SMITH GROUP
DISABILITY & REINSURANCE CONSULTANTS

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Dear Smith Group Client:

We are pleased to provide the 1st Quarter 2015 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 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. The content herein is not intended to provide legal, accounting, or other professional advice, and no liability is or will be accepted or assumed in connection with its use.

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Prudential Financial

Profit (not reported by business line):

Line of Business	1Q15 Profit ($000,000)	1Q14 Profit ($000,000)	1Q15 Loss Ratio	1Q14 Loss Ratio
Group Disability	NA	NA	72.2%	100.5%
Group Life	NA	NA	92.8%	89.6%

EP/Sales:

Line of Business	1Q15 EP ($000,000)	1Q15 Sales ($000,000)	1Q14 EP ($000,000)	1Q14 Sales ($000,000)
Disability	$199	$31	$221	$33
Life	$978	$131	$1,004	$137

Notable Statements

● Group Insurance earnings amounted to $30 million in the current quarter, compared to $6 million a year ago. The increase reflected a substantial improvement in group disability claims experience and lower expenses in the current quarter, partially offset by less favorable group life claims experience.

● In group disability, favorable current quarter experience, driven by fewer new claims and a greater benefit from claims resolutions produced a 72.2% benefits ratio, the lowest in recent years. This compares to a ratio of over 100% a year ago, reflecting an adverse fluctuation in long-term disability claims. While we've taken steps to improve results, including pricing adjustments and enhancement to our claims management processes, we continue to expect that claims experience will vary from one quarter to the next.

Unum

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

Line of Business	1Q15 Profit ($000,000)	1Q14 Profit ($000,000)	1Q15 Benefit Ratio	1Q14 Benefit Ratio
Unum US	$214.3	$210.8	68.3%	70.2%
LTD/STD	$74.3	$67.6	80.1%	83.0%
Life & AD&D	$57.9	$58.7	70.9%	70.3%
US Supp & Vol	$82.1	$81.2	44%	47.3%
Unum UK	$32.6	$36.5	65.3%	70.2%
Colonial	$77.6	$79.1	51.3%	50.5%

EP/Sales

Line of Business	1Q15 EP ($000,000)	1Q15 Sales ($000,000)	1Q14 EP ($000,000)	1Q14 Sales ($000,000)
Unum US	$1,230.2	$248.4	$1,152.5	$211.7
LTD	$405.3	$37.3	$383.5	$32.7
STD	$147.7	$24.0	$137.3	$19.8
Life/AD&D	$367.6	$42.9	$340.5	$41.3
Voluntary/Supp	$309.6	$144.2	$291.2	$117.9
Unum UK	$139.0	$16.7	$151.7	$17.3
LTD	$96.5	$10.6	$103.0	$12.3
Life	$30.5	$5.5	$34.8	$4.0
Other	$12.0	$.6	$13.9	$1.0
Colonial	$332.2	$77.5	$316.4	$72.0
Acc/Sick/Dis	$196.5	$49.3	$189.1	$46.7
Life	$62.3	$15.9	$57.4	$14.2
Cancer & CI	$73.4	$12.3	$69.9	$11.1

Notable Statements

Unum U.S.

● Operating income in our group disability business increased to $74.3 million in the first quarter from $67.6 million a year ago; premium income increased by 6.2%, our strongest rate of growth in many years on strong sales and stable persistency.

● In group disability, the benefit ratio was 80.1% for the first quarter compared to 83% in the year-ago quarter and 83.7% in the fourth quarter. This is one of the lowest benefit ratios we've reported in several years, driven by unusually favorable new claim incidence and continued favorable claim recoveries. We expect the benefit ratio for group disability to revert to more normal levels over the remainder of the year.

● Group life and AD&D operating income declined 1% to $57.9 million. Premium income growth continues to accelerate, increasing 8% in the first quarter, but the benefit ratio was slightly higher at 70.9%, compared to 70.3% in the year-ago quarter

● Unum U.S. sales increased by 17% for the first quarter compared to the year-ago quarter, with strong results in the core market and voluntary benefits. We saw year-over-year growth in all of our primary product lines -- LTD, STD and group life/AD&D which was primarily driven by strong results in the core market segment where sales increased by 21%. We did see our large case sales decline by 6% compared to the year-ago quarter, reflecting our opportunistic approach to that sector of the market as well as the success we saw in 2014. This will create difficult year-over-year comparisons, but we like our positioning in this market.

● With our move in the fourth quarter to lower the Unum US LTD discount rate by 50 basis points, we have been instituting the necessary pricing actions on new sales and renewals in order to maintain a healthy interest margin and reserves.

● We are still seeing little benefit from the economic and employment growth environment at this point.

● The operating ROE remains in the 13% to 14% range, well above industry averages in the group businesses.

Unum UK

● Operating income was GBP $25.5 million for the first quarter, down slightly from the year-ago quarter of GBP $22 million.

● Underlying risk experience in the group life line of business was favorable, reflecting the repricing and repositioning actions taken in this line over the past several quarters. Overall, the margins remain in very good shape for Unum UK, which generated an operating ROE of slightly over 16% for the quarter.

● Sales in Unum UK increased by 6% in the first quarter in local currency. Persistency remained stable in the group disability line at 86.6% and has shown very good improvement in the group life line back to 79.3% for the quarter compared to 69.7% for the year-ago quarter as we move past the re-pricing activities of the past several quarters.

Colonial

● Colonial Life continues to generate strong consistent results with operating income of $77.6 million, a 2% decline from the very favorable year-ago quarter. Claim experience remained generally stable with a benefit ratio of 51.3% for the first quarter compared to an unusually favorable result in the year-ago quarter of 50.5%.

● The underlying profitability of Colonial Life also remained strong, producing an operating ROE of 16.9% this quarter.

● Sales this quarter were strong, increasing 8% with solid performance in the core, commercial, and public sector markets.

Analyst Questions

● I had a question about group sales. Are you seeing better growth for the industry overall at this point or is your strong growth more a reflection of market share gains as some competitors have pulled back?

Response: I think it's a little bit of both. We certainly have seen the economy is slowly improving, and we've also seen the distraction that came with healthcare reform and not that everyone has got ACA figured out, but I think it's starting to settle in a bit. And we are seeing employers and brokers and consultants more focused on our lines of business and that's part of a trend we've seen over the last, I'd say, four or five quarters.

So, I do think we're starting to see some degree of expansion rounding out benefits programs and then there is a bit of business moving between carriers. We've seen industry level ROEs for the group insurance line sort of in the mid-single digits and so there's some work that's ongoing with a number of carriers and that's putting some business out to market as well.

● Just want to follow up on the sales. I think we touched on this last quarter, but as we think about the first quarter results and how you're pricing, are you now fully reflecting in the change to the discount rate that you made as well as the current interest rate environment or do you need to do some more work on pricing if current interest rates remain where they are?

Response: Thanks for the question. What I say is we moved on rates again to the end of last year and into early this year, so what we're putting out for quotes would reflect. What I would tell you is that the sales cycle is such where it takes a little bit of time to fully burn in. So, I would anticipate that actual sales numbers haven't fully felt the latest round of increases given interest rates, but we've begun to see some of that and it will play out over the next couple of quarters.

● I believe you said it's only seen a slight improvement in trends from employment growth, did I hear that correctly? I would imagine that there is an expectation that from a sales perspective maybe -- I'm kind of reading between the lines, that maybe it's a little bit weaker than you expected given employment growth.

Response: Yes. It's actually not a number that comes through sales, it's just kind of natural growth that as companies add employees and as wages increase since the premiums are a function of the overall payrolls of a company; that's the way it would come in, so we call it natural growth because it just kind of happens.

And it's not just employment growth, wages also have a big impact on that and so the economy is growing, it's adding jobs, just thus far it doesn't appear to be adding jobs in the places we have a concentration. There has been a lot of part-time work and lower wage jobs that aren't really flowing through to our premium level right now. We're cautiously optimistic that as the economy continues to improve that we will see some lift from that over time.

Standard Financial Group

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

Line of Business	1Q15 Profit ($000,000)	1Q14 Profit ($000,000)	1Q15 Ben Ratio	1Q14 Ben Ratio
Insurance Services	$74.9	$59.8	77.4%	80.8%

EP/Sales

Line of Business	1Q15EP ($000,000)	1Q15 Sales ($000,000)	1Q14 EP ($000,000)	1Q14 Sales ($000,000)
LTD	$195.1	$29.9	$189.2	$15.5
STD	$60.1	$17.8	$54.3	$8.5
Life & AD&D	$214.3	$64.7	$200.2	$27.7
Other	$21.1	$10.9	$19.2	$10.8
ERR	($12.6)	---	($3.5)	---
Total EB	$478.0	$123.3	$459.4	$62.5

Notable Statements

● Income before income taxes for the first quarter of 2015 was $74.9 million and that compares to $59.8 million for the first quarter of 2014. The growth in income was largely due to more favorable claims experience and higher premiums in employee benefits as well as individual disability.

● Premiums for insurance services were up 4.1%, compared to the first quarter of 2014. The increase in premiums reflected higher persistency in employee benefits along with higher first quarter sales. An increase in proposal activity during 2014 resulted in an increase in sales for the first quarter of 2015 compared to the first quarter of last year.

● Employment levels among our existing customers have increased slightly again this quarter. Although the increase is small, it is continuing the trend within our book of business. While organic growth in our book has not grown at the same rate as overall growth in the U.S. employment data, we do believe that these organic growth trends will continue.

● The discount rate used for newly established long-term disability claim reserves remained at 4.0% for the first quarter of 2015.

● Our individual disability benefit ratio was very low at 44.2% for the first quarter of 2015, compared to a relatively low 54.1% for the first quarter of 2014. The low benefit ratio contributed to record quarterly earnings of $22.7 million for individual disability.

Analyst Questions

● Just a quick question about the strong performance in employee benefits in the quarter. Is there any sense of was it like frequency related or recoveries related? Any color on the strong performance?

Response: The color around claims from employee benefits was not remarkable on any of the areas you just mentioned. We've commented on both closures and incidence in the past, we saw results that were really aligned with our expectations. We did see some strong performance from our life product in the quarter, which is a little contrary into the seasonal nature of the results that we've seen in the past. But that's the only real thing that's notable there.

Aetna

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

Line of Business	1Q15 Profit ($000,000)	1Q14 Profit ($000,000)
Group Insurance (Life, Disability, LTC)	$43.9	$41.2

EP

Line of Business	1Q15 Earned Premium ($000,000)	1Q14 Earned Premium ($000,000)
Group Insurance	$617	$612

- Group insurance benefit ratio at 84.9% versus 87.3% a year earlier

Principal Financial Group

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

Line of Business	1Q15 Profit ($000,000)	1Q14 Profit ($000,000)	1Q15 Loss Ratio	1Q14 Loss Ratio
Specialty Benefits	$29.6	$26.1	63.1%	67.7%
Group Disability	---	---	69.4%	70.5%
Group Life	---	---	68.1%	70.2%

Line of Business	1Q15 EP ($000,000)	1Q15 Sales ($000,000)	1Q14 EP ($000,000)	1Q14 Sales ($000,000)
Disability	$91.9	$29.4	$84.9	$27.6
Life	$88.6	$24.4	$85.5	$17.8

Cigna

Profit (Income from continuing operations, after taxes):

Line of Business	1Q15 Profit ($000,000)	1Q14 Profit ($000,000)
Group Disability & Life	$51	$67

Includes a $51 charge for claim settlement agreement

EP

Line of Business	1Q15 EP ($000,000)	1Q14EP ($000,000)
Disability	$448	$423
Life	$444	$408

Notable Statements

● For Group Disability and Life, first quarter premium and fees increased 7% over first quarter 2014, reflecting growth across the Disability Life and Accident product lines. First quarter earnings in our group business were $51 million, which include unfavorable claims experienced in our life insurance business as well as an expected increase in operating expenses.

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	1Q15 Profit ($000)	1Q14 Profit ($000)	1Q15 Loss Ratio	1Q14 Loss Ratio
Employee Benefits* (includes DRMS)	$10,148	$13,915	69.6%	68.1%

* Employee benefits includes dental, disability & life

EP/Sales

Line of Business	1Q15 EP ($000)	1Q15 Sales ($000)	1Q14 EP ($000)	1Q14 Sales ($000)
LTD & STD	$99,745	$15,789	$102,511	$14,633
Life	$51,336	$14,900	$49,946	$12,377

Notable Statements

● We're exploring strategic alternatives for Health and Employee Benefits including a sale of both businesses. Given their limited strategic fit in our portfolio and the current market environment, we do not believe they can deliver the returns we require. During this process, we will continue to uphold our commitments to customers, policyholders and employees.

● At Employee Benefits, first quarter earnings declined to $10 million, primarily due to lower real estate joint venture partnership investment income. Disability results were less favorable reflecting lower recoveries and the discount rate change implemented last quarter. Benefits expense ratio decreased 80 basis points due to premium growth and savings realized from previous expense actions. We view our enrollment capabilities and broad suite of voluntary products and services including dental to be unique in the market. As we explore strategic alternatives for the segment, we believe these will be viewed as valuable assets for any benefits-focused organization.

Analyst Questions

● If I could ask question on Employee Benefits, you mentioned value proposition to the market. If we look at Employee Benefits segment ROEs over the last two years or so, they've been in this mid to upper single digit level trailing some of the pure-play group provider peers and trailing was low to mid-teen double-digit ROEs if we go back several years ago. What's been the pressure there aside from low rates which everyone seems to be dealing with?

Response: A couple of thoughts on that. We feel very good about the Employee Benefits business and franchise. They do have really strong and unique capabilities, and we've been investing heavily over the last many years now, especially the last three years, four years to really build out the voluntary business and capabilities in the dental. We think those are very attractive assets. And for a owner more focused on healthcare and employee benefits, I think this will be a very positive addition to another company, but that's really been the pressure, somewhat investing, somewhat we've been in the low interest rate environment as well, which puts pressure on the earnings of that segment.

● On the Employee Benefits sale, assuming that you are able to sell it at some point over the next year, do you expect to use a majority of the proceeds for buybacks, and how fast would you buy back if that's the case, or would you be more balanced and wait for potential deals and not speed up buybacks immediately after the deal? Just trying to assess potential dilution from the sale of the Employee Benefits business and the wind-down of the Health business?

Response: For Health and then for Employee Benefits, we're really running two different processes. So with Health, as we've said very clearly, we are attempting to sell the business, and absent a sale, we will move to exit that business. Employee Benefits, we are highly confident in a sale for that business. We believe that there are many attractive capabilities that buyers will value. So, we have robust, thorough processes running for both. It is too early to really speculate on what might come out of those processes. What I would say, though, is go back to where we started in the Q&A. We have a disciplined, capital management strategy, which we've been following for years. We're going to continue to follow.

MetLife

Profit (Operating Earnings after tax, before after-tax investment gains/losses):

Line of Business	1Q15 Profit ($000,000)	1Q14 Profit ($000,000)	1Q15 Loss Ratio	1Q14 Loss Ratio
Group/Voluntary/Worksite	$228	$190	---	---
Group Life	---	---	90.7%	91.9%

EP

Line of Business	1Q15 EP ($000,000)	1Q14 EP ($000,000)
Group Non-Med Health*	$1,708	$1,631
Group Life	$1,583	$1,500

*includes dental, disability, LTC, AD&D, CI and vision

Hartford

Profit (Post-Tax, DAC)

Line of Business	1Q15 ($000,000)	1Q14 ($000,000)
Group Benefits (Disability, Life, Other)	$52	$45

EP/Sales

Line of Business	1Q15 EP ($000,000)	1Q15 Sales ($000,000)	1Q14 EP ($000,000)	1Q14 Sales $(000,000)
Group Disability	$354	$123	$346	$88
Group Life	$365	$148	$388	$79

Notable Statements

● We continue to see favorable trends in our group life and disability loss ratios versus prior year, although the rate of improvement has slowed. Overall book persistency on our employer group block of business is in the low 90s, and we continue to achieve our renewal pricing targets.

● Fully insured ongoing sales were $300 million for the quarter, a strong start to ‘15, and as I have previously indicated. Approximately 25% of the sales gains are win-backs, customers that left us in recent years, but have now come back. We consistently hear that our service capabilities are a key differentiator and the primary reason clients come back. We’re proud of our Hartford team mates who make that value proposition real every day. And we’re continuing to invest in the tools and technology necessary to meet the needs of our customers.

Analyst Questions

● Just wanted to touch on the group benefits business. Obviously, it was a very strong quarter for sales and you cited the benefit from the win-backs. Can you also talk about the contribution from new products? And maybe, also, just discuss the competitive trends that you’re seeing in the group benefits market?

Response: I’ll try to cover a few of those items in the question, which was a good one. Very pleased with the quarter, obviously, a strong sales quarter, our strongest sales quarter in several years. Although I would remind you that we’ve had quarters like that in the past, when this business was really running well for us back in the late 2000s and even into 2010, so pleased with our start to 2015. You can also see that a bit more success has been on the life side.

So as we look at the long-term duration contracts in LTD, strong start, but not as strong, probably, as we had seen on the life contract side, so just something in terms of

marketplace. Yes, we're excited about the new product development over the past several years, and we've got two new voluntary products in market, including a new disability flex product. We have sold several of those deals. I will also tell you that we‘re looking to populate them with employees of the contracts that we've written them on, but I think off to a good start. They're recognized by many of our policyholders, and I think we're going to begin to see that success play out in 2015. So, very pleased with our group benefit start.

● Just any comment on the overall competition? I guess when you've talked about - your comments around competition picking up. Generally, it seems it was more related to P&C. But anything similar that you're seeing on the group benefits side, or is it still a relatively benign environment?

Response: I would say it's a relatively consistent environment, so we see competition there. Maybe a bit more on the LTD side than what we had experienced in the past. And again, what's so interesting about the group benefits world is that, particularly in the national accounts, we're working six months, nine months in advance. So some of the successes we had in the first quarter were really the result of actions and proposals that went on last summer.

But we're feeling good about our ability to be successful in the middle market. That will be an increasingly important part of our group benefit strategy.

Lincoln Financial

Profit (Post tax)

Line of Business	1Q15 Profit ($000,000)	1Q14 Profit ($000,000)	1Q15 Loss Ratio	1Q14 Loss Ratio
Group Protection	($6)	$20	78.1%	74.8%
Group Disability	---	---	79.7%	73.6%
Group Life	---	---	77.7%	76.1%

EP/Sales

Line of Business	1Q15 EP ($000,000)	1Q15 Sales ($000,000)	1Q14 EP ($000,000)	1Q14 Sales ($000,000)
Group Protection	$561	$56	$562	$64
Group Disability	---	$22	---	$26
Group Life	---	$25	---	$31

Notable Statements

● The lack of earnings improvement is disappointing, but does not change our expectations of approaching our target margins toward the end of 2016 to 2017 timeframe. We are beginning to see traction on the actions we have been implementing and are encouraged by the underlying pricing and claims management trends. We remain focused on taking pricing actions aimed at our employer-paid businesses and enhancing claims management to restore profitability.

● First quarter sales of $56 million were down 13% from the same period last year. Our pricing actions continued to put downward pressure on new business opportunities, particularly in the 1,000 plus market, which historically has been a more competitive segment of the market. Looking forward, we see sales growth remaining pressured as we continue to push for rate increases.

● Group Protection fell short of expectations, as we reported a loss from operations of $6 million in the first quarter compared to a gain of $20 million in the prior year. The earnings do mask significant sequential improvement in key metrics. Our non-medical loss ratio improved from 81% in the fourth quarter of last year to 78% this quarter.

● Importantly, our disability loss ratio declined nearly 10 percentage points to 80%. The decrease is largely driven by improvements in our claims management process and is evenly split between the decrease in claim incidence and higher recoveries with both improving by approximately 10%. These positive earnings drivers were offset by a few negative items, including accelerated amortization of DAC and a portion of the elevated mortality I noted upfront.

● In terms of the accelerated amortization of DAC, this was primarily due to our extensive re-pricing of policy renewals. This reduced earnings by approximately $10

million when compared to the fourth quarter. With the first quarter our heaviest renewal period, the amortization impact is greatest in this period.

Analyst questions

● I can move on to group and maybe a little bit more granularity there. If I were to normalize for the accelerated amortization and maybe add in a couple million more for mortality attributed there, we get to modest profitability but still under $5 million, under a 1% margin. And last quarter you spoke about new claims management causing some pressure on incidence and recoveries but expectations to improve those claims management issues within the next 6 to 12 months. So, could you speak about what claims management pressures you may have felt this quarter? And how progress on shoring up those issues is going?

Response: You remember the original issues around claims management process arose when we installed the new system in the middle of next year, and that caused average caseloads per examiner to go up and some of the new process changes that went in place really caused sort of a backup. So we had some things that we needed to fix. As we said, it would be something that we'd fix as we came into the second half of this year. We thought we'd be where we needed to be.

I think we made significant improvement in this quarter and that really drove the significant improvement you saw on the disability loss ratio, as I mentioned it improve nearly 10 points, with a lot of that improvement directly attributable I believe to some of the improvements that we made in the claims management process. We still have a ways to go.

Specifically, I think we have more work to do on bringing average caseloads down per examiner. I think that's still to come. But we made a lot of the process improvements bringing in support for claims examiners, for instance, whether that's nursing support, whether that's support at the managerial level, or whatever it is. So we made a lot of process and supportive improvements, but we still have more to go I think before we get to where we need to be.

● On the group piece, after this first quarter renewal, how much of the book has been re-priced since you started the last major re-pricing initiative? I think it was 30% at the fourth quarter. Do you have a figure of how much has been re-priced at this point?

Response: Yes. So as we mentioned earlier, 30% went through the pipe last year and I think by the end of this year will be at about 80%. As we mentioned, 50% to 60% of this year's goes through in the first quarter. So if you sort of do the math there and apply that, roughly 50% of the premium has gone through the pipeline.

● If I could ask you now about the group insurance. It's still not apparent to me – again, I'd like to sharpen my understanding having listened closely to the last questions about what is not going well here in the following sense. You've described the results as core and I think Randy, you described them as poor. But what we know is that there has been

a significant improvement in incidence. There's been a significant improvement in recovery. You've raised prices sharply. This has led to lapsation, which in turn has triggered a non-cash charge for the accelerated amortization of DAC. So given all that, you're losing customers as you expected, you're getting a better claims experience as you expected. What is not happening that you would like to have seen happened by now? Where are you behind?

Response: I think now we're getting into a little bit of semantics. Our comment simply we're disappointed in a negative quarter in the absolute. That's not a comment with respect to expectations of some of these things that you're talking about. We're just disappointed that we've had a lost quarter.

And as we've said all along, the progress that we're going to make here is not going to be linear. I apologize for repeating this. We still – there's nothing happened at this quarter that we haven't seen – excuse me, that changes our expectations as to getting closer to our margins late 2016, 2017.

I think it's fair to say, and I know that we've been talking about price increases now for a couple of quarters, I think it's fair to say that we have gotten much more aggressive in the last six months with our price increases than we did in the first six months. So it's not that – we're seeing the progress, but we're even getting better increases but those aren't going to show up for a little bit.

And don't forget that it's hard to remember that these price increases are going to flow in over time. You're not getting them all at one time. So I understand the question. There are a lot of variables. I guess we just fall back on we're making good progress and our expectations remain the same.

Sun

Profit (Net income after tax):

Line of Business	1Q15 Profit ($000,000)	1Q14 Profit ($000,000)
Employee Benefits Group (U.S.)	$38	$17

EP/Sales

Line of Business	1Q15 EP ($000,000)	1Q15 Sales ($000,000)	1Q14 EP ($000,000)	1Q14 Sales ($000,000)
Employee Benefits Group (U.S.)	$624	$57	$599	$64

Notable Statements

● Turning to the U.S., we've made good progress in group benefits and the actions taken by Dan Fishbein and his team are having a positive impact on the business. It will take a number of quarters before group benefits achieves its full earnings potential and experience will fluctuate from quarter-to-quarter but it is moving in the right direction. Sales and group benefits overall were lower by 11% as we re-priced its business to balance business growth and profitability.

● In SLF U.S., we benefited from improved results in our group benefits business reflecting better claims management and actions to increase pricing and reduce expenses.

Analyst Questions

● Question on the U.S. group insurance. Just obviously huge rebound relative to Q4 and I don't think this is the quarter that you think is probably the normal run rate. So, I'm just trying to get a sense of what would that normal run rate will be and what were some of the abnormal benefits that came to this quarter? Could you also talk about some of the changes that you've made in terms of cost reductions and claims management and lastly, could you talk about the competitive environment and what you're seeing?

Response: You're obviously noting that we had a very significant improvement in the group result this quarter versus the most recent quarter. As we said on the last call this is a three year process to get to where we ultimately need to be. So, we're probably not ready yet to say what the anticipated results would be in each quarter. But over the next three years, we certainly think we can get to in this three year industry or better than industry level returns.

The first quarter was a good quarter. Just about everything went right. We saw the impact of our price increases and of managing expenses and as you noted investing in claims management. That was also favorable experience in the quarter similar to the fact that there was adverse experience in the prior quarter and that was somewhat of a benefit as well. But we also do believe we saw tangible impacts from the actions that we've taken. As far as your question on claim management investments. Throughout last year we added staff especially in our disability claims management area. Over the past 15 months, we've added about 35 new people in claim management and the primary focus is return to work, getting people back to work sooner and more effectively and we’re certainly seeing impact from that. On your last question on the competition I'll make few comments. One is we've certainly seen the market do some hardening over the past six months; that has been beneficial since we're doing our price actions at that same time. Also, we've also noted that most of our U.S. competitors in their first quarter results have shown some similar favorable experience as we've seen. So, both of those factors are creating a favorable environment for us to continue to make the changes that we're making.

● Can you talk a little bit about the claims management side? Can you talk a little bit about the expense management and what some of the benefits that you’ve seen so far from actions taken there well?

Response: We have been working for a number of months to lower our expense base. And we did see across the U.S., our expenses were $7 million lower in the first quarter compared to the first quarter of last year. And that’s a product of the actions that we’ve been taking and that was certainly a contributor to our improved results in the first quarter. As I mentioned, it’s a balance and some areas we’re investing such as in claim management, but in some areas we’re being more efficient in the way we deploy our resources.

Summary

Company	Earnings	Sales	EP
Prudential	**Not reported by line of business**	**Dis: $31M (↓6.1%) Life: $131M(↓4.4%)**	**Dis: $199M (↓10%) Life: $978M (↓2.6%)**
Unum	**LTD/STD: $74.3M (↑9.9%) Life/AD&D: $57.9M (↓1.4%) Unum UK: $32.6M (↓10.7%) Colonial: $77.6M (↓1.9%)**	**U.S Brokerage LTD:$37.3M(↑14.1%) STD: $24M(↑21.2%) Life/AD&D: $42.9M(↑3.9%) Vol:$144.2M(↑22.3%) Unum UK: LTD: $10.6M(↓13.8%) Life: $5.5M(↑37.5%) Colonial Acc/Dis: $49.3M(↑5.6%) Life: $15.9M (↑12%) Can/CI: $12.3M(↑10.8%)**	**U.S. Brokerage LTD: $405.3M (↑5.7%) STD: $147.7 (↑7.6%) Life/AD&D: $367.6M (↑8%) Vol: $309.6M(↑6.3%) Unum UK: LTD: $96.5 (↓6.3%) Life: $30.5M(↓12.4%) Colonial Acc/Dis: $196.5M (↑3.9%) Life: $62.3M (↑8.5%) Can/CI: $73.4M(↑5%)**
Standard	**Group: $74.9M (↑25.3%)**	**LTD: $29.8M (↑92.3%) STD: $17.8M (↑109.4%) Life/AD&D: $64.7M (↑133.6%)**	**LTD: $195.1M (↑3.1%) STD: $60.1M (↑10.7%) Life/AD&D: $214.3M (↑7%)**
Aetna	**Group: $M (↑6.6%)**	**Group:N/A**	**Group: $M (↑1%)**
Principal	**Specialty Benefits: $29.6M (↑13.4%)**	**Dis: $29.4M (↑6.5%) Life:$24.4M (↑37.1%)**	**Dis: $91.9M (↑8.2%) Life: $88.6M (↑3.6%)**
Cigna	**Group Dis & Life: $51M (↓)**	**N/A**	**Dis: $448M (↑5.9%) Life: $444M (↑8.8%)**
Assurant	**Employee Benefit: $10.1M(↓27.1%)**	**LTD/STD: $15.8M(↑7.9%) Life: $14.9M (↑20.4%)**	**LTD/STD: $99.8M (↓2.7%) Life: $51.3M (↑2.8%)**
Met	**Group/Vol/Worksite: $228M (↑20%)**	**Not reported by line of business**	**Non-Med: $1,708M (↑4.7%) Life: $1,583M (↑5.5%)**
Hartford	**Group: $52M (↑15.6%)**	**Dis: $123M (↑39.8%) Life: $148M (↑87.3%)**	**Dis: $354M (↑2.3%) Life: $365M (↓5.9%)**
Lincoln	**Group Protection: (neg $6M) (+$20M year earlier)**	**Dis: $22M (↓15.4%) Life: $25M (↓19.4%)**	**Group Protection: $561 (flat)**
Sun	**U.S. Employee Benefits Group: $38M (↑123.5%)**	**U.S. Employee Benefits Group: $57M (↓10.9%)**	**U.S. Employee Benefits Group: $624M (↑4.2%)**