CAPITAL RETURNS

March 18, 2021

Dear Fellow FBL Financial Group Shareholders,

Capital Returns Management, LLC (together with its affiliates, "Capital Returns") has been an investor in the insurance industry since 2003 and is one of the largest unaffiliated shareholders of FBL Financial Group, Inc. ("FBL" or the "Company").

We are writing to you today because we believe that shareholders should oppose the sale of FBL to Farm Bureau Property & Casualty Insurance Company ("FBPCIC") for $56 per share. Please use the enclosed **GOLD** proxy card to vote your shares against FBPCIC's inadequate proposal at the Company's upcoming Special Meeting of Shareholders (the "Meeting") scheduled to be held on April 29, 2021.

As described more fully in the enclosed proxy statement, we oppose the transaction because we believe:

- **The Transaction Offers No Meaningful Premium to Shareholders.** Before FBPCIC first publicly indicated its interest in taking FBL private, FBL stock was trading at $37.25 per share. Since then, the S&P 500 Life Insurance Index (S5LIFE) is up 46% and we believe FBL would have appreciated by approximately this same amount, even if there were no deal or speculation of a deal with FBPCIC. Thus, even without a transaction with FBPCIC, we believe FBL stock would be trading at approximately $54 per share. The acquisition proposal thus offers no material premium to the price at which FBL would otherwise be trading. Furthermore, FBL's shares were trading above $57 as of the close of business yesterday, March 17, 2021, indicating that the market thinks that FBPCIC's current bid will not be the highest.

- **The Price is Too Low.** Other recent life insurance company transactions, as described more fully in the enclosed proxy statement, suggest the fair price for FBL is substantially higher than $56 per share. The three life insurance transactions consummated in 2020 indicated an average valuation of 1.31x price-to-book value per share excluding Accumulated Other Comprehensive Income and 1.04x price-to-reported-book value per share. Applied to FBL, the average multiple would yield a price of <u>$66 per share</u>. Given what FBL is worth to FBPCIC – it being entirely dependent on FBL for all its employees and operations – we believe that the significant cost savings and capital efficiencies generated by combining the entities justifies a higher bid from FBPCIC.

- **The Special Committee Was Flawed.** Although FBL formed a so-called "Special Committee" to negotiate, it was not provided with objective data, had no access to executives and was not supplied with other relevant information about FBL that was not in the hands of the buyer, FBPCIC. The two companies share a management team. How did the Special Committee determine how valuable FBL really was? Did they ask the same people who were working for the buyer? We do not believe that this was an arm's length negotiation. As early as mid-November, the Special Committee told the buyer to bring a price "in the mid $50s." Not surprisingly, FBPCIC came back and offered $56 per share. The Special Committee never tested FBPCIC's willingness to pay a fair or higher price because the Special Committee indicated early that it would approve anything in the mid-$50s. We do not believe that such an approach is likely to produce a fair price – and it this case, we think that it did not.

- **The Financial Advisor Cherry-Picked Precedent Transactions.** The Special Committee's financial advisor inexplicably included, as one of two supposedly relevant precedents, a "transaction" that was merely an offer – one that was roundly rejected.[1] The financial advisor also, equally inexplicably, excluded an actual and highly relevant transaction that supports a value for FBL of nearly $75 per share.[2] We believe that the financial analysis performed by the Special Committee's financial advisor is thus deeply flawed.

In sum, our view is that FBPCIC's bid is inadequately priced and is the product of a deeply flawed process. The proposed transaction does not represent fair value for FBL's unaffiliated shareholders, and certainly does not justify ending FBL's successful existence as a publicly traded company. Fortunately, we do not believe that shareholders will lose anything by rejecting this proposal, and the market agrees, with the stock currently trading above FBPCIC's bid price.

We urge our fellow shareholders to send a message to the FBL Board of Directors by signing, dating, and returning the **GOLD** proxy card as soon as possible.

Sincerely,

Ronald Bobman
President
Capital Returns Management, LLC

[1] The proposed acquisition of American Equity Investment Life Holding Company ("AEL") by Athene Holding Ltd. And Massachusetts Mutual Life Insurance Company in September 2020. The parties never engaged in mutual negotiations; AEL rejected the unsolicited proposal and instead elected to pursue an independent path.

[2] Fidelity National's acquisition of FG Holdings in February 2020, which valued the target at a price to book multiple (excluding Accumulated Other Comprehensive Income (AOCI)) of 1.65x.