STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of Farm Bureau Life Insurance Company

ORDER

After full consideration and review of the report of the financial examination of Farm Bureau Life Insurance Company for the period ended December 31, 2009, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, the findings and conclusions of the examination report are incorporated by reference and deemed to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo.

Based on such findings and conclusions, I hereby ORDER, to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with, each item mentioned in the General Comments and/or Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 25th day of February, 2011.

John M. Huff, Director
Department of Insurance, Financial Institutions and Professional Registration

REPORT OF THE

ASSOCIATION FINANCIAL EXAMINATION OF

FARM BUREAU LIFE INSURANCE COMPANY OF MISSOURI

AS OF

DECEMBER 31, 2009

FILED

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DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION

STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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Jefferson City, Missouri
January 12, 2011

Honorable Alfred W. Gross, Commissioner
Virginia Bureau of Insurance
Chairman, Financial Condition (E) Committee

Honorable Mary Jo Hudson, Director
Ohio Department of Insurance
Secretary, Midwestern Zone, NAIC

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial Institutions
and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65101

Ladies and Gentlemen:

In accordance with your financial examination warrant, a full scope association financial examination has been made of the records, affairs and financial condition of

Farm Bureau Life Insurance Company of Missouri

hereinafter referred to as such, as FBL, or as the Company. Its administrative office is located at 701 South Country Club Drive, Jefferson City, Missouri, 65109, telephone number (573) 893-1400. This examination began on April 6, 2010, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The prior full scope association financial examination of FBL was made as of December 31, 2005, and was conducted by examiners from the State of Missouri representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC), with no other zones participating.

The current full scope association financial examination covered the period from January 1, 2006, through December 31, 2009, and was conducted by examiners from the State of Missouri, representing the Midwestern Zone of the NAIC, with no other zones participating.

This examination was conducted concurrently with the examination of the Company's affiliate, Farm Bureau Town & Country Insurance Company of Missouri (FBT&C), and the Company's subsidiary, Farm Bureau New Horizons Insurance Company of Missouri (FBNH).

This examination also included the material transactions and/or events occurring subsequent to the examination date, which are noted in this report.

Procedures

This examination was conducted in accordance with the NAIC Financial Condition Examiners Handbook, except where practices, procedures and applicable regulations of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) and statutes of the State of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about corporate governance, identifying and assessing inherent risks, and evaluating the Company's controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The key activities identified in our examination of FBL, were as follows:

- Investments
- Premiums
- Underwriting
- Claims Handling
- Reserving
- Related Party Transactions
- Reinsurance

The examiners relied upon information supplied by the Company's independent auditor, Williams Keepers, LLC, of Jefferson City, Missouri, for its audit covering the period from January 1, 2009 through December 31, 2009. Areas in which the testing and results from the CPA workpapers were relied upon in our examination included internal controls, paid claims data, income taxes, deferred taxes, legal representations, bank confirmations, and fraud assessment.

SUMMARY OF SIGNIFICANT FINDINGS

It was determined that the Company does not have an adequate process for the disclosure of possible conflicts of interest by directors, officers, and key employees. The current process only requires signatures from all individuals collectively on a single piece of paper. There is no process for the individual reporting of conflicts of interest, which is the common business practice for most insurance companies.

SUBSEQUENT EVENTS

The ultimate parent company, Missouri Farm Bureau Federation (MFB-Federation), issued a press release on July 28, 2010 stating that its President, Charles E. Kruse, would not seek re-election to office. Mr. Kruse is also the President and a director for FBL. Mr. Kruse will continue to serve as President for MFB-Federation and all subsidiaries until the next election of officers in December 2010.

COMPANY HISTORY

General

FBL was incorporated on May 6, 1950 under the laws of the State of Missouri and commenced business on July 27, 1950. The Company operates as a stock life and health insurer under the insurance laws of Chapter 376 RSMo (Life and Accident Insurance).

Capital Stock

The Company's Articles of Incorporation allow for the issuance of 6,000 shares of common stock with a par value of $100 per share. As of December 31, 2009, all 6,000 shares were issued and outstanding to Missouri Farm Bureau Services, Inc. (MFB-Services) for a total capital stock balance of $600,000.

Dividends and Capital Contributions

The Bylaws allow for dividends to be paid on common stock shares, pursuant to a declaration of the Board of Directors. The ultimate parent, Missouri Farm Bureau Federation has adopted a general policy to require an annual dividend from FBL that is equal to 10% of the prior year's net income. The following dividends were declared and paid to the direct parent, MFB-Services, during the examination period.

Year	Dividends Paid
2006	$194,799
2007	133,120
2008	141,788
2009	254,130

No capital contributions were made to the Company during the examination period.

Mergers and Acquisitions

On September 4, 2009, FBL paid $985,400 to acquire an additional 20,000 shares of its jointly owned subsidiary, FBNH, from an affiliate, Missouri Farm Bureau Insurance Brokerage, Inc. This purchase increased the Company's ownership of FBNH from 33.3% to 50.0%.

CORPORATE RECORDS

The Company's Articles of Incorporation and Bylaws were reviewed. There were no amendments during the examination period. The minutes of the Board of Directors' meetings, written consents in lieu of meeting, and the sole shareholder written consents were reviewed for proper approval of corporate transactions. In general, the minutes and written consents appear to properly reflect and approve the Company's major transactions and events for the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

The management of the Company is vested in a Board of Directors, which is appointed by the sole shareholder. The Company's Bylaws specify that the Board of Directors shall consist of twelve (12) members. The directors of the ultimate parent, MFB-Federation, simultaneously serve as directors all of its subsidiaries, including FBT&C.

The Board of Directors elected and serving, as of December 31, 2009, were as follows:

Name	Principal Occupation and Business Affiliation
William C. Bastin, Jr.	Farmer and Seed Dealer, Self-Employed
Todd P. Hays	Farmer, Self-Employed
C. Blake Hurst	Farmer, Self-Employed
Leon Kreisler	Rancher, Self-Employed
Charles E. Kruse	Farmer, President of MFB-Federation
Paul W. LePage	Farmer, Self-Employed
Denny W. Mertz	Farmer, Self-Employed
Allen Rowland	Farmer, Self-Employed
J. Dwayne Schad	Farmer, Self-Employed
Teribeth A. Spargo	Owner, Spargo Farms, Inc.
Hal R. Swaney	Farmer, Self-Employed
Barbara L. Wilson	Pension Administrator, Steve P. Hagan & Assoc.

The Company's current practice for disclosing possible conflicts of interest is to require all officers, directors, and key employees to sign the same sheet of paper, which states that they collectively do not currently have any conflicts and will promptly notify the Board of Directors if any conflict situation should occur in the future. This process does not allow for disclosure or elaboration of any potential conflicts on an individual basis. It is recommended that the Company create a conflict of interest disclosure form to be completed separately by each officer, director, and key employee on an annual basis.

A recommended format for a conflict of interest form would list various examples of transactions and relationships that may be a conflict of interest and require the individual to respond "Yes" or "No" to each item. The form should provide space for each individual to describe the specifics for any "Yes" responses. The Company's policy on conflict of interest, as included in the Code of Conduct, may also be included in the form for reference.

Committees

The Articles of Incorporation and Bylaws do not require any committees, but the Articles of Incorporation do allow for committees to be appointed by the Board of Directors. The FBL committees formally appointed and serving as of December 31, 2009, were as follows:

Audit Committee	Compensation Committee	Per Diem & Expense Committee
Hal Swaney, Chairman	Blake Hurst, Chairman	Blake Hurst, Chairman
Todd Hays	Paul LePage	Dwayne Schad
Carl Bastin	Allen Rowland	Leon Kreisler
	Barbara Wilson	Teribeth Spargo

The Company also has two informal committees. The Investment Committee consists of staff members from all areas of the Company, including the CFO and representatives of the Company's investment firm. This committee meets quarterly to review compliance with the investment policy, address concerns arising from the economic outlook as related to the investment portfolio, review areas of credit concentration, review credit concerns arising from downgraded investments in the portfolio, evaluate shock analysis for movement in market rates and consider other strategic issues. The Personnel Committee consists of the President, Secretary, Treasurer and Director of Human Resources. This committee provides recommendations to the Board of Directors for companywide pay increases, incentive plan payouts and benefit plan policies.

Officers

The officers elected by the Board of Directors and serving as of December 31, 2009, were as follows:

Officer	Position
Charles E. Kruse	Chairman and President
C. Blake Hurst	Vice President
Daniel L. Cassidy	Chief Administrative Officer and Secretary
Randall J. Campbell	Chief Financial Officer and Treasurer

Holding Company, Subsidiaries and Affiliates

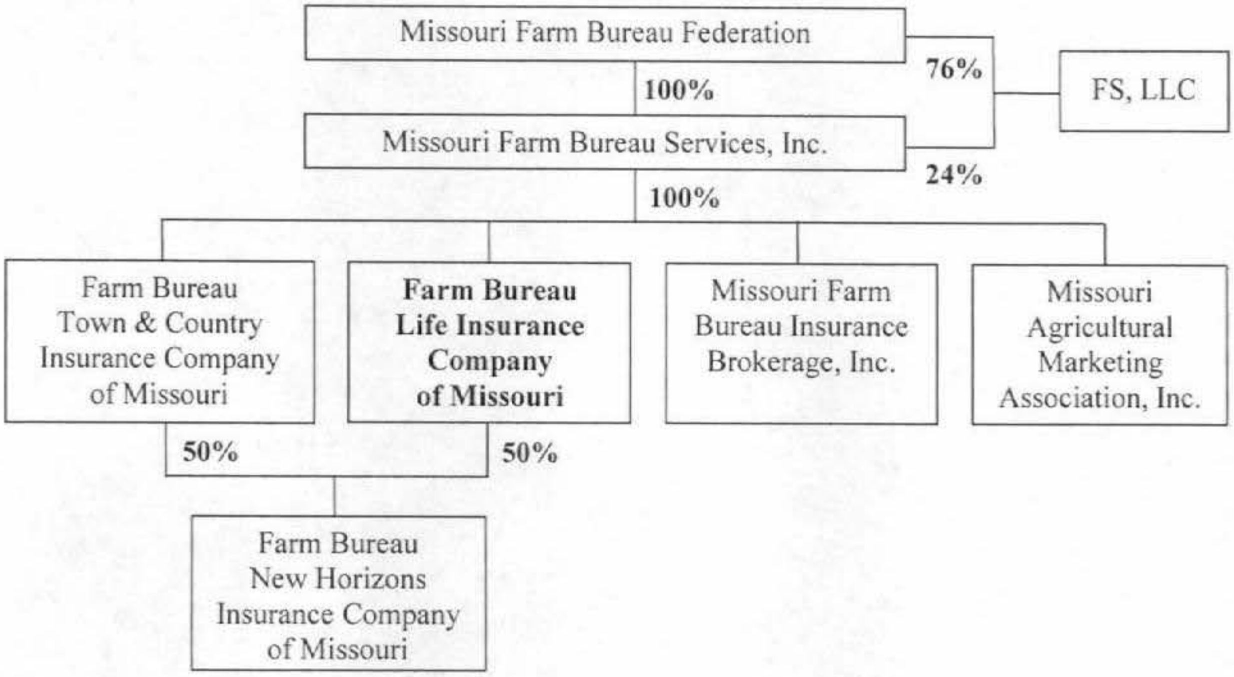
The Company is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). An Insurance Holding Company System Registration Statement was filed by the direct parent, MFB-Services, on behalf of FBL and its other insurance subsidiaries for each year of the examination period. FBL is ultimately owned 100% by Missouri Farm Bureau Federation.

Below is a description of the business operations of all affiliated entities.

- **MFB-Federation** – The ultimate parent company is a not-for-profit organization that promotes the interests of its member farmers and the agriculture industry. Profits from the insurance operations of FBT&C, FBL and FBNH are the main source of income for the consolidated operations of MFB-Federation.
- **MFB-Services** – A holding company that directly or indirectly owns all insurance entities. Employees of MFB-Services conduct most of the daily operations of the insurance entities.
- **FBT&C** – A property and casualty insurer that writes primarily homeowners, farmowners, automobile physical damage and automobile liability lines of business.
- **FBNH** – A property and casualty insurer formed in 2005 that specializes in writing property business for individuals with poor claims history or properties with higher risks due to poor condition or other reasons.
- **Missouri Farm Bureau Insurance Brokerage, Inc.** – A brokerage designed to place insurance coverages either not offered by or not available through FBT&C, FBL or FBNH. Coverages offered range from workers' compensation, non-standard automobile, professional liability, individual and group health products, disability, Medicare supplements, long-term care and many specialty coverages.
- **Missouri Agricultural Marketing Association, Inc.** – A dormant entity that had no business operations during the examination period.
- **FS, LLC** – An entity formed in 2006 for the sole purpose of holding ownership to the main office building in Jefferson City, Missouri. Ownership of the building was transferred from MFBF to FS, LLC at the time of its formation to provide tax advantages that could not be utilized by MFBF.

Organizational Chart

Below is an organization chart reflecting FBL's ownership and affiliates, as of December 31, 2009. [Note: All entities incorporated / domiciled in Missouri.]



Intercompany Agreements

The Company's agreements with related parties that were in effect, as of December 31, 2009 and subsequent periods are outlined below.

1. **Type:** Allocation of Consolidated Tax Liability Agreement

   Parties: MFB-Federation, MFB-Services and all subsidiaries

   Effective: September 1, 2005

   Terms: MFB-Services and its subsidiaries (including FBL) agree to file a consolidated federal income tax return. The Company will pay estimated federal income tax payments to MFB-Services on or before April 15, June 15, September 15, and December 15 of each current tax year and on or before March 15 of the following year for the extension filing. Settlement of the remaining tax liability or receivable due with the final tax return will be made after the final tax return is filed. The allocation of the consolidated federal income tax payments to each entity will be based upon the proportion of each entity's individual taxable income to the consolidated taxable income. A separate adjustment shall be made each year between MFB-Services and each subsidiary for the difference, if any, between the allocated tax payments and the tax liability that would have resulted from each entity filing a separate federal tax return.

2. **Type:** Space Rent Agreement

   Parties: FS, LLC, FBT&C and FBL

   Effective: October 1, 2006

   Terms: FBT&C and FBL utilize office space and facilities in a building located in Jefferson City, Missouri that is owned by FS, LLC. This building serves as the home office for FBT&C and FBL to conduct all major business functions. FBT&C and FBL will pay rent to FS, LLC for the following expenses associated with operating the building: depreciation, maintenance and repairs, utilities, taxes, building management, insurance, interest, and other costs. The rent shall be calculated on an annual basis and charged to FBT&C and FBL based upon the assigned square footage of each entity.

3. **Type:** Service Agreement

   Parties: MFB-Services, FBT&C, FBL and FBNH

   Effective: January 1, 2007

   Terms: MFB-Services will provide the following services for the subsidiary insurers: executive management, human resources, accounting, legal, audit, investment, information technology, public affairs, mailroom, imaging, printing, supplies, furniture & equipment, fleet rental, building maintenance, janitorial, cafeteria, copying, customer service, and actuarial. The insurers will pay fees to MFB-Services on a monthly basis for the services provided. The fees for most of the provided services are calculated based upon various allocation methods that are specified in the agreement. The fees for some services may be directly attributable to an entity and will be billed based upon actual usage. Fees payable to MFB-Services are to be paid within 60 days after the fees have been calculated.

4. **Type:** Cost Sharing Agreement

   Parties: MFB-Federation, MFB-Services, FBT&C, FBL, FBNH and MFB-Brokerage

   Effective: January 1, 2007

   Terms: The parties utilize common management and employees for various operational activities. The costs will be shared among the parties for the following operational functions: underwriting, sales (commissions), sales contests, promotional events, agents payroll, Partners for Growth program (county office expenses), and other miscellaneous areas. The allocation of costs shall be computed on a monthly basis after actual expenses are determined and are due within 60 days of the computations. The allocation basis for underwriting, commissions, and service center costs is not specified but is to be based upon predetermined percentages that are reviewed annually. Allocation of agents' payroll is to be based upon the production attributable to each entity in the preceding month. The allocation basis for the costs of other activities was not explained in the agreement.

Intercompany Payments

Fees and other payments to related parties, pursuant to the above agreements, are listed in the following table:

		Amount Incurred (Earned)			
Related Party	Agreement	2006	2007	2008	2009
MFB-Services	Tax Allocation	$577,519	$726,127	$2,107,650	$ 530,455
FS, LLC	Space Rent	52,608	55,408	52,305	51,714
MFB-Services	Service	1,725,139	2,049,134	2,263,975	2,208,598
FBT&C	Cost Sharing	437,667	445,077	475,230	341,074
MFB-Services	Cost Sharing	3,626,318	4,357,684	4,212,484	4,571,297
MFB-Brokerage	Cost Sharing	4,367,809	3,822,178	4,036,582	4,431,469
TOTAL		$10,787,060	$11,455,608	$13,148,226	$12,134,607

FIDELITY BOND AND OTHER INSURANCE

The Company is a named insured on a financial institution bond that covers losses resulting from dishonest or fraudulent acts of employees. Additional named insureds on the bond are the parent companies and several other affiliates. The bond has a liability limit of $2,000,000 with a $25,000 deductible, which meets the minimum coverage that is recommended by the NAIC.

The Company is also a named insured on various other insurance policies that provide coverage for the following risks: general liability, excess liability, professional liability, umbrella liability, earthquake, worker's compensation and employers liability, directors' and officers' liability, employment practices liability, and computer crime.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

FBL does not have any direct employees and therefore, has no liabilities for employee benefits. The Company's business operations are managed by the employees of the parent, MFB-Services, and by the employees of an affiliate, MFB-Brokerage.

As of December 31, 2009, MFB-Services had 694 employees and MFB-Brokerage had 234 employees. Approximately 230 of the MFB-Services employees are located in the home office in Jefferson City, Missouri, where most functions of the Company are performed. The remaining MFB-Services employees are located in approximately 160 offices located in the 114 counties in the State of Missouri. The county office employees provide various policyholder services, including policy issuance, policy changes and claims adjudication. The MFB-Brokerage employees comprise the statewide agency force that produces business for FBL and other affiliated insurers.

FBL has a Cost Sharing Agreement with MFB-Services and MFB-Brokerage and a Services Agreement with MFB-Services, which are described in the Intercompany Agreements section of this report. The Company indirectly pays for the salaries and benefits of MFB-Services and MFB-Brokerage employees through allocated expenses that are paid each month, pursuant to the Agreements.

TERRITORY AND PLAN OF OPERATION

FBL is licensed only in the State of Missouri under Chapter 376 RSMo (Life, Health and Accident Insurance). The major lines of business, based upon 2009 direct and net written premiums, are listed in the table below.

Line of Business	Direct Premiums	Net Premiums
Ordinary Life	63.8%	59.4%
Individual Annuities	35.3%	40.3%
All Other	0.9%	0.3%
Total	100.0%	100.0%

The Company offers traditional whole life, term life and annuity policies. Most of the whole life policies are participating. The policyholder dividends paid during the examination period averaged $3 million per year.

Business for FBL is produced by a dedicated agency force employed by an affiliate, MFB-Brokerage. There were 231 agents of MFB-Brokerage, as of December 31, 2009. The agents produce business exclusively for FBL and its two affiliates, FBT&C and FBNH. Any risks for lines of business not written by FBL, FBT&C or FBNH are placed by MFB-Brokerage with third-party insurers.

GROWTH OF COMPANY

The table below shows the Company's premium and annuity writings and writing ratios for the most recent five years, which includes the current examination period.

Year	Direct Premiums and Annuity Considerations	Net Premiums and Annuity Considerations	Change in Net Premiums	Capital and Surplus	Ratio of Net Premiums to Surplus
2005	$35,202,366	$31,146,227	na	$50,234,349	0.62
2006	32,744,834	28,037,407	-10.0%	51,613,460	0.54
2007	34,552,799	29,477,635	5.1%	52,529,267	0.56
2008	38,311,502	32,802,010	11.3%	45,307,232	0.72
2009	48,036,451	42,035,284	28.1%	45,266,911	0.93

Direct writings increased greatly in 2008 and 2009 due to growth in annuity sales. Individual annuities considerations were $5.3 million in 2007, $8.1 million in 2008 and $16.9 million in 2009, which represented a 219% increase over a two-year period. The interest rates offered on the Company's annuity products were very attractive in comparison to the low rates available elsewhere in the investment market, which led to the large increase in sales volume.

The premium to surplus ratio has remained consistently low since the end of the prior examination period (2005). Capital and surplus experienced a 14% decrease in 2008 due to realized and unrealized investment losses. These losses derived from bond defaults and stocks held from issuers that became bankrupt in 2008.

LOSS EXPERIENCE

The table below shows the Company's policy benefits (death claims, annuity benefits, surrender benefits, etc.) and reserve increases for the most recent five years, which includes the current examination period. Also shown in the table are the changes in premiums and annuity considerations for the same period.

Year	Net Premiums and Annuity Considerations	Increase (Decrease)	Net Policy Benefits and Reserve Increases	Increase (Decrease)
2005	$31,146,227		$34,169,329	
2006	28,037,407	-10.0%	31,499,479	-7.8%
2007	29,477,635	5.1%	32,536,609	3.3%
2008	32,802,010	11.3%	33,564,251	3.2%
2009	42,035,284	28.1%	45,007,920	34.1%

Overall, the yearly changes in policy benefits and reserves were commensurate to the changes in premium and annuity income.

REINSURANCE

General

The Company's premium activity on a direct written, assumed and ceded basis, for the period under examination, is detailed below:

	2006	2007	2008	2009
Direct Business	$32,744,834	$34,552,799	$38,311,502	$48,036,451
Reinsurance Assumed	0	0	0	0
Reinsurance Ceded:				
Affiliates	0	0	0	0
Non-affiliates	(4,707,428)	(5,075,164)	(5,509,491)	(6,001,167)
Net Premiums Written	**$28,037,406**	**$29,477,635**	**$32,802,011**	**$42,035,284**

Assumed

The Company does not assume any business.

Ceded

The Company retains a maximum of $150,000 per insured life. Risks are ceded under several reinsurance agreements with multiple reinsurers. However, the two main reinsurers for FBL are Generali USA Life Reassurance Company (Generali) and RGA Reinsurance Company (RGA). Below is a summary of the business ceded to Generali and RGA:

Reinsurer	Ceded In-Force as of 12/31/2009	% of Ceded In-Force	Ceded Reserves as of 12/31/2009	% of Ceded Reserves	2009 Ceded Premiums	% of Ceded Premiums
Generali	$1,099,484,844	51.7%	$3,032,068	51.6%	$2,888,463	49.7%
RGA	966,550,382	45.5%	2,371,234	40.4%	2,422,420	41.7%
All Other	58,970,736	2.8%	471,404	8.0%	498,816	8.6%
Total	$2,125,005,962	100.0%	$5,874,706	100.0%	$5,809,699	100.0%

Executive Gold term life policies are ceded to Generali with a coinsurance agreement. The Company cedes 80% of the risk of each policy to Generali. FBL's retention of 20% of the face value is limited to maximum retention of $150,000 per policy. This agreement is closed to new business, but represented the largest amount of ceded in-force and ceded reserves, as of the examination date.

Omni whole life and term life policies and Gold whole life policies are ceded mostly to Generali and RGA under separate reinsurance agreements. The Omni and Gold policies are split between the reinsurers depending on the beginning letter of the policyholder's last name. FBL retains varying amounts of each policy and cedes 100% of the face amounts in excess of the retention to the reinsurers. The Company's maximum retention is $150,000 per life under the terms of each agreement. The reinsurance agreements for the Omni and Gold policies accounted for approximately one-third of the total ceded in-force and ceded reserves, as of December 31, 2009.

FBL entered into two new quota share agreements with RGA during the examination period, which cover the Company's Premier term and Convertible term policies. The Company cedes 75% of the risk of each policy to RGA and FBL retains the remaining 25% of face value. The Company's maximum retention is $150,000 per policy under these agreements.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance agreement.

ACCOUNTS AND RECORDS

The Company's business applications are run through local area networks located in the data center of the home office in Jefferson City, Missouri. The Company utilizes a combination of Microsoft Windows based servers and an IBM iSeries midrange server. The base computer application for insurance operations is a legacy system from Policy Management Systems Corporation (PMSC) that was installed in 1999. The PMSC system is used for policy management, claims management and other functions. Other significant financial applications include the Solomon General Ledger system that is used for accounting and financial reporting and the Eagle TM system that is used to process investment activity.

The CPA firm, Williams Keepers, LLC, of Jefferson City, Missouri issued audited statutory financial statements of the Company for all years in the examination period.

The actuarial opinions regarding the Company's reserves for losses and loss adjustment expenses was issued by Terry M. Long, FSA, MAAA, of Lewis & Ellis, Inc. in Overland Park, Kansas, for all years of the examination period.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri DIFP as of December 31, 2009, as reflected below, were sufficient to meet the capital deposit requirements for the State of Missouri in accordance with Section 379.098 RSMo (Securities to be Deposited). The funds on deposit were as follows:

Type of Security	Par Value	Fair Value	Statement Value
State and Municipal Bonds	$1,200,000	$1,539,000	$1,215,150

Deposits with Other States

Since FBL is only licensed in Missouri, the Company has no funds on deposit with any other states.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of Farm Bureau Life Insurance Company of Missouri for the period ending December 31, 2009. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statement Items." The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items." These differences were determined to be immaterial concerning their effect on the financial statements, and therefore, were only communicated to the Company and noted in the workpapers for each individual Annual Statement item.

Assets
as of December 31, 2009

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	$337,065,254	$ 0	$337,065,254
Preferred Stocks	9,496,503	0	9,496,503
Common Stocks	6,782,138	0	6,782,138
Cash, Cash Equivalents and Short-Term Investments	6,363,225	0	6,363,225
Contract Loans	18,722,086	0	18,722,086
Other Invested Assets	50,009	0	50,009
Investment Income Due and Accrued	3,400,285	0	3,400,285
Uncollected Premiums and Agents' Balances	3,699	0	3,699
Deferred Premiums	6,604,992	0	6,604,992
Amounts Recoverable from Reinsurers	1,600	0	1,600
Other Reinsurance Receivables	56,516	0	56,516
Federal Income Tax Recoverable	275,178	0	275,178
Net Deferred Tax Asset	10,180,523	8,067,321	2,113,202
Guaranty Funds Receivable	214,990	214,990	0
Receivable from Parent, Sub., Affiliates	183,416	0	183,416
TOTAL ASSETS	**$399,400,414**	**$8,282,311**	**$391,118,103**

Liabilities, Surplus and Other Funds
as of December 31, 2009

Aggregate Reserve for Life Contracts	$316,586,498
Aggregate Reserve for Accident and Health Contracts	12,425
Liability for Deposit-Type Contracts	18,421,609
Life Contract Claims	1,224,600
Accident and Health Contract Claims	13,000
Policyholder Dividends Due and Unpaid	2,216
Provision for Policyholder Dividends Payable	3,100,575
Premiums Received in Advance	135,805
Interest Maintenance Reserve	3,226,262
Commissions Due and Accrued	324,760
General Expenses Due or Accrued	48,045
Taxes, Licenses and Fees Due or Accrued	300,835
Federal Income Taxes Payable	126,565
Unearned Investment Income	447,834
Amounts Withheld or Retained	17,529
Remittances and Items Not Allocated	536,428
Liability for Benefits for Employees and Agents	344,124
Asset Valuation Reserve	676,586
Payable to Parent, Subsidiaries and Affiliates	297,941
Aggregate Write-In Liabilities	7,556
TOTAL LIABILITIES	**$345,851,193**
Common Capital Stock	600,000
Gross Paid In and Contributed Surplus	50,000
Unassigned Funds (Surplus)	44,616,911
Capital and Surplus	**$ 45,266,911**
TOTAL LIABILITIES AND SURPLUS	**$391,118,104**

Summary of Operations
For the Year Ended December 31, 2009

Premiums and Annuity Considerations	$42,035,290
Considerations for Supp. Contracts with Life Contingencies	119,212
Net Investment Income	20,753,109
Amortization of Interest Maintenance Reserve	307,954
Commission and Expense Allowances on Reins. Ceded	943,688
Miscellaneous Income	422
TOTAL	**$64,159,675**
Death Benefits	$ 6,102,109
Matured Endowments	282,390
Annuity Benefits	5,224,606
Disability Benefits and Benefits Under A&H Policies	112,378
Surrender Benefits and Withdrawals for Life Contracts	10,034,901
Interest and Adjust. on Policy or Deposit-Type Contract Fun	676,851
Payments on Supp. Contracts with Life Contingencies	481,192
Increase in Aggregate Reserves for Life, A&H Policies	22,093,493
Commissions on Direct Business	4,340,542
General Insurance Expenses	7,869,388
Insurance Taxes, Licenses and Fees	927,219
Increase in Loading on Deferred and Uncollected Premiums	136,723
Aggregate Write-Ins for Deductions	58,550
TOTAL	**$58,340,342**
NET GAIN FROM OPERATIONS	$ 5,819,333
Dividends to Policyholders	3,034,463
Federal Income Taxes Incurred	530,455
Net Realized Capital Gains (Losses)	(616,093)
NET INCOME	**$ 1,638,322**
CAPITAL AND SURPLUS:	
Capital and Surplus, December 31, 2008	$45,307,232
Net Income	1,638,322
Change in Net Unrealized Capital Gains or (Losses)	(724,589)
Change in Deferred Income Tax	1,084,016
Change in Non-Admitted Assets	(1,113,855)
Change in Asset Valuation Reserve	(670,080)
Dividends to Stockholders	(254,130)
CAPITAL AND SURPLUS, DECEMBER 31, 2009	**$45,266,916**

Comments on Financial Statement Items

None.

Examination Changes

None.

General Comments and/or Recommendations

Conflict of Interest Disclosure (page 5)

The Company's current practice for disclosing possible conflicts of interest is to require all officers, directors, and key employees to sign the same sheet of paper, which states that they collectively do not currently have any conflicts and will promptly notify the Board of Directors if any conflict situation should occur in the future. This process does not allow for disclosure or elaboration of any potential conflicts on an individual basis. It is recommended that the Company create a conflict of interest disclosure form to be completed separately by each officer, director, and key employee on an annual basis.

A recommended format for a conflict of interest form would list various examples of transactions and relationships that may be a conflict of interest and require the individual to respond "Yes" or "No" to each item. The form should provide space for each individual to describe the specifics for any "Yes" responses. The Company's policy on conflict of interest, as included in the Code of Conduct, may also be included in the form for reference.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Farm Bureau Life Insurance Company of Missouri during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Shannon Schmoeger, CFE, Steve Koonse, CFE and Timothy Carroll, examiners for the Missouri DIFP, participated in this examination. Timothy Harris, FSA, of Milliman, Inc., also participated as a consulting actuary.

VERIFICATION

State of Missouri)
)
County of)

I, Tim L. Tunks, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of Farm Bureau Life Insurance Company of Missouri its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

Tim Tunks

Tim L. Tunks, CPA, CFE
Examiner-In-Charge
Missouri DIFP

Sworn to and subscribed before me this 10th day of December, 2010.

My commission expires: Jan 9, 2011

Pamela J. Root
Notary Public

PAMELA J. ROOT
Notary Public - Notary Seal
State of Missouri, County of Cooper
Commission # 07391753
My Commission Expires Jan. 9, 2011

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

Mark A. Nance, CPA, CFE
Audit Manager
Missouri DIFP