MARKET CONDUCT EXAMINATION REPORT OF FARM BUREAU LIFE INSURANCE COMPANY AS OF DECEMBER 31, 2021

HONORABLE DOUG OMMEN Commissioner of Insurance State of Iowa Des Moines, Iowa

Commissioner:

In accordance with your authorization and pursuant to Iowa statutory provisions, a market conduct examination has been made of the records, business affairs and marketing practices of

FARM BUREAU LIFE INSURANCE COMPANY WEST DES MOINES, IOWA AS OF DECEMBER 31, 2021

at its Home Office, 5400 University Avenue, West Des Moines, Iowa 50266

INTRODUCTION

This market conduct examination report, containing applicable comments, explanations and findings, is presented herein. In general, this is a report by exception. Comments regarding practices and procedures reviewed during the examination have been omitted from the report if no improprieties were found. All unacceptable or noncomplying practices may not have been identified. The failure to identify specific company practices does not constitute acceptance of these practices.

SCOPE OF EXAMINATION

The risk-focused, market conduct examination of Farm Bureau Life Insurance Company, hereinafter referred to as the "Company", covers the intervening period from January 1, 2017, through December 31, 2021. The Company's affiliates, Farm Bureau Property & Casualty Insurance Company and Western Agricultural Insurance Company, were also examined concurrently as part of the holding company group, with a separate examination report prepared for each entity.

The risk-focused examination reviews internal policies, procedures, and control structures for compliance with applicable Iowa statutes and administrative rules. The examination then focuses on compliance with those policies, procedures, and control structures.

This Report of Examination reflects the examination of the Company's activities with Iowa consumers.

HISTORY

The Company was incorporated under the laws of the State of Iowa on October 30, 1944 as a legal reserve stock life insurance corporation entitled Iowa Life Insurance Company. On August 1, 1958 the Articles of Incorporation were amended and the name of the Company was changed to Farm Bureau Life Insurance Company, the present corporate title.

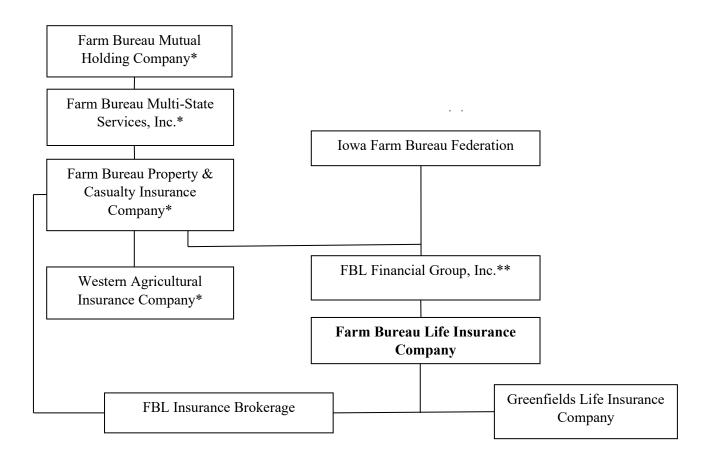
- 1949 The authorized common shares were divided into Class A and Class B blocks of 50,000 and 150,000 shares, respectively.
- 1958 All common shares issued and outstanding were called for redemption and the Articles were amended to authorize 4,000 common shares, par value of \$50.
 - 1960 The Articles amended to increase the dividend rate on the preferred shares from six to 7.5%.
- 1982 The authorized capital of the Company was increased to \$1,550,000, divided into 25,000 shares of common stock and 6,000 shares of 7.5%.cumulative first preferred stock, both bearing a par value of \$50.
- 1988 The Company acquired 100% of the assets and assumed 100% of the insurance in force and all related liabilities of the Utah Farm Bureau Life Insurance Company.
- 1992 The Company acquired 100% ownership of Universal Assurors Life Insurance Company, a Nebraska life and health insurance corporation.
- 1993 The Company acquired 19,900 shares (99.5%) of the common stock of Rural Security Life Insurance Company in exchange for 1,783.48 shares of newly issued common stock of the Company.
- 1994 The authorized capital of the Company was increased to \$50,000,000 divided into 1,000,000 shares consisting of 994,000 common stock shares par value of \$50, and 6,000 7.5%.cumulative first preferred stock shares, par value of \$50.
- 1994 Substantially, all of the assets and liabilities of two other subsidiaries, FBL Insurance Company and Rural Security Life Insurance Company, were transferred to the Company pursuant to an assumption reinsurance agreement. The shells of these two companies were liquidated in 1995.
- 1996 The common stock of FBL Financial Services, Inc., a subsidiary holding company, and its subsidiaries were transferred (as a return of capital contribution in the form of a dividend) to the Company's new parent, FBL Financial Group, Inc. On July 19, 1996, an initial public offering was made of FBL Financial's Class A common stock.
- 1997 The Company purchased Continental Western Life Insurance Company from TMG Life Insurance Company. The corporate name was changed to EquiTrust Life Insurance Company (EquiTrust) as of December 31, 1997.
- 1999 FBL Financial Group, Inc. merged two of its subsidiaries. The operations of Western Farm Bureau Life Insurance Company were merged into Farm Bureau Life Insurance Company.
- 2001 The Company's parent acquired the assets and liabilities of Kansas Farm Bureau Life Insurance Company and in turn, contributed them to the Company. The transaction was accounted for using the assumption reinsurance method. The Company received capital of \$80.2 million and set up \$36.1 million as an asset for goodwill.
- 2003 The Company transferred the stock of EquiTrust to the parent, FBL Financial Group, Inc. through an extraordinary dividend of \$124 million.
- 2005 The Company's wholly owned, non-insurance subsidiary, FBL Real Estate Ventures, Ltd. was dissolved.

- 2013 The Company capitalized Greenfields Life Insurance Company using \$2,100,000 in cash and commenced business on February 1, 2013. Greenfields Life Insurance Company is a wholly owned subsidiary of the Company.
- 2021 Farm Bureau Property & Casualty Insurance Company acquired approximately 39.5% of the common stock of FBL Financial Group, Inc. the parent of the Company. The transaction resulted in the privatization of FBL Financial Group, which is now owned solely by Farm Bureau Property & Casualty Company and the Iowa Farm Bureau Federation.

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Holding Company System as defined by Chapter 521A, Code of Iowa. The Company and its subsidiary, GLIC, are managed by FBL Financial Group, Inc., under a management services agreement. The appropriate forms, as mandated under the Iowa Code regarding insurance company holding systems, were filed for each year under review.

An organizational chart, as of December 31, 2021, identifying the Company within the Holding Company System is as follows:



^{*}Managed by FBL Financial Group, Inc. through management services agreement

^{**}The Iowa Farm Bureau Federation owns seventy-two percent (72%) of the total voting interest stock of FBL Financial Group, Inc., and FBPCIC owns twenty-eight percent (28%) of the total voting interest stock of FBL Financial Group, Inc.

TERRITORY AND PLAN OF OPERATION

The Company's principal lines of business are traditional life, universal life, variable life, variable and fixed premium deferred annuities. All of these products are sold to individuals. The Company also sells Deferred Fixed Annuities, Deferred Indexed Annuities, Life Contingent Payout, and Deferred Variable Annuities with Guarantee. Mutual funds and investment advisory services are some of the financial services offered by the Company through its affiliates. Individual products are targeted to middle-income, younger and middle-aged people in rural and suburban areas. The majority of the Company's annuity sales are in tax qualified IRAs, Keoghs and 403b plans.

The Company is licensed to do business in the following jurisdictions:

Arizona Montana Oregon South Dakota Colorado Nebraska Nevada Idaho Utah Iowa New Mexico Washington Kansas North Dakota Wisconsin Minnesota Oklahoma Wyoming

The bulk of direct premium writings in 2021 came from four states: Iowa, Kansas, Oklahoma, and Nebraska, constituting approximately 60% of total premiums written.

TREATMENT OF POLICYHOLDERS

Complaints

The Examiners reviewed the Company's complaint register and complaint handling process. The Company's complaint register was determined to be in compliance with applicable statues and regulations. The Examiners reviewed a sample of 50 consumer complaints against the Company received during the examination period and reviewed them for compliance with the Company's own policies and Iowa standards. Five of the complaint samples were not addressed in a timely manner, but the Company appropriately responded to issues raised for the 50 complaints sampled.

Life Underwriting

The Examiners reviewed the Company's underwriting procedures, guidelines, and rating practices. A sample of 46 life insurance applications were reviewed to verify adherence to underwriting policies and procedures. All samples tested were determined to follow underwriting guidelines and were in compliance with applicable statutes and regulations.

Claim Practices

The Examiners reviewed the Company's claim handling policies and procedures. A sample of 21 life and 8 annuity paid claims were reviewed to verify timeliness of settlement, accuracy of payments, and adherence to claim policies and procedures. All of the paid claims sampled were determined to be in compliance with the Company's guidelines as well as applicable statutes and regulations. In addition, Examiners reviewed all denied claims within the exam period, 9 in total, and found these were handled in accordance with Company standards and applicable statutes and regulations.

ANNUITY SALES

The Examiners reviewed the Company's Annuity Standard of Care Procedures. A sample of 52 annuity new business applications and a sample of 40 annuity replacements were reviewed to ensure these were handled in accordance with the Company's procedures and guidelines. All samples were found to be in compliance with Company guidelines and applicable statutes and regulations.

MARKETING AND SALES

The policies and procedures for marketing and sales are consistent across all companies in the group.

The Examiners reviewed the Company's advertising log and advertising materials. The Examiners reviewed the advertising log for the examination period. The advertising log was found to be in compliance with state statutes and regulations. A sample of 30 advertisements across the insurance group were reviewed and were determined to be handled in accordance with Company guidelines and complied with applicable laws and regulations with two exceptions. The Company was unable to produce the advertising approval documentation for one sample and was unable to provide the advertising material or approval documentation for another sample.

POLICYHOLDER SERVICES

The Examiners reviewed the Company's procedures for non-forfeiture options, annual reports to policy owners, and quality assurance reviews over billing and accounting. All were found to be in compliance with state statutes and regulations.

PRODUCER LICENSING

The Examiners reviewed the Company's onboarding, training, licensing, and termination procedures. These procedures were found to be in compliance with state statutes and regulations with the exception of its termination procedures. During the exam, the Company did not have a documented procedure or process in place for the reporting or tracking of producers terminated for cause to demonstrate compliance with IAC 191-10.17; but has subsequently documented policies and procedures to address the finding.

CONCLUSION

Acknowledgment is hereby made of the cooperation and assistance extended by the officers and employees of the Group during this examination.

In addition to the undersigned, John Echeveste, examiner for the Iowa Insurance Division, participated in the examination and preparation of this report.

Respectfully submitted,

/S/ Amanda Theisen_ Amanda Theisen, CFE, PIR, MCM Supervisor and Assistant Chief - Examinations Iowa Insurance Division State of Iowa