20,377)	) \$3,741,025	\$ 467
Residential mortgage-backed	446,682	44,863	(4,125)	) 487,420	(3,254 )
Commercial mortgage-backed	487,521	56,906	(339)	) 544,088	—
Other asset-backed	540,624	18,660	(3,928)	) 555,356	5,180
United States Government and agencies	37,439	4,674	—	42,113	—
State, municipal and other governments	1,299,108	164,244	(102)	) 1,463,250	—
Total fixed maturities	\$6,180,490	\$681,633	\$(28,871)	) \$6,833,252	\$ 2,393
Equity securities:					
Non-redeemable preferred stocks	\$85,566	\$7,034	\$(550)	) \$92,050	
Common stocks	29,561	744	—	30,305	
Total equity securities	\$115,127	\$7,778	\$(550)	) \$122,355	
	December 31, 2014				Non-credit losses on other-than-temporary impairments (1)
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	
	(Dollars in thousands)				
Fixed maturities:					
Corporate (2)	\$3,335,535	\$348,937	\$(17,566)	) \$3,666,906	\$ 211
Residential mortgage-backed	453,607	42,510	(4,583)	) 491,534	(3,694 )
Commercial mortgage-backed	485,934	45,573	(812)	) 530,695	—
Other asset-backed	508,090	17,188	(4,017)	) 521,261	5,223
United States Government and agencies	38,227	4,581	(4)	) 42,804	—
State, municipal and other governments	1,290,040	157,571	(113)	) 1,447,498	—
Total fixed maturities	\$6,111,433	\$616,360	\$(27,095)	) \$6,700,698	\$ 1,740
Equity securities:					
Non-redeemable preferred stocks	\$80,566	\$5,135	\$(660)	) \$85,041	
Common stocks	26,844	738	—	27,582	
Total equity securities	\$107,410	\$5,873	\$(660)	) \$112,623	

Non-credit losses, subsequent to the initial impairment measurement date, on other-than-temporary impairment (OTTI) losses are included in the gross unrealized gains and gross unrealized losses columns above. The non-credit (1) loss component of OTTI losses for corporate and other asset-backed securities were in an unrealized gain position at March 31, 2015 and December 31, 2014 due to increases in estimated fair value subsequent to initial recognition of non-credit losses on such securities.

Corporate securities include hybrid preferred securities with a carrying value of \$62.5 million at March 31, 2015 (2) and \$80.9 million at December 31, 2014. Corporate securities also include redeemable preferred stock with a carrying value of \$30.6 million at March 31, 2015 and \$29.9 million at December 31, 2014.

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## Available-For-Sale Fixed Maturities by Maturity Date

	March 31, 2015	
	Amortized	Estimated
	Cost	Fair Value
	(Dollars in thousands)	
Due in one year or less	\$ 106,819	\$ 108,578
Due after one year through five years	760,042	843,244
Due after five years through ten years	884,759	966,225
Due after ten years	2,954,043	3,328,341
	4,705,663	5,246,388
Mortgage-backed and other asset-backed	1,474,827	1,586,864
Total fixed maturities	\$6,180,490	\$6,833,252

Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Fixed maturities not due at a single maturity date have been included in the above table in the year of final contractual maturity.

## Net Unrealized Gains (Losses) on Investments in Accumulated Other Comprehensive Income

	March 31, 2015	December 31, 2014
	(Dollars in thousands)	
Net unrealized appreciation on:		
Fixed maturities - available for sale	\$652,762	\$589,265
Equity securities - available for sale	7,228	5,213
	659,990	594,478
Adjustments for assumed changes in amortization pattern of:		
Deferred acquisition costs	(197,928	) (179,544 )
Value of insurance in force acquired	(3,839	) (3,939 )
Unearned revenue reserve	10,765	11,461
Adjustments for assumed changes in policyholder liabilities	(12,811	) (11,182 )
Provision for deferred income taxes	(159,648	) (143,932 )
Net unrealized investment gains	\$296,529	\$267,342

Net unrealized investment gains and losses are recorded net of deferred income taxes and other adjustments for assumed changes in deferred acquisition costs, value of insurance in force acquired, unearned revenue reserve and policyholder liabilities. Subsequent changes in the fair value of securities for which a previous non-credit OTTI loss was recognized in accumulated other comprehensive income, are reported along with changes in fair value for which no OTTI losses were previously recognized.

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## Fixed Maturity and Equity Securities with Unrealized Losses by Length of Time

Description of Securities	March 31, 2015						Percent of Total
	Less than one year		One year or more		Total		
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	
	(Dollars in thousands)						
Fixed maturities:							
Corporate	\$189,123	\$(13,547 )	\$86,753	\$(6,830 )	\$275,876	\$(20,377 )	70.5 %
Residential mortgage-backed	19,352	(155 )	28,414	(3,970 )	47,766	(4,125 )	14.3
Commercial mortgage-backed	8,507	(65 )	8,025	(274 )	16,532	(339 )	1.2
Other asset-backed	100,580	(2,131 )	46,118	(1,797 )	146,698	(3,928 )	13.6
State, municipal and other governments	23,066	(102 )	—	—	23,066	(102 )	0.4
Total fixed maturities	\$340,628	\$(16,000 )	\$169,310	\$(12,871 )	\$509,938	\$(28,871 )	100.0 %
Equity securities:							
Non-redeemable preferred stocks	\$—	\$—	\$4,450	\$(550 )	\$4,450	\$(550 )	
Total equity securities	\$—	\$—	\$4,450	\$(550 )	\$4,450	\$(550 )	
Description of Securities	December 31, 2014						Percent of Total
	Less than one year		One year or more		Total		
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	
	(Dollars in thousands)						
Fixed maturities:							
Corporate	\$203,764	\$(9,756 )	\$142,600	\$(7,810 )	\$346,364	\$(17,566 )	64.8 %
Residential mortgage-backed	27,889	(315 )	19,084	(4,268 )	46,973	(4,583 )	16.9
Commercial mortgage-backed	—	—	20,900	(812 )	20,900	(812 )	3.0
Other asset-backed	128,516	(2,349 )	55,526	(1,668 )	184,042	(4,017 )	14.8
United States Government and agencies	500	—	470	(4 )	970	(4 )	—
State, municipal and other governments	—	—	12,472	(113 )	12,472	(113 )	0.5
Total fixed maturities	\$360,669	\$(12,420 )	\$251,052	\$(14,675 )	\$611,721	\$(27,095 )	100.0 %
Equity securities:							
Non-redeemable preferred stocks	\$14,838	\$(110 )	\$4,450	\$(550 )	\$19,288	\$(660 )	
Total equity securities	\$14,838	\$(110 )	\$4,450	\$(550 )	\$19,288	\$(660 )	

Fixed maturities in the above tables include 160 securities from 127 issuers at March 31, 2015 and 185 securities from 160 issuers at December 31, 2014. We do not intend to sell or believe we will be required to sell any of our impaired fixed maturities before recovery of their amortized cost basis. The following summarizes the more significant unrealized losses of fixed maturities and equity securities by investment category as of March 31, 2015.

Corporate securities: The largest unrealized losses were in the energy sector (\$96.4 million carrying value and \$11.2 million unrealized loss). The largest unrealized losses in the energy sector were in the oil field service (\$37.2 million

carrying value and \$5.7 million unrealized loss) and the energy independent (\$43.7 million carrying value and \$4.5 million unrealized loss) sub-sectors. The majority of losses were primarily attributable to general credit spread widening across the energy sector.

Residential mortgage-backed securities: The unrealized losses on residential mortgage-backed securities were primarily due to continued uncertainty regarding mortgage defaults on Alt-A loans. We purchased most of these investments at a discount to their face amount and the contractual cash flows of these investments are based on mortgages and other assets backing the securities.

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Other asset-backed securities: The unrealized losses on other asset-backed securities were primarily due to market concerns regarding defaults on subprime mortgages and home equity loans. We purchased most of these investments at a discount to their face amount and the contractual cash flows of these investments are based on mortgages and other assets backing the securities.

Excluding mortgage- and asset-backed securities, no securities from the same issuer had an aggregate unrealized loss in excess of \$2.8 million at March 31, 2015, with the largest unrealized loss from an energy service provider. With respect to mortgage- and asset-backed securities not backed by the United States Government, our largest aggregate unrealized loss from the same issuer at March 31, 2015 was \$3.2 million, consisting of two different securities that are backed by different pools of Alt-A residential mortgage loans. Both securities are rated non-investment grade and the largest unrealized loss totaled \$1.9 million.

The carrying values of all our investments are reviewed on an ongoing basis for credit deterioration. When our review indicates a decline in fair value for a fixed maturity security is an OTTI and we do not intend to sell or believe we will be required to sell the security before recovery of our amortized cost, a specific write down is charged to earnings for the credit loss and a specific charge is recognized in accumulated other comprehensive income for the non-credit loss component. If we intend to sell or believe we will be required to sell a fixed maturity security before its recovery, the full amount of the impairment write down to fair value is charged to earnings. For all equity securities, the full amount of an OTTI write down is recognized as a realized loss on investments in the consolidated statements of operations and the new cost basis for the security is equal to its fair value.

We monitor the financial condition and operations of the issuers of fixed maturities and equity securities that could potentially have a credit impairment that is an OTTI. In determining whether or not an unrealized loss is an OTTI, we review factors such as:

- historical operating trends;
- business prospects;
- status of the industry in which the company operates;
- analyst ratings on the issuer and sector;
- quality of management;
- size of unrealized loss;
- level of current market interest rates compared to market interest rates when the security was purchased; and
- length of time the security has been in an unrealized loss position.

In order to determine the credit and non-credit impairment loss for fixed maturities, every quarter we estimate the future cash flows we expect to receive over the remaining life of the instrument as well as review our plans to hold or sell the instrument. Significant assumptions regarding the present value of expected cash flows for each security are used when an OTTI occurs and there is a non-credit portion of the unrealized loss that won't be recognized in earnings. Our assumptions for residential mortgage-backed securities, commercial mortgage-backed securities and other asset-backed securities include collateral pledged, guarantees, vintage, anticipated principal and interest payments, prepayments, default levels, severity assumptions, delinquency rates and the level of nonperforming assets for the remainder of the investments' expected term. We use a single best estimate of cash flows approach and use the effective yield prior to the date of impairment to calculate the present value of cash flows. Our assumptions for corporate and other fixed maturities include anticipated principal and interest payments and an estimated recovery value, generally based on a percentage return of the current fair value.

After an OTTI write down of all equity securities and any fixed maturities with a credit-only impairment, the cost basis is not adjusted for subsequent recoveries in fair value. For fixed maturities for which we can reasonably estimate future cash flows after a write down, the discount or reduced premium recorded, based on the new cost basis, is

amortized over the remaining life of the security. Amortization in this instance is computed using the prospective method and the current estimate of the amount and timing of future cash flows.

Credit Loss Component of Other-Than-Temporary Impairments on Fixed Maturities

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands)	
Balance at beginning of period	\$(16,772	) \$(21,592
Reductions due to investments sold	159	68
Balance at end of period	\$(16,613	) \$(21,524

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The table above sets forth the amount of credit loss impairments on fixed maturities held by the Company as of the dates indicated for which a portion of the OTTI was recognized in other comprehensive income (loss) and corresponding changes in such amounts. We had no OTTIs for the three-month periods ended March 31, 2015 or 2014.

## Realized Gains (Losses) - Recorded in Income

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands)	
Realized gains (losses) on sales of investments		
Fixed maturities:		
Gross gains	\$220	\$97
Gross losses	(586)	(637)
Net realized gains (losses) on investments recorded in income	\$ (366)	\$ (540)

Proceeds from sales of fixed maturities totaled \$17.3 million during the three months ended March 31, 2015 and \$12.8 million during the three months ended March 31, 2014.

Realized gains and losses on sales of investments are determined on the basis of specific identification.

## Mortgage Loans

Our mortgage loan portfolio consists principally of commercial mortgage loans that we have originated. Our lending policies require that the loans be collateralized by the value of the related property, establish limits on the amount that can be loaned to one borrower and require diversification by geographic location and collateral type. We originate loans with an initial loan-to-value ratio that provides sufficient excess collateral to absorb losses should we be required to foreclose and take possession of the collateral. In order to identify impairment losses, management maintains and regularly reviews a watch list of mortgage loans that have heightened risk. These loans may include those with borrowers delinquent on contractual payments, borrowers experiencing financial difficulty, increases in rental real estate vacancies and significant declines in collateral value. We evaluate each of our mortgage loans individually and establish an estimated loss, if needed, for each impaired loan identified. An estimated loss is needed for loans for which we do not believe we will collect all amounts due according to the contractual terms of the respective loan agreements.

Any loan delinquent on contractual payments is considered non-performing. At March 31, 2015 and December 31, 2014, there were no non-performing loans over 90 days past due on contractual payments. Interest income is accrued on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis. Once mortgage loans are classified as nonaccrual loans, the resumption of the interest accrual would commence only after all past-due interest has been collected or the mortgage loan has been restructured such that the collection of interest is considered likely.

## Mortgage Loans by Collateral Type

	March 31, 2015		December 31, 2014	
Collateral Type	Carrying Value	Percent of Total	Carrying Value	Percent of Total



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(Dollars in thousands)						
Office	\$ 307,998	45.7	%	\$ 269,308	42.8	%
Retail	211,082	31.4		214,710	34.1	
Industrial	128,478	19.1		125,425	19.9	
Other	25,753	3.8		19,853	3.2	
Total	\$ 673,311	100.0	%	\$ 629,296	100.0	%

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## Mortgage Loans by Geographic Location within the United States

	March 31, 2015			December 31, 2014		
Region of the United States	Carrying Value	Percent of Total		Carrying Value	Percent of Total	
	(Dollars in thousands)					
South Atlantic	\$216,884	32.2	%	\$191,835	30.5	%
Pacific	93,405	13.9		94,770	15.1	
West North Central	94,943	14.1		85,664	13.6	
East North Central	79,601	11.8		80,999	12.9	
Mountain	65,720	9.8		62,473	9.9	
West South Central	59,819	8.9		50,010	7.9	
Other	62,939	9.3		63,545	10.1	
Total	\$673,311	100.0	%	\$629,296	100.0	%

## Mortgage Loans by Loan-to-Value Ratio

Loan-to-Value Ratio	March 31, 2015			December 31, 2014		
	Carrying Value	Percent of Total		Carrying Value	Percent of Total	
	(Dollars in thousands)					
0% - 50%	\$206,255	30.6	%	\$180,884	28.7	%
51% - 60%	180,263	26.8		189,210	30.1	
61% - 70%	219,676	32.6		198,336	31.5	
71% - 80%	62,609	9.3		53,480	8.5	
81% - 90%	4,508	0.7		7,386	1.2	
Total	\$673,311	100.0	%	\$629,296	100.0	%

The loan-to-value ratio is determined using the most recent appraised value. Appraisals are updated periodically including when there is indication of a possible significant collateral decline or there are loan modifications or refinance requests.

## Mortgage Loans by Year of Origination

Year of Origination	March 31, 2015			December 31, 2014		
	Carrying Value	Percent of Total		Carrying Value	Percent of Total	
	(Dollars in thousands)					
2015	\$58,204	8.7	%	\$—	—	%
2014	85,546	12.7		86,174	13.7	
2013	81,116	12.0		81,802	13.0	
2012	69,626	10.4		70,274	11.2	
2011	46,456	6.9		46,813	7.4	
2010 and prior	332,363	49.3		344,233	54.7	
Total	\$673,311	100.0	%	\$ 629,296	100.0	%

## Impaired Mortgage Loans

March 31, 2015

		December 31, 2014
	(Dollars in thousands)	
Unpaid principal balance	\$22,026	\$22,103
Less:		
Related allowance	851	857
Discount	223	267
Carrying value of impaired mortgage loans	\$20,952	\$20,979

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## Allowance on Mortgage Loans

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands)	
Balance at beginning of period	\$857	\$888
Charge offs	(6	) (5
Balance at end of period	\$851	\$883

## Mortgage Loan Modifications

Our commercial mortgage loan portfolio includes loans that have been modified. We assess loan modifications on a loan-by-loan basis to evaluate whether a troubled debt restructuring (TDR) has occurred. Generally, the types of concessions include: reduction of the contractual interest rate to a below-market rate, extension of the maturity date and/or a reduction of accrued interest. The amount, timing and extent of the concession granted is considered in determining if an impairment loss is needed for the restructuring.

There were no loan modifications during the first quarter of 2015 or 2014.

## Variable Interest Entities

We evaluate our variable interest entity (VIE) investees to determine whether the level of our direct ownership interest, our rights to manage operations or our obligation to provide ongoing financial support are such that we are the primary beneficiary of the entity, and would therefore be required to consolidate it for financial reporting purposes. None of our VIE investees were required to be consolidated for any reporting periods presented in this Form 10-Q. Our VIE investments are as follows:

	March 31, 2015		December 31, 2014	
	Carrying Value	Maximum Exposure to Loss	Carrying Value	Maximum Exposure to Loss
	(Dollars in thousands)			
Real estate limited partnerships	\$17,288	\$17,288	\$17,046	\$17,046

We make commitments to fund partnership investments in the normal course of business. We did not have any commitments to investees designated as VIEs as of March 31, 2015 or December 31, 2014.

## Other

At March 31, 2015, we had committed to provide \$45.4 million of additional funds for limited partnerships and limited liability companies in which we invest.

## Derivative Instruments

We are not significantly involved in hedging activities and have limited exposure to derivatives. We do not apply hedge accounting to any of our derivative positions. Derivative assets, which are primarily reported in reinsurance recoverable and other investments, totaled \$7.1 million at March 31, 2015 and at December 31, 2014. Securities collateral received of \$2.1 million is held in a separate custodial account and not recorded on the balance sheet. Our derivative assets consist of derivatives embedded within our modified coinsurance agreements and call options which provide an economic hedge for our index annuity contracts. Derivative liabilities totaled \$9.8 million at March 31,

2015 and \$8.7 million at December 31, 2014 and include derivatives embedded within our index annuity contracts and derivatives embedded within our modified coinsurance agreements. The net gain recognized on these derivatives is included in net investment income and interest sensitive benefits and, for the three-month period ended March 31, totaled \$0.3 million for 2015 and \$0.5 million for 2014.

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## 3. Fair Values

The carrying and estimated fair values of our financial instruments are as follows:

## Fair Values and Carrying Values

	March 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(Dollars in thousands)			
Assets				
Fixed maturities - available for sale	\$6,833,252	\$6,833,252	\$6,700,698	\$6,700,698
Equity securities - available for sale	122,355	122,355	112,623	112,623
Mortgage loans	673,311	722,016	629,296	667,913
Policy loans	182,432	233,804	182,502	230,070
Other investments	3,313	3,313	3,558	3,558
Cash, cash equivalents and short-term investments	67,538	67,538	125,217	125,217
Reinsurance recoverable	3,820	3,820	3,562	3,562
Assets held in separate accounts	688,194	688,194	683,033	683,033
Liabilities				
Future policy benefits	\$3,629,682	\$3,783,109	\$3,563,558	\$3,666,960
Supplemental contracts without life contingencies	337,733	329,566	341,955	329,651
Advance premiums and other deposits	249,319	249,319	239,700	239,700
Long-term debt	97,000	73,720	97,000	69,772
Other liabilities	221	221	173	173
Liabilities related to separate accounts	688,194	682,492	683,033	677,040

Fair value is based on an exit price, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As not all financial instruments are actively traded, various valuation methods may be used to estimate fair value. These methods rely on observable market data and where observable market data is not available, the best information available. Significant judgment may be required to interpret the data and select the assumptions used in the valuation estimates, particularly when observable market data is not available.

In the discussion that follows, we have ranked our financial instruments by the level of judgment used in the determination of the fair values presented above. The levels are defined as follows:

Level 1 - Fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair values are based on inputs, other than quoted prices from active markets, that are observable for the asset or liability, either directly or indirectly.

Level 3 - Fair values are based on significant unobservable inputs for the asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument. From time to time there may be movements between levels as inputs become more or less observable, which may depend on several

factors including the activity of the market for the specific security, the activity of the market for similar securities, the level of risk spreads and the source from which we obtain the information. Transfers into or out of any level are measured as of the beginning of the period.

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The following methods and assumptions were used in estimating the fair value of our financial instruments:

### Fixed maturities:

Level 1 fixed maturities consist of U.S. Treasury issues that are actively traded, allowing us to use current market prices as an estimate of their fair value.

Level 2 fixed maturities consist of corporate, mortgage- and asset-backed, United States Government agencies and private placement securities with observable market data, and in some circumstances recent trade activity. When quoted prices of identical assets in active markets are not available, our first priority is to obtain prices from third party pricing vendors. We have regular interaction with these vendors to ensure we understand their pricing methodologies and to confirm they are utilizing observable market information. Their methodologies vary by asset class and include inputs such as estimated cash flows, benchmark yields, reported trades, credit quality, industry events and economic events. Fixed maturities with validated prices from pricing services, which includes the majority of our public fixed maturities in all asset classes, are generally reflected in Level 2.

Also included in Level 2 are corporate bonds where quoted market prices are not available, for which an internal model using substantially all observable inputs or a matrix pricing valuation approach is used. In the matrix approach, securities are grouped into pricing categories that vary by sector, rating and average life. Each pricing category is assigned a risk spread based on studies of observable public market data. The expected cash flows of the security are then discounted back at the current Treasury curve plus the appropriate risk spread.

Level 3 fixed maturities include private placements as well as corporate, mortgage- and asset-backed and state and municipal securities for which there is little or no current market data available. We use external pricing sources, or if prices are not available we will estimate fair value internally. Fair values of private investments in Level 3 are determined by reference to the public market, private transactions or valuations for comparable companies or assets in the relevant asset class when such amounts are available. For other securities where an exit price based on relevant observable inputs is not obtained, the fair value is determined using a matrix calculation. Fair values estimated through the use of matrix pricing methods rely on an estimate of credit spreads to a risk-free U.S. Treasury yield. Selecting the credit spread requires judgment based on an understanding of the security and may include a market liquidity premium. Our selection of comparable companies as well as the level of spread requires significant judgment. Increases in spreads used in our matrix models, or those used to value comparable companies, will result in a decrease in discounted cash flows used, and accordingly in the estimated fair value of the security.

We obtain fixed maturity fair values from a variety of external independent pricing services, including brokers, with access to observable data including recent trade information, if available. In certain circumstances in which an external price is not available for a Level 3 security, we will internally estimate its fair value. Our process for evaluation and selection of the fair values includes:

❖ We follow a “pricing waterfall” policy, which establishes the pricing source preference for a particular security or security type. The order of preference is based on our evaluation of the valuation methods used, the source's knowledge of the instrument and the reliability of the prices we have received from the source in the past. Our valuation policy dictates that fair values are initially sought from third party pricing services. If our review of the prices received from our preferred source indicates an inaccurate price, we will use an alternative source within the waterfall and document the decision. In the event that fair values are not available from one of our external pricing services or upon review of the fair values provided it is determined that they may not be reflective of market conditions, those securities are submitted to brokers familiar with the security to obtain non-binding price quotes. Broker quotes tend to be used in limited circumstances such as for newly issued, private placement and other instruments that are not widely traded. For those securities for which an externally provided fair value is not available,



we use cash flow modeling techniques to estimate fair value.

• We evaluate third party pricing source estimation methodologies to assess whether they will provide a fair value which approximates a market exit price.

• We perform an overall analysis of portfolio fair value movement against general movements in interest rates and spreads.

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We compare month-to-month price trends to detect unexpected price fluctuation based on our knowledge of the market and the particular instrument. As fluctuations are noted, we will perform further research which may include discussions with the original pricing source or other external sources to ensure we are in agreement with the valuation.

We compare prices between different pricing sources for unusual disparity.

We meet at least quarterly with our Investment Committee, the group that oversees our valuation process, to discuss valuation practices and observations during the pricing process.

### Equity securities:

Level 1 equity securities consist of listed common stocks and mutual funds that are actively traded, allowing us to use current market prices as an estimate of their fair value.

Level 2 equity securities consist of common stock issued by the Federal Home Loan Bank of Des Moines (FHLB), with estimated fair value based on the current redemption value of the shares and non-redeemable preferred stock. Estimated fair value is obtained from external pricing sources using a matrix pricing approach.

Level 3 equity securities consist of non-redeemable preferred stock for which no active market exists, and fair value estimates for these securities is based on the values of comparable securities which are actively traded. Increases in spreads used in our matrix models, or those used to value comparable companies, will result in a decrease in discounted cash flows used, and accordingly in the estimated fair value of the security.

In the case where external pricing services are used for certain Level 1 and Level 2 equity securities, our review process is consistent with the process used to determine the fair value of fixed maturities discussed above.

### Mortgage loans:

Mortgage loans are not measured at fair value on a recurring basis. Mortgage loans are a Level 3 measurement as there is no current market for the loans. The fair value of our mortgage loans is estimated internally using a matrix pricing approach. Along with specific loan terms, two key management assumptions are required including the risk rating of the loan (our current rating system is A-highest quality, B-moderate quality, C-low quality, W-watch or F-foreclosure) and estimated spreads for new loans over the U.S. Treasury yield curve. Spreads are updated quarterly and loans are reviewed and rated annually with quarterly adjustments should significant changes occur. Our determination of each loan's risk rating as well as selection of the credit spread requires significant judgment. A higher risk rating, as well as an increase in spreads, would result in a decrease in discounted cash flows used, and accordingly the fair value of the loan.

### Policy loans:

Policy loans are not measured at fair value on a recurring basis. Policy loans are a Level 3 measurement as there is no current market since they are specifically tied to the underlying insurance policy. The loans are relatively risk free as they cannot exceed the cash surrender value of the insurance policy. Fair values are estimated by discounting expected cash flows using a risk-free interest rate based on the U.S. Treasury curve. An increase in the risk-free interest rate would result in a decrease in discounted cash flows used, and accordingly the fair value of the loan.

### Other investments:

Level 2 other investments include call options with fair values based on counterparty market prices adjusted for a credit component of the counterparty.

Cash, cash equivalents and short-term investments:

Level 1 cash, cash equivalents and short-term investments are highly liquid instruments for which historical cost approximates fair value.

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### Reinsurance recoverable:

Level 2 reinsurance recoverable includes embedded derivatives in our modified coinsurance contracts under which we cede or assume business. Fair values of these embedded derivatives are based on the difference between the fair value and the cost basis of the underlying fixed maturities, which are valued consistent with the discussion of fixed maturities above.

### Assets held in separate accounts:

Level 1 assets held in separate accounts consist of mutual funds that are actively traded, allowing us to use current market prices as an estimate of their fair value.

### Future policy benefits, supplemental contracts without life contingencies and advance premiums and other deposits:

Level 3 policy-related financial instruments of investment-type contracts are those not involving significant mortality or morbidity risks. No active market exists for these contracts and they are not measured at fair value on a recurring basis. Fair values for our insurance contracts, other than investment-type contracts, are not required to be disclosed. Fair values for our investment-type contracts with expected maturities, including deferred annuities, funding agreements and supplementary contracts, are determined using discounted cash flow valuation techniques based on current interest rates adjusted to reflect our credit risk and an additional provision for adverse deviation. For certain deposit liabilities with no defined maturities and no surrender charges, including pension-related deposit administration funds, advance premiums and other deposits, fair value is the account value or amount payable on demand. Significant judgment is required in selecting the assumptions used to estimate the fair values of these financial instruments. For contracts with known maturities, increases in current rates will result in a decrease in discounted cash flows and a decrease in the estimated fair value of the policy obligation.

Certain annuity contracts include embedded derivatives and are measured at fair value on a recurring basis. These embedded derivatives are a Level 3 measurement. The fair value of the embedded derivatives is based on the discounted excess of projected account values (including a risk margin) over projected guaranteed account values. The key unobservable inputs required in the projection of future values which require management judgment include the risk margin as well as the credit risk of our company. Should the risk margin increase or the credit risk decrease, the discounted cash flows and the estimated fair value of the obligation will increase.

### Long-term debt:

Long-term debt is not measured at fair value on a recurring basis. Long-term debt is a Level 3 measurement. The fair value of our outstanding debt is estimated using a discounted cash flow method based on the market's assessment or our current incremental borrowing rate for similar types of borrowing arrangements adjusted, as needed, to reflect our credit risk. Our selection of the credit spread requires significant judgment. A decrease in the spread will increase the estimated fair value of the outstanding debt.

### Other liabilities:

Level 2 other liabilities include the embedded derivatives in our modified coinsurance contracts under which we cede business. Fair values for the embedded derivatives are based on the difference between the fair value and the cost basis of the underlying fixed maturities.

### Liabilities related to separate accounts:

Separate account liabilities are not measured at fair value on a recurring basis. Level 3 separate account liabilities' fair value is based on the cash surrender value of the underlying contract, which is the cost we would incur to extinguish the liability.

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## Valuation of our Financial Instruments Measured on a Recurring Basis by Hierarchy Levels

	March 31, 2015			
	Quoted prices in active markets for identical assets (Level 1) (Dollars in thousands)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Corporate securities	\$—	\$3,667,326	\$73,699	\$3,741,025
Residential mortgage-backed securities	—	482,374	5,046	487,420
Commercial mortgage-backed securities	—	465,586	78,502	544,088
Other asset-backed securities	—	462,468	92,888	555,356
United States Government and agencies	16,083	16,874	9,156	42,113
State, municipal and other governments	—	1,463,250	—	1,463,250
Non-redeemable preferred stocks	—	83,698	8,352	92,050
Common stocks	4,537	25,768	—	30,305
Other investments	—	3,313	—	3,313
Cash, cash equivalents and short-term investments	67,538	—	—	67,538
Reinsurance recoverable	—	3,820	—	3,820
Assets held in separate accounts	688,194	—	—	688,194
Total assets	\$776,352	\$6,674,477	\$267,643	\$7,718,472
Liabilities				
Future policy benefits - index annuity embedded derivatives	\$—	\$—	\$9,591	\$9,591
Other liabilities	—	221	—	221
Total liabilities	\$—	\$221	\$9,591	\$9,812
December 31, 2014				
	Quoted prices in active markets for identical assets (Level 1) (Dollars in thousands)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Corporate securities	\$—	\$3,602,667	\$64,239	\$3,666,906
Residential mortgage-backed securities	—	491,534	—	491,534
Commercial mortgage-backed securities	—	452,804	77,891	530,695
Other asset-backed securities	—	405,120	116,141	521,261
United States Government and agencies	15,170	18,569	9,065	42,804
State, municipal and other governments	—	1,447,498	—	1,447,498
Non-redeemable preferred stocks	—	76,987	8,054	85,041
Common stocks	3,501	24,081	—	27,582
Other investments	—	3,558	—	3,558
Cash, cash equivalents and short-term investments	125,217	—	—	125,217
Reinsurance recoverable	—	3,562	—	3,562

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Assets held in separate accounts	683,033	—	—	683,033
Total assets	\$826,921	\$6,526,380	\$275,390	\$7,628,691
Liabilities				
Future policy benefits - index annuity embedded derivatives	\$—	\$—	\$8,681	\$8,681
Other liabilities	—	173	—	173
Total liabilities	\$—	\$173	\$8,681	\$8,854

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## Level 3 Fixed Maturities by Valuation Source - Recurring Basis

	March 31, 2015			
	Third-party vendors	Priced internally	Total	
	(Dollars in thousands)			
Corporate securities	\$39,799	\$33,900	\$73,699	
Residential mortgage-backed securities	4,056	990	5,046	
Commercial mortgage-backed securities	78,502	—	78,502	
Other asset-backed securities	72,043	20,845	92,888	
United States Government and agencies	—	9,156	9,156	
Total	\$194,400	\$64,891	\$259,291	
Percent of total	75.0	% 25.0	% 100.0	%

  

	December 31, 2014			
	Third-party vendors	Priced internally	Total	
	(Dollars in thousands)			
Corporate securities	\$40,095	\$24,144	\$64,239	
Commercial mortgage-backed securities	77,891	—	77,891	
Other asset-backed securities	95,271	20,870	116,141	
United States Government and agencies	—	9,065	9,065	
Total	\$213,257	\$54,079	\$267,336	
Percent of total	79.8	% 20.2	% 100.0	%

## Quantitative Information about Level 3 Fair Value Measurements - Recurring Basis

	March 31, 2015			
	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
	(Dollars in thousands)			
Assets				
Corporate securities	\$50,482	Discounted cash flow	Credit spread	0.85% - 12.00% (6.97%)
Commercial mortgage-backed	78,502	Discounted cash flow	Credit spread	1.75% - 4.00% (2.94%)
Other asset-backed securities	19,184	Discounted cash flow	Credit spread	0.94% - 6.21% (4.30%)
United States Government and agencies	9,156	Discounted cash flow	Credit spread	1.85% (1.85%)
Non-redeemable preferred stocks	8,352	Discounted cash flow	Credit spread	3.00% (3.00%)
Total Assets	\$165,676			
Liabilities				
Future policy benefits - index annuity	\$9,591	Discounted cash flow	Credit risk	0.70% - 1.85% (1.15%)
embedded derivatives			Risk margin	0.15% - 0.40% (0.25%)



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## Quantitative Information about Level 3 Fair Value Measurements - Recurring Basis

	December 31, 2014			
	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
	(Dollars in thousands)			
<b>Assets</b>				
Corporate securities	\$41,491	Discounted cash flow	Credit spread	0.95% - 6.80% (4.92%)
Commercial mortgage-backed securities	77,891	Discounted cash flow	Credit spread	1.75% - 4.00% (2.89%)
Other asset-backed securities	26,937	Discounted cash flow	Credit spread	0.96% - 6.17% (4.31%)
United States Government and agencies	9,065	Discounted cash flow	Credit spread	1.80% (1.80%)
Non-redeemable preferred stocks	8,054	Discounted cash flow	Credit spread	3.34% (3.34%)
<b>Total Assets</b>	<b>\$163,438</b>			
<b>Liabilities</b>				
Future policy benefits - index annuity embedded derivatives	\$8,681	Discounted cash flow	Credit risk Risk margin	0.70% - 1.70% (1.10%) 0.15% - 0.40% (0.25%)

The tables above exclude certain securities for which the fair value was based on non-binding broker quotes where we could not reasonably obtain the quantitative unobservable inputs.

## Level 3 Financial Instruments Changes in Fair Value - Recurring Basis

	March 31, 2015								
	Balance, December 31, 2014	Purchases	Disposals	Realized and unrealized gains (losses), net	Included in other comprehensive income	Net transfers into Level 3 (1)	Net transfers out of Level 3 (1)	Amort-ization included in net income	Balance, March 31, 2015
	(Dollars in thousands)								
Assets									
Corporate securities	\$64,239	\$2,993	\$(3,613 )	\$—	\$ (4,190 )	\$14,165	\$—	\$ 105	\$73,699
Residential mortgage-backed securities	—	5,052	—	—	(6 )	—	—	—	5,046
Commercial mortgage-backed securities	77,891	—	(193 )	—	780	—	—	24	78,502
Other asset-backed securities	116,141	19,742	(3,876 )	—	(77 )	—	(39,095 )	53	92,888
United States Government and agencies	9,065	—	—	—	89	—	—	2	9,156
	8,054	—	—	—	298	—	—	—	8,352

Non-redeemable  
preferred stocks

Total Assets	\$275,390	\$27,787	\$(7,682)	\$—	\$ (3,106 )	\$14,165	\$(39,095)	\$ 184	\$267,643
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Liabilities

Future policy

benefits - index annuity embedded	\$8,681	\$1,067	\$(183 )	\$26	\$ —	\$—	\$—	\$ —	\$9,591
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derivatives

Total Liabilities	\$8,681	\$1,067	\$(183 )	\$26	\$ —	\$—	\$—	\$ —	\$9,591
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## Level 3 Financial Instruments Changes in Fair Value - Recurring Basis

March 31, 2014									
	Balance, December 31, 2013	Purchases	Disposals	Realized and unrealized gains (losses), net	Included in other comprehensive income	Net transfers into Level 3 (1)	Net transfers out of Level 3 (1)	Amort-ization included in net income	Balance, March 31, 2014
(Dollars in thousands)									
<b>Assets</b>									
Corporate securities	\$81,994	\$ 206	\$(2,835 )	\$—	\$ (106 )	\$13,623	\$—	\$ (10 )	\$92,872
Commercial mortgage-backed securities	71,712	—	(167 )	—	1,448	—	—	21	73,014
Other asset-backed securities	85,835	5,450	(3,129 )	—	(133 )	—	(7,194 )	243	81,072
United States Government and agencies	8,044	—	—	—	149	—	—	1	8,194
Non-redeemable preferred stocks	7,795	—	—	—	234	—	—	—	8,029
<b>Total Assets</b>	<b>\$255,380</b>	<b>\$ 5,656</b>	<b>\$(6,131 )</b>	<b>\$—</b>	<b>\$ 1,592</b>	<b>\$13,623</b>	<b>\$(7,194 )</b>	<b>\$ 255</b>	<b>\$263,181</b>
<b>Liabilities</b>									
Future policy benefits - index annuity embedded derivatives	\$286	\$ —	\$5	\$8	\$ —	\$—	\$—	\$ —	\$299
<b>Total Liabilities</b>	<b>\$286</b>	<b>\$ —</b>	<b>\$5</b>	<b>\$8</b>	<b>\$ —</b>	<b>\$—</b>	<b>\$—</b>	<b>\$ —</b>	<b>\$299</b>

Transfers into Level 3 represent assets previously priced using an external pricing service with access to observable inputs no longer available and therefore, were priced using non-binding broker quotes. Transfers out of Level 3 (1) include those assets that we are now able to obtain pricing from a third party pricing vendor that uses observable inputs. There were no transfers between Level 1 and Level 2 during the periods presented above.

## Valuation of our Financial Instruments Not Reported at Fair Value by Hierarchy Levels

March 31, 2015			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
(Dollars in thousands)			
<b>Assets</b>			
Mortgage loans	\$—	\$—	\$722,016
Policy loans	—	—	233,804
			<b>Total</b>

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Total assets	\$—	\$—	\$955,820	\$955,820
Liabilities				
Future policy benefits	\$—	\$—	\$3,773,518	\$3,773,518
Supplemental contracts without life contingencies	—	—	329,566	329,566
Advance premiums and other deposits	—	—	249,319	249,319
Long-term debt	—	—	73,720	73,720
Liabilities related to separate accounts	—	—	682,492	682,492
Total liabilities	\$—	\$—	\$5,108,615	\$5,108,615

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## Valuation of our Financial Instruments Not Reported at Fair Value by Hierarchy Levels

	December 31, 2014			
	Quoted prices in active markets for identical assets (Level 1) (Dollars in thousands)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets				
Mortgage loans	\$—	\$—	\$667,913	\$667,913
Policy loans	—	—	230,070	230,070
Total assets	\$—	\$—	\$897,983	\$897,983
Liabilities				
Future policy benefits	\$—	\$—	\$3,658,279	\$3,658,279
Supplemental contracts without life contingencies	—	—	329,651	329,651
Advance premiums and other deposits	—	—	239,700	239,700
Long-term debt	—	—	69,772	69,772
Liabilities related to separate accounts	—	—	677,040	677,040
Total liabilities	\$—	\$—	\$4,974,442	\$4,974,442

## Level 3 Financial Instruments Measured at Fair Value on a Nonrecurring Basis

Certain assets are measured at fair value on a nonrecurring basis, generally mortgage loans or real estate which have been deemed to be impaired during the reporting period. There were no mortgage loans or real estate impaired to fair value during the three months ended March 31, 2015 or March 31, 2014.

## 4. Defined Benefit Plan

We participate with several affiliates and an unaffiliated organization in various defined benefit plans, including a multiemployer plan. Our share of net periodic pension cost for the plans is recorded as expense in our consolidated statements of operations.

## Components of Net Periodic Pension Cost for FBL and Affiliates Combined - Multiemployer Plan

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands)	
Service cost	\$1,488	\$1,320
Interest cost	3,300	3,505
Expected return on assets	(4,463)	(4,385)
Amortization of prior service cost	36	36
Amortization of actuarial loss	2,598	1,361
Net periodic pension cost	\$2,959	\$1,837
FBL Financial Group, Inc. share of net periodic pension costs	\$959	\$589



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Components of Net Periodic Pension Cost for FBL and Affiliates Combined - Other Plans

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands)	
Service cost	\$109	\$67
Interest cost	250	269
Amortization of prior service cost	(3	) (3
Amortization of actuarial loss	382	283
Net periodic pension cost	\$738	\$616
FBL Financial Group, Inc. share of net periodic pension costs	\$418	\$343

5. Commitments and Contingencies

Legal Proceedings

In the normal course of business, we may be involved in litigation in which damages are alleged that are substantially in excess of contractual policy benefits or certain other agreements. In recent years, companies in the life insurance and annuity business have faced litigation, including class action lawsuits, alleging improper product design, improper sales practices and similar claims. We are not aware of any such matters threatened or pending against FBL Financial Group, Inc. or any of its subsidiaries.

6. Stockholders' Equity

Share Repurchases

During 2012 and 2014, our Board of Directors approved plans to repurchase our Class A common stock. These repurchase plans authorize us to make repurchases in the open market or through privately negotiated transactions, with the timing and terms of the purchases to be determined by management based on market conditions. Under these programs, we made no repurchases during the three months ended March 31, 2015. We repurchased 262,945 shares for \$11.2 million during the three months ended March 31, 2014. At March 31, 2015, \$42.7 million remains available for repurchase under the 2014 plan. Completion of the program is dependent on market conditions and other factors. There is no guarantee as to the exact timing of any repurchases or the number of shares that we will repurchase. The share repurchase program may be modified or terminated at any time without prior notice.

Special Dividend

On March 6, 2015, the Board of Directors approved a special \$2.00 per share cash dividend to Class A and Class B common shareholders of record as of March 16, 2015. The aggregate dividend totaling \$49.5 million was paid on March 26, 2015.

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## Reconciliation of Outstanding Common Stock

	Class A Shares (Dollars in thousands)	Dollars	Class B Shares	Dollars	Total Shares	Dollars
Outstanding at January 1, 2014	24,742,942	\$ 134,993	11,413	\$ 72	24,754,355	\$ 135,065
Issuance of common stock under compensation plans	210,442	6,411	—	—	210,442	6,411
Purchase of common stock	(262,945 )	(1,435 )	—	—	(262,945 )	(1,435 )
Outstanding at March 31, 2014	24,690,439	\$ 139,969	11,413	\$ 72	24,701,852	\$ 140,041
Outstanding at January 1, 2015	24,703,903	\$ 144,625	11,413	\$ 72	24,715,316	\$ 144,697
Issuance of common stock under compensation plans	81,568	2,682	—	—	81,568	2,682
Purchase of common stock	—	—	—	—	—	—
Outstanding at March 31, 2015	24,785,471	\$ 147,307	11,413	\$ 72	24,796,884	\$ 147,379

## Accumulated Other Comprehensive Income, Net of Tax and Other Offsets

	Unrealized Net Investment Gains (Losses) on Available For Sale Securities (1) (Dollars in thousands)	Accumulated Non-Credit Impairment Losses	Underfunded Status of Postretirement Benefit Plans	Total
Balance at January 1, 2014	\$ 126,587	\$ (1,366 )	\$ (6,154 )	\$ 119,067
Other comprehensive income before reclassifications	66,801	2,179	—	68,980
Reclassification adjustments	328	—	172	500
Balance at March 31, 2014	\$ 193,716	\$ 813	\$ (5,982 )	\$ 188,547
Balance at January 1, 2015	\$ 266,211	\$ 1,131	\$ (8,932 )	\$ 258,410
Other comprehensive income before reclassifications	28,515	425	—	28,940
Reclassification adjustments	247	\$ —	231	478
Balance at March 31, 2015	\$ 294,973	\$ 1,556	\$ (8,701 )	\$ 287,828

(1) Includes the impact of taxes, deferred acquisition costs, value of insurance in force acquired, unearned revenue reserves and policyholder liabilities. See Note 2 for further information.



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## Accumulated Other Comprehensive Income Reclassification Adjustments

	Three months ended March 31, 2015			
	Unrealized Net Investment Gains (Losses) on Available For Sale Securities (1) (Dollars in thousands)	Accumulated Non-Credit Impairment Losses (1)	Underfunded Status of Postretirement Benefit Plans	Total
Realized capital losses on sales of investments	\$366	\$—	\$—	\$366
Adjustments for assumed changes in deferred policy acquisition costs, value of insurance in force acquired, unearned revenue reserve and policyholder liabilities	14	—	—	14
Other expenses: Change in unrecognized postretirement items:				
Prior service costs	—	—	(3	) (3
Net actuarial loss	—	—	358	358
Reclassifications before income taxes	380	—	355	735
Income taxes	(133	) —	(124	) (257
Reclassification adjustments	\$247	\$—	\$ 231	\$478
	Three months ended March 31, 2014			
	Unrealized Net Investment Gains (Losses) on Available For Sale Securities (1) (Dollars in thousands)	Accumulated Non-Credit Impairment Losses (1)	Unfunded Status of Postretirement Benefit Plans	Total
Realized capital losses on sales of investments	\$540	\$—	\$—	\$540
Adjustments for assumed changes in deferred policy acquisition costs, value of insurance in force acquired, unearned revenue reserve and policyholder liabilities	(36	) —	—	(36
Other expenses: Change in unrecognized postretirement items:				
Prior service costs	—	—	(3	) (3
Net actuarial loss	—	—	268	268
Reclassifications before income taxes	504	—	265	769
Income taxes	(176	) —	(93	) (269
Reclassification adjustments	\$328	\$—	\$ 172	\$500

(1) See Note 2 for further information.



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## 7. Earnings Per Share

## Computation of Earnings Per Common Share

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands, except per share data)	
Numerator:		
Net income attributable to FBL Financial Group, Inc.	\$23,591	\$22,992
Less: Dividends on Series B preferred stock	38	38
Income available to common stockholders	\$23,553	\$22,954
Denominator:		
Weighted average shares - basic	24,899,278	24,937,307
Effect of dilutive securities - stock-based compensation	109,300	179,531
Weighted average shares - diluted	25,008,578	25,116,838
Earnings per common share	\$0.95	\$0.92
Earnings per common share - assuming dilution:	\$0.94	\$0.91

No antidilutive stock options were excluded from diluted earnings per share in either period presented.

## 8. Segment Information

We analyze operations by reviewing financial information regarding our primary products that are aggregated into the Annuity and Life Insurance product segments. In addition, our Corporate and Other segment includes various support operations, corporate capital and other product lines that are not currently underwritten by the Company.

We analyze our segment results based on pre-tax operating income. Accordingly, income taxes are not allocated to the segments. In addition, operating results are reported net of transactions between the segments. Operating income represents net income excluding the impact of realized gains and losses on investments and changes in net unrealized gains and losses on derivatives.

We use operating income, in addition to net income, to measure our 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. A view of our operating performance without the impact of these 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.

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## Financial Information Concerning our Operating Segments

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands)	
Operating revenues:		
Annuity	\$52,759	\$49,579
Life Insurance	102,010	95,817
Corporate and Other	23,705	23,369
	178,474	168,765
Net realized losses on investments (1)	(366)	) (540)
Change in net unrealized gains/losses on derivatives (1)	(162)	) 310
Consolidated revenues	\$177,946	\$168,535
Pre-tax operating income:		
Annuity	\$17,088	\$15,447
Life Insurance	9,785	10,092
Corporate and Other	3,496	4,593
	30,369	30,132
Income taxes on operating income	(6,554)	) (7,048)
Net realized gains/losses on investments (1)	(247)	) (328)
Change in net unrealized gains/losses on derivatives (1)	23	236
Consolidated net income attributable to FBL Financial Group, Inc.	\$23,591	\$22,992

(1) Amounts are 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.

Our investment in equity method investees, the related equity income and interest expense are attributable to the Corporate and Other segment. Expenditures for long-lived assets were not significant during the periods presented above. Goodwill at March 31, 2015 and December 31, 2014 was allocated among the segments as follows: Annuity (\$3.9 million) and Life Insurance (\$6.1 million).

Premiums collected, which is not a measure used in financial statements prepared according to GAAP, includes premiums received on life insurance policies and deposits on annuities and universal life-type products. Net premiums collected totaled \$166.2 million for the quarter ended March 31, 2015 and \$178.7 million for the 2014 period.

Under GAAP, premiums on whole life and term life policies are recognized as revenues over the premium-paying period and reported in the Life Insurance segment. The following chart provides a reconciliation of life insurance premiums collected to those reported in the GAAP financial statements.

## Reconciliation of Traditional Life Insurance Premiums, Net of Reinsurance

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands)	
Traditional and universal life insurance premiums collected	\$71,215	\$72,838
Premiums collected on interest sensitive products	(23,691)	) (26,388)
Traditional life insurance premiums collected	47,524	46,450
Change in due premiums and other	(376)	) (958)

Traditional life insurance premiums	\$47,148	\$45,492
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There is no comparable GAAP financial measure for premiums collected on annuities and universal life-type products. GAAP revenues for those interest sensitive and variable products consist of various policy charges and fees assessed on those contracts, as summarized in the chart below.

## Interest Sensitive Product Charges by Segment

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands)	
Annuity		
Surrender charges and other	\$613	\$554
Life Insurance		
Administration charges	\$3,697	\$3,495
Cost of insurance charges	11,492	11,017
Surrender charges	217	216
Amortization of policy initiation fees	499	32
Total	\$15,905	\$14,760
Corporate and Other		
Administration charges	\$1,517	\$1,599
Cost of insurance charges	7,424	7,415
Surrender charges	108	138
Separate account charges	2,239	2,280
Amortization of policy initiation fees	315	345
Total	\$11,603	\$11,777
Consolidated interest sensitive product charges	\$28,121	\$27,091

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section includes a summary of FBL Financial Group, Inc.'s consolidated results of operations, financial condition and where appropriate, factors that management believes may affect future performance. Unless noted otherwise, all references to FBL Financial Group, Inc. (we or the Company) include all of its direct and indirect subsidiaries, including its life insurance subsidiary, Farm Bureau Life Insurance Company (Farm Bureau Life). Please read this discussion in conjunction with the accompanying consolidated financial statements and related notes. In addition, we encourage you to refer to our Form 10-K for the fiscal year ended December 31, 2014 for a complete description of our significant accounting policies and estimates. Familiarity with this information is important in understanding our financial position and results of operations.

This Form 10-Q includes statements relating to anticipated financial performance, business prospects, new products, and similar matters. These statements and others, which include words such as "expect," "anticipate," "believe," "intend" and other similar expressions, constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995. A variety of factors could cause our actual results and experiences to differ materially from the anticipated results or other expectations expressed in our forward-looking statements. See Part 1A, Risk Factors, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for additional information on the risks and uncertainties that may affect the operations, performance, development and results of our business.

Overview

We operate predominantly in the life insurance industry through our principal subsidiary, Farm Bureau Life. Farm Bureau Life markets individual life insurance policies and annuity contracts to Farm Bureau members and other individuals and businesses in the Midwestern and Western sections of the United States through an exclusive agency force. Several subsidiaries support various functional areas of Farm Bureau Life and other affiliates by providing investment advisory, marketing and distribution, and leasing services. In addition, we manage two Farm Bureau-affiliated property-casualty companies.

We analyze operations by reviewing financial information regarding our primary products that are aggregated in Annuity and Life Insurance product segments. In addition, our Corporate and Other segment includes various support operations, corporate capital and other product lines that are not currently underwritten by the Company. We analyze our segment results based on pre-tax operating income, which excludes the impact of certain items that are included in net income. See Note 8 to our consolidated financial statements for further information regarding how we define our segments and operating income.

We also include within our analysis "premiums collected," which is not a measure used in financial statements prepared in accordance with GAAP, but is a common industry measure of agent productivity. See Note 8 to our consolidated financial statements for further information regarding this measure and its relationship to GAAP revenues.

Impact of Recent Business Environment

Our business generally benefits from moderate to strong economic expansion. Conversely, a lackluster economy characterized by higher unemployment, lower family income, lower consumer spending, muted corporate earnings growth and lower business investment could adversely impact the demand for our products in the future. We also may experience a higher incidence of claims, lapses or surrenders of policies during such times. We cannot predict whether or when such actions may occur, or what impact, if any, such actions could have on our business, results of operations, cash flows or financial condition.

Economic environmental factors which may impact our business include, but are not limited to, the following:

• Gross Domestic Product increased approximately 0.2% during the first quarter of 2015 based on early estimates.

• U.S. unemployment was estimated to be 5.5% during March 2015.

• U.S. net farm income is forecast to decrease 31.8% and farm real estate value is forecast to decrease 0.8% during 2015.

• The U.S. 10-year Treasury yield declined during the first quarter to 1.94% at March 31, 2015.

• Continued uncertainty as to actions the United States Congress will take to address the national debt, including potential actions to change the tax advantages of life insurance.



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The low market interest rate environment continues to impact our investment yields as well as the interest we credit on our interest sensitive products. Interest rates remained low during the first quarter of 2015, as the benchmark 10-year U.S. Treasury yield declined during the quarter, offsetting moderate increases in overall credit spreads and placing further strain on available investment yields. Our average investment portfolio yield declined during the quarter as yields on new acquisitions were generally lower than the average portfolio yield. As a result we proactively reduced customer crediting rates on certain annuity and universal life products. Low crediting rates pose challenges to maintaining attractive annuity and universal life products, although our rates are comparable to other insurance companies, allowing us to maintain our competitive position within the market. We continue to reassess the future profitability of our interest sensitive products as future profit expectations impact the valuation of deferred policy acquisition costs. During 2014 we unlocked assumptions used to amortize deferred policy acquisition costs to reflect the expectation of lower earned spread rates, primarily driven by the expected continuation of low market interest rates. We experienced an increase in the fair value of our fixed maturity security portfolio during the quarter due to declining market yields. See the segment discussion and “Financial Condition” section that follows for additional information regarding the impact of low market interest rates on our business.

## Results of Operations for the Periods Ended March 31, 2015 and 2014

	Three months ended March 31, 2015                  2014                  Change (Dollars in thousands, except per share data)			
Pre-tax operating income:				
Annuity segment	\$17,088	\$15,447	11	%
Life Insurance segment	9,785	10,092	(3)	)%
Corporate and Other segment	3,496	4,593	(24)	)%
Total pre-tax operating income	30,369	30,132	1	%
Income taxes on operating income	(6,554)	(7,048)	(7)	)%
Operating income	23,815	23,084	3	%
Realized gains/losses on investments (1)	(247)	(328)	(25)	)%
Change in net unrealized gains/losses on derivatives (1)	23	236	(90)	)%
Net income attributable to FBL Financial Group, Inc.	\$23,591	\$22,992	3	%
Operating income per common share - assuming dilution	\$0.95	\$0.92	3	%
Earnings per common share - assuming dilution	0.94	0.91	3	%
Effective tax rate on operating income	22	% 23	%	
Average invested assets, at amortized cost	\$7,153,345	\$6,810,577	5	%
Annualized yield on average invested assets	5.66	% 5.57	%	

(1) Amounts are 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.

Our operating and net income increased in the first quarter of 2015, compared to the prior year period, primarily due to increases in the volume of business in force and investment fee income, partially offset by an increase in death benefits. See the discussion that follows for details regarding operating income by segment.

Earnings per share and operating income per common share benefited from repurchases of Class A common shares in 2014. Details regarding the share repurchases are included in Note 6 to the consolidated financial statements.



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## Annuity Segment

	Three months ended March 31,			
	2015	2014	Change	
	(Dollars in thousands)			
Operating revenues:				
Interest sensitive product charges and other income	\$613	\$554	11	%
Net investment income	52,146	49,025	6	%
Total operating revenues	52,759	49,579	6	%
Benefits and expenses:				
Interest sensitive product benefits	27,453	26,755	3	%
Underwriting, acquisition and insurance expenses:				
Commissions net of deferrals	546	454	20	%
Amortization of deferred acquisition costs	2,729	2,461	11	%
Amortization of value of insurance in force	202	143	41	%
Other underwriting expenses	4,741	4,319	10	%
Total underwriting, acquisition and insurance expenses	8,218	7,377	11	%
Total benefits and expenses	35,671	34,132	5	%
Pre-tax operating income	\$17,088	\$15,447	11	%
Other data				
Annuity premiums collected, direct	\$76,335	\$86,252	(11	)%
Policy liabilities and accruals, end of period	3,806,556	3,607,425	6	%
Average invested assets, at amortized cost	3,883,858	3,666,791	6	%
Investment fee income included in net investment income (1)	2,398	880	173	%
Average individual annuity account value	2,624,384	2,484,000	6	%
Earned spread on individual annuity products:				
Weighted average yield on cash and invested assets	5.57	% 5.62	%	
Weighted average interest crediting rate	2.81	% 2.93	%	
Spread	2.76	% 2.69	%	
Individual annuity withdrawal rate	4.4	% 5.2	%	

(1) Includes prepayment fee income and amortization of any related premium or discount.

Pre-tax operating income for the Annuity segment increased in the first quarter of 2015, compared to the prior year period, due to higher spread income earned from an increase in the volume of business in force and higher investment fee income.

The average aggregate account value for individual annuity contracts in force increased in 2015, compared to prior year period, due to continued sales and the crediting of interest. Premiums collected were lower in the 2015 period due to decreases in sales of fixed rate deferred annuities. The amount of premiums collected is highly dependent upon the relationship between the current crediting rate of our products compared to those of competing products.

The Annuity segment also includes advances on our funding agreements with the Federal Home Loan Bank of Des Moines (FHLB). Outstanding funding agreements totaled \$400.9 million at March 31, 2015 and \$334.4 million at March 31, 2014.

The weighted average yield on cash and invested assets for individual annuities decreased for the three months ended March 31, 2015, compared to the prior year period, primarily due to lower yields on new investment acquisitions from premium

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receipts and reinvestment of the proceeds from maturing investments, compared with the average existing portfolio yield, partially offset by higher investment fee income. See the "Financial Condition" section which follows for additional information regarding the yields obtained on investment acquisitions. Weighted average interest crediting rates on our individual annuity products decreased due to crediting rate actions taken in 2014 in response to the declining portfolio yield and a change in the underlying product mix.

## Life Insurance Segment

	Three months ended March 31,			
	2015	2014	Change	
	(Dollars in thousands)			
Operating revenues:				
Interest sensitive product charges and other income	\$15,818	\$14,675	8	%
Traditional life insurance premiums	47,148	45,492	4	%
Net investment income	39,044	35,650	10	%
Total operating revenues	102,010	95,817	6	%
Benefits and expenses:				
Interest sensitive product benefits:				
Interest credited	8,185	8,002	2	%
Death benefits and other	12,515	11,410	10	%
Total interest sensitive product benefits	20,700	19,412	7	%
Traditional life insurance benefits:				
Death benefits	24,375	19,754	23	%
Surrender and other benefits	7,282	9,009	(19)	)%
Increase in traditional life future policy benefits	14,052	12,734	10	%
Total traditional life insurance benefits	45,709	41,497	10	%
Distributions to participating policyholders	2,961	3,345	(11)	)%
Underwriting, acquisition and insurance expenses:				
Commission expense, net of deferrals	4,627	4,152	11	%
Amortization of deferred acquisition costs	3,966	3,831	4	%
Amortization of value of insurance in force	379	306	24	%
Other underwriting expenses	13,883	13,182	5	%
Total underwriting, acquisition and insurance expenses	22,855	21,471	6	%
Total benefits and expenses	92,225	85,725	8	%
Pre-tax operating income	\$9,785	\$10,092	(3)	)%

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## Life Insurance Segment - continued

	Three months ended March 31,		Change	
	2015	2014		
	(Dollars in thousands)			
Other data				
Life premiums collected, net of reinsurance	\$71,215	\$72,838	(2)	)%
Policy liabilities and accruals, end of period	2,613,024	2,482,578	5	%
Life insurance in force, end of period	52,533,816	49,594,860	6	%
Average invested assets, at amortized cost	2,637,202	2,497,940	6	%
Investment fee income included in net investment income (1)	2,454	96	2,456	%
Average interest sensitive life account value	783,116	746,624	5	%
Interest sensitive life insurance spread:				
Weighted average yield on cash and invested assets	6.58	% 5.80		%
Weighted average interest crediting rate	3.89	% 4.03		%
Spread	2.69	% 1.77		%
Life insurance lapse and surrender rates	5.4	% 5.5		%
Death benefits, net of reinsurance and reserves released	\$24,491	\$20,613	19	%

(1) Includes prepayment fee income and amortization of any related premium or discount.

Pre-tax operating income for the Life Insurance segment decreased in the first quarter of 2015, compared to the prior year period, primarily due to an increase in death benefits, partially offset by increases in the volume of business in force and investment fee income.

Premiums collected were lower in the first quarter of 2015, compared to the prior year period, primarily due to changes in universal life sales. Universal life collected premiums were \$24.2 million in the first quarter of 2015 and \$26.8 million in the first quarter of 2014. Continued growth in our business in force contributes to the increase in revenues and expenses.

Death benefits, net of reinsurance and reserves released, increased in the first quarter of 2015, compared to the prior year period, primarily due to an increase in the number claims.

The weighted average yield on cash and invested assets for interest sensitive life insurance products increased in the first quarter of 2015, compared to the prior year period, due to an increase in investment fee income from prepayment fees, partially offset by lower yields on new investment acquisitions from premium receipts and reinvestment of the proceeds from maturing investments, compared with the average existing portfolio yield. See the "Financial Condition" section which follows for additional information regarding the yields obtained on investment acquisitions. Weighted average interest crediting rates on our interest sensitive life insurance products were impacted by crediting rate decreases taken in 2014 in response to the declining portfolio yield, partially offset by sales of products with higher crediting rates.

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## Corporate and Other Segment

	Three months ended March 31,		Change	
	2015	2014		
	(Dollars in thousands)			
Operating revenues:				
Interest sensitive product charges	\$ 11,603	\$ 11,777	(1	)%
Net investment income	7,745	7,646	1	%
Other income	4,357	3,946	10	%
Total operating revenues	23,705	23,369	1	%
Benefits and expenses:				
Interest sensitive product benefits	7,672	7,334	5	%
Underwriting, acquisition and insurance expenses:				
Commission expense, net of deferrals	964	1,047	(8	)%
Amortization of deferred acquisition costs	1,763	1,655	7	%
Other underwriting expenses	1,908	1,863	2	%
Total underwriting, acquisition and insurance expenses	4,635	4,565	2	%
Interest expense	1,212	1,212	—	%
Other expenses	4,530	4,128	10	%
Total benefits and expenses	18,049	17,239	5	%
	5,656	6,130	(8	)%
Net loss attributable to noncontrolling interest	21	43	(51	)%
Equity loss, before tax	(2,181	) (1,580	) 38	%
Pre-tax operating income	\$3,496	\$4,593	(24	)%
Other data				
Average invested assets, at amortized cost	\$632,284	\$645,847	(2	)%
Investment fee income included in net investment income (1)	200	(14	) (1,529	)%
Average interest sensitive life account value	337,161	330,153	2	%
Death benefits, net of reinsurance and reserves released	4,649	4,350	7	%
Estimated impact on pre-tax income from separate account performance on amortization of deferred acquisition costs	(48	) (145	) (67	)%

(1) Includes prepayment fee income and amortization of any related premium or discount.

Pre-tax operating income decreased for the Corporate and Other segment in the first quarter of 2015, compared to the prior year period, primarily due to an increase in pre-tax equity loss.

Other income and other expenses includes fees and expenses from sales of brokered products and operating results of our non-insurance subsidiaries, which include management, advisory, marketing and distribution services and leasing activities.

Equity income (loss) includes our proportionate share of gains and losses attributable to our ownership interest in partnerships, joint ventures and certain companies where we exhibit some control but have a minority ownership interest. Given the timing of availability of financial information from our equity investees, we will consistently use information that is as much as three months in arrears for certain of these entities. Several of these entities are investment companies whose operating results are derived primarily from unrealized and realized gains and losses generated by their investment portfolios. As is normal with these types of entities, the level of these gains and losses is subject to fluctuation from period to period depending on the prevailing economic environment, changes in prices of

bond and equity securities held by the investment partnerships, the timing and success of initial public offerings or exit strategies, and the timing of the sale of investments held by the partnerships and joint ventures. We have increased our investments in low income housing tax credit partnerships which generate pre-tax



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losses, but after-tax gains, as the related tax credits are realized. The timing of the realization of tax credits is subject to fluctuation from period to period due to the timing of housing project completions and the approval of tax credits. Equity income, net of related income taxes, was as follows:

## Equity Income, Net of Related Income Taxes

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands)	
Equity income (loss):		
Low income housing tax credit partnerships	\$(1,845 )	\$(1,761 )
Other equity method investments	(336 )	181
	(2,181 )	(1,580 )
Income taxes:		
Taxes on equity income (loss)	763	566
Investment tax credits	3,187	2,662
Equity income, net of related income taxes	\$1,769	\$1,648

## Income Taxes on Operating Income

The effective tax rate on operating income was 21.6% for the first quarter of 2015, compared with 23.4% for the first quarter of 2014. The effective tax rates differ from the federal statutory rate of 35% primarily due to the impact of low-income housing tax credits from equity method investees and tax-exempt interest and dividend income. The 2015 effective tax rate decreased, compared to the prior year period, primarily due to an increase in tax credits from low income housing tax credit partnerships.

## Impact of Operating Income Adjustments on FBL Net Income

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands)	
Realized losses on investments	\$(366 )	\$(540 )
Change in net unrealized gains/losses on derivatives	(145 )	431
Change in amortization of:		
Deferred acquisition costs	168	(34 )
Value of insurance in force acquired	(1 )	3
Income tax offset	120	48
Net impact of operating income adjustments	\$(224 )	\$(92 )
Summary of adjustments noted above after offsets and income taxes:		
Realized gains/losses on investments	\$(247 )	\$(328 )
Change in net unrealized gains/losses on derivatives	23	236
Net impact of operating income adjustments	\$(224 )	\$(92 )
Net impact per common share - basic	\$(0.01 )	\$—
Net impact per common share - assuming dilution	\$(0.01 )	\$(0.01 )

Income taxes on operating income adjustments on continuing operations are recorded at 35% as there are no permanent differences between book and taxable income relating to these adjustments.



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## Realized Gains (Losses) on Investments

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands)	
Realized gains (losses) on investments:		
Realized gains on sales	\$220	\$97
Realized losses on sales	(586)	(637)
Total reported in statements of operations	\$(366)	\$(540)

The level of realized gains (losses) is subject to fluctuation from period to period depending on the prevailing interest rate, economic environment and timing of the sale of investments. See "Financial Condition - Investments" and Note 2 to our consolidated financial statements for details regarding our unrealized gains and losses on available-for-sale securities at March 31, 2015 and December 31, 2014.

## Financial Condition

## Investments

Our investment portfolio increased 2.1% to \$7,841.6 million at March 31, 2015 compared to \$7,681.0 million at December 31, 2014. The portfolio increased due to an increase of \$63.5 million of net unrealized appreciation of fixed maturities during 2015 and positive cash flows from operating and financing activities. Additional details regarding securities in an unrealized loss position at March 31, 2015 are included in the discussion that follows and in Note 2 to our consolidated financial statements. Details regarding investment impairments are discussed above in the "Realized Gains (Losses) on Investments" section under "Results of Operations."

We manage the investment portfolio to optimize risk-adjusted yield within the context of prudent asset-liability management. We evaluate multiple cash flow testing scenarios as part of this process. The Company's investment policy calls for investing primarily in high quality fixed maturities and commercial mortgage loans.

## Fixed Maturity Acquisitions Selected Information

	Three months ended March 31,	
	2015	2014
	(Dollars in thousands)	
Cost of acquisitions:		
Corporate	\$77,511	\$78,514
Mortgage- and asset-backed	79,230	87,685
United States Government and agencies	1,500	499
Tax-exempt municipals	3,975	—
Taxable municipals	28,174	15,078
Total	\$190,390	\$181,776
Effective annual yield	4.08	% 4.69
Credit quality		
NAIC 1 designation	55.2	% 65.2
NAIC 2 designation	44.3	% 34.8
Non-investment grade	0.5	% —
Weighted-average life in years	14.0	16.0

The table above summarizes selected information for fixed maturity purchases. The effective annual yield shown is the yield calculated to the "worst-call date." For noncallable bonds, the worst-call date is always the maturity date. For callable bonds, the worst-call date is the call or maturity date that produces the lowest yield. The weighted-average maturity is calculated using scheduled pay-downs and expected prepayments for amortizing securities. For non-amortizing securities, the weighted-average maturity is equal to the stated maturity date.

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A portion of the securities acquired during the three months ended March 31, 2015 and March 31, 2014, were acquired with the proceeds from advances on our funding agreements with the FHLB. The securities acquired to support these funding agreements often carry a lower average yield than securities acquired to support our other insurance products, due to the shorter maturity and relatively low interest rate paid on those advances. In addition, certain municipal securities acquired are exempt from federal income taxes, and accordingly have a higher actual return than reflected in the yields stated above. The average yield of the securities acquired, excluding the securities supporting the funding agreements and using a tax-adjusted yield for the municipal securities, was 4.50% during the three-month period ended March 31, 2015 and 4.93% during the three-month period ended March 31, 2014.

## Investment Portfolio Summary

	March 31, 2015			December 31, 2014		
	Carrying Value	Percent		Carrying Value	Percent	
	(Dollars in thousands)					
Fixed maturities - available for sale:						
Public	\$5,215,845	66.5	%	\$5,151,922	67.1	%
144A private placement	1,315,052	16.8		1,245,474	16.2	
Private placement	302,355	3.9		303,302	4.0	
Total fixed maturities - available for sale	6,833,252	87.2		6,700,698	87.3	
Equity securities	122,355	1.6		112,623	1.5	
Mortgage loans	673,311	8.6		629,296	8.2	
Real estate	3,613	—		3,622	—	
Policy loans	182,432	2.3		182,502	2.4	
Short-term investments	23,262	0.3		48,585	0.6	
Other investments	3,400	—		3,644	—	
Total investments	\$7,841,625	100.0	%	\$7,680,970	100.0	%

As of March 31, 2015, 96.1% (based on carrying value) of the available-for-sale fixed maturities were investment grade debt securities, defined as being in the highest two National Association of Insurance Commissioners (NAIC) designations. Non-investment grade debt securities generally provide higher yields and involve greater risks than investment grade debt securities because their issuers typically are more highly leveraged and more vulnerable to adverse economic conditions than investment grade issuers. In addition, the trading market for these securities is usually more limited than for investment grade debt securities. We regularly review the percentage of our portfolio that is invested in non-investment grade debt securities (NAIC designations 3 through 6). As of March 31, 2015, no single non-investment grade holding exceeded 0.2% of total investments.

## Credit Quality by NAIC Designation and Equivalent Rating

NAIC Designation	Equivalent Rating (1)	March 31, 2015			December 31, 2014		
		Carrying Value	Percent		Carrying Value	Percent	
		(Dollars in thousands)					
1	AAA, AA, A	\$4,321,672	63.2	%	\$4,252,851	63.5	%
2	BBB	2,247,626	32.9		2,204,791	32.9	
	Total investment grade	6,569,298	96.1		6,457,642	96.4	
3	BB	181,171	2.7		166,757	2.5	
4	B	41,663	0.6		37,887	0.5	

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5	CCC	19,959	0.3	18,771	0.3	
6	In or near default	21,161	0.3	19,641	0.3	
	Total below investment grade	263,954	3.9	243,056	3.6	
	Total fixed maturities - available for sale	\$6,833,252	100.0	% \$6,700,698	100.0	%

Equivalent ratings are based on those provided by nationally recognized rating agencies with some exceptions for (1) certain residential mortgage, commercial mortgage- and asset-backed securities where they are based on the expected loss of the security rather than the probability of default.

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See Note 2 to our consolidated financial statements for a summary of fixed maturities by contractual maturity date.

## Gross Unrealized Gains and Gross Unrealized Losses by Internal Industry Classification

	March 31, 2015				
	Total Carrying Value	Carrying Value of Securities with Gross Unrealized Gains	Gross Unrealized Gains	Carrying Value of Securities with Gross Unrealized Losses	Gross Unrealized Losses
	(Dollars in thousands)				
Corporate securities:					
Basic industrial	\$368,286	\$327,202	\$31,380	\$41,084	\$(2,930 )
Capital goods	231,366	223,574	26,283	7,792	(168 )
Communications	131,124	124,191	15,148	6,933	(17 )
Consumer cyclical	115,068	115,068	11,509	—	—
Consumer non-cyclical	411,629	395,841	37,396	15,788	(1,628 )
Energy	414,203	317,754	37,644	96,449	(11,244 )
Finance	794,954	766,287	66,940	28,667	(152 )
Transportation	95,642	91,751	9,299	3,891	(77 )
Utilities	1,029,809	967,211	146,473	62,598	(3,974 )
Other	148,944	136,270	10,214	12,674	(187 )
Total corporate securities	3,741,025	3,465,149	392,286	275,876	(20,377 )
Mortgage- and asset-backed securities	1,586,864	1,375,868	120,429	210,996	(8,392 )
United States Government and agencies	42,113	42,113	4,674	—	—
State, municipal and other governments	1,463,250	1,440,184	164,244	23,066	(102 )
Total	\$6,833,252	\$6,323,314	\$681,633	\$509,938	\$(28,871 )

	December 31, 2014				
	Total Carrying Value	Carrying Value of Securities with Gross Unrealized Gains	Gross Unrealized Gains	Carrying Value of Securities with Gross Unrealized Losses	Gross Unrealized Losses
	(Dollars in thousands)				
Corporate securities:					
Basic industrial	\$356,761	\$299,688	\$25,221	\$57,073	\$(3,505 )
Capital goods	229,901	221,692	22,954	8,209	(73 )
Communications	124,387	117,560	12,420	6,827	(123 )
Consumer cyclical	196,957	187,587	14,536	9,370	(22 )
Consumer non-cyclical	402,033	365,482	32,353	36,551	(1,653 )
Energy	409,642	319,393	35,579	90,249	(6,571 )
Finance	777,484	738,003	61,405	39,481	(491 )
Transportation	87,172	84,190	8,457	2,982	(295 )
Utilities	1,008,174	923,312	130,003	84,862	(4,807 )
Other	74,395	63,635	6,009	10,760	(26 )
Total corporate securities	3,666,906	3,320,542	348,937	346,364	(17,566 )

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Mortgage- and asset-backed securities	1,543,490	1,291,575	105,271	251,915	(9,412 )
United States Government and agencies	42,804	41,834	4,581	970	(4 )
State, municipal and other governments	1,447,498	1,435,026	157,571	12,472	(113 )
Total	\$6,700,698	\$6,088,977	\$616,360	\$611,721	\$(27,095 )

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## Non-Sovereign European Debt Exposure

	March 31, 2015		December 31, 2014	
	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value
	(Dollars in thousands)			
Italy	\$19,708	\$22,410	\$19,707	\$22,547
Spain	15,430	20,674	15,430	20,281
Ireland	12,286	14,514	12,744	15,028
Subtotal	47,424	57,598	47,881	57,856
United Kingdom	180,867	197,448	182,879	196,476
Netherlands	55,424	61,926	54,576	60,225
France	28,203	32,568	37,218	41,086
Other countries	88,349	97,820	86,370	93,955
Subtotal	352,843	389,762	361,043	391,742
Total European exposure	\$400,267	\$447,360	\$408,924	\$449,598

The table above reflects our exposure to non-sovereign European debt. This represents 6.5% of total fixed maturities as of March 31, 2015 and 6.7% as of December 31, 2014. The exposures are primarily in the industrial, financial and utility sectors. We do not own any securities issued by European governments.

## Credit Quality of Available-for-Sale Fixed Maturities with Unrealized Losses

NAIC Designation	Equivalent Rating	March 31, 2015 Carrying Value of Securities with Gross Unrealized Losses (Dollars in thousands)		Percent of Total	Gross Unrealized Losses	Percent of Total
1	AAA, AA, A	\$237,117	46.5	%	\$(5,981)	) 20.7 %
2	BBB	181,007	35.5		(9,476)	) 32.8
	Total investment grade	418,124	82.0		(15,457)	) 53.5
3	BB	63,099	12.4		(10,599)	) 36.7
4	B	20,507	4.0		(2,548)	) 8.8
5	CCC	8,208	1.6		(267)	) 1.0
	Total below investment grade	91,814	18.0		(13,414)	) 46.5
	Total	\$509,938	100.0	%	\$(28,871)	) 100.0 %

NAIC Designation	Equivalent Rating	December 31, 2014 Carrying Value of Securities with Gross Unrealized Losses (Dollars in thousands)		Percent of Total	Gross Unrealized Losses	Percent of Total
1	AAA, AA, A	\$296,390	48.5	%	\$(7,410)	) 27.4 %

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2	BBB	240,308	39.3	(10,795	)	39.8
	Total investment grade	536,698	87.8	(18,205	)	67.2
3	BB	61,995	10.1	(7,667	)	28.3
4	B	6,134	1.0	(636	)	2.3
5	CCC	6,894	1.1	(587	)	2.2
	Total below investment grade	75,023	12.2	(8,890	)	32.8
	Total	\$611,721	100.0	% \$(27,095	)	100.0 %

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## Available-For-Sale Fixed Maturities with Unrealized Losses by Length of Time

	March 31, 2015		Gross Unrealized Losses	
	Amortized Cost			
	Fair Value is Less than 75% of Cost	Fair Value is 75% or Greater than Cost	Fair Value is Less than 75% of Cost	Fair Value is 75% or Greater than Cost
	(Dollars in thousands)			
Three months or less	\$—	\$196,811	\$—	\$(4,903 )
Greater than three months to six months	8,814	72,854	(2,772 )	(2,852 )
Greater than six months to nine months	—	68,152	—	(4,789 )
Greater than nine months to twelve months	—	9,997	—	(684 )
Greater than twelve months	7,788	174,393	(2,068 )	(10,803 )
Total	\$16,602	\$522,207	\$(4,840 )	\$(24,031 )

	December 31, 2014		Gross Unrealized Losses	
	Amortized Cost			
	Fair Value is Less than 75% of Cost	Fair Value is 75% or Greater than Cost	Fair Value is Less than 75% of Cost	Fair Value is 75% or Greater than Cost
	(Dollars in thousands)			
Three months or less	\$—	\$223,846	\$—	\$(5,883 )
Greater than three months to six months	—	110,035	—	(5,425 )
Greater than six months to nine months	—	16,353	—	(625 )
Greater than nine months to twelve months	—	22,855	—	(487 )
Greater than twelve months	7,397	258,330	(2,341 )	(12,334 )
Total	\$7,397	\$631,419	\$(2,341 )	\$(24,754 )

## Available-For-Sale Fixed Maturities with Unrealized Losses by Maturity Date

	March 31, 2015		December 31, 2014	
	Carrying Value of Securities with Gross Unrealized Losses	Gross Unrealized Losses	Carrying Value of Securities with Gross Unrealized Losses	Gross Unrealized Losses
	(Dollars in thousands)			
Due in one year or less	\$6,371	\$(142 )	\$4,518	\$(496 )
Due after one year through five years	17,742	(2,533 )	17,499	(477 )
Due after five years through ten years	57,043	(3,632 )	61,928	(4,332 )
Due after ten years	217,786	(14,172 )	275,861	(12,378 )
	298,942	(20,479 )	359,806	(17,683 )
Mortgage- and asset-backed	210,996	(8,392 )	251,915	(9,412 )
Total	\$509,938	\$(28,871 )	\$611,721	\$(27,095 )

See Note 2 to our consolidated financial statements for additional analysis of these unrealized losses.

## Mortgage- and Asset-Backed Securities

Mortgage-backed and other asset-backed securities are purchased when we believe these types of investments provide superior risk-adjusted returns compared to returns of more conventional investments such as corporate bonds and mortgage loans. These securities are diversified as to collateral types, cash flow characteristics and maturity.

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## Mortgage- and Asset-Backed Securities by Type

	March 31, 2015				
	Amortized Cost	Par Value	Carrying Value	Percent of Fixed Maturities	
	(Dollars in thousands)				
Residential mortgage-backed securities:					
Sequential	\$287,543	\$341,046	\$313,371	4.6	%
Pass-through	19,394	19,371	21,743	0.3	
Planned and targeted amortization class	133,480	131,928	144,536	2.1	
Other	6,265	8,936	7,770	0.1	
Total residential mortgage-backed securities	446,682	501,281	487,420	7.1	
Commercial mortgage-backed securities	487,521	506,766	544,088	8.0	
Other asset-backed securities	540,624	577,379	555,356	8.1	
Total	\$1,474,827	\$1,585,426	\$1,586,864	23.2	%
	December 31, 2014				
	Amortized Cost	Par Value	Carrying Value	Percent of Fixed Maturities	
	(Dollars in thousands)				
Residential mortgage-backed securities:					
Sequential	\$291,569	\$346,546	\$316,556	4.7	%
Pass-through	20,223	20,193	22,407	0.3	
Planned and targeted amortization class	135,534	133,976	144,670	2.2	
Other	6,281	9,019	7,901	0.1	
Total residential mortgage-backed securities	453,607	509,734	491,534	7.3	
Commercial mortgage-backed securities	485,934	506,091	530,695	7.9	
Other asset-backed securities	508,090	546,440	521,261	7.8	
Total	\$1,447,631	\$1,562,265	\$1,543,490	23.0	%

The residential mortgage-backed portfolio includes government agency pass-through and collateralized mortgage obligation (CMO) securities. With a government agency pass-through security, we receive a pro rata share of principal payments as payments are made on the underlying mortgage loans. CMOs consist of pools of mortgages divided into sections or "tranches" which provide sequential retirement of the bonds.

The commercial mortgage-backed securities are primarily sequential securities. Commercial mortgage-backed securities typically have cash flows that are less subject to refinance risk than residential mortgage-backed securities principally due to prepayment restrictions on many of the underlying commercial mortgage loans.

The other asset-backed securities are backed by both residential and non-residential collateral. The collateral for residential asset-backed securities primarily consists of second lien fixed-rate home equity loans. The cash flows of these securities are less subject to prepayment risk than residential mortgage-backed securities as the borrowers are less likely to refinance than those with only a first lien mortgage. The collateral for non-residential asset-backed securities primarily includes securities backed by credit card receivables, auto dealer receivables, auto installment loans, aircraft leases, middle market and syndicated business loans, timeshare receivables and trade and account receivables. These securities are high quality, short-duration assets with limited cash flow variability.

Our direct exposure to the Alt-A home equity and subprime first-lien sectors is limited to investments in structured securities collateralized by senior tranches of residential mortgage loans. We also have a partnership interest in two funds at March 31, 2015 and at December 31, 2014, that own securities backed by Alt-A home equity, subprime first-lien and adjustable rate mortgage collateral. The funds are reported as securities and indebtedness of related parties in our consolidated balance sheets with a fair value of \$10.4 million at March 31, 2015 and \$14.2 million at December 31, 2014.

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## Mortgage- and Asset-Backed Securities by Collateral Type

	March 31, 2015				December 31, 2014			
	Amortized Cost	Carrying Value	Percent of Fixed Maturities		Amortized Cost	Carrying Value	Percent of Fixed Maturities	
	(Dollars in thousands)							
Government agency	\$203,609	\$224,238	3.3	%	\$206,397	\$223,478	3.3	%
Prime	126,485	138,282	2.0		127,434	139,954	2.1	
Alt-A	155,630	169,558	2.5		160,111	174,230	2.6	
Subprime	63,872	61,060	0.9		72,132	69,421	1.0	
Commercial mortgage	487,521	544,088	8.0		485,934	530,695	7.9	
Non-mortgage	437,710	449,638	6.5		395,623	405,712	6.1	
Total	\$1,474,827	\$1,586,864	23.2	%	\$1,447,631	\$1,543,490	23.0	%

The mortgage- and asset-backed securities can be summarized into three broad categories: residential, commercial and other asset-backed securities.

## Residential Mortgage-Backed Securities by Collateral Type and Origination Year

	March 31, 2015							
	Government & Prime Amortized Cost	Carrying Value	Alt-A Amortized Cost	Carrying Value	Subprime Amortized Cost	Carrying Value	Total Amortized Cost	Carrying Value
	(Dollars in thousands)							
2015-2008	\$172,968	\$188,340	\$208	\$208	\$—	\$—	\$173,176	\$188,548
2007	27,395	32,817	25,677	27,281	—	—	53,072	60,098
2006	17,440	20,679	24,955	29,606	—	—	42,395	50,285
2005	10,643	12,224	6,198	6,786	921	930	17,762	19,940
2004 and prior	83,154	89,410	77,123	79,139	—	—	160,277	168,549
Total	\$311,600	\$343,470	\$134,161	\$143,020	\$921	\$930	\$446,682	\$487,420

  

	December 31, 2014							
	Government & Prime Amortized Cost	Carrying Value	Alt-A Amortized Cost	Carrying Value	Subprime Amortized Cost	Carrying Value	Total Amortized Cost	Carrying Value
	(Dollars in thousands)							
2014-2008	\$169,261	\$181,427	\$260	\$261	\$—	\$—	\$169,521	\$181,688
2007	27,881	33,557	26,052	27,232	—	—	53,933	60,789
2006	18,004	21,248	25,318	30,301	—	—	43,322	51,549
2005	10,969	12,560	6,278	6,928	912	921	18,159	20,409
2004 and prior	88,941	95,158	79,731	81,941	—	—	168,672	177,099
Total	\$315,056	\$343,950	\$137,639	\$146,663	\$912	\$921	\$453,607	\$491,534

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## Residential Mortgage-Backed Securities by NAIC Designation and Equivalent Rating

NAIC Designation	Equivalent Rating	March 31, 2015			December 31, 2014		
		Carrying Value	Percent of Total		Carrying Value	Percent of Total	
(Dollars in thousands)							
1	AAA, AA, A	\$451,935	92.7	%	\$455,505	92.7	%
2	BBB	10,445	2.2		10,944	2.2	
3	BB	13,303	2.7		13,065	2.7	
4	B	11,724	2.4		12,006	2.4	
5	CCC	13	—		14	—	
	Total	\$487,420	100.0	%	\$491,534	100.0	%

## Commercial Mortgage-Backed Securities by Origination Year

	March 31, 2015		December 31, 2014	
	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value
(Dollars in thousands)				
2014	\$131,523	145,616	\$131,365	140,872
2013	28,740	30,354	28,732	29,409
2011	95,871	107,514	95,935	103,485
2010 and prior	231,387	260,604	229,902	256,929
Total	\$487,521	\$544,088	\$485,934	\$530,695

## Commercial Mortgage-Backed Securities by NAIC Designation and Equivalent Rating

NAIC Designation	Equivalent Rating	March 31, 2015			December 31, 2014		
		Carrying	Percent of		Carrying	Percent of	
		Value	Total		Value	Total	
(Dollars in thousands)							
1	GNMA	\$330,889	60.8	%	\$324,315	61.1	%
1	FNMA	14,340	2.6		14,110	2.7	
1	AAA, AA, A						
	Generic	98,193	18.0		91,035	17.2	
	Super Senior	19,437	3.6		19,725	3.7	
	Mezzanine	17,402	3.2		17,528	3.3	
	Junior	19,961	3.7		20,097	3.8	
	Total AAA, AA, A	154,993	28.5		148,385	28.0	
2	BBB	32,659	6.0		32,904	6.2	
3	BB	8,717	1.6		8,493	1.6	
4	B	2,490	0.5		2,488	0.4	
	Total	\$544,088	100.0	%	\$530,695	100.0	%

The Government National Mortgage Association (GNMA) guarantees principal and interest on mortgage-backed securities. The guarantee is backed by the full faith and credit of the United States Government. The Federal National Mortgage Association (FNMA) is a government-sponsored enterprise (GSE) that was chartered by Congress to reduce borrowing costs for certain homeowners. GSEs carry an implicit backing of the U.S. Government but do not have explicit guarantees like GNMA.



The AAA, AA and A-rated commercial mortgage-backed securities are broken down into categories based on subordination levels. Rating agencies disclose subordination levels, which measure the amount of credit support that the bonds (or tranches) have from subordinated bonds (or tranches). Generic is a term used for securities issued prior to 2005. The super senior securities have subordination levels greater than 27%, the mezzanine securities have subordination levels in the 17% to 27% range and the junior securities have subordination levels in the 9% to 16% range. Also included in the commercial mortgage-backed securities are military housing bonds totaling \$128.0 million at March 31, 2015 and \$120.5 million at December 31, 2014. These bonds are used to fund the construction of multi-family homes on United States military bases. The bonds are backed by a first mortgage lien on residential military housing projects.

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## Other Asset-Backed Securities by Collateral Type and Origination Year

	March 31, 2015									
	Government & Prime	Alt-A	Subprime	Non-Mortgage	Total					
	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value
	(Dollars in thousands)									
2015	\$—	\$—	\$—	\$—	\$—	\$—	\$53,987	\$54,280	\$53,987	\$54,280
2014	—	—	—	—	—	—	112,039	112,622	112,039	112,622
2013	—	—	—	—	—	—	57,900	58,432	57,900	58,432
2012	—	—	—	—	—	—	103,814	105,840	103,814	105,840
2011	—	—	—	—	—	—	16,384	16,518	16,384	16,518
2010 and prior	18,494	19,050	21,469	26,538	62,951	60,130	93,586	101,946	196,500	207,664
Total	\$18,494	\$19,050	\$21,469	\$26,538	\$62,951	\$60,130	\$437,710	\$449,638	\$540,624	\$555,356

	December 31, 2014									
	Government & Prime	Alt-A	Subprime	Non-Mortgage	Total					
	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value
	(Dollars in thousands)									
2014	\$—	\$—	\$—	\$—	\$—	\$—	102,612	102,405	\$102,612	\$102,405
2013	—	—	—	—	—	—	60,296	60,600	60,296	60,600
2012	—	—	—	—	—	—	115,851	117,975	115,851	117,975
2011	—	—	—	—	—	—	16,736	16,942	16,736	16,942
2010 and prior	18,775	19,482	22,472	27,567	71,220	68,500	100,128	107,790	212,595	223,339
Total	\$18,775	\$19,482	\$22,472	\$27,567	\$71,220	\$68,500	\$395,623	\$405,712	\$508,090	\$521,261

## Other Asset-Backed Securities by NAIC Designation and Equivalent Rating

NAIC Designation	Equivalent Ratings	March 31, 2015		December 31, 2014	
		Carrying Value	Percent of Total	Carrying Value	Percent of Total
		(Dollars in thousands)			
1	AAA, AA, A	\$471,231	84.8 %	\$457,154	87.7 %
2	BBB	50,903	9.2	32,664	6.3
3	BB	11,014	2.0	11,400	2.2
4	B	1,539	0.3	1,561	0.3
5	CCC	7,364	1.3	6,400	1.2
6	In or near default	13,305	2.4	12,082	2.3
	Total	\$555,356	100.0 %	\$521,261	100.0 %

## State, Municipal and Other Government Securities

State, municipal and other government securities totaled \$1,463.3 million, or 21.4% of total fixed maturities, at March 31, 2015, and include investments in general obligation, revenue and municipal housing bonds. Our investment strategy is to utilize municipal bonds in addition to corporate bonds, as we believe they provide additional diversification and have historically low default rates compared with similarly rated corporate bonds. We evaluate the credit strength of the underlying issues on both a quantitative and qualitative basis, excluding insurance, prior to acquisition. The majority of the municipal bonds we hold are investment grade credits without consideration of insurance. Our municipal bonds are well diversified by type and geography with the top exposure being water and sewer revenue bonds. We do not hold any Puerto Rico-related bonds, which has been in the news recently given its financial issues. Exposure to the state of Illinois and municipalities within the state accounted for 1.8% of our total fixed maturities at March 31, 2015. As of March 31, 2015, our Illinois-related portfolio holdings were rated investment grade, and were trading at 111.6% of amortized cost. Our municipal bond exposure had an average rating of AA and our holdings were trading at 112.6% of amortized cost at March 31, 2015.

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### Equity Securities

Equity securities totaled \$122.4 million at March 31, 2015 and \$112.6 million at December 31, 2014. Gross unrealized gains totaled \$7.8 million and gross unrealized losses totaled \$0.6 million at March 31, 2015. At December 31, 2014, gross unrealized gains totaled \$5.9 million and gross unrealized losses totaled \$0.7 million on these securities. The unrealized losses were primarily attributable to nonredeemable perpetual preferred securities from issuers in the financial sector. See Note 2 to our consolidated financial statements for further discussion regarding our analysis of unrealized losses related to these securities.

### Mortgage Loans

Mortgage loans totaled \$673.3 million at March 31, 2015 and \$629.3 million at December 31, 2014. Our mortgage loans are diversified as to property type, location and loan size, and are collateralized by the related properties. The total number of commercial mortgage loans outstanding was 153 at March 31, 2015 and 146 at December 31, 2014. In the first quarter of 2015, new loans ranged from \$1.9 million to \$10.2 million in size, with an average loan size of \$6.5 million, an average loan term of 14 years and an average yield of 4.25%. Our mortgage lending policies establish limits on the amount that can be loaned to one borrower and require diversification by geographic location and collateral type. The majority of our mortgage loans amortize principal, with 2.2% that are interest only loans at March 31, 2015. At March 31, 2015, the average loan-to-value of the current outstanding principal balance using the most recent appraised value was 56.4% and the weighted average debt service coverage ratio was 1.5 based on the results of our 2013 annual study. See Note 2 to our consolidated financial statements for further discussion regarding our mortgage loans.

### Asset-Liability Management

Our asset-liability management program includes (i) designing and developing products that encourage persistency and help ensure targeted spreads are earned and, as a result, create a stable liability structure, and (ii) structuring the investment portfolio with duration and cash flow characteristics consistent with the duration and cash flow characteristics of our insurance liabilities. The weighted average life of the fixed maturity and mortgage loan portfolio based on fair values was approximately 10.7 years at March 31, 2015 and 10.6 years at December 31, 2014. The effective duration of the fixed maturity and mortgage loan portfolios backing our annuity products was 5.8 years at March 31, 2015 and 5.9 years at December 31, 2014. The effective duration of our annuity liabilities was approximately 6.5 years at March 31, 2015 and 6.4 years at December 31, 2014. While it can be difficult to maintain asset and liability durations that are closely matched in a dynamic environment, we have identified various strategies that can be implemented if duration mismatches exceed acceptable tolerances.

### Other Assets

Deferred acquisition costs decreased 7.3% to \$204.7 million at March 31, 2015, primarily due to an \$18.4 million increase in the impact of the change in net unrealized appreciation on fixed maturity securities during the period. Cash and cash equivalents decreased 42.2% to \$44.3 million primarily due to payment of a special \$2.00 per share dividend on common stock and normal fluctuations in timing of payments made and received.

### Liabilities

Future policy benefits increased 1.5% to \$6,219.1 million at March 31, 2015, primarily due to an increase in the volume of annuity and life business in force. Deferred income taxes increased 8.7% to \$223.6 million, primarily due to the tax impact of the change in unrealized appreciation/depreciation on investments.

## Stockholders' Equity

As discussed in Note 6 to our consolidated financial statements, stockholders' equity was impacted by capital deployment actions during the first quarter of 2015. We paid a special cash dividend of \$2.00 per share on Class A and Class B common stock and increased our regular quarterly dividend by 14% to \$0.40 per share during March 2015.

Our stockholders' equity decreased 0.3% to \$1,249.1 million at March 31, 2015, compared to \$1,252.8 million at December 31, 2014, primarily due to dividends paid, partially offset by the change in unrealized appreciation of fixed maturity securities during the period and net income.

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At March 31, 2015, FBL's common stockholders' equity was \$1,246.1 million, or \$50.25 per share, compared to \$1,249.8 million, or \$50.57 per share, at December 31, 2014. Included in stockholders' equity per common share is \$11.61 at March 31, 2015 and \$10.46 at December 31, 2014 attributable to accumulated other comprehensive income.

## Liquidity and Capital Resources

### Cash Flows

During the first quarter of 2015, our operating activities generated cash flows totaling \$45.8 million, consisting of net income of \$23.6 million adjusted for non-cash operating revenues and expenses netting to \$22.2 million. We used cash of \$88.8 million in our investing activities during the 2015 period. The primary uses were \$263.7 million of investment acquisitions, mostly in fixed maturity securities, partially offset by \$153.0 million in sales, maturities and repayments of investments. Our financing activities provided cash of \$10.7 million during the 2015 period. The primary financing source was \$196.5 million in receipts from interest sensitive products credited to policyholder account balances, which was partially offset by \$128.7 million for return of policyholder account balances on interest sensitive products and \$59.5 million for dividends paid to stockholders.

### Sources and Uses of Capital Resources

Parent company cash inflows from operations consist primarily of fees that it charges various subsidiaries and affiliates for management of their operations, expense reimbursements and tax settlements from subsidiaries and affiliates, proceeds from the exercise of employee stock options, proceeds from borrowings, investment income and dividends from subsidiaries, if declared and paid. Revenue sources for the parent company during the quarter ended March 31, 2015 included management fees from subsidiaries and affiliates totaling \$2.2 million and dividends of \$12.5 million. Cash outflows are principally for salaries, taxes and other expenses related to providing management services, dividends on outstanding stock, stock repurchases, interest on our parent company debt and capital contributions to subsidiaries.

As discussed in Note 6 to our consolidated financial statements, we have periodically taken advantage of opportunities to repurchase our outstanding Class A common stock through Class A common stock repurchase plans approved by our Board of Directors. There was \$42.7 million remaining available for repurchases at March 31, 2015 under the current \$50 million Class A common stock repurchase plan. Completion of this program is dependent on market conditions and other factors. There is no guarantee as to the exact timing of any repurchases or the number of shares that we will repurchase. The share repurchase program may be modified or terminated at any time without prior notice. No repurchases of Class A common stock were made during the quarter ended March 31, 2015.

Interest payments on our debt totaled \$1.2 million for the quarters ended March 31, 2015 and March 31, 2014. Interest payments on our debt outstanding at March 31, 2015 are estimated to be \$3.6 million for the remainder of 2015.

Farm Bureau Life's cash inflows primarily consist of premiums; deposits to policyholder account balances; income from investments; sales, maturities and calls of investments; and repayments of investment principal. Farm Bureau Life's cash outflows are primarily related to withdrawals of policyholder account balances, investment purchases, payment of policy acquisition costs, policyholder benefits, income taxes, current operating expenses and dividends. Life insurance companies generally produce a positive cash flow which may be measured by the degree to which cash inflows are adequate to meet benefit obligations to policyholders and normal operating expenses as they are incurred. The remaining cash flow is generally used to increase the asset base to provide funds to meet the need for future policy benefit payments and for writing new business. Continuing operations and financing activities from Farm Bureau Life relating to interest sensitive products provided funds totaling \$120.0 million for the three months ended March 31, 2015 and \$108.6 million for the prior year period.

Farm Bureau Life's ability to pay dividends to the parent company is limited by law to earned profits (statutory unassigned surplus) as of the date the dividend is paid, as determined in accordance with accounting practices prescribed by insurance regulatory authorities of the State of Iowa. At December 31, 2014, Farm Bureau Life's statutory unassigned surplus was \$418.5 million. There are certain additional limits on the amount of dividends that may be paid within a year without approval of the Insurance Division, Department of Commerce of the State of Iowa (the Iowa Insurance Division) as discussed in Note 7 to our consolidated financial statements for year ended December 31, 2014 included in our Annual Report on Form 10-K. During the remainder of 2015, the maximum amount legally available for distribution to the parent company without further regulatory approval is \$85.3 million. However, due to the timing of dividend payments during the prior 12 months, the maximum dividend available to be paid without further regulatory approval during the period from March 31, 2015 to December 19, 2015 is \$40.3 million.

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We paid regular cash dividends on our common and preferred stock during the three-month period ended March 31 totaling \$9.9 million in 2015 and \$8.7 million in 2014. In addition, we paid a special \$2.00 per common share cash dividend on March 26, 2015 totaling \$49.5 million. It is anticipated that quarterly cash dividend requirements for 2015 will be \$0.0075 per Series B preferred share and \$0.40 per common share. The level of common stock dividends are analyzed quarterly and are dependent upon our capital and liquidity positions. In addition, alternative uses of excess capital may impact future dividend levels. Assuming these quarterly dividend rates, the common and preferred dividends would total approximately \$29.9 million for the remainder of 2015. The parent company expects to have sufficient resources and cash flows to meet its interest and dividend payments throughout 2015. The parent company had available cash and investments totaling \$60.5 million at March 31, 2015. FBL Financial Group, Inc. expects to rely on available cash resources, dividends from Farm Bureau Life and management fee income to make dividend payments to its stockholders and interest payments on its debt. We had no material commitments for capital expenditures as of March 31, 2015.

We manage the amount of capital held by our insurance subsidiaries to ensure we meet regulatory requirements. State laws specify regulatory actions if an insurer's risk-based capital (RBC) ratio, a measure of solvency, falls below certain levels. The NAIC has a standard formula for annually assessing RBC based on the various risk factors related to an insurance company's capital and surplus, including insurance, business, asset and interest rate risks. The insurance regulators monitor the level of RBC against a statutory "authorized control level" RBC at which point regulators have the option to assume control of the insurance company. The company action level RBC is 200% of the authorized control level and is the first point at which any action would be triggered. Our adjusted capital and RBC is reported to our insurance regulators annually based on formulas which may be revised throughout the year. We estimate our adjusted capital and RBC quarterly; however, these estimates may differ from annual results should the regulatory formulas change. As of March 31, 2015, our statutory total adjusted capital is estimated at \$622.9 million, resulting in a RBC ratio of 535%, based on company action level capital of \$116.4 million.

On a consolidated basis, we anticipate that funds to meet our short-term and long-term capital expenditures, cash dividends to stockholders and operating cash needs will come from existing capital and internally-generated funds. However, there can be no assurance that future experience regarding benefits and surrenders will be similar to historic experience since benefits and surrender levels are influenced by such factors as the interest rate environment, our financial strength ratings, the economy and other factors that impact policyholder behavior. Our investment portfolio at March 31, 2015 included \$23.3 million of short-term investments, \$44.3 million of cash and cash equivalents and \$611.6 million in carrying value of U.S. Government and U.S. Government agency-backed securities that could be readily converted to cash at or near carrying value. Farm Bureau Life is also a member of the FHLB, which provides a source for additional liquidity, if needed. This membership allows us to utilize fixed or floating rate advances offered by the FHLB and secured by qualifying collateral. Our total capacity to utilize such advances is impacted by multiple factors including the market value of eligible collateral, our level of statutory admitted assets and excess reserves and our willingness or capacity to hold activity-based FHLB common stock.

## Contractual Obligations

In the normal course of business, we enter into insurance contracts, financing transactions, lease agreements or other commitments which are necessary or beneficial to our operations. These commitments may obligate us to certain cash flows during future periods. There have been no material changes to our total contractual obligations since December 31, 2014.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK



## Market Risks of Financial Instruments

There have been no material changes in the market risks from the information provided in “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our Form 10-K for the fiscal year ended December 31, 2014.

## ITEM 4. CONTROLS AND PROCEDURES

At the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our

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disclosure controls and procedures were effective. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Securities and Exchange Act of 1934 (the Act) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our internal control over financial reporting changes from time-to-time as we modify and enhance our systems and processes to meet our dynamic needs. Changes are also made as we strive to be more efficient in how we conduct our business. While changes have taken place in our internal controls during the quarter ended March 31, 2015, there have been no changes that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

#### (c) Issuer Purchases of Equity Securities

We had no issuer purchases of equity securities for the quarter ended March 31, 2015. We have \$42.7 million available under a stock repurchase plan announced February 20, 2015, which will expire on March 31, 2016. The plan authorizes us to make repurchases of Class A common stock in the open market or through privately negotiated transactions, with the timing and terms of the purchases to be determined by management based on market conditions. Completion of the program is dependent on market conditions and other factors. There is no guarantee as to the exact timing of any repurchases or the number of shares, if any, that we will repurchase. The share repurchase program may be modified or terminated at any time without prior notice.

### ITEM 6. EXHIBITS

#### (a) Exhibits:

- |        |   |
|--------|---|
| 10.1+* | Restricted Stock Unit Agreement dated February 1, 2015 between James P. Brannen and the Company.  |
| 31.1+  | Certification Pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002  |
| 31.2+  | Certification Pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002  |
| 32+    | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  |
|        | Interactive Data Files formatted in XBRL (eXtensible Business Reporting Language) from FBL Financial Group, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 as follows: (i)  |
| 101+#  | Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statement of Changes in Stockholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to Financial Statements |

+ Filed or furnished herewith

\* Exhibit relates to a compensatory plan for management or directors.

# In accordance with Rule 402 of Regulation S-T, the XBRL related information in this report shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise

subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 7, 2015

FBL FINANCIAL GROUP, INC.

By     /s/ James P. Brannen  
James P. Brannen  
Chief Executive Officer (Principal Executive Officer)

By     /s/ Donald J. Seibel  
Donald J. Seibel  
Chief Financial Officer and Treasurer (Principal  
Financial and Accounting Officer)