August 2016

Dear GC Smith Group Client:

We are pleased to provide the 2nd Quarter 2016 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.

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About GC Smith Group

Smith LTD Management Group, Inc. is a disability and reinsurance consultant and a subsidiary of Guy Carpenter & Company, LLC, which is a global leader in providing risk and reinsurance intermediary services. Guy Carpenter is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), a global team of professional services companies offering clients advice and solutions in the areas of risk, strategy and human capital.

GUY CARPENTER

HEALTHCARE & LIFE SPECIALTY PRACTICE

Prudential Financial

Profit (Pre-tax):

Line of Business	2Q16 Profit ($000,000)	2Q15 Profit ($000,000)	2Q16 Loss Ratio	2Q15 Loss Ratio
Group Insurance	$89	$75	86.6%	86.5%
Group Disability	NA	NA	76.3%	77.5%
Group Life	NA	NA	88.6%	88.3%

EP/Sales:

Line of Business	2Q16 EP ($000,000)	2Q16 Sales ($000,000)	2Q15 EP ($000,000)	2Q15 Sales ($000,000)
Disability	$196	$21	$172	$14
Life	$998	$24	$955	$10

Notable Statements

● Group Insurance produced very good underwriting margins with a benefit ratio in the quarter modestly more favorable than our target range. Group Insurance is also showing improved top line growth, following a multiyear effort focused on improving underlying results.

Unum

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

Line of Business	2Q16 Profit ($000,000)	2Q15 Profit ($000,000)	2Q16 Benefit Ratio	2Q15 Benefit Ratio
Unum US	$227.2	$202.8	69.1%	71.2%
LTD/STD	$74.4	$61.2	80.0%	83.4%
Life & AD&D	$56.9	$52.5	71.5%	73.1%
US Supp & Vol	$95.9	$89.1	46.8%	46.4%
Unum UK	$36.9	$38.3	70.1%	70.7%
Colonial	$77.9	$77.6	51.1%	50.4%

EP/Sales

Line of Business	2Q16 EP ($000,000)	2Q16 Sales ($000,000)	2Q15 EP ($000,000)	2Q15 Sales ($000,000)
Unum US	$1,299.4	$187.9	$1,236.4	$185.3
LTD	$432.9	$48.3	$409.4	$51.9
STD	$156.2	$24.9	$151.6	$32.4
Life/AD&D	$383.6	$55.3	$369.3	$48.7
Voluntary/Supp	$326.7	$59.4	$306.1	$52.3
Unum UK	$140.8	$23.0	$142.2	$20.5
LTD	$95.5	$14.6	$99.4	$14.4
Life	$27.3	$5.4	$30.4	$4.7
Other	$18.0	$3.0	$12.4	$1.4
Colonial	$351.4	$108.5	$335.9	$95.8
Acc/Sick/Dis	$205.9	$70.1	$198.1	$60.4
Life	$67.7	$21.7	$63.3	$18.6
Cancer & CI	$77.8	$16.7	$74.5	$16.8

Notable Statements

Unum U.S.

● For the second quarter, premium income growth in Unum U.S. was driven by strong persistency and sales trends over the past several quarters. Total sales increased slightly in the second quarter with very strong performance in the voluntary and supplemental lines offsetting a small decline in our employee benefit lines where markets remain competitive.

● In total for LTD, STD and Group Life we saw an overall decline in sales of 3.4% with core market sales down 9.9% while large-case sales increased 12.8% reflecting continued success in our ongoing efforts to increase penetration within existing customers.

● The profitability of our Unum U.S. segment remained very strong with an operating ROE of 15.1% for the second quarter of 2016. Within the Unum U.S. segment, operating income in our Group disability business was $74.4 million in the second quarter of 2016, an increase of 21.6% over last year.

● In Group Disability, premium income increased 5% over the year-ago quarter, but pressure on net investment income continues driven primarily by lower portfolio yields. The benefit ratio was quite positive at 80.0% for the second quarter, compared to 83.4% in the year ago quarter as we continue to see lower new claim incidence and favorable claim recovery trends in our Group LTD line along with shorter claim durations in our Group STD line.

● Group Life and AD&D operating income improved to $56.9 million for the second quarter an increase of 8.4% from the year-ago quarter. Premium income grew 3.9% over the year-ago quarter with the benefit ratio improved to 71.5% for the second quarter, compared to 73.1% in the year-ago quarter, aided by favorable Group Life waiver of premium claims experience.

● Operating income in the supplemental and voluntary lines was also very strong at $95.9 million in the second quarter of 2016, an increase of 7.6%, over the year-ago quarter.

Unum UK

● Operating income was £25.7 million for the second quarter, an increase of 2.8% over the year-ago quarter. Premium income increased 5.7% over the year-ago quarter, driven by the acquisition of NDP and its growth of the Group Disability line.

● The benefit ratio was 70.1% for the second quarter, a slight improvement relative to the 70.7% in the year-ago quarter as favorable risk experience in the disability line offset some unfavorable experience in the lifeline. Overall profitability of the Unum U.K. segment remains quite strong, with an operating ROE of 20.9% for the second quarter.

● It's too early to tell what the long-term impact that Brexit will have on our Unum U.K. operations. The lower exchange rate will impact our results deeply in third quarter. We do not expect to see much if any impact to our risk result. However, if implement trends and wage inflation slowdown in U.K. and interest rates remain under pressure, we could see some negative impact to our premium growth and investment income trends.

Colonial

● Colonial Life continue to generate strong, steady results with operating income of $77.9 million in the second quarter of 2016, compared to $77.6 million in the year-ago quarter.

● Premium income increased 4.6% and the benefit ratio was 51.1% for the second quarter compared to 50.4% for the year ago quarter due primarily to less favorable mortality experienced in the Life product line.

● Sales trends at Colonial Life remain very strong increasing 13.3% for the second quarter and 14.5% for the first half of the year. Growth continues to be well balanced between the commercial market sector and the public sector and between sales to existing customers and sales to new accounts.

Analyst Questions

● In your prepared remarks you mentioned the competitive landscape for the traditional line seems to be picking up a little bit. Can you go into a little detail in terms of what you're seeing in the traditional lines and then also can you comment on the voluntary business as well?

Response: So you've heard us start talking about the new client acquisition pricing in the group lines probably about three quarters ago, we started to see it get a little bit more aggressive and we've certainly seen this cycle many times before. We're not going to chase market share using price as a lever and so we have seen some pressure on sales.

We can't really control the competitive pricing environment. So we stay focused on what we can control, which is first and foremost taking care of our clients. Rick and Jack mentioned it before but persistency is over 90%, sales into these relationships were actually up 10% in the quarter and helped to drive an overall increase in sales and you put that together with persistency and you got really nice earned premium growth.

A big part of what we're bringing into those client relationships as you highlighted is the voluntary line of business, 14% growth in the quarter really over the last several years, it's been a consistent growth story for voluntary as more and more the employee the decision maker. We see that in the Unum branded business. We also see that in the really strong results coming out of Colonial line.

● As you think about growth, can you may be give us a little bit more detail in terms of what is driving the large case market success that we've seen for the past couple quarters? Is it mostly with current customers or are you winning share with some new customers?

Response: Yeah, great question. I appreciate it and you hit the nail on the head, it's almost entirely selling into those existing client relationships and we talked about an aggregate persistency rate of about 90%. We're actually a tick or two higher than that in our large employer market.

So these are long term clients that we've been able to grow quite effectively through cross selling, re-enrolling, contract changes and the like. So we're encouraged about that, this is also selling season for the large employer market. Many of them make changes to their benefit plans with a January 1st effective date and to be implemented those decision need

to be happening now and we feel like we're competing effectively, but maintaining our discipline here through the new case sales season.

● And are you seeing any divergence in terms of the comparative landscape between the large case and may be the core, middle-to-small case markets?

Response: Yeah, I would say across the Board it's reasonably competitive where we feel at most acutely would be in the middle market. So that's typically employers in the 250 to 5,000 life segment.

Typically you've got competitors in the space that are focused in the large case but they will go down into the mid and then you have small employer focus carriers that will go elephant hunting and that takes them up into the mid. So, pretty much it can be a crowded space and when prices get a little bit soft we find it's a difficult place to write business within our pricing parameters, but again its much work to be done between now and the end of the year and we feel like we get a good value proposition to take into the market, but that's where we probably felt it most acutely.

Aetna

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

Line of Business	2Q16 Profit ($000,000)	2Q15 Profit ($000,000)
Group Insurance (Life, Disability, LTC)	$74.0	$63.8

EP

Line of Business	2Q16 Earned Premium ($000,000)	2Q15 Earned Premium ($000,000)
Group Life	$291.2	$309.9
Group Disability	$240.3	$218.5

Principal Financial Group

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

Line of Business	2Q16 Profit ($000,000)	2Q15 Profit ($000,000)	2Q16 Loss Ratio	2Q15 Loss Ratio
Specialty Benefits	$66.5	$51.4	61.7%	65.2%
Group Disability	---	---	60.0%	69.8%
Group Life	---	---	59.1%	61.9%

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

Line of Business	2Q16EP ($000,000)	2Q16 Sales ($000,000)	2Q15 EP ($000,000)	2Q15 Sales ($000,000)
Disability	$105.8	$13.6	$95.8	$13.3
Life	$100.6	$10.6	$91.1	$10.0

Notable Statements

● Specialty benefits quarterly pretax operating earnings were a strong $67 million, an increase of 29% from the prior-year quarter, primarily due to a favorable loss ratio. The loss ratio was driven by positive claims volatility within our expected range, continued investments in our claims process and technology and strong underwriting and renewal practices. We expect the specialty benefits loss ratio to trend back over the next few quarters towards recent trailing 12-month levels with normal quarterly volatility.

● Specialty benefit continues to deliver above-market growth with a 7% increase in premium and fees on a normalized trailing 12-month basis. Normalized pretax return on premium and fees and specialty benefits was very strong, at the top-end of our targeted range.

Cigna

Profit (Income from continuing operations, pre-tax, post realized investment gains/losses):

Line of Business	2Q16 Profit ($000,000)	2Q15 Profit ($000,000)
Group Disability & Life	$6	$163

EP

Line of Business	2Q16 EP ($000,000)	2Q15 EP ($000,000)
Disability	$477	$446
Life	$442	$441

Notable Statements

● The quarterly results were significantly below our expectations in both Disability and Life businesses. The poor performance in Disability is a result of modifications made to the disability claim process, coming into the first quarter this year, where we are investing additional resources in the upfront medical review of claims to conduct further physical examinations, perform deeper medical history reviews and enhanced documentation.

These modifications has resulted in longer claim cycles, thereby increasing the disability durations and our claim inventory which has contributed significantly to the unfavorable financial impact we have experienced in the first-half of 2016 for this business.

We are currently making the investments necessary to strengthen the operational processes in a manner that will provide an improved customer experience as we lower claim volatility and further improve the quality of decisions, all at a lower operating cost. While we have to realize the long-term benefits associated with these changes, it is important to recognize that they are both customer-friendly and aligned with regulatory best practices.

As a result, our disability operating results are expected to improve over the balance of 2016 and into 2017, as these changes take hold. And see this differentiated disability model with unique focus on productivity and health continues to deliver value for our customers and clients as evidenced by our sustained growth and stable performance up to this point.

● To round out group insurance and add to the disability pressure in the second quarter, our Group Disability and Life earnings were significantly impacted by unfavorable life claims. Where claims emerged unfavorably early in the quarter, claims in last month of the quarter were more in line with our expectations. It is important to know for context,

we have had periods of life claim volatility in the past and expect life claims to run closer to historic levels over the balance of the year.

● Regarding the Group Disability & Life business, we now expect full year earnings in 2016 in the range of $40 million to $80 million. Group Disability and Life earnings are well below our previous expectations and reflect results to date and continuing pressure over the balance of the year.

Analyst Questions

● Would you mind just stepping into little more detail on the Group Disability & Life and help us understand the $0.90 lower outlook? How much of that is Life? I gather on the Life side, that's just pure variability; there really isn't any causation that you can point to nor any reason why we should expect that to repeat. On the Disability side, how much of it is because you put in this new systems process that you missed some of the claims expense from earlier periods or maybe I'm misunderstanding what it is?

Response: Let me try to paint the picture on your various questions for both the Disability and Life piece. First, just to frame our group insurance business has been a strong and consistent performer. We recognize we're having an out of pattern year. We understand that and as I noted in prepared remarks, we are taking specific steps to improve that.

Let me talk about Disability first and then Life and I think I'll put all your questions into that context. From the Disability standpoint, first, we made operating changes to our business processes. Very importantly, these are not systemic changes or changes in technology. These are business process changes starting at the first quarter of this year with a goal of improving our customer service, driving further efficiency and effectiveness over the long-term, all while complying with emerging regulatory best practices.

It's clear that the operational disruption is more significant and prolonged than we have planned for. Importantly, our customers continue to see good strong service. However, as we noted, the financials have suffered. We're already seeing improvement in the patterns as we go through the second quarter. So we see the pattern improving and expect to continue to see that improve throughout 2016 and as we step into 2017.

These are not catch-ups for prior year claims. Don't think about it that way. It's operational process changes of meaningful magnitude and we're already seeing improvements to the pattern and we will see improvements throughout 2016 and into 2017.

Relative to the Life book, your basic hypothesis is right, we have a meaningful book that over time has performed very well. Unfortunately, from time to time our Life book of business has a temporary dislocation or spike. And the second quarter of this year was one of those years. Order of magnitude, operating-wise in the quarter, about $45 million

after-tax; it's important to note that the claims did settle back, generally speaking, within historical patterns by the end of the second quarter.

Additionally, as you'd expect, we conducted a variety of detailed analyses to see if there were any other unique causes to this pattern, and we found none. Also, as we noted, we completed reserve study in the second quarter, that resulted in a reserve strengthening of about $17 million after tax. So when you think about Life, taken together from an operating standpoint and from the reserve standpoint, altogether a little more than $60 million after tax.

So net-net, clearly not happy with the results, we clearly believe they're temporary. Life will recover more quickly for the reasons you stated and disability will continue to recover throughout the remaining portion of 2016 and into 2017. As to the latter part of your question, you could think about the current year change in the outlook. It's split roughly 50-50 between the two lines of business.

MetLife

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

Line of Business	2Q16 Profit ($000,000)	2Q15 Profit ($000,000)	2Q16 Loss Ratio	2Q15 Loss Ratio
Group, Voluntary & Worksite	$221	$231	--	--
Group Life	---	---	85.7%	86.1%

EP

Line of Business	2Q16 EP ($000,000)	2Q15 EP ($000,000)
Group Non-Medical Health	$1,773	$1,656
Group Life	$1,572	$1,531

Group Non-Medical Health includes dental, disability, LTC, AD&D, CI, Vision and other health.

Notable Statements

● The Group Life mortality ratio was 85.7%, favorable to the prior year quarter of 86.1% and the low end of the annual target range of 85% to 90%. We experienced lower claim severity versus the prior year quarter.

Hartford

Profit (Pre-tax and investment gains/losses)

Line of Business	2Q16 ($000,000)	2Q15 ($000,000)
Group Benefits (Disability, Life, Other)	$75	$76

EP/Sales

Line of Business	2Q16 EP ($000,000)	2Q16 Sales ($000,000)	2Q15 EP ($000,000)	2Q15 Sales $(000,000)
Group Disability	$363	$45	$358	$27
Group Life	$376	$31	$376	$28

Notable Statements

● Moving on to group benefits, although core earnings down from last year, the business continues to perform well and is operating from a strong market position with solid returns. The decline in core earnings was driven primarily by lower net investment income and higher group life mortality claims.

● On the top line, fully insured ongoing premium was up 1% for the quarter. Overall book persistency on our employer group block of business continues to hold around 90%. Fully insured ongoing sales were $80 million for the quarter, a 38% increase over second quarter 2015. We feel competitive pressures in this business, particularly in long-term disability, but had strong sales this quarter due to a large new account.

Analyst Questions

● You mentioned some increasing competition in group. Anything you can elaborate on there?

Response: You know, in the disability lines, we've just felt our hit ratios - meaning success ratios - have not been where they had been the prior couple of years. So as we look at the first half of 2016, I would've expected a few more wins in that category.

We see a little bit more challenging times in what I would describe as the middle market area of group. So in that 500 to 2,000 life case, our success has not been the same as it has been in the national account space. I know we are stronger. We've had a traditionally very strong platform in national, but we have leaned into that middle market hard with resource and talent the last couple of years.

So I think that is the ground. And it actually reminds me a bit of the P&C side, where I see a lot of the softer market conditions in that middle market of P&C. I see the same area in disability.

Lincoln Financial

Profit (Pre-tax)

Line of Business	2Q16 Profit ($000,000)	2Q15 Profit ($000,000)	2Q16 Loss Ratio	2Q15 Loss Ratio
Group Protection	$23	$30	72.5%	73.6%
Group Disability	---	---	74.8%	75.4%
Group Life	---	---	70.4%	72.0%

EP/Sales

Line of Business	2Q16 EP ($000,000)	2Q16 Sales ($000,000)	2Q15 EP ($000,000)	2Q15 Sales ($000,000)
Group Protection	$478	$71	$567	$62
Group Disability	---	$30	---	$23
Group Life	---	$25	---	$26

Notable Statements

● Turning to Group Protection, we are well on our way to restoring the profitability and long-term growth potential of our Group business. Our non-medical loss ratio continues to improve as we benefit from our repricing efforts and enhancements to claims management functions. Sales momentum continues, as sales increased 15%. This marks another quarter of sales growth as the market disruption from our aggressive renewal repricing strategy has clearly subsided. In addition, as our renewal price increases moderate, we are beginning to see improvement in our renewal persistency. We expect premiums to stabilize in the back half of the year, and premium growth to reemerge in 2017.

● Group Protection earnings of $15 million were below the $19 million reported in the prior year quarter, but well above the $5 million reported in the first quarter, as DAC amortization returned to more normal levels, as expected. The decline in earnings versus the prior year is due to lower premiums and investment income. Loss ratios continue to benefit from our pricing and claims management actions. Our non-medical loss ratio improved to 72.5% this quarter from 73.6% in prior year quarter. The year-over-year improvement was driven by favorable loss ratios in all product lines: life, disability and dental. Non-medical earned premiums declined by 11% year-over-year. Lower renewal persistency and sales owing to our repricing initiatives have clearly provided a headwind to growth. However, as Dennis mentioned, we expect premium growth to reemerge next year, given positive leading indicators. Notably, sales increased 15% in the second quarter, marking our second straight quarter of sales growth, while renewal persistency increased to 76%, a nearly 20 percentage point improvement from the first quarter. As a result, we are confident top-line growth will provide the next lever for margin improvement.

Analyst Questions

● Looking at Group Protection, I hear Dennis and Randy's remarks talk about the improvement in margin will hinge on the premium growth or getting new sales of new business. Looking at your sales growth and also some of the market commentary related to pricing being a little bit more aggressive right now, can you talk about what you're seeing in the marketplace and how your current pricing of the new business relative to your assumptions?

Response: Let me first respond to the competition in the marketplace. We don't see any significant change in that. I know other companies may have referred to some increased competition. But in the markets that we serve, we are not seeing a significant difference in competitiveness from the first quarter or actually from last year. And, remember, most of our sales are in the 1,000employee and below category and also 30% to 40%, I forget the number, are in the employee voluntary space. So I start with the premise from what we can see there's not been a significant change in the competitiveness or pricing in the marketplace. It could be different for other companies that have different segments than we do.

Sun

Profit (Pre-tax):

Line of Business	2Q16 Profit ($000,000)	2Q15 Profit ($000,000)
Employee Benefits Group (U.S.)	$23	$34

EP/Sales

Line of Business	2Q16 EP ($000,000)	2Q16 Sales ($000,000)	2Q15 EP ($000,000)	2Q15 Sales ($000,000)
Employee Benefits Group (U.S.)	$908	$121	$614	$81

Effective March 1, 2016, Sun's results have included Assurant's Employee Benefits acquired business.

● Sales in U.S. Group Benefits were up by $40 million over the prior year, reflecting strong contributions from the Assurant employee benefits business. Integration activities are well on track, including expense synergies and earnings targets. In June, we combined the Sun Life and Assurant sales organizations and presented ourselves to the market as one company with top tier capabilities in each of the main categories in the ancillary benefits market.

Summary

Company	Earnings	Sales	EP
Prudential	**Group Insurance: $89M(↑18.7%)**	**Dis: $21M(↑50%) Life: $24M(↑140%)**	**Dis: $196M(↑14%) Life: $998M (↑4.5%)**
Unum	**LTD/STD: $74.4(↑21.6%) Life/AD&D: $56.9M(↑8.4%) Unum UK: $36.9M(↓6.1%) Colonial: $77.9 (flat)**	**U.S Brokerage LTD:$48.3M(↓6.9%) STD: $24.9M(↓23.1%) Life/AD&D: $55.3M(↑13.6%) Vol/Supp: $59.4M(↑13.6%) Unum UK LTD: $14.6M(↑1.4%) Life: $5.4(↑14.9%) Colonial Acc/Dis: $70.1M(↑16.1%) Life: $21.7M(↑16.7%) Can/CI: $16.7M(flat)**	**U.S. Brokerage LTD: $432.9M (↑5.7%) STD: $156.2M (↑3%) Life/AD&D: $383.6M (↑6.6%) Vol: $326.7M(↑6.7%) Unum UK LTD: $95.5M(↓3.9%) Life: $27.3(↓10.2%) Colonial Acc/Dis: $205.9M (↑3.9%) Life: $67.7M(↑7%) Can/CI: $77.8M(↑4.4%)**
Aetna	**Group: $74.0M (↑16%)**	**Group:N/A**	**Group Life: $291.2M (↓6%) Group Dis: $240.3M (↑10.0%)**
Principal	**Specialty Benefits: $66.5(↑29.4%)**	**Dis: $13.6M(flat) Life: $10.6M(flat)**	**Dis: $105.8M(↑10.4%) Life: $100.6M(↑10.4%)**
Cigna	**Group Dis & Life: $6M(+$163M year ago)**	**N/A**	**Dis: $477M(↑7%) Life: $442M (flat)**
Met	**Group: $221M (↓4.3%)**	**Not reported by line of business**	**Group Non Medical: $1,773M(↑7.1%) Life: $1,572M(↑2.7%)**
Hartford	**Group: $75M (↓1.3%)**	**Dis: $45M(↑66.7%) Life: $31M(↑10.7%)**	**Dis: $363M(↑1.4%) Life: $376M(flat)**
Lincoln	**Group Protection: $23M(↓23.3%)**	**Dis: $30M(↑30.4%) Life: $25M(↓3.8%)**	**Group Protection: $478M(↓15.7%)**
Sun	**U.S. Employee Benefits Group: $23M(↓32.4%)**	**U.S. Employee Benefits Group: $121M (↑49.4%)**	**U.S. Employee Benefits Group: $908M(↑47.9%)**