SMITH GROUP
DISABILITY & REINSURANCE CONSULTANTS

August, 2011

Dear Smith Group Client:

We are pleased to provide the 2nd Quarter 2011 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.

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Prudential Financial

Profit (not reported by business line):

Line of Business	2Q11 Profit ($000,000)	2Q10 Profit ($000,000)	2Q11 Loss Ratio	2Q10 Loss Ratio
Group Disability	NA	NA	97%	93%
Group Life	NA	NA	90.4%	92.2%

EP/Sales:

Line of Business	2Q11 EP ($000,000)	2Q11 Sales ($000,000)	2Q10 EP ($000,000)	210 Sales ($000,000)
Disability	$304	$30	$278	$19
Life	$1,049	$22	$896	$23

Notable Statements

None

Analyst Questions

● On the Disability business, your margins have kept declining in the last few quarters even as other companies' results for the most part have stabilized. So just wondering how much of this you feel is related to the economy and whether you feel you've got a pricing issue in your book?

Response: Well, the benefit ratio is certainly up from the first quarter, but it's actually down from 270 basis points from the third quarter of last year. So, it is bouncing around but it is higher than we want, clearly. I do think it reflects the economic conditions that are out there. Having said that, in the second quarter, there was good news and there was some bad news. The good news was that the incidence rate decreased and terminations actually increased. But what happened was that there was a severity issue. The severity is up in most part because industries with the increase in the number of claims are the ones we have the fully compensated employees. So, we'll see what happens going forward, but we think we understand the reason why the benefit ratio was up and we'll monitor it carefully.

Unum

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

Line of Business	2Q11 Profit ($000,000)	2Q10 Profit ($000,000)	2Q11 Benefit Ratio	2Q10 Benefit Ratio
Unum US	$218.1	$216.0	79.3%	79.5%
LTD/STD	$78.5	$84.1	84.4%	84.6%
Life & AD&D	$53.2	$51.5	70.3%	70.3%

US Supp & Vol	$86.4	$80.4	79.6%	79.6%
Unum Limited	$54.7	$52.9	54.7%	52.9%
Colonial	$75.2	$73.9	51.2%	48.3%

EP/Sales

Line of Business	2Q11 EP ($000,000)	2Q11 Sales ($000,000)	2Q10 EP ($000,000)	2Q10 Sales ($000,000)
Unum US	$1,220.6	$156.5	$1,216.5	$144.1
LTD	$394.6	$38.3	$413.1	$32.2
STD	$112.8	$17.7	$107.6	$17.1
Life	$274.3	$40.9	$271.4	$36.3
AD&D	$26.8	$3.8	$26.3	$3.7
Voluntary/Supp	$412.1	$55.8	$398.1	$54.8
Unum UK	$175.8	$23.7	$152.9	$32.8
LTD	$107.6	$12.6	$99.6	$13.7
Life	$51.9	$9.7	$39.5	$16.1
Other	$16.3	$1.4	$13.8	$3.0
Colonial	$282.0	$85.7	$267.7	$83.9
Acc/Sick/Dis	$173.1	$58.4	$164.2	$56.1
Life	$46.8	$15.0	$44.1	$15.8
Cancer & CI	$62.1	$12.3	$59.4	$12.0

Notable Statements

Unum U.S.

● Unum U.S. posted 9% growth in new sales this quarter including 19% growth in group LTD sales and 12% growth in our Group Life and AD&D sales. While Unum U.S. Voluntary Benefit sales declined by 14% this quarter, we were up against a very tough comparison from the same quarter last year.

● Unum U.S. operating income increased 1% to $218.1 million in the second quarter. Within Unum U.S., the Group Disability line reported another solid quarter from a risk perspective,

● Group Long-term Disability new claim incidence continues to show some volatility and was slightly higher in the second quarter compared to the first quarter, but was slightly lower than what we experienced in the second half of 2010. As with previous quarters, our claim recovery experience remains solid.

● For the Group Life and AD&D line, results also remain generally stable with the benefit ratio at 70.3% for the second quarter, flat with the year ago quarter and consistent with the 70% benefit ratio the first quarter.

Unum UK

● Sales in Unum U.K. declined by 34% in local currency this quarter due to our pricing actions in that market. We did, however, see an increase in sales to existing customers which is certainly a very good sign to our continued grip in that marketplace.

● Benefit ratio was higher at 69.8% compared to 66% a year ago, reflecting the impact of higher inflation on claim reserves associated with policies containing an inflation linked benefit increase feature and a lower level of claim resolutions in Group LTD, partially offset by favorable claim incidence in Group LTD.

Colonial

● At Colonial, new sales grew approximately 2% this past quarter following a slight decline in the first quarter. The primary driver was stronger sales in the public sector which had been lagging a bit this year.

● We experienced a 1.8% increase in operating income compared to the year-ago quarter. As premium income growth of 5.3%, an unusually strong net investment income was partly offset by a higher benefit ratio

Analyst Questions

● Could you discuss the market conditions in the disability market in terms of pricing, claims incidence and recoveries. Obviously, your margins have been stable for the last several quarters but other companies have seen deterioration.

Response: First, on the competitive side, I think I characterize the marketplace as fairly stable. There seems to be some firming up of pricing stability in the small and mid-market. On the other hand, incumbent carriers continue to vigorously defend their inforce business. And I would say that from a competitive environment standpoint, those factors plus the movement, the steady movement of brokers toward more voluntary benefits, all of that speaks well to our strategy. On the risk side of disability our loss ratio is operating in a pretty normal range. We take a look at incidence on a regular basis. We see some volatility but in no particular segment or industry. Mostly, we experienced a normal level of noise for the time of the year in the same way that we did in 2009, 2010. We're continuing to monitor the economy. We constantly adjust our pricing to fit what's going on in the economy. We adjust our target markets and we stay pretty disciplined around our core market focus. We continue to develop our renewal program the same way we've done in the past. And so I'd say, in general, we feel like we're on top of the risk situation in disability, and we think market conditions bode well for growth for us.

● Looking at persistency trends this quarter, should we start to infer perhaps somewhat slower momentum heading into next year? And I guess tied to that, obviously there was some fairly flat premium growth this year.

Response: I think persistency is pretty stable and it was virtually stable in every single line of business. There was a little bit of that downtick in Group Life, I think, primarily

driven by a couple of expected sort of large case terminations. Otherwise, very stable. I think that's a reflection, to some extent, of our customer relationship metrics which are all extremely sound on the customer satisfaction side. I think it's also a reflection of a little bit of market inertia. I think that cases out to bid seem to be at a lower level over the last year or so, than they had been in prior years. Probably, it's a reflection a little bit of more stable pricing in the marketplace, and so there's less opportunity to go to bid and get a better deal maybe. So, I expect persistency to sort of hold up and stay about where it is. And then I think on the flat premium side of the question, I think that's more a reflection of lack of employment growth and the lack of wage inflation and that's really sort of all about the economy. Also as you remember, last year and the year before, we were lagging on, what we call NBOC (new business old contract) sales to existing customers, primarily driven, I think, by customers tightening up a little bit and sitting tight on their benefits. We did see some uptick two out of the last three quarters now in terms of NBOC sales, and that would have a positive impact on 2012, 2013 premium if that continued.

● Now that you're now heading into the renewal season, I assume that the pencil is sharpened up, perhaps. What sort of premium increase do you think we're going to see this year, rate increase?

Response: I think we'll probably be in the low single-digits going forward. I think some of it will be a reflection of sort of the natural aging of the block, a little bit of a reflection of our normal triage process, where we identify where we need to get those rate increases. The increase this year has been about 2%, although the asked increase on cases that terminated was at 8%. So I'd expect to see sort of in that thing kind of range and we'll also monitor some of the activity that's going on with the Social Security administration around their approval rates and to what extent that we think that Social Security offsets could be under pressure, then we'd be moving rates up there as well. So, I'd say that we'll be in the low single digits.

● I did want to ask about Social Security, so I think you just handled that. I think what you're telling me or telling us is that if that Social Security comes under pressure that, that would affect you negatively and that you would have to take actions?

Response: Yes. Basically, if Social Security changed their approval practices and we started to see fewer approvals if you will, then we'd have to price for that. But I think we're well prepared for that. We have a very robust and well structured renewal program that's been very successful for us over the last 5 years. We will just start to build that into pricing over time.

● I was thinking more along the lines of, say, whatever Congress comes into commission, vis-à-vis potential cuts to Social Security.

Response: In terms of Social Security benefit design? It's very hard to prognosticate about that. There's so much politics involved in that particular question to what what's real and what's not real. I'll be very surprised if Social Security disability benefits, in

terms of benefit design, are cut. I think what's more likely is they might tighten up their claim management practices a little, given the economic pressures that they're under and that's really what I'm referring to.

And just as the background point, it's worth noting too that a very small percentage of those who actually have disability benefits actually have private disability insurance, so it's a very, very small piece of the puzzle actually.

● On the voluntary side, you had obviously a tough comparison this quarter. Have you seen the dynamic there change at all or is it still good increasing demand?

Response: On our side of it (Colonial), we're still seeing a good opportunity out there in the market. I think Rick and Tom mentioned earlier the success we had specifically in the public sector. We continue to have very strong new account sales in that part of the market. Although there certainly are continuing economic headwinds, we're all very aware of that, I think the general trend towards more employee responsibility for their benefits serves us well and is going to continue to create opportunities for us.

At Unum U.S., we're very bullish on voluntary. I think, the tough comparison is driven by two very large takeover cases last year, existing voluntary plans that moved from another company to us and that was worth about $8 million to $10 million. So, voluntary sales would have been up in this quarter other than that comparison. We see more brokers everyday getting in to the voluntary business. Our voluntary core market sales are growing, our voluntary case sales have been steadily growing and our smaller case in the marketplace are growing via the Simply Unum platform. Our voluntary sales associated with group grew 23%. So I think all in all, we're looking pretty good. The pipeline is feeling pretty good as well.

● And then last question, just on the disability underwriting results and how those who have held in so well, so if I understand it correctly, over the last several quarters, you've had very good claim recovery results that have offset slight pickup in incidents. On the claim recovery side, can you give us a little bit more in terms of what's going on underneath the covers there? Is there any diminishing return benefit that's going to go away, or is that a sustainable trend where you think you can continue to see good claim recoveries even if the employment picture sort of remains where it is today?

Response: I'm very confident in the consistency of performance in our claims management operation. I think they're very much on top of managing their inventory, they're very much on top of quality control and quality assurance reviews. I think they pay close attention to what's going on with Social Security. I think they are very careful about managing the claims practices right to the contract. I think we've improved steadily over the last five years in terms of relationship management with claimants and with claimant’s employers, and between our doctors and claimant’s doctors. And I don't see any reason we won't be able to sustain that claim recovery performance.

Reliance Standard Life (RSL)

Profit (Operating income, pre-tax):

Line of Business	2Q11 ($000)	2Q10 ($000)	2Q11 Loss Ratio	2Q10 Loss Ratio
Group (LTD, STD, Excess WC, Life, Travel Accident, Dental)	$73,083	$65,320	68.6%	67.6%

EP/Sales

Line of Business	2Q11 EP ($000)	2Q11 Sales ($000)	2Q10 EP ($000)	2Q10 Sales ($000)
Disability (mostly LTD)	$142,502	$26,169	$136,674	$23,718
Life	$104,155	$13,502	$95,928	$19,728

Notable Statements

● Second quarter premiums increased 6% to $270 million, our highest premium growth rate in the last two years. Premium growth benefitted from strong production in the second half of 2010 and in the first quarter of 2011 and from improved persistency in the first and second quarters of 2011.

● Group Employee Benefits Combined Ratio was 93.8%, down 80 basis points from the second quarter of last year and down 150 basis points from the combined ratio for the full year of 2010.

● We are seeing the effects of better pricing and actions that we took at RSL to address higher than expected LTD claims incidence. We are encouraged with the results that we've achieved so far this year but we're not declaring victory yet. We are continuing to monitor this industry wide issue very closely particularly as unemployment rates have remained historically high for an extended period of time.

Analyst questions

● In terms of heightened LTD claims incidence, do you think that you've turned the corner? In other words, is the worst behind you?

Response: We're not prepared to declare complete victory but we do feel like we have a pretty good handle on the situation. We like the results that we're seeing right now. We think that we're on top of the situation but it's something that we remain very attentive

to. The impact of the underwriting guidelines, price changes and claims management changes that we've made we think have made a big difference for us.

Standard Financial Group

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

Line of Business	2Q11 Profit ($000,000)	2Q10 Profit ($000,000)	2Q11 Ben Ratio	2Q10 Ben Ratio
Insurance Services	$37.7	$68.7	84%	78.9%

EP/Sales

Line of Business	2Q11EP ($000,000)	2Q11 Sales ($000,000)	2Q10 EP ($000,000)	2Q10 Sales ($000,000)
LTD	$201.4	$9.3	$197.9	$10.8
STD	$52.5	$5.2	$50.6	$4.6
Life & AD&D	$224.5	$20.1	$209.6	$23.5
Other	$20.2	$3.1	$20.5	$3.7
ERR	($5.7)	---	$4.6	---
Total EB	$492.9	$37.7	$483.2	$42.6

Notable Statements

● For the second quarter of 2011, the group insurance benefit ratio was 84.8% and was driven by long-term disability claims incidence that remains elevated but consistent with our experience for the first quarter. To put this in perspective for you, incidence in the second quarter of 2011 continues to be about 12% above historical average incidence levels.

● We continue to see a correlation between incidence levels and the employment growth of our customers. For those groups with moderate employment growth, we see only a slight increase in incidence in the second quarter of this year compared to the second quarter of 2010. In contrast, however, incidence in groups with no growth in employment increased 11%; and for groups with moderate employment losses, incidence increased 15% when compared to the second quarter of 2010.

● We actually observed some improved incidence levels in selected sectors that are currently experiencing employment growth in the national economy. These sectors include computer services, retail, and wholesale. As you know, these sectors are relatively minor components of our overall block of business.

● We also saw some moderate improvement in our higher education sector. In contrast, incidence levels in our K-through-12 education and public sectors remain elevated when compared to historical norms.

● In response to these recent claim trends, we have taken pricing action to get our profitability back to targeted levels. In the second quarter, we implemented targeted price increases on our LTD business that were on average in the high single digit range. These pricing increases apply to both new sales and renewal business.

● Pricing will take some time to roll out until we move through our heavier renewal seasons. As an example, by the end of this year, we will have had an opportunity to re-price approximately one-third of our current business. By the end of 2012, we will have the opportunity to re-price approximately three-fourths of our current business.

● In the second quarter, group insurance premiums increased 2% compared to the second quarter of last year as solid sales and persistency more than offset unfavorable organic growth.

● Moving on to our discount rate and our new money rate; in the second quarter, we lowered our discount rate used for newly established long-term disability claim reserves by 25 basis points to 5.25%.

Analyst questions

● What is your sense of what's your competitors have been doing on the pricing front? And we pose the question to get some perspective on the relative increase and how aggressive your competitors are at following the early in the year increase and potentially midyear?

Response: We're hearing reports from the street that there is some price firming particularly in the smaller case segment out there. We've been hearing about price firming sort of across the board from competitors. We didn't always see it; now we're starting to see a little bit more of it. We still seem to be surprised in the more mid-to-large case market how willing some folks seem to be to go to four, five-year rate guarantees of below current in-force rates, it just sort of seems to keep popping up not from the same folks but it's a place that we're not willing to go right now.

● It would appear that what's happening is there are more and more questionable claims or soft tissue claims or claims that can't be easily diagnosed on a physician's X-ray. So if that is in fact what's going on why is the right answer only to raise prices? Or to put my question differently, don't we need to have a conversation about what StanCorp is doing to put a lid on claims that you really shouldn't be paying because the disability isn't compensable in the first place?

Response: Hello Eric, couple of foundational elements just so that because they provide the right context to your question. The first is when – and Greg alluded to it in his comments, we have not seen the rising incidence in the current economic environment historically and that goes back several decades. So the dip in the economy that we've seen historically did not produce some of the same reactions in our book.

At the same time that we didn't see them early in the current recessionary period as well, it's only the longer, more entrenched nature of the current economic environment that has ultimately driven us way down even to those tax-based entities such as states and education that historically have been resilient for us that we're starting to see that or have seen that over the last couple quarters. That correlation did not occur historically.

The other kind of foundational element I think you may have mentioned this in a prior call is that pricing and incidence are not the same thing; pricing doesn't drive incidence. In other words, the insured block for instance from a prior year that's performing well, we might see incidence spike and we've seen some of that in more recent periods.

We have a couple of outliers; I'd like to just really to point those out because it also alludes to your point here. Vintage years 2005 and 2007 both have improved in incidence over the last two quarters. And so this is not a very homogeneous kind of picture across every element, higher education for example, which a lot of our higher education is not tax based, has also improved in incidence.

The last point that you made really around the claimants themselves and claims management and are these claimants truly disabled is one that we watch very closely and we believe that we have one of the best benefits management organizations in the business. And as we look at those various conditions what you might call soft tissue claims, more subjective conditions, we're seeing consistent performance in acceptance rates and the diligence with which we evaluate those disabilities has not changed and closures and return to work and recoveries have been very consistent as well.

● So the incidence of soft tissue subjective claims doesn't stand out? In other words, if we were to sort of disaggregate this increase in incidence, we wouldn't see soft tissue claims and more subjective claims standing out?

Response: We've seen increases in that category but ironically we've seen increases in the cardiac category as well as in the nervous system. So it is pronounced but this is not the only one.

There is a premise in your argument that leans towards subjective claims but ironically even though we haven't seen historically the economic impact that we're seeing this time, many of our competitors have reported increase in very serious disabilities during hard economic times. And, anecdotally this might be supported with the notion of people who are in very bad condition sometimes using work as therapy.

So, in fact, we have seen it with some of our own employees who are in very bad condition when they come to work and in hard economic times that choice may move in a different direction. So, we've seen for the industry as a whole in hard economic times report increase in subjective claims but also report increases in more difficult claims too.

Aetna

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

Line of Business	2Q11 Profit ($000,000)	2Q10 Profit ($000,000)
Group Insurance (Life, Disability, LTC)	$44.4	$44.4

EP

Line of Business	2Q11 Earned Premium ($000,000)	2Q10 Earned Premium ($000,000)
Group Insurance	$499.5	$517.0

Notable Statements

● Group Insurance benefit ratio was 87.5% versus 87.4% a year earlier.

Principal Financial Group

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

Line of Business	2Q11 Profit ($000,000)	2Q10 Profit ($000,000)	2Q11 Loss Ratio	2Q10 Loss Ratio
Specialty Benefits	$25.9	$24.0	68.2%	68.0%
Group Disability	---	---	69.4%	67.6%
Group Life	---	---	67.4%	68.8%

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

Line of Business	2Q11EP ($000,000)	2Q11 Sales ($000,000)	2Q10 EP ($000,000)	2Q10 Sales ($000,000)
Disability	$68.8	$11.6	$66.9	$8.0
Life	$80.9	$9.1	$79.4	$7.8

Notable Statements

● Turning to Specialty Benefits, operating earnings improved 8% from a year ago to $26 million driven by membership growth and stable loss ratio results, which are key drivers

of profitability. Specialty Benefits had sales of $60 million this quarter, up 23% over second quarter 2010.

Cigna

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

Line of Business	2Q11 Profit ($000,000)	2Q10 Profit ($000,000)
Group Disability & Life	$88	$89

EP

Line of Business	2Q11 EP ($000,000)	2Q10 EP ($000,000)
Disability	$335	$289
Life	$319	$297

Notable Statements

● In our Disability business, we measure success by our ability to help customers regain their health and get back to work. How do we achieve this success? One key element is our unique ability to leverage the expertise of our Health Care business, both information and clinical, with our leading disability management programs. After all, when you think about it, a medical event is most often the root or cause of a disability claim, be it a slip and a fall, a mental health issue or a maternity leave. We are not just talking about cross-selling our disability programs to our health care clients. That is certainly an opportunity for us. What I'm referring to is coordinating our health care capabilities and disability capabilities to deliver differentiated value for our customers and clients. This means working to help people regain their health and stay healthy.

● For Group Disability and Life, second quarter results were strong overall as this business continues to deliver value to our market-leading Disability Management model, which focuses on early customer engagement and leverages CIGNA's proven clinical capabilities.

● Premiums and fees grew 10% quarter-over-quarter, including solid growth from our targeted Disability business. Second quarter earnings in our group business were $88 million. Earnings include the impact of favorable accident claims experience, a charge related to a litigation matter, as well as a net favorable impact of $30 million after-tax related to a reserve study on our Group Disability business.

● We continue to expect full year earnings from the International and Disability and Life businesses to each be in the range of $275 million to $295 million as these businesses continue to perform well and in line with our expectations.

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	2Q11 Profit ($000)	2Q10 Profit ($0000)	2Q11 Loss Ratio	2Q10 Loss Ratio
Employee Benefits* (includes DRMS)	$8,532	$12,393	73.9%	69.2%

* Employee benefits includes dental, disability & life

EP/Sales

Line of Business	2Q11 EP ($000)	2Q11 Sales ($000)	2Q10 EP ($000)	2Q10 Sales ($000)
LTD & STD	$110,022	$9,485	$121,880	$7,257
Life	$49,207	$7,098	$48,728	$5,188

Notable Statements

● At Assurant Employee Benefits net operating income was $8.5 million, the year-over-year decrease was due primarily to less favorable disability and life experience including the previously discussed impact of lowering the reserve discount rate. Improved dental results partially offset the decline.

● Assurant Employee Benefits continues to be challenged by a lack of job creation. This hurts revenue and creates a difficult environment for returning claimants to work. While we are disappointed with overall profit results, we are encouraged by the improvements we are achieving in our dental business.

● During the quarter, overall sales increased led by the growth in our voluntary products. Local and regional brokers are increasingly interested in voluntary products in the aftermath of healthcare reform.

● Disability incidence rates remain in line with expectations, however, disability experience in the second quarter continued to reflect lower claim recovery rates. Second quarter net earned premiums were down compared to the second quarter of 2010, and we expect full year 2011 premiums to be down as well. The decrease reflects pricing actions on a block that previously assumed disability business and lower prior year sales. Growth in voluntary and supplemental products improved persistency in our primary book and signs of organic growth are partially
offsetting the overall premium declines.

MetLife

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

Line of Business	2Q11Profit ($000,000)	2Q10 Profit ($000,000)	2Q11 Loss Ratio	2Q10 Loss Ratio
Non-Medical	$198	$328	87.5%	87.8%
Group Life	$175	$139	62.1%	66.6%

EP

Line of Business	2Q11 EP ($000,000)	2Q10 EP ($000,000)
Non-Medical	$1,462	$1,472
Group Life	$1,818	$1,841

Beginning with 4Q09, Met started reporting disability results lumped in with other non-medical coverages (Dental, LTC)

Notable Statements

●We're encouraged that more rational pricing seems to be returning to the group life and disability markets, particularly for larger cases.

● Our disability results continue to improve due to lower claims incidence but we saw lower recoveries in the quarter.

Analyst questions

● One last question if I could, the one thing that does stand out about Met's results is the Group results are certainly holding up better than most peers, can you comment on what's going on behind the scenes there, is it pricing, is it the results you're seeing on the claims side or just better, where do you think you're at? And if peers are struggling a bit, do you think the market may, is it showing any signs of hardening, too?

Response: Let me give you some perspective on the Group market overall. The results that you're seeing, I think, are clearly reflective of the disciplined approach that we've taken to managing this business over the last several years. And I've talked about on earlier calls and at an Investor Day about the aggressive pricing that we've seen in the Group market. You've seen our Group market top line results slow as a result of our unwillingness to chase the market on price. And I think what you're really seeing now is that the earnings power of this business is really coming through because we've been very disciplined about how we price and our claim results have been very, very strong. I think a great example of that is the Disability business. We hear some of our peers are struggling in that business and what I will tell you that the results, the claim results of that business continue to be affected by macroeconomic trends, higher incidence rates and lower recovery rates. We were very early to recognize that and began pricing that into our business as early as 2009 and certainly through 2010. And so our loss ratios have held up

pretty well during that because of the fact that we increased our denominator because we raised our prices. But we paid the price for that in terms of growth in that business. What we're starting to see is we're starting to see the market harden. If we look at deals that we're quoting on for 2012, which tend to be in the large case market, the pricing seems to be a little bit more rational and we seem to be getting our share of deals at prices that we're happy with. So we think the market is starting to move in our favor and I think you're going to see the Group business grow again, both top and bottom line, at more historical rates.

Hartford

Profit (Pre-Tax and DAC)

Line of Business	2Q11 ($000,000)	2Q10 ($000,000)
Group Benefits (Disability, Life, Other)	$41	$48

EP/Sales

Line of Business	2Q11 EP ($000,000)	2Q11 Sales ($000,000)	2Q10 EP ($000,000)	2Q10 Sales $(000,000)
Group Disability	$452	$41	$469	$43
Group Life	$512	$48	$514	$55

● This quarter, we saw some signs of progress. The loss ratio improved slightly to 78%, largely due to disability incidence and termination rates. While still above historic norms, this is a 30 basis percent improvement from last year. Like Liam said, it is too early to call this a trend, but we are pleased to see this stabilize.

Lincoln Financial

Profit (Post tax)

Line of Business	2Q11 Profit ($000,000)	2Q10 Profit ($000,000)	2Q11 Loss Ratio	2Q10 Loss Ratio
Group Protection	$26.1	$22.7	73.4%	75.5%
Group Disability	$17.2	$6.6	69.4%	78.6%
Group Life	$8.9	$16.1	76.1%	69.7%

EP/Sales

Line of Business	2Q11 EP ($000,000)	2Q11 Sales ($000,000)	2Q10 EP ($000,000)	2Q10 Sales ($000,000)
Group Protection	$460.2	$67.1	$433.7	$65.2
Group Disability	$189.8	$30.7	$181.7	$28.2
Group Life	$173.6	$23.6	$160.3	$23.4

* includes life, disability & dental

Notable Statements

● In the Group Protection segment, non-medical net earned premium grew 7%, which, despite a soft sales environment, continues to benefit from good persistency and pricing increases. Non-medical loss ratio for the quarter came in at 73.4%, continuing the trend of improvement seen in the first quarter. Embedded in this quarter's number is a 50-basis point reduction in the discount rate of 4.25% for 2011 new claim incurrals. This increased the loss ratio by about 1% for the quarter.

● Premium growth, improving loss ratios and strong investment income drove earnings of $26 million, up 15% from the second quarter of 2010. I think that we still need to be somewhat cautious in this business as unemployment levels in the economy pressure incidence. That continues to run above our long-term expectations, although down from the highs seen at the end of 2010. So while some caution is still called for, there's an encouraging development to see loss ratios responding to the actions that we've taken, including premium increases and additional resources applied to claims management.

Analyst Questions

● And then just maybe a little color on the Group business. I mean the loss ratios have at least stable to modestly improved. You mentioned, I think, some increased pricing. Could I get a little color around what type of pricing increases were seen in dental and long-term disability?

Response: But now to your specific question. We've taken two actions to help improve the loss ratios with two principal actions. One was to raise pricing and the second one was to increase resources on our claims management area. Let me speak to your specific question first, which is pricing. It's a little bit easier to measure pricing increases on renewals because you know exactly what you had and exactly what you're getting. So there on the non-dental business, we're getting about a 3% pop in pricing. On the non-dental business, we're a little bit north of 9%. So we're getting targeted price increases that we had hoped to achieve. On new business, across the board on the non-dental products, we've raised prices about 3%, so within that same range. And on dental, similarly. And at the moment, we're not having to discount too much in terms of pricing on a case, so that low-single digit is what we're achieving. And again, we're pretty happy to be able to do that. On the claim claims management, we are making good strides, particularly helped by some new sophisticated programming that we use to identify claims that have the most likelihood and opportunity to be managed. So across the board, good price increases and a lot more investment in technology to improve our claim management capability.

Sun

Profit (Net income after tax):

Line of Business	2Q11 Profit ($000,000)	2Q10 Profit ($000,000)
Employee Benefits Group (U.S.)	$11	$14

EP/Sales

Line of Business	2Q11 EP ($000,000)	2Q11 Sales ($000,000)	2Q10 EP ($000,000)	2Q10 Sales ($000,000)
Employee Benefits Group (U.S.)	$506	$81	$482	$94

● Employee Benefits Group sales were down 14% due to lower Stop Loss and Dental sales

Summary

Company	Earnings	Sales	EP
Prudential	Not reported by line of business	Dis: $30M (↑57.9%) Life: $22M (↓4.4%)	Dis: $304M (↑9.4%) Life: $1,049M (↑17.1%)
Unum	LTD/STD: $78.5M(↓6.7%) Life/AD&D: $53.2M (↑3.3%) Limited: $54.7M (↑3.4%) Colonial: $75.2M (↑1.8%)	U.S Brokerage LTD: $38.3M(↑18.9%) STD: $17.7M(↑3.5%) Life: $40.9M(↑12.7%) AD&D: $3.8M(↑2.7%) Vol:$55.8M(↑1.8%) Unum Limited LTD: $12.6M(↓8.1%) Life: $9.7M(↓40%) Colonial Acc/Dis: $58.4M(↑4.1%) Life: $15.0M (↓5.1%) Can/CI:$12.3M(↑2.5%)	U.S. Brokerage LTD: $394.6M (↓4.5%) STD: $112.8M (↑4.9%) Life: $274.3M (↑%) AD&D: $26.8 (↑1.9%) Vol: $412.1M(↑3.5%) Unum Limited LTD: $107.6M (↑8%) Life: $51.9M (↑31.4%) Colonial Acc/Dis: $173.1M (↑5.4%) Life: $46.8M (↑6.1%) Can/CI: $62.1M(↑4.5%)
RSL	Group: $73.1M(↑11.9%)	Dis: $26.2M(↑10.3%) Life: $13.5M(↓32%)	Dis: $142.5M (↑4.3%) Life: $104.2M (↑8.6%)
Standard	Group: $37.7M (↓45%)	LTD: $9.3M (↓14%) STD: $5.2M (↑13%) Life/AD&D: $20.1M (↓14.5%)	LTD: $201.4M (↑1.8%) STD: $52.5M (↑3.8%) Life/AD&D: $224.5M (↑7.1%)
Aetna	Group: $44.4(flat)	Group:N/A	Group: $499.5M (↓3.4%)
Principal	Specialty Benefits: $25.9M (↑7.9%)	Dis: $11.6M (↑45%) Life:$9.1M (↑16.7%)	Dis: $68.8M (↑2.8%) Life: $80.9M (↑1.9%)
Cigna	Group Dis & Life: $88M(↓1.2%)	N/A	Dis: $335M (↑15.9%) Life: $319M (↑7.4%)
Assurant	Employee Benefit: $8.5(↓31.2%)	LTD/STD: $9.5M(↑30.7%) Life: $7.1M (↑36.8%)	LTD/STD: $110M (↓9.8%) Life: $49.2M (flat)
Met	Non Medical: $198M (↓39.7%) Life: $175M (↑25.9%)	Not reported by line of business	Non-Med: $1,462M (flat) Life: $1,818M (↓1.3%)
Hartford	Group: $41M (↓14.6%)	Dis: $41M (↓4.7%) Life: $48M (↓12.8%)	Dis: $452M (↓3.7%) Life: $512M (flat)
Lincoln	Dis: $17.2M(↑160%) Life: $8.9M(↓45%)	Dis: $30.7M(↑8.9%) Life: $23.6M (flat)	Dis: $189.8M (↑4.5%) Life: $173.6M (↑8.3.%)
Sun	U.S. Employee Benefits Group: $11M (↓21.5%)	U.S. Employee Benefits Group: $81M (↓14%)	U.S. Employee Benefits Group: $506M (↑5%)