SMITH GROUP
DISABILITY & REINSURANCE CONSULTANTS

May 15, 2007

Dear Smith Group Client:

We are pleased to provide the 1st Quarter 2007 Earnings Conference Call Summary for leading group LTD carriers.

This report is based on insurers' quarterly earnings releases. The data and information upon which this summary is based are readily available in the public domain. Sources include press releases, statistical supplements, SEC filings, and earnings conference calls. As a service to its reinsurance and consulting clients, Smith Group compiles this earnings information, analyzes group LTD statistics, and identifies notable trends.

This summary is not intended to make predictions about insurers or their results. Rather, this summary is meant to increase our collective understanding of the complicated business and times in which we operate.

As always, we welcome your questions and comments. Please direct inquiries to Kristen deCastro (207) 879-5680, kdecastro@smithgroupre.com.

Prudential Financial

Profit (After FIT and before net unrealized investment Gains/Losses):

Line of Business	1Q07 Profit ($000,000)	1Q06 Profit ($000,000)	1Q07 Loss Ratio	1Q06 Loss Ratio
Group Disability	NA	NA	91.0%	87.3%
Group Life	NA	NA	91.5%	92.1%

EP/Sales:

Line of Business	1Q07 EP ($000,000)	1Q07 Sales ($000,000)	1Q06 EP ($000,000)	1Q06 sales ($000,000)
Disability	$217	$92	$199	$74
Life	$832	$103	$791	$206

Notable Statements

● The group insurance business reported adjusted operating income of $51 million in the current quarter up $4 million from a year ago. The increase came mainly from more favorable life claims experience in the current quarter, less favorable disability experience was a partial offset.

● Group insurance sales amount to $195 million in the first quarter compared to $280 million a year ago. Our focus is on growing this business by adding cases that offer appropriate returns on new business and as a result, our sales number reflect the availability of attractive opportunities. We found fewer such opportunities particularly in the large case market during the most recent bid cycle than in recent years.

● Retention has been excellent with group life persistency at around 95% for all of 2006 and during the first quarter driving continued earned premium growth.

● Question from analyst on disability sales; "clearly sales were strong this quarter, the 2nd best in the company's history. Looking back in my notes, when we saw that back in 2004, a similar sort of sales, unfortunately Pru had its worst benefit ratio in its LTD history four quarters later. What have you changed since then to make sure that the business that you're putting on is profitable?"

"The performance in that business does not reflect any change in our strategy or risk taking. Secondly, what is different from the earlier era you mentioned, the principal difference I would point to is the management of the individual business."

UnumProvident

Profit (Before FIT and net unrealized investment Gains/Losses):

Line of Business	1Q07 Profit ($000,000)	1Q06 Profit ($000,000)	1Q07 Benefit Ratio	1Q06 Benefit Ratio
US Brokerage	$142.8	$28.5	84.0%	89.8%
LTD/STD	$28.7	$1.2	93.4%	107.2%
Life & AD&D	$49.4	$43.9	75.2%	46.6%
Voluntary WB	$64.3	$56.2	60.3%	61.9%
Unum Limited	$75.1	$54.4	61.1%	67.5%
Colonial	$59.6	$46.2	49.2%	52.1%

EP/Sales

Line of Business	1Q07 EP ($000,000)	1Q07 Sales ($000,000)	1Q06 EP ($000,000)	1Q06 Sales ($000,000)
US Brokerage	$1,244.9	$134.9	$1,303.8	$164.7
LTD	$471.4	$25.5	$485.3	$43.1
STD	$118.7	$15.2	$134.5	$12.0
Life	$280.8	$20.1	$320.1	$33.2
AD&D	$32.4	$2.0	$38.7	$2.8
Voluntary	$99.2	$49.4	$94.4	$54.7
Unum Limited	$222.3	$20.8	$191.4	$11.7
LTD	$174.6	$16.3	$147.3	$7.2
Life	$38.7	$2.8	$36.7	$3.1
Other	$9.0	$1.7	$7.4	$1.4
Colonial	$223.4	$67.6	$202.6	$67.2
LTD/STD	$139.7	$42.8	$129.8	$42.0
Life	$35.6	$14.3	$30.0	$14.3
Other	$48.1	$10.5	$42.6	$10.9

Notable Statements

● In Unum U.S., pre-tax operating earnings increased 40.6% with improved earnings in virtually every line of business. Most importantly, we saw continued improvement in our group income line through continued improvements in the claim management aspects of the business as well as favorable new claim incidence. The loss ratio was down to 93.4% versus 94% in the 4th quarter. With that, we feel very comfortable with our estimate that the loss ratio will be in the 90-92% range by the end of this year.

● One area that did not meet our expectations in Unum U.S. was the sales. Sales were softer than we expected. In our core markets and in large cases our sales were both below expectations. We think that there was an execution issue there in terms of focus. We have some very specific plans in place right now to raise that level of activity and focus. I will say that the April results look a little better than we would have expected so we seem to have shown some improved results already there.

● Large case can be somewhat volatile, we've developed a very disciplined approach to that market. You may recall that we saw some pretty good results in the 4th quarter of last year and it was business that we thought we could do in a disciplined manner. Activity has been a little lower in the first quarter of this year.

● We're really not seeing any significant changes in the competitive landscape. We don't attribute our sales activity in the first quarter to increased competition or pricing pressures. But again, we do have some very specific execution plans in place to be sure that we raise the level of activity in the small and mid-side market place and continue to be opportunistic in the large case marketplace.

● Persistency continues to be very good. We did see a slightly lower persistency in our large case business which we signaled to the marketplace when we released our 4th quarter numbers. We knew that there were some cases coming up for renewal that we were going to terminate simply because we couldn't meet the pricing expectations which we thought were pretty aggressive. So again, that did materialize in the quarter.

● Unum UK reported operating earnings of $75.1 million for the quarter, an increase of 38.1% over 1Q06. Results driven by very favorable benefit ratios and lower incidence. Benefit ratio was 61.1% vs 67.5% a year. Strong recovery in sales for the first quarter especially in the group income protection line of business.

● Colonial, pre-tax operating income increased 29% for the quarter, a record. Benefit ratio was 49.2% compared to 52.1% a year ago. Very favorable claims experience across all product lines. Sales were a little flat, up a little less than 1%.

● In the claims reassessment process, the results were very consistent with the assumptions that we made last fall. So we feel real good about where that whole process stands. At this point, we have about three-quarters of the decisions completed, and information on almost 90% of the potential decisions.

● Our supplemental and voluntary lines also produced a strong quarter with operating income growth of 14%. Overall improvements in this line were driven by the recently issued individual income protection and the voluntary workplace benefits lines.

● For the first quarter of 2007, we completed the reassessment of another 3201 claims. The total number of claims reassessed currently stands at 17179 which is about 74% of the total number that we expect to reassess. Our current estimate of the total number of claims to be reviewed has declined somewhat; we revised it to a point estimate of 23,086 and this compares to our initial estimate of 25,196. We've reduced this because we're seeing a lower response rate in the 2003 to 2005 close-year claims and also in the 1997 to 1999 close year claims. The results for the quarter were generally in line with our reserve assumption. The overturn rate was 42% for the quarter and the overturn rate now equates to 38%; this is consistent with our assumptions and I'll remind you that the overturn rate as of year end 2006 was 37%. At present, the 2000, 2001 2002 claim years are now over 90% completed and we're in the process of beginning to review more of the more recent

claims, the 1997 to 1999 claims. As Tom said, as a result of the current information we are revising the reasonably possible range from plus or minus 90 million to a plus minus 60 million. We believe that this range covers the uncertainty inherent in this claims reassessment review process. Also lowering the range this quarter just reflects the fact that we completed our review of 74% of the claims and have information on another 17% and that the claim decisions recently have been in line with the assumptions that we set back in the 3rd quarter. We remain on track to complete the claims reassessment process by the year end 2007 and once that is completed there will be a regulatory review which we anticipate will be concluded in the summer of 2008.

Q&A

● Question about improvement in loss ratio in group income protection. It's been a nice improvement but it's happened on such a consistent basis, we would expect that it would be a little more volatile. What can we expect going forward?

The changes that we've made in the claims organization has driven the consistency in the recovery performance. There is still volatility potential, that can range from incidence related volatility to SS offset related volatility, some seasonality as well. So, we wouldn't necessarily suggest that our improvement will always be like clockwork but we do think at the operating end our recovery performance has been very consistent and we expect that it will continue to be so.

Reliance Standard Life (RSL)

Profit (Operating income, pre-tax, excluding after-tax realized investment gains or losses):

Line of Business	1Q07 ($000)	1Q06 ($000)	1Q07 Loss Ratio	1Q06 Loss Ratio
Group (LTD, STD, Excess WC, Life, Travel Accident, Dental)	$63,759	$51,056	71.5%	70.3%

EP/Sales

Line of Business	1Q07 EP ($000)	1Q07 Sales ($000)	1Q06 EP ($000)	1Q06Sales ($000)
Disability (mostly LTD)	$124,882	$35,100	$106,782	$22,151
Life	$88,084	$18,710	$74,779	$18,095
Excess WC	$72,414	$14,510	$58,294	$24,637
Travel Accident, Dental, Other	$14,205	$11,227	$11,096	$4,109

Notable Statements

● Core group premium rose 19% to just under $300 million and this was led by our two primary lines; premium in our excess workers comp at Safety National increased 24% and premium at RSL, driven by Group LTD, were up 17%.

● Premium growth at RSL was boosted by a 47% increase in new core production. This increase was driven by a 58% increase in our most profitable line, group disability. RSL continues to focus primarily on expanding our leading market position on the attractive small case niche which has historically been the most profitable. Our growth in this niche has been demonstrated in the 2006 annual ranking for LTD carriers by JHA, an industry market research firm. RSL moved up one rank to become the sixth largest LTD carrier by new sales premium but also moved up one rank to become number 5 ranking by new cases sold.

● We had another solid contribution from CDS, our turnkey disability division. Turnkey disability premiums, which we don't include in production, rose 22% to $12 million.

● Voluntary products represented 21% of RSL's production. We expect voluntary products to continue increasing in importance as employers seek to control costs while still expanding or maintaining benefits.

● Group EB benefit ratio was 92%, down slightly from 93.7% in last year's first quarter and unchanged for the full year 2006. The combined ratio this quarter would have been lower but we had a 10 basis point increase from the impact of a $8.5 million LTD reserve buyout at RSL.

● Question from an analyst about voluntary business, what is the profitability and the size of the block?

Our voluntary business has been consistently profitable in many cases somewhat more profitable than our core numbers. Regarding the size, voluntary is pushing 10% of the total block. Production this quarter up to the 20% range up from 10% or so.

● Question from analyst on the competitive landscape. Can you give us some color as far as the competition in group life and disability at this point?

In the disability market, there seems to be continued discipline across the competitors in the smaller case market, what we refer to as cases less than 500 lives. In the mid and large case market, it's a little bit more challenging but there does seem to be some good footings. A few of the carriers who publicly maintain to practice good discipline, by and large, seem to be doing so. However, there's always an outlier to deal with. In the group Life market, we'd like to see a little more discipline from some of the other carriers. We are seeing from some of the competitors some longer rate guarantees, 3 to 4 years and one case recently that was 7 years.

Standard Financial Group

Profit (Operating income, pre-tax, excluding after-tax realized investment gains or losses):

Line of Business	1Q07 Profit ($000,000)	1Q06 Profit ($000,000)
Insurance Services	$67.1	$54.3

EP/Sales

Line of Business	1Q07 EP ($000,000)	1Q07 Sales ($000,000)	1Q06 EP ($000,000)	1Q06 Sales ($000,000)
LTD	$206.1	$41.9	$199.3	$44.4
STD	$52.9	$12.5	$50.8	$13.4
Life & AD&D	$191.1	$59.2	$181.2	$56.1
Other	$18.2	$6.5	$17.7	$10.2
ERR	($11.0)	N/A	($5.5)	N/A
Total EB	$457.3	$120.1	$443.5	$124.1

Notable Statements

● We believe that the group insurance business has plenty of opportunity for growth and over time we are prepared to take more than our share of that growth. At the same time, we have long said that our approach has been to protect the bottom line which requires that we price our products in a very disciplined manner. Our job is to acquire business that is properly priced and then hold onto it once it is on the books.

● Claims were higher than expected in the group insurance business but much better than expected in the individual insurance business. In total, the combined experience was well within our expectations demonstrating the value of diversification within our insurance businesses.

● Premium growth for 1Q07 was 4%, which is lower than our long term target range. The lower premium growth was partially due to high experience rated refunds, lower than anticipated new sales as well as a slight increase in terminations.

● Sales were down reflecting a continued price competitive environment in the first quarter of 2007. We do expect an increase in subsequent quarters based upon our pipeline measures; they indicate a significant improvement over this time last year including a few good sized cases sold but not yet inforce. We will continue to maintain our pricing discipline and not chase the market where it does not meet our profit objectives. We believe that our business model of avoiding the purely price sensitive customer will produce the strongest long-term earnings stream for our shareholders.

● Claim experience in our group insurance area was slightly above our expected annual range but given the volatility inherent on a quarterly basis we see nothing of concern in our claims experience this past quarter. Historically, claims experience in the first quarter of the year has been higher than the remaining quarters of the year

● Very favorable claims experience in the individual disability business at 53.5% compared to 108.4% in the first quarter of last year. As we've said in the past, the benefit ratio for this block can vary widely given its relatively small size.

● Analyst question about competition, what segment(s) of the market are you seeing the most pressure?

Competition is very aggressive, very tough, bordering on nonsensical at times and as fierce as ever. We see significant competition in the small to mid-size marketplace particularly. Beyond that, one thing that our reps are noticing is that there are some carriers out there that are doing some things that we don't think make a whole lot of sense. As an example, longer rate guarantees of 4 to 5 years on an unconditional basis. The good news is that we see these conditions from time to time, but they don't ever last.

● Analyst question about the higher lapse rates, what were the average price cuts that your competitors were giving to take business away from you and how has that trended versus the past? Secondly, it sounds like it is a pretty competitive market, but are there any macro indicators that are also making the market difficult right now as far as premium growth?

In terms of higher lapses, in looking at our terminations, there's not any clustering in any particular group or segment. We attribute it very much to a very competitive environment. Another thing that you need to understand, there are always a few cases that do not perform up to our expectations and it's during the renewal period where we would take action to move those cases to the required returns. If in fact the customer doesn't see their way fit to stay with the Standard at the revised rate, then what we do is lose top line growth but we have a favorable impact on our profitability going forward.

I don't have an average price cut number at my fingertips. As you know though that we've demonstrated our ability to write profitable business and we're not afraid to walk away.

No macro issues, we're seeing about as expected job growth and wage growth.

● Analyst question about growth: "When I think about PFG, when I think about RSL and some of the other companies operating in the middle of the market, Jefferson Pilot. They are all reporting pretty strong growth, certainly PFG has been, RSL has had very strong numbers. Can you offer any perspective why those companies are able to navigate through the competitive market and show very strong premium growth and your premium growth is mid single digit? What is different about your approach?"

A couple of things to consider, based on some 2006 survey data that has just been released on an industry wide basis, what we see is about the top seven competitors who have the bulk of the market share had total growth that was in the very low single digits. What we see beyond that in some of the smaller companies, many of which you talk

about, we see some double digit growth in those particular companies. A couple of things going on, it's a lot easier to move in double digits on a small base much harder to move a large base. Secondly, you ask, what do we do differently? We price our products on the front end to provide the required return for shareholders right out of the get-go. We don't price it as a loss leader basis to try and get it on the books and then try to increase the rate at renewal and I think that is somewhat different than some other folks. It would be very easy for us to grow the top line quickly but you would not like the results 18 to 24 months out.

● Another question on growth, production is down, termination were a bit higher in the first quarter. It seems like a lot is riding on the pipeline, is there any metric or qualitative comment that you can make about how strong the pipeline is now versus prior years or any other metric that you want to give us confidence that the 4-6% growth is a 2007 event and we get back to normal in 2008?

At a very high level, when I talk about pipeline measures without going into any detail about any of them. What we are really talking about are proposal counts, closing ratios, business that has been quoted on with a high likelihood of closing and of course sold cases not yet effective. When I look at those measures as well as others concurrent to the same time last year, the pipeline in 2007 is much stronger than it was in 2006.

Aetna

Profit (Operating income, pre-tax, excluding after-tax realized investment gains or losses):

Line of Business	1Q07 Profit ($000,000)	1Q06Profit ($000,000)
Group Insurance (Life, Disability, LTC)	$31.3	$32.1

EP

Line of Business	1Q07 Earned Premium ($000,000)	1Q06 Earned Premium ($000,000)
Group Insurance	$544.1	$531.9

Notable Statements

● Analyst question about group insurance business, the returns there are a little bit lower, the revenue growth is a little bit lower and the earnings were actually down on a year over year basis. It has been several years of this story, I'm just curious, the long-term aspect. Have you seen any cross sell opportunities coming, what are your thoughts for that segment long term?

I think that the group insurance business has been an important part of our overall cross-sell opportunity. We haven't talked with you in awhile about our integrated health and disability but it's a product that we are hard at work on, we're working with numerous customers. It's a product that where we are actually able to reduce the disability by a

certain number of days when we have both products. So I would say that we see continuing value in terms of our strategy of that business and expect to see some unique products which will further differentiate us in the marketplace.

Principal Financial Group

Profit (Operating income, post-tax, excluding after-tax realized investment gains or losses):

Line of Business	1Q07 Profit ($000,000)	1Q06 Profit ($000,000)	1Q07 Loss Ratio	1Q06 Loss Ratio
Life & Health*	$46.2	$70.6	N/A	N/A
Group Disability	N/A	N/A	70.2%	70.7%
Group Life	N/A	N/A	72.4%	65.1%

*Life & Health Division includes Individual Life, Health Insurance and Specialty Benefits

Line of Business	1Q07 EP ($000,000)	1Q07 Sales ($000,000)	1Q06 EP ($000,000)	1Q06 Sales ($000,000)
Disability	$72.5	$22.9	$59.1	$29.9
Life	$83.7	$27.3	$73.8	$35.0

Notable Statements

● Specialty Benefits Division earnings of $18 million for the quarter were dampened by $3 million of unfavorable claim experience primarily in the Group Life line.

● In the Specialty Benefits Division, we continue to achieve a 15%+ ROE. Premium and fees were up 14% for the Division with double digit growth in all lines and we continue to progress in improving expenses as a percent of premium.

● Analyst question about claims activity in the Specialty Benefits area; should we expect to see improvements in the second quarter?

You should indeed see some improvement, now we're talking about claims for the most part, but our indication is that those claims would come back and you would see improvement.

● Analyst question about profitability, was it due to poor results on Group Life? Why are you hopeful that it will not recur?

There was probably a $2-$3 million extra hit due to added mortality on Group Life. It looks like based on our analysis; a pretty deep analysis, to be just a random fluctuation. In April, it has returned to normal so we don't really expect that it's anything systemic at all.

Cigna

Profit (Income from continuing operations, excluding realized investment gains/losses, after taxes):

Line of Business	1Q07 Profit ($000,000)	1Q06 Profit ($000,000)
Group Disability & Group Life	$60	$58

EP

Line of Business	1Q07 EP ($000,000)	1Q06 EP ($000,000)
Disability	$227	$186
Life	$279	$258

Notable Statements

● Our Group Disability and Life and International business continue to deliver strong results. For the quarter our group disability and life businesses reported earnings of $60 million on attractive revenue growth and an after tax margin that continues to be industry leading. Both our group and international operations have strong market positions with good growth opportunities.

● Disability and Life earnings of $60 million reflect competitively attractive margins driven by strong disability management results and favorable mortality in the group accident business.

● We expect our Group disability and life and international operations to continue to grow revenue while maintaining strong margins. Specifically, in 2007, we continue to expect mid single digit earnings growth in Group and high single digit growth in international.

● Analyst question about competition: "Hartford, one of your larger competitors, mentioned that they're seeing some increased competition particularly in the small account area and frankly they're blaming HMOs and I was wondering if you and your peers are indeed becoming significantly more aggressive and if you are seeing a general increase in the competition."

First of all I would say that we've always been a very successful competitor in the group life, accident and disability business. And so our active participation in those markets is nothing new. I would describe those markets as competitive, but I think that the reason that we're succeeding there is the value proposition that we offer particularly in disability is very, very strong. Our claims capabilities there are really outstanding in terms of contributing to employers' ability to reduce the duration of disabilities and so forth. So, we've seen good growth in that business over the past several years and I think our value proposition is very strong, this is nothing new for us and I would say that the market continues to be competitive but I think that if you look at our margins that we're

generating in that business, we are growing while maintaining very attractive margins there.

Where we are seeing the most severe competitive pressure is at the two ends of the barbell. First, at the very upper end, the very large national accounts, the competition for insured business has been very competitive and also at the very low end, we're seeing similar conditions. We're also seeing proportionately more hyper-competitive activity in life insurance as compared to disability. Now, the good news part of the equation is that we have very little business in the under 300 segment and we tend to focus on disability rather than life as our lead product. So, at this point, we're proud of the fact that we have the industry's best margins, particularly in disability. Disability continues to be our lead product and we like the segment of the market where we are gaining the most revenue growth; that is mid-market, above 300 but less than 5000.

Assurant

Profit (Net operating income after tax, before net realized gains and losses and the after tax effect of one time events.):

Line of Business	1Q07 Profit ($000)	1Q06 Profit ($0000)	1Q07 Loss Ratio	1Q06 Loss Ratio
Employee Benefits* (includes DRMS)	$28,957	$19,185	71.6%	75.3%

* Employee benefits includes dental, disability & life

EP/Sales

Line of Business	1Q07 EP ($000)	1Q07 Sales ($000)	1Q06 EP ($000)	1Q06 Sales ($000)
LTD & STD	$118,189	$20,394	$121,586	$13,633
Life	$54,102	$11,875	$59,212	$6,681

Notable Statements

- Loss ratios continued to run favorably, most notably in disability, where results were positively impacted by favorable incidence rates and our efforts to help people return to work. Our expense ratio increased during the quarter, primarily due to the decrease in total revenues and the shift to smaller cases, which have higher expenses associated with distribution. Results were significantly assisted by a $9.2 million after-tax increase in real estate investment income.

- Our overall loss ratio improved to 71.6% from 75.3% in the first quarter of 2006, reflecting our disciplined pricing approach and the ongoing shift in our business mix. In addition to the disability results I noted earlier, life mortality experience continued to be favorable and dental loss ratios remained reasonable, despite a highly competitive market. It's important to bear in mind that quarter-to-quarter comparisons may show variability due to the low frequency and high severity of life and disability claims.

● Our top line continued to reflect our pricing tactics and the changes in our sales organization. While net earned premiums were $296.7 million, down 9% from the same period last year, the rate of decline is slowing, and combined with our solid new business sales, this should begin to generate premium growth by next year.

● We're also pleased with the performance of our alternate distribution channel, Disability Reinsurance Management Services, which distributes turnkey disability products through more than 30 other insurance carriers. As in our direct channel, we continued to see very good loss ratios and an overall shift in business mix towards small case. More than two-thirds of this quarter's DRMS premiums were in our core under-500 market. Growth in DRMS is derived not only from the addition of new partners, but also from organic growth from existing clients as they write new business. We also believe there are opportunities for DRMS to distribute other products and services in addition to the disability, life and critical illness lines it currently markets.

MetLife

Profit (Operating Earnings after tax and before after-tax investment gains):

Line of Business	1Q07 Profit ($000,000)	1Q06 Profit ($000,000)	1Q07 Loss Ratio	1Q06 Loss Ratio
Group Disability	N/A	N/A	87%	90.7%
Group Life	$103	$90	91.8%	94.2%

EP

Line of Business	1Q07 EP ($000,000)	1Q06 EP ($000,000)
Disability	$405	$347
Life	$1,576	$1,551

MetLife does not disclose sales numbers in these lines.

Notable Statements

● Group Life claims experience remained favorable and in disability where we experienced marked improvements in incidence and favorable recoveries.

● In group life, we expect to achieve our growth target for the year.

● Group life underwriting results remained good. Our mortality ratio was at the lower end of our target range at 91.8% although we generally anticipate the first quarter is a seasonally high claims quarter.

● Group Disability's morbidity ratio was improved to 87% for the quarter well below our target range of 89% to 94%. This represents marked improvement, relative to the 4th quarter of last year in reported incidence.

● Question on Group Life Premium growth, it was weaker this quarter, was that on weaker sales, was it lapses, maybe you can discuss the competitive environment there?

We've actually seen a pretty significant increase in life sales in 2007 relative to 2006. We've talked about in the past that sales in 2006 were low due to market activity, they've bounced back nicely in 2007 across the board but significantly in the life segment. What I would say in terms of looking at top line growth, one of the things that impacts our top line growth is our mortality rate. As we've said, our mortality rate was good in the first quarter and in our participating business that translates into lower premium. So, if you were to look at our plan for instance and look at the mortality rate that we had in our plan, we would have seen top line growth in the life segment closer to 3% and so our expectation over the course of the year and going forward, we'll see growth in the 3-4% range.

Hartford

Profit (Pre-Tax and before after)

Line of Business	1Q07 ($000,000)	1Q06 ($000,000)
Group Benefits (Disability, Life, Other)	$66	$68

EP/Sales

Line of Business	1Q07 EP ($000,000)	1Q07 Sales ($000,000)	1Q06 EP ($000,000)	1Q06 Sales $(000,000)
Group Disability	$470	$177	$449	$185
Group Life	$473	$156	$451	$201

Notable Statements

● In Group Benefits, sales for the quarter declined year over year. We landed fewer, large national accounts and maintained our underwriting discipline in the face of an increasingly competitive market.

● Analyst question about the group life and disability market getting more competitive, can you provide some color on which segments where the market is more competitive? Is it predominantly the small case market or is it more broad based? Is it coming from any particular large competitors or is it more smaller competitors?

It is getting increasingly more competitive. Obviously we still like the business given our four year forecast. But it has been a business that has had expanding margins industry wide for the last few years at least and we are seeing increased competition I'd say across the board but most particularly in the small case market which tends to attract both the big players and the smaller players; that in particular is a crowded market. But on balance, we still like the way that we play it obviously and have done it successfully for years and we expect to have a good year despite the competition.

● Just to followup, the increased margins for group benefits is being driven by what? Also, in that small case group benefits market, group life and group disability, could you

give a sense of the magnitude of how much pricing has sort of come off in the last year, how much might it be down and what returns are you seeking on that business?

We're seeking our usual 13 to 15% and it's very difficult to give a price assessment on an overall basis because each case varies dramatically. I guess that the best that I can do for you is characterize it as that is probably the most populated part of the competitive market and it attracts competitive behavior as you would expect. But, we still feel pretty good about the business overall. The small case is really an important piece of that market because it is by far the most under-penetrated particularly when you look at group disability. So we're pleased, the results are fine, we're hanging in there, this is not a new situation either, from time to time it will get quite competitive.

● Back to the group benefits, it sounds as if prices have come down somewhat sharply, is that a fair characterization of the small case market?

No, it's not, it has come down to the point where we're feeling it but I think sharply is probably an overstatement. Obviously we're using subjective terms, but I think that sharply is an overstatement.

● Competition in Group Benefits area, is that coming from primarily insurers who you would think as your peers, life insurers, or from managed care companies, HMOs, as well?

Most of it is from the traditional life insurance players but we're watching closely the medical companies finding ways to get into this business. We'll see them play at the margin but most of what we've talked about this morning is the same folks that we've been competing against for years.

Jefferson Pilot

Line of Business	1Q07 Profit ($000,000)	1Q06 Profit ($000,000)	1Q07 Loss Ratio	1Q06 Loss Ratio
Group Protection	$23.1	N/A	72.7%.	N/A
Group Disability	$13.3	N/A	69.5%	N/A
Group Life	$8.6	N/A	75%	N/A

<u>EP/Sales</u>

Line of Business	1Q07 EP ($000,000)	1Q07 Sales ($000,000)	1Q06 EP ($000,000)	1Q06 Sales ($000,000)
Group Protection	$331.3	$60.7	N/A	$64.0
Group Disability	$144.8	$28.6	N/A	$34.2
Group Life	$118.6	$22.7	N/A	$23.6

* includes life, disability & dental

Notable Statements

● Group Protection Business, annualized sales of $61 million were down 5% from a year ago. The drop was primarily in the large case market where we declined to make extraordinary rate demands. We continue to look for opportunities in the large case market with a focus on multi line cases that fit our business model and meet our profitability goals.

● Sales in our voluntary lines, an area of focus for us, were 6% above the quarter a year ago. In addition in our core market which is under 200 lives, we saw an increase in case count in the high single digits.

● After several quarters of predicting a return to more traditional loss ratios in our Group Protection business, we recorded operating earnings of $23 million in the quarter and a loss ratio of just under 73%. It was generally consistent across all products lines. Of note, we did experience elevated mortality claims in our group life business, but we expect that it will return to more normal levels.

● Analyst question about pricing of large case business; what is it that is making tougher for you to get the sales?

Buried in our results were decent results in our core smaller case market which we would define as under 200 lives, that was up actually up 3% period over period. Voluntary sales were up 6% period over period. That is where we concentrate our efforts and our desire to be particularly competitive in those markets. When we get into the large case market, which we do participate in, we get much more particular on the pricing side. We will sit out the pricing from period to period if we don't think it's going to make our return. Period over period results, you may find times when we were particularly successful or unsuccessful. In fact, I think our large case, which we define as cases over 1000 lives, was down some 50% period over period which gives you an idea of the variability.

At any given point in time somebody who has that larger case as their primary market share, they might be defending market share, they may be doing something to chase market share in a particular segment or a particular case and since it's not our main area of focus, we'll let them have it.

Sun

Profit (Net income after tax):

Line of Business	1Q07 Profit ($000,000)	1Q06 Profit ($000,000)
U.S. Group Life & Health (LTD, STD, Stop Loss & Life)	(1.0)	0.0

EP/Sales

Line of Business	1Q07 EP ($000,000)	1Q07 Sales ($000,000)	1Q06 EP ($000,000)	1Q06 Sales ($000,000)
U.S. Group Life & Health (LTD, STD, Stop Loss & Life)	$352	$21	$299	$12

Notable Statements

● We began the quarter with the announcement of GenWorth's U.S. Group Benefit Business. Integration plans continue to progress well and we expect the transaction to close by the end of this month.

● Question about Group Insurance Business in the U.S., analyst noted that other group carriers in the U.S. had already reported earnings for the quarter and they were generally very good while Sun Life's were not. What is it about SLF's Group business in the U.S. that is different that erases the profit in the March Quarter?

I can't speak for others, but I can say that we have seen a pattern that has recurred for the last three years where we have this sort of the experience in the first quarter. I can't really comment on the drivers other than to say that we have seen it repeat.

Summary

Company	Earnings	Sales	EP
Prudential	**Not reported by line of business**	**Dis: $92M(↑24.3%) Life: $103M (↓50%)**	**Dis: $217M (↑9%) Life: $832M (↑5.2%)**
Unum	**LTD/STD: $28.7M (vs $1.2M) Life/AD&D: $49.4M (↑12.5%) Vol WB: $64.3M(↑14.4) Limited: $75.1M (↑38%) Colonial: $59.6M (↑29%)**	**U.S Brokerage LTD: $25.5M(↓40.8%) STD: $15.2M(↑26.7%) Life: $20.1M(↓39%) ADD: $2.0M(↓29%) Vol: $49.4M(↓9.7%) Unum Limited LTD: $16.3M(↑126%) Life: $2.8M(↓9.7%) Other: $1.7M(↑21.4%) Colonial LTD: $42.8M(↑1.9%) Life: $14.3M(flat) Other:$10.5M(↓3.7%)**	**U.S. Brokerage LTD: $471.4M (↓2.9%) STD: $118.7M (↓12%) Life: $280.8M (↓12.3%) AD&D: $32.4M (↓16%) Vol: $99.2M(↑5.1%) Unum Limited LTD: $174.6M (↑18.5%) Life: $38.7M (↑5.4%) Other: $9.0M (↑21.6%) Colonial LTD: $139.7M (↑7.6%) Life: $35.6M (↑18.7%) Other: $48.1M (↑12.9%)**
RSL	**Group: $63.8M(↑24.9%)**	**Dis: $35.1M (↑58.5%) Life: $18.7M (↑3.4%)**	**Dis: $124.8M (↑17%) Life: $88M (↑17.8%)**
Standard	**Group: $67.1M (↑23.6%)**	**LTD: $41.9M (↓5.6%) STD: $12.5M (↓7%) Life/AD&D: $59.2M (↑5.5%)**	**LTD: $206.1M (↑3.4%) STD: $52.9M (↑4.1%) Life/AD&D: $191.1M (↑5.5%)**
Aetna	**Group: $31.3M (↓2.5%)**	**Group:N/A**	**Group: $544.1M (↑2.3%)**
Principal	**Life & Health: $46.2M (↓35%)**	**Dis: $22.9M (↓23.5%) Life:$27.3M (↓22%)**	**Dis: $72.5M (↑22.7%) Life: $83.7M (↑13.4%)**
Cigna	**Group Dis & Life: $60M(↑3.4%)**	**N/A**	**Dis: $227M (↑22%) Life: $279M (↑8.1%)**
Assurant	**Employee Benefit: $29M(↑50.9)**	**LTD/STD: $20.4M (↑53.4%) Life: $11.9M (↑77.7%)**	**LTD/STD: $118M(↓2.8%) Life: $54M (↓8.7%)**
Met	**Not reported by line of business**	**Not reported by line of business**	**Dis: $405M (↑16.7) Life: $1,576M (↑1.6%)**
Hartford	**Group: $66M (↓3%)**	**Dis: $177M (↓4.4%) Life: $156M (↓22.4%)**	**Dis: $470M (↑4.7%) Life: $473M (↑4.9%)**
JP	**Dis: $13.3M Life: $8.6M**	**Dis: $28.6M(↓16.4%) Life: $22.7M (↓4%)**	**Dis: $144.8M Life: $118.6M**
Sun	**U.S. Group: ($1M) (down from $0)**	**U.S. Group: $21M (↑75%)**	**U.S. Group: $352M (↑17.7%)**