SMITH GROUP
DISABILITY & REINSURANCE CONSULTANTS

November 2017

Dear GC Smith Group Client:

We are pleased to provide the 3rd Quarter 2017 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	3Q17 Profit ($000,000)	3Q16 Profit ($000,000)	3Q17 Loss Ratio	3Q16 Loss Ratio
Group Insurance	$61	$62	---	---
Group Disability	NA	NA	78.7%	80.4%
Group Life	NA	NA	87.0%	88.6%

EP/Sales:

Line of Business	3Q17 EP ($000,000)	3Q17 Sales ($000,000)	3Q16 EP ($000,000)	3Q16 Sales ($000,000)
Disability	$220	$12	$199	$13
Life	$965	$23	$953	$29

Notable Statements

● Group Insurance earnings were $61 million for the quarter, compared to $62 million a year ago. More favorable underwriting results were offset by higher expenses and a lower contribution from net investment spread results, as returns on non-coupon investments and prepayment fees were about $10 million above our average expectations in the year-ago quarter.

● The Group Insurance benefits ratio was below the low end of our targeted range of 87% to 91%, reflecting favorable group life and disability results. The contribution to current quarter results from underwriting experience net of a related adjustment to deferred acquisition costs, was about $10 million more favorable than the low end of our expected range.

Unum

Profit (Pre-tax and net realized investment gains/losses):

Line of Business	3Q17 Profit ($000,000)	3Q16 Profit ($000,000)	3Q17 Benefit Ratio	3Q16 Benefit Ratio
Unum US	$258.4	$231.0	67.7%	69.4%
LTD/STD	$90.0	$85.4	76.7%	78.6%
Life/AD&D	$60.1	$53.4	71.4%	72.6%
US Supp & Vol	$108.3	$92.2	48.4%	50.0%
Unum UK	$26.5	$28.2	74.9%	71.8%
Colonial	$81.7	$79.0	51.8%	51.6%

EP/Sales

Line of Business	3Q17 EP ($000,000)	3Q17 Sales ($000,000)	3Q16 EP ($000,000)	3Q16 Sales ($000,000)
Unum US	$1,360.9	$161.8	$1,315	$133.6
LTD	$435.2	$31.1	$428.1	$24.3
STD	$161.1	$20.7	$155.5	$11.7
Life/AD&D	$407.2	$35.1	$388.7	$31.1
Voluntary/Supp*	$357.4	$74.9	$342.7	$66.5
IDI	$104.4	$20.4	$125.6	$16.4
Voluntary Ben	$210.8	$44.8	$197.1	$45.6
Dental & Vision	$42.2	$9.7	$20	$4.5
Unum UK	$131.5	$16.5	$127.3	$19.4
LTD	$87.0	$6.5	$85.5	$11.6
Life	$26.7	$7.8	$24.9	$6.1
Other	$17.8	$2.2	$16.9	$1.7
Colonial	$378.7	$106.9	$354.1	$104.2
Acc/Sick/Dis	$222.3	$66.5	$207.7	$67.0
Life	$74.6	$22.6	$68.0	$20.9
Cancer & CI	$81.8	$17.8	$78.4	$16.3

***Voluntary & Supplemental includes IDI, voluntary benefits and dental/vision**

Notable Statements

Unum U.S.

● Within Unum U.S., group disability produced an outstanding quarter, with before-tax operating income of $90 million, an increase of 5.4% over last year. Premium income increased 2.2%, and the benefit ratio improved to 76.7% from 78.6% a year ago.

● As expected, favorable incidence trends in LTD and lower prevalence rates in STD have more than offset the impact of the 50 basis point reduction in the discount rate for new claim incurrals that we implemented in the fourth quarter of 2016.

● The group life and AD&D line produced a strong quarter, with operating income of $60.1 million, an increase of 12.5% over last year. Premium income increased 4.8%, and the benefit ratio improved to 71.4% from 72.6% last year, primarily driven by lower incidence and average claim size in our group life product line.

● The supplemental and voluntary lines had a record quarter, with $108.3 million in operating income, an increase of 17.5% over last year. Premium income continued to grow at a healthy pace, with voluntary benefits line increasing 7% and the individual disability line increasing 2%, excluding the impact of the reinsurance treaty we entered into in the fourth quarter of 2016.

● In addition, the dental and vision line, which we acquired in August of last year, contributed $42.2 million of premium income versus $20 million last year. The improvement in operating income for the segment was driven by improved benefits experience in both VB and IDI, favorable expenses and favorable DAC development.

● Sales for Unum U.S. for the third quarter rebounded strongly, increasing 21.1% over last year. Sales were particularly strong for LTD, increasing 28%, STD increasing 76.9% and individual disability increasing 24.4%. We saw a decline of 1.8% in voluntary benefits sales in the quarter, primarily driven by volatility in the large case sector. For the year-to-date, our VB sales were up 12%, and we expect to see better growth in the fourth quarter, given our pipeline of activities.

●The addition of the dental and vision product line contributed $9.7 million of sales versus $4.5 million last year, and we continued to see a strong level of quote activity being generated in this product line. Persistency for our group product lines is lower than the year-ago levels, but has improved relative to the first half of the year and remains well within our expectations.

Unum UK

● Unum U.K. continues to be impacted by the uncertain environment brought on by last year's Brexit vote. Third quarter operating earnings reflect this challenge, declining by 6% from last year to GBP 20.2 million. Our premium income did pick up slightly this quarter, increasing 3.6% in local currency due to growth in the in-force block resulting from prior-period sales and stable persistency.

● That Unum U.K. benefit ratio was 74.9% for the third quarter, an increase from 71.8% last year, driven by higher claims incidence and lower claim recoveries in the group disability line and the impact of inflation-linked increases in benefits as well as the 80 basis point reduction to our discount rate for new claims, which we implemented in the first quarter.

● Risk experience in the group life line improved over the year-ago quarter due to a lower average claim size. Although the quarter was an unusually difficult one for Unum U.K., we believe that business will continue to feel pressure as the U.K. works through the uncertainty surrounding Brexit.

● Unum U.K. sales for the third quarter declined by 14.2% in local currency. This decline was driven by lower group long-term disability sales, which was only partially offset by sales growth in the group life and supplemental line, particularly dental and group critical illness.

Colonial

● Colonial Life's benefit ratio ticked up to 51.8% this quarter from 51.6% last year, with less favorable experience in the cancer and critical illness lines, offsetting improved experience in the life and accident, sickness and disability lines.

● Sales momentum for Colonial Life continues to be positive, increasing 2.6% over the year-ago quarter. Sales growth in the core commercial segment helped to drive this growth, along with increased sales in the public sector. We also continued to see good trends, with new account sales increasing 4.7%, while sales to existing accounts increased 1.5%. Persistency for Colonial Life remains stable at 79%.

Analyst Questions

● Can you give us some sort of initial indications on this consumer reception due to new medical stop-loss product? And what do you see as sort of the long-term growth potential in that market for you guys?

Response: Yes, sure. So we entered the market officially quoting 1/1/18 effective business a little over 60 days ago. And we've actually been very positively surprised, actually, with the rapid growth in quote activity. So those decisions tend to be made very close to the effective date. So we'll have to wait and see how the fourth quarter plays out. But we're excited about that as an extension of our brand and a new way to leverage the distribution relationships that we have out there in the market.

● First question just on the M&A environment, given the large transaction that was recently announced. In the past, when we've seen deals like this, has that, historically, been a pretty favorable environment in terms of your ability to win business as major competitors may be in transition.

Response: Let me give you a couple of comments on that. First of all, when you think about M&A and us, it's something we'll continue to be active in. It's something that we'll be disciplined on. I think it's probably the first and foremost. So I think I'd mentioned that about the environment. You mentioned a specific deal that was announced this week. I mean, I won't get in too much detail, but these are two competitors that are consolidating in the large case market.

And I'd say, they have similar capabilities. And so when you see that out there, I think that we're going to continue to be very competitive in that space. Ultimately, we'll see in the market. But I think that the team out there today on a large case basis has really been on a good run. We're providing a lot of value to our customers, and we'll continue to do that.

● And then on the Unum U.S. business. Can you remind us just how much of a drag are you seeing in the benefit ratio from the discount rate adjustment you made last year? And where are your thoughts in terms of potentially making a similar adjustment in 2017?

Response: So I think we said the discount rate adjustment was worth about $7.5 million a quarter when we made it last year. We expected that the favorable trends we're seeing both in recoveries and incidence would more than offset that. That's played out according to our expectations.

We feel comfortable at least at this point with where our investments are and where our interest rates are. We're still doing our reserve adequacy work, but there's nothing there that would lead me to suspect we would take another action this year.

● Any comment on the natural growth in payrolls in the quarter? Are you seeing any uptick there?

Response: I'd say, pretty consistent with what we've seen over the last couple of quarters, we are seeing a bit of natural growth come through a bit, more so on the salary side, given our mix, than on the job growth, but a bit muted still from what we've seen in prior expansion cycles. I would note, though, that on the earned premium side, persistency continues to improve a bit quarter-over-quarter. And as we look forward, I'd expect that sort of slow improvement to continue as well.

● Both you and the industry have been experiencing favorable underwriting results in U.S. group for a number of quarters now. I guess, do you think this is just a function of disciplined pricing in recent years and the improving economy and employment picture? Or has something else changed in terms of risk assessment or claims handling that's improving results?

Response: Yes, sure. So I think it's probably much more the former than the latter. We have seen a bit of improved submitted incidence kind of very gradually over the last 8 or 10 quarters. But when I look at industry reports on profitability and the like, it does appear that pricing and underwriting discipline has been a driver as well.

Aetna

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

Line of Business	3Q17 Profit ($000,000)	3Q16 Profit ($000,000)
Group Insurance (Life, Disability, LTC)	$53	$27.1

EP

Line of Business	3Q17 Earned Premium ($000,000)	3Q16 Earned Premium ($000,000)
Group Life	$294	$285
Group Disability	$248	$241

Notable Statements

● In October 2017, Aetna entered into a definitive agreement under which Aetna will sell a substantial portion of its Group Insurance segment consisting of its domestic group life insurance, group disability insurance and absence management businesses. The transaction is expected to close in early November 2017.

● Income before income taxes and pre-tax adjusted earnings increased primarily due to higher underwriting margins in Aetna's disability products, partially offset by lower underwriting margins in Aetna's life products.

Principal Financial Group

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

Line of Business	3Q17 Profit ($000,000)	3Q16 Profit ($000,000)	3Q17 Loss Ratio	3Q16 Loss Ratio
Specialty Benefits	$83.8	$73.9	60.7%	65.0%
Group Disability	---	---	58.5%	67.4%
Group Life	---	---	62.1%	67.4%

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

Line of Business	3Q17EP ($000,000)	3Q17 Sales ($000,000)	3Q16 EP ($000,000)	3Q16 Sales ($000,000)
Disability	$120.4	$17.1	$105.8	$13.9
Life	$104.5	$12.6	$100.9	$11.9

Notable Statements

● We continue to invest in our voluntary worksite solutions and specialty benefits as well with the launch of our new accident insurance product.

● Mortality and morbidity were favorable for the quarter and benefited Individual Life and Specialty Benefits

Analyst Questions

● A question on the group space. Can you talk about some of the market dynamics that you see, especially in your core small case market, especially given Specialty Benefits have been growing at a very nice pace?

Response: Some of the market dynamics, especially in the small space, are that the small employers are really feeling optimistic, you've noted that more seeing that out in the industry. So when you're looking at things that are coming out guidance on regulation, guidance on trying to make access to capital easier, those are the things that small business owners get excited about it. And so when I look at the dynamics in the industry, small business owners tend to be ones that really take seriously their obligation to take care of their employees.

So we don't have to come in and talk to them about having a great set of benefits. It really come down to they want to get the right benefits out there. So one of the dynamics is, when they're optimistic, when they're feeling excited, they're going to make investments in their employees. And those investments in their employees benefit companies like Principal. So we end up getting a larger share of wallet with them, we end up having a closer relationship and just doing the right things with them.

So I'd say one market dynamic is increased optimism. You'll see things like employment growth, when you look at our total employment growth numbers, what we're seeing is about 1.4% we mentioned this last quarter on a trailing 12 months basis. But when you look under the covers, if you're a group that

employees less than 200 employees, it's closer to 2%, it's 1.9% on a trailing 12 months basis. So one of the other things we're seeing is employment growth that is even over pronounced in the small market.

So small market employment growth is there, optimism is there, and their willingness to take care of their employees is there. And all of those things formulaically really benefit Principal and then the broader industry as a whole.

Cigna

Profit (Pre-tax and excluding realized investment gains/losses):

Line of Business	3Q17 Profit ($000,000)	3Q16 Profit ($000,000)	3Q17 Loss Ratio	3Q16 Loss Ratio
Group Disability & Life	$97	$65	76.3%	80.4%

EP

Line of Business	3Q17 EP ($000,000)	3Q16 EP ($000,000)
Disability	$493	$485
Life	$432	$446

Notable Statements

● For Group Disability and Life, third quarter premiums and fees were just over $1 billion. Third quarter earnings in our Group business increased 38% to $73 million, reflecting favorable claims experience in both our Disability and Life businesses.

● Regarding the Group Disability and Life business, we now expect full-year 2017 earnings in the range of $275 million to $285 million, an increase of $5 million to $15 million over previous expectations, reflecting strong third quarter results.

MetLife

Profit (Pre-tax and excluding realized investment gains/losses):

Line of Business	3Q17 Profit ($000,000)	3Q16 Profit ($000,000)	3Q17 Loss Ratio	3Q16 Loss Ratio
Group Benefits	$241	$186	---	---
Group Life	---	---	85.0%	89.3%

EP

Line of Business	3Q17 EP ($000,000)	3Q16 EP ($000,000)
Group Non-Medical *	$1,628	$1,663
Group Life	$1,641	$1,592

*Group Non-Medical includes dental, disability, long-term care, AD&D, critical illness and vision.

Note that going forward, Met's U.S. business will be organized into three businesses, Group Benefits, Retirement & Income Solutions and Property & Casualty. Group benefits will include life, dental, STD, LTD IDI, AD&D, CI, vision, A&H and prepaid legal.

Notable Statements

● Group Benefits sales were up 22% year-to-date, with growth across all products and markets. Sales are at near record levels, as a large case market has seen more activity in 2017, and we are winning in line with our expectations. We've also seen persistency continue to be favorable, and good sales growth in our midsize and small employer markets, fueled by continued strong voluntary sales momentum.

Analyst Questions

● A question on group, where you and the industry have seen another quarter of very strong underwriting results. And I was just hoping you could comment on what you see is driving the trends for this, and do you see anything that suggests results could continue to trend favorably versus your target benefits ratios?

Response: So, as you mentioned, this has been a strong underwriting quarter in Group Benefits. Group life mortality in particular was very favorable, at the low end of our target range. This was driven by lower incidence and a positive prior year development in reserve release. So, I mean, I would expect longer-term trends to be at the midpoint of the range that we had provided, 85 to 90. Our non-medical health results were also favorable and below the low end of the range, and that's been driven by dental trends. So group underwriting results can be volatile, as we know, quarter-to-quarter. So I wouldn't choose the third quarter as a trend, I would say.

Hartford

Profit (Pre-Tax and net realized capital gains/losses)

Line of Business	3Q17 ($000,000)	3Q16 ($000,000)
Group Benefits (Disability, Life, Other)	$100	$86

EP/Sales

Line of Business	3Q17 EP ($000,000)	3Q17 Sales ($000,000)	3Q16 EP ($000,000)	3Q16 Sales $(000,000)
Group Disability	$368	$43	$360	$30
Group Life	$382	$20	$381	$26

Notable Statements

● I'm very excited about today's announcement of our acquisition of Aetna's group benefits business. Group Benefits is a core underwriting business for us, with a stable risk profile, strong returns and good growth opportunities. Combined, we will have about $5 billion in annual premium, making us one of the top two companies in the market. We are pleased about the opportunity to deploy capital in a business that we know well and can efficiently integrate and grow. We thoroughly understand the fundamentals of this business, the customer expectations and distribution channel dynamics. Together, the strategic and financial benefits of this acquisition will create long-term shareholder value and strengthen our leadership in Group Benefits and P&C.

● The combination of these businesses is compelling. Combining our two organizations, which together insure about 20 million individuals, is a unique opportunity to accelerate The Hartford's strategic objectives for Group Benefits, namely growing our voluntary product premium base and increasing our presence in the Middle Market segment. This deal positions us to achieve these goals. It also achieves our customer digital enablement objectives and provides a superior claims leave management platform that we will be able to leverage to achieve better claim outcomes. Additionally, we will be able to leverage our data and analytical capabilities across our workers' compensation and group disability claims, which will enhance our competitive advantages and cross-product capabilities.

● Once we have completed the integration and achieved expense savings, we expect to generate incremental core earnings, before amortization of intangibles, of approximately $150 million annually by year three on a run rate basis. Beth will provide a deeper review of the financials, but I would highlight that we do anticipate meaningful expense savings. In total, we anticipate $100 million run rate savings that will build over three years. That estimate is focused on the integration of the two operations in the near term and not what we aspire to achieve longer term as we leverage the power of technology, digital capabilities and data and analytics.
I would also note that the book is profitable today. It does not require fixing or underwriting initiatives. As a result, it will contribute to our bottom line in the first full year. It's also important to note that the financial assumptions around this transaction have been prudently established and are realistic to achieve. In addition, we expect tax benefits from the transaction of about $325 million on a net present value basis.

● Turning to Group Benefits, we posted another excellent quarter with core earnings of $66 million and a core earnings margin of 7.2%. Loss trends in 2017 continue to run better than expected, with improved group life results and favorable incidence and recovery trends in group disability. Our execution in underwriting, pricing and claims management as well as favorable market trends relative to historical experience are contributing 4.4 points of total loss ratio improvement for the quarter.

● On the top line, fully insured ongoing premiums for the third quarter increased 1%. Overall book persistency on our employer group block of business remains strong at approximately 90%. And fully insured ongoing sales were $68 million, up $7 million versus prior year. Group Benefits is on a very solid track and, with today's acquisition announcement, has an exciting future ahead. I look forward to updating you on this journey over the months to come.

Analyst Questions

● I wanted to talk a little about where you are in terms of goals and margins on the group block you guys currently have, and where would you think that you would get to a targeted sort of steady-state on the new combined businesses.

Response: I would share with you, as we said in our prepared remarks, we're most pleased with our book of business and how it's performed on a year-to-date basis. And the margins have been healthy. We've always talked about 5.5% to 6% as sort of a normalized range. I don't see any update to that right now for our book. So when we combine it with Aetna, it will probably take a good 24 to 34 months to get to that 5.5% to 6% on a combined basis. But we're focused on integration, focused on the appropriate structure. But I have no reason not to believe that 5.5% to 6% on a combined basis should be the target for the entire portfolio.

● And do you expect the group disability market to look notably different in five or ten years in terms of consolidation following this transaction? Or in general, do you have a long-term view on the shape of it?

Response: Yes. I'd say, first, from, I'll call it, the product set and the needs, we're very bullish on it, right. We continue to believe benefits, including our voluntary and additional A&H capabilities, will have a place in the marketplace. We see long-term, steady, stable economic conditions, employment, so I don't see any shocks on the horizon. So it's hard to say what happens from a consolidation side, and I would say that the industry is already fairly tight around the top ten, probably controlling 80% of the premium. So I don't see any per se radical consolidation. But our aim, obviously, with this transaction is to be one of the top industry players that will continue to improve our offerings, our skill sets, our digital capabilities and
really build a best-in-class platform to serve the benefits marketplace.

● And I guess, for those cost saves, is there going to be reinvestment of any of that? Or are you thinking about, I guess, all of that flowing to the bottom line in getting to the $150 million?

Response: Well, I think most of it. We think for the bottom line, I think one of the real features that we're, Doug and I and Mike Concannon, who's with us here, our business leader, is they really do have some good digital capabilities, particularly embedded in their claims system and their recovery management capabilities. So that is actually a big cost avoidance for us to spend upwards of $100-plus million to build a more modern claim platform for this business. So that's a great benefit, but it will probably take 12 to 18 months to fully integrate into our platforms. So otherwise, what I would say, it's

a typical back-office consolidation of activities. I think our vision is to really create an integrated leadership team here because the Aetna men and women run a good business, have proven their capabilities in this space as a good competitor. So we want to leverage as much of that talent as possible within our organization going forward.

● I guess just a point of clarification. It's kind of difficult looking at the legacy, I guess, the way Aetna presented it, to really tell what's been going on, but it does look like profitability of the group business in general has gotten a little bit worse, which seems like we've seen the opposite on Hartford's block. First of all, is that a fair assessment in terms of what you're looking at? And second of all, I guess, if it is, can you talk a little bit about what you think's been driving performance there over the past few years, and how you think you might be able to reverse that or improve it?

Response: It's probably not fair to comment on their trends. I mean, obviously, it's their trends. I could tell you, what we did from a diligence side is look at the block in totality. I think we were very comfortable with the pricing assumptions, the reserving assumptions. We'll have to harmonize into our environment as far as discount rates and the like. But I tried to say in my commentary, I didn't see the need to view this as a fixer-upper. I mean, I think the block is performing fairly well, and we'll integrate it, and as business comes up for renewal after rate guarantee, we'll compete effectively to retain that business going forward. That's probably the highest priority of the integration. And Doug and I talk about it with Mike and the leadership team, is we have to have a high retention of customers coming out of rate guarantees.

● On the Aetna deal. From what I understand, this one has been floating out there for about a year. So obviously, others had a chance to look at this. Is there something that makes you kind of the better buyer for this business versus others out there?

Response: I would say we're very complementary besides being a half a mile apart. I mean, their business profile and ours equally weighted life and disability, good national account presence, good middle market presence. I think our voluntary suite of products we've built out over the last three or four years and is really coming from a sales and revenue side. So I think the natural synergies -- as I said, their claim system and some of their digital capabilities, we think are best-in-class. And how we integrate it and use that insight, particularly as it relates to workers' comp and share the benefits across multiple product lines, I think it makes us the natural buyer. There are more synergies. And I know we've discussed this in the past, but disability and comp, there are more and more synergies all the time, whether it be from a distribution side, a claim outcomes side, a cross-sell opportunity side, it is really integrated these days.

Lincoln Financial

Profit (Post-tax and investment gains/losses)

Line of Business	3Q17 Profit ($000,000)	3Q16 Profit ($000,000)	3Q17 Loss Ratio	3Q16 Loss Ratio
Group Protection	$41	$28	63.7%	60.1%
Group Disability	$14	$22	69.5%	52.9%
Group Life	$27	$5	55.8%	66.1%

EP/Sales

Line of Business	3Q17 EP ($000,000)	3Q17 Sales ($000,000)	3Q16 EP ($000,000)	3Q16 Sales ($000,000)
Group Protection	$500	$94	$485	$78
Group Disability	$227	$35	$222	$33
Group Life	$207	$33	$205	$28

Notable Statements

● Group Protection reported $41 million in earnings compared to $28 million in the prior-year quarter. A significant increase in earnings was primarily due to favorable risk experience. A $3 million benefit from the recapture of previously reinsured business was included in the quarter's results. The prior-year quarter included net favorable items of $5 million primarily from a disability reserve refinement.

● The strong risk results experienced in the second quarter carried into the third quarter. The nonmedical loss ratio was 63.7% in the quarter, a 650 basis point improvement from the prior year excluding the disability reserve refinement.

● Favorable disability and group life incidence rates, combined with lower new claim severity, remain the primary drivers of favorable loss ratios.

● While we wouldn't expect loss ratios to consistently be this strong, results clearly reflect underwriting discipline coupled with positive external economic factors. Premium growth is also aiding the Group business as premiums increased 3% from the prior-year quarter with leading indicators such as sales and persistency trending in a positive direction.

● Bottom line, it was another very strong quarter for Group with year-to-date margins now exceeding the lower end of our 5% to 7% target range. While volatility is expected quarter-to-quarter we now expect margins to be consistently within our target range on a year-to-year basis, with gradual improvement over time.

● During the quarter, sales increased 21% as all product lines and both employer and employee paid sales grew. Year-to-date, sales had increased 15% and we have good momentum entering the fourth quarter, which is historically our largest production quarter, as the pipeline and quote activity are strong in our target markets. We are also encouraged by persistency trends which are up four percentage points compared to prior year, driven by renewal trends in core life and disability products.

Analyst Questions

● Lincoln and the industry have seen some favorable underwriting trends and do you think that based on – if the trends we're seeing in the economy and the rate increases you've put into your book the last few years, the benefits ratio is going to remain near the level that it's been the past two quarters?

Response: Thanks for the question. As I mentioned in my notes, clearly we believe we have achieved the goal that we set forth and expected to achieve next year, which is we expect to be on a quarterly basis between that 5% to 7% margin. What's driven that growth up to those targets has been driven primarily by the price increases, claims management improvements that we've made over the year. But clearly, additionally the economy we believe is having some impact.

Items like consumer confidence, which I believe is at a 17-year high. Items like low unemployment rate which is at 4.2% is clearly as low as it's been in some time. Those items are clearly having some favorable impact. As you can see during the quarter we ended up a little above our target range. So while we wouldn't expect to travel above our target range forever I think those items could be in place for a little bit but who knows. I think it's a solid quarter. We would expect all the items that drove this quarter to be in place as we move forward and we'll see where we come out. But thanks for the question.

Sun

Profit (Pre-tax and special charges):

Line of Business	3Q17 Profit ($000,000)	3Q16 Profit ($000,000)
U.S. Group Benefits	$126	$18

EP/Sales

Line of Business	3Q17 EP ($000,000)	3Q17 Sales ($000,000)	3Q16 EP ($000,000)	3Q16 Sales ($000,000)
U.S. Group Benefits	$880	$154	$897	$197

Notable Statements

● In U.S. Group Benefits, our continued focus on Assurant Employee Benefits integration, expense management and good execution on pricing and renewal is working and we delivered another quarter of margin expansion. We announced a milestone in the integration of the acquired Group Benefits business with the launch of the Sun Life Dental Network.

● In SLF U.S., underlying net income was up 19% from the third quarter of 2016, reflecting improved underwriting experience in Group Benefits as our pricing actions, investments and claims management and expense initiatives continued to improve profitability. Favorable experience in the acquired group business also contributed to the results as our acquisition of Assurant Employee Benefits business continues to be on plan.

Analyst Questions

● When you look at the after-tax margin in the quarter, especially on a trailing 12-month basis, I think it's kind of just shy of your 5% to 6% target. Do you think this is kind of a little bit running ahead of your expectation? Or are we just kind of getting closer to your target level at this point?

Response: Great question. I think we will be disclosing formally our group margin starting with the fourth quarter, but I can give you a little bit of information on that here. The way we think about that is the most indicative of our results is to look at that on a trailing 12 months basis using underlying earnings. So our own overall Group Benefits margin on that basis through the third quarter over the last 4 quarters is now 4.5%. If you look back at the same period last year, that same metric would have been -- that's up about 90 basis points since a year ago. So we're definitely making progress on piece with what we've talked about. You may recall at Investor Day, we talked about, as you're mentioning, getting to 5% to 6%. We think we are very much on a path to get there. But I would look at that trailing 12 months 4.5% as probably most indicative right now.

Summary

Company	Earnings	Sales	EP
Prudential	Group: $61M (↓1.6%)	LTD/STD: $12M (↓8.3%) Life/AD&D: $23M (↓20.7%)	LTD/STD: $220M (↑10.6%) Life/AD&D: $965M (↑1.3%)
Unum	LTD/STD: $90M (↑5.4%) Life/AD&D: $60.1M (↑12.5%) Supp/Vol: $108.3M(↑17.5%) Unum UK: $26.5M (↓6%) Colonial: $81.7M (↑3.4%)	U.S Brokerage LTD: $31.1M(↑28%) STD: $20.7M (↑76.9%) Life/AD&D: $35.1M(↑12.9%) Supp/Vol: $74.9M(↑12.6%) Unum UK LTD: $6.5M(↓44%) Life: $7.8(↑27.9%) Colonial Acc/Dis: $66.5M(flat) Life: $22.6M (↑8.1%) Can/CI: $17.8M (↑9.2%)	U.S. Brokerage LTD: $435.2M (↑1.7%) STD: $161.1M (↑3.6%) Life/AD&D: $407.2M (↑4.8%) Vol: $357.4M(↑4.3%) Unum UK LTD: $87M (↑1.8%) Life: $26.7M(↑7.2%) Colonial Acc/Dis: $222.3M (↑7%) Life: $74.6M (↑9.7%) Can/CI: $81.8M (↑4.3%)
Aetna	Group: $53M (↑96%)	Group:N/A	LTD/STD: $248M (↑2.9%) Life/AD&D: $294 (↑3.2%)
Principal	Specialty Benefits: $83.8M (↑13.4%)	LTD/STD: $17.1M (↑23%) Life/AD&D: $12.6M (↑5.9%)	LTD/STD: $120.4M (↑13.8%) Life/AD&D: $104.5M (↑3.6%)
Cigna	Group Dis & Life: $97M (↑49.2%)	N/A	LTD/STD: $493M (↑1.6%) Life/AD&D: $432M (↓3.1%)
Met	Group Benefits: $241M (↑29.6%)	Not reported by line of business	Non-Med: $1,628M (↓2.1%) Life: $1,641M(↑3.1%)
Hartford	Group: $100M (↑16.3%)	LTD/STD: $43M (↑43.3%) Life/AD&D: $20M (↓23.1%)	LTD/STD: $368M (↑2.2%) Life/AD&D: $382M (flat)
Lincoln	LTD/STD: $14M (↓36.4%) Life/AD&D: $27M (↑440%)	LTD/STD: $35M(↑6.1%) Life/AD&D: $33M (↑17.9%)	LTD/STD: $227M (↑2.3%) Life/AD&D: $207M (↑1%)
Sun	U.S. Employee Benefits Group: $126M($18M one year ago)	U.S. Employee Benefits Group: $154M(↓21.8%%)	U.S. Employee Benefits Group: $880M(↓2%)