SMITH GROUP
DISABILITY & REINSURANCE CONSULTANTS

November 2019

Dear GC Smith Group Client:

We are pleased to provide the 3rd Quarter 2019 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	3Q19 Profit ($000,000)	3Q18 Profit ($000,000)	3Q19 Loss Ratio	3Q18 Loss Ratio
Group Insurance	$90	$59	83.5%	85.7%
Group Disability	NA	NA	79.4%	78.9%
Group Life	NA	NA	84.7%	87.3%

EP/Sales:

Line of Business	3Q19 EP ($000,000)	3Q19 Sales ($000,000)	3Q18 EP ($000,000)	3Q18 Sales ($000,000)
Disability	$296	$18	$259	$16
Life	$989	$42	$1,101	$63

Notable Statements

● We are committed to delivering a broader set of financial wellness solutions to more people in new ways, leveraging our scale across multiple distribution channels and drawing on our expertise, including product development and asset management. During the quarter, we took steps to expand our digital distribution capabilities through the announced acquisition of Assurance IQ, a fee-based and capital-light growth engine. Assurance is a leading direct-to-consumer platform for financial wellness solutions that enables us to serve a different demographic segment, including the mass and middle markets. Over time, we believe we can expand these capabilities internationally.

Unum

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

Line of Business	3Q19 Profit ($000,000)	3Q18 Profit ($000,000)	3Q19 Benefit Ratio	3Q18 Benefit Ratio
Unum US	$261.4	$270.9	67.2%	67.5%
LTD/STD	$83.0	$93.0	74.2%	76.3%
Life/AD&D	$68.4	$64.0	72.0%	71.8%
US Supp & Vol	$110.0	$113.9	50.3%	48.1%
Unum Int	$24.2	$26.1	73.4%	74.2%
Colonial	$87.2	$84.2	51.4%	51.5%

EP/Sales

Line of Business	3Q19 EP ($000,000)	3Q19 Sales ($000,000)	3Q18 EP ($000,000)	3Q18 Sales ($000,000)
Unum US	$1,501.9	$161.6	$1,446.2	$152.7
LTD	$453.6	$23.8	$441.1	$25.4
STD	$194.4	$20.5	$180.4	$17.9
Life/AD&D	$456.5	$30.9	$438.9	$29.4
Voluntary/Supp*	$397.4	$86.4	$382.8	$80.0
IDI	$109.2	$27.1	$109.5	$20.1
Voluntary Ben	$226.2	$46.6	$222.3	$47.6
Dental & Vision	$62.0	$12.7	$51.0	$12.3
Unum Int	$152.3	$19.6	$138.0	$16.9
LTD	$84.8	$7.9	$91.3	$9.1
Life	$27.9	$5.0	$27.1	$5.6
Other	$39.6	$6.7	$19.6	$2.2
Colonial	$419.9	$120.6	$400.0	$120.8
Acc/Sick/Dis	$243.0	$78.6	$231.9	$77.3
Life	$86.7	$23.7	$81.4	$24.2
Cancer & CI	$90.2	$18.3	$86.7	$19.3

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

Notable Statements

Unum U.S.

● Unum US premium income increased by 3.9% benefiting from our disciplined approach to sales, continued strong persistency in our group lines, and growth from new product lines such as dental and vision.

● Operating income for group disability declined by 10.8% to $83 million in the third quarter. We continue to experience good premium growth and excellent benefits experience though net investment income remains under pressure.

● Premium income increased 3.8% as the in-force block increased from strong persistency levels and higher sales of both LTD and STD products in recent quarters. The benefit ratio improved to 74.2% in the

third quarter from 76.3% a year ago driven by favorable claim recovery experience in our group long-term disability product line and favorable claims activity in certain of our group short-term disability products.

● Consistent with recent trends, net investment income in the quarter declined by 11.9% driven by the ongoing trends of reduced assets backing the line and lower portfolio yields on those assets, as well as lower miscellaneous investment income relative to the year-ago quarter.

● The increase in the other expense ratio relative to the year-ago quarter was largely driven by the rapid growth of our leave services. Keep in mind that the fee income related to those services is included in the other income line.

● Adjusted operating income for the Group Life and AD&D line increased by 6.9% in the third quarter to $68.4 million. Premium income increased 4% primarily from prior period sales growth. The benefit ratio of 72% was generally consistent with the year-ago quarter of 71.8%.

● Sales for these group lines of business in Unum US were good in the third quarter, increasing 3.4% over the year-ago quarter. The group disability lines increased by 2.3% while the group life and AD&D lines increased 5.1% primarily driven by stronger large case sales.

● Persistency in the Unum US group lines remains strong at 90.6% for the first nine months of 2019 and 2018 and continues to be an important source of our premium growth.

● The supplemental voluntary line adjusted operating income was $110 million for the third quarter a decline of 3.4% relative to the year-ago quarter. Premium income grew by 3.8% primarily driven by prior period sales and the growth in our dental and vision product lines.

● The benefit ratio for individual disability was lower relative to last year due to favorable claim recoveries and lower average claim size. The benefit ratio for the voluntary benefits line was higher, primarily due to the very favorable experience across most of our product lines in the year-ago quarter. In the dental and vision line, the benefit ratio was higher relative to the year-ago quarter, due to business mix changes and unfavorable reserve development.

Unum International

● Our Unum International segment reported adjusted operating income of $24.2 million for the third quarter, a decline of 7.3% from the year-ago quarter. The decline was driven by an unfavorable exchange rate and lower operating income from the UK line of business in local currency, which more than offset inclusion of the financial results of Unum Poland.

● Unum International segment produced premium income growth of 10.5% on a US dollar basis benefiting from the Unum Poland acquisition but also growth in Unum UK in local currency from good persistency results and effective in-force block management.

● Unum International sales in US dollars increased 16% in the third quarter with sales in the UK in local currency, increasing 3.8% in addition to the inclusion of Unum Poland this period. Persistency for the UK

business continues to be quite good even if we have successfully implemented renewal rate increases over the past two years

Colonial

● The Colonial Life segment produced adjusted operating income of $87.2 million for the third quarter, an increase of 3.6% from the year-ago quarter. Growth in premium income remained solid at 5% for the third quarter, reflecting growth in the in-force block from sales growth in recent quarters.

● The benefit ratio of 51.4% was generally consistent with the year-ago quarter of 51.5% with favorable experience in the lifeline of business, mostly offset by unfavorable experience in our cancer and critical illness line of business.

● Sales at Colonial Life are relatively flat in the third quarter compared to the year-ago quarter with declines in the large case and core commercial markets offsetting improved sales in the public sector. We're encouraged by the actions we've been taking to rebuild our sales momentum and anticipate the fourth-quarter sales will show an increase over the year-ago quarter.

Analyst Questions

Response:

● Could you talk a little bit more broadly about how renewals are going, what competition looks like? And also I guess any preliminary thoughts on kind of new business trends with year-end renewals?

Response: I'd say the renewals, particularly in the mid and large case business is really pretty much something that we done with for the January 1st effective date, which is a really important one for us. I would just say there that the trends that we've seen around being able to place rate where we need to and be able to persist those clients is really is holding strong, which is great .

And then as we look at the pipeline for new business again I think we've been able to create a bit of differentiation with some of the investments that we've made in technology, we've talked about over the last several quarters. I would really highlight, we've done a fair amount of our digital investments on the HR platforms that our clients are increasingly adopting. Workday was our first and most prominent platform that we started to build our capabilities on and we've really seen nice growth there and I think with a new platform rolling out just here in the next couple of weeks that focus is more on the core market. I suspect that that growth will continue.

● Can you unpack a bit, what's happening to the disability benefit ratio 74.2% the best that I can remember. I presume you're getting some benefit from what you've indicated is favorable claim recovery, but can you talk about where new business is priced and what you would expect that to flow through relative to the 74.2%? Would you expect you can maintain the 74.2% based on where you're pricing new business today or would you expect that to revert somewhat to a mean?

Response: Good question. So just a quick caveat, we're in the risk taking business and there's always some chance of volatility, but if the question is what's our best estimate. I'd say where we are in the quarter, which is very similar to where we are in a year-to-date basis. When it comes to the group disability loss ratio is probably our best estimate for going forward as well.

Principal Financial Group

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

Line of Business	3Q19 Profit ($000,000)	3Q18 Profit ($000,000)	3Q19 Loss Ratio	3Q18 Loss Ratio
Specialty Benefits	$101.5	$82.5	62.3%	61.1%
Group Disability	---	---	62.8%	63.5%
Group Life	---	---	61.0%	59.3%

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

Line of Business	3Q19EP ($000,000)	3Q19 Sales ($000,000)	3Q18 EP ($000,000)	3Q18 Sales ($000,000)
Disability	$132.1	$17.4	$124.8	$15.6
Life	$114.5	$13.4	$111.5	$12.0

Notable Statements

● Specialty Benefits' pretax operating earnings of $81 million were strong due to favorable claims experience and growth in the business. Strong performance continued in Specialty Benefits, with 7% growth in premium and fees on a trailing 12-month basis. This was driven by strong sales, retention and in-group growth and was within our guided range. The trailing 12-month margin of 13% was also within our guided range.

● We've updated the Principal Benefit Design Tool, which captures the knowledge we've gained from working with over 140,000 U.S. business owners on building competitive benefits packages, including retirement, dental, disability income and life insurance. Advisors and business owners can create personalized reports on how benefits compare based on size, industry and region.

Cigna

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

Line of Business	3Q19 Profit ($000,000)	3Q18 Profit ($000,000)	3Q19 Loss Ratio	3Q18 Loss Ratio
Group Disability & Life	$159	$135	81.5%	80.8%

EP

Line of Business	3Q19 EP ($000,000)	3Q18 EP ($000,000)
Group Disability & Other	$1,107	$1,082

Group Disability and Other includes the results of the business previously reported in the "Group Disability and Life" segment and "Other Operations" comprising the corporate-owned life insurance ("COLI") business along with run-off of the following businesses:

1) reinsurance; 2) settlement annuity; and 3) the sold individual life insurance and annuity and retirement benefits businesses. In addition, certain international run-off business previously reported in the "Global Supplemental Benefits" segment is now reported in Group Disability and Other.

Notable Statements

● For our group disability and other operation segment, third quarter revenues were $1.3 billion, third quarter earnings for this segment were $143 million driven by solid performance in both disability and in life.

MetLife

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

Line of Business	3Q19 Profit ($000,000)	3Q18 Profit ($000,000)	3Q19 Loss Ratio	3Q18 Loss Ratio
Group Benefits	$366	$370	---	---
Group Life	---	---	87.0%	85.0%

EP

Line of Business	3Q19 EP ($000,000)	3Q18 EP ($000,000)
Group Non-Medical *	$1,830	$1,713
Group Life	$1,846	$1,722

*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 Life mortality ratio was 87%, which is modestly below the mid-point of our annual target range of 85% to 90%. Although, this was less favorable compared to a very strong result of 85% in 3Q, 2018. The interest adjusted benefit ratio for Non-Medical Health was 70.3%, which is below our annual target range of 72% to 77% and favorable to the prior year quarter of 71.6%, after excluding a notable insurance adjustment. The primary driver was strong disability results, which benefited from renewal rate actions and higher claim recoveries.

Analyst Questions

● I had a question on group insurance margins and if you could just discuss what drove your strong results this quarter? And then also relatedly, everyone's had pretty good margins in the last couple of years now, so have you seen companies start to reflect that in their pricing? And what have you seen as you're going through renewal season right now?

Response: In terms of the margins this quarter and if you look at the year-on-year comparisons with respect to life, we're actually slightly up between this year and last year. We came in at 87% and slightly lower than our midpoint. What drove the difference quarter-to-quarter is the higher incidence.

With respect to the Non-Medical Health loss ratio, clearly that was below the low end of our guidance. And that's largely driven by the lower claim severity with respect to disability and higher recoveries.

If you look at these ratios, they do fluctuate quarter-to-quarter. And we would expect generally to come in towards the middle part of our range. Having said that, I would emphasize that if you look at our year-to-date numbers in mortality, we were below the bottom half of our range. And you looked at Q4 and we came in, smack in the middle of that range.

If you think about the competitive environment, we still operate in a highly competitive environment. But when we look towards 2020, we're pleased with our rate actions and we're pleased with our renewal actions as well.

I would add one comment with regards to Non-Medical Health, which is coming in favorable and below the -- sort of in the lower half of the range, which we think will continue for the year. And that's a combination of the favorable disability experience as well as the shift in product mix to voluntary, which has a lower benefit ratio and that we continue to see strong momentum in voluntary, and we think that will persist and continue.

Hartford

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

Line of Business	3Q19 ($000,000)	3Q18 ($000,000)	3Q19 Loss Ratio	3Q18 Loss Ratio
Group Benefits (Disability, Life, Other)	$181	$110	71.1%	75.5%
Group Disability	---	---	64.4%	75.9%
Group Life	---	---	80.8%	76.6%

EP/Sales

Line of Business	3Q19 EP ($000,000)	3Q19 Sales ($000,000)	3Q18 EP ($000,000)	3Q18 Sales $(000,000)
Group Disability	$652	$29	$641	$48
Group Life	$621	$30	$652	$47

Notable Statements

● Group benefits delivered another excellent quarter with core earnings of 141 million up 38% the increase versus per year was driven by favorable loss ratio, higher net investment income and lower amortization of intangibles. This was partially offset by increased investments in technology, claims management and higher commissions related to our voluntary products.

● Our total loss ratio improved 4.4 points, driven by favorable disability results partially offset by a deterioration in the life loss ratio. The improvement in the disability continues to come from favorable incidence trends. Results also benefited from updates to our claim recovery assumptions and the recognition of an experience refund related to New York paid family leave product on accident year 2018.

● In Group Life, severity was elevated in the quarter however, we don't see any consistent trend other than normal volatility.

● On the top-line, fully insured ongoing premiums were just off slightly versus prior year. Persistency is running slightly below historical trends as we adjust pricing on targeted segments of the Aetna book. Importantly earned premium on the Aetna book of business is in-line with our deal assumptions and conversions of cases continues to go very well from both the platform and pricing perspective. Overall, we are very pleased with the operational execution and financial performance of group benefits.

Analyst Questions

● A question on the group business and top-line specifically; sales were down a decent amount year-over-year. Just sort of wondering what you are seeing competitively and also more specifically what you are outlook would be for top-line earned premium growth here over the next few years as Aetna is more fully integrated?

Response: It is still a competitive environment out there, but there is still an element of rationality that I see most of our competitors exhibiting. You might have an account or two where new business opportunity where someone does something more aggressive, but generally competitive but balanced.

The year-over-year numbers that you are looking at do appear to be down, but really when you adjust for the New York Family Paid Leave product that launched in 2018, you really have sort of $40 million delta between year-to-date, 2019 compared to year-to-date 2018. So, really you can consider it slightly down to flattish. I think we are still performing at a high level from our sales side, which is still some contributions to sales in that $40 million to $50 million range from Aetna's medical staff that is still referring business and jointly selling. So we feel good about the overall sales performance.

So I said in my opening comments, your premiums are slightly down 1% on a earned basis, primarily due to just higher lapses, lower persistency on the Aetna book as we are taking targeted actions, since to re-price in those books. Everything is according to plan, but as we look forward, I still see modest growth in top-line for group benefits, really supported by some of our ancillary lines anchored in A&H and voluntary.

Lincoln Financial

Profit (Post-tax and investment gains/losses)

Line of Business	3Q19 Profit ($000,000)	3Q18 Profit ($000,000)	3Q19 Loss Ratio	3Q18 Loss Ratio
Group Protection	$61	$63	74.1%	73.6%
Group Disability	$40	$38	76.4%	75.8%
Group Life	$22	$32	70.5%	70.6%

EP/Sales

Line of Business	3Q19 EP ($000,000)	3Q19 Sales ($000,000)	3Q18 EP ($000,000)	3Q18 Sales ($000,000)
Group Protection	$1,024	$242	$1,011	$158
Group Disability	$576	$96	$569	$73
Group Life	$375	$131	$367	$69

Notable Statements

none

Analyst Questions

● Starting with the group business, you mentioned a little bit of softness in terms of the claims experienced this quarter. I was just hoping you can give a little bit more color there on what drove that?

Response: So inside the group, which had $61 million of reported earnings, you had a favorable impact from the reserve review this year of about $10 million and then offsetting that you had slightly elevated loss ratios in the quarter and that was pretty much evenly split between life and disability, and in both cases, it was driven by severity. So life claims came in a little higher than our average expectation and the average reserve we put up on new LTD claims came in a little higher than our expectations.

● Can you talk about the strong growth in Group sales and maybe how much of this was new distribution partners versus maybe brokers taking you out of the penalty box and your expectations going forward?

Response: Sort of all of the above. We saw a good growth in our life business, good growth in disability, but a little bit less growth or actually negative at dental. And so it's across the spectrum. As I mentioned in my remarks, we're seeing a little success in large case market which is getting us out of the penalty box. As I mentioned, the employee paid market were up quite a bit, 45%, that's cross selling more into the Liberty block where they had not as much emphasis on employee paid sales.

Within the book, we're seeing a lot of upselling with existing customers; I think that was up pretty significantly. The upselling with significant customers is if a client has just used us for LTD and they ship over to, say, adding the life line. So there's all of these specific issues, but it's the overall strength of the portfolio and bringing - the overall strength of the two companies and using that to increase in sales.

Sun

Profit (Pre-tax and special charges):

Line of Business	3Q19 Profit ($000,000)	3Q18 Profit ($000,000)
U.S. Group Benefits	($4)	$68

EP/Sales

Line of Business	3Q19 EP ($000,000)	3Q19 Sales ($000,000)	3Q18 EP ($000,000)	3Q18 Sales ($000,000)
Employee Benefits	$2,398	$72	$2,407	$85
Medical Stop Loss	$1,845	$67	$1,490	$47

Notable Statements

● We are pleased with the early results of our innovative Sun Life + Maxwell benefits administration platform, which simplifies and enhances the enrollment experience for plan members. To date, employers on this platform are selecting nearly three times as many Sun Life products compared to our typical employee benefits Clients, helping to close the gaps in coverage for members. During the quarter, we also introduced offerings to help employers provided fully-insured and self-insured paid family and medical leave programs. This is an area of growth in the U.S. where Sun has been a leader, as we continue to work with various states to establish a legislative foundation for paid leave alongside our recent launch of an enhanced program for our own employees.

SUMMARY

Company	Earnings	Sales	EP
Prudential	Group: $90M (↑52.5%)	LTD/STD: $18M (↑12.5%) Life/AD&D: $42M (↓33.3%)	LTD/STD: $296M (↑14.7%) Life/AD&D: $989M (↓10.2%)
Unum	LTD/STD: $83M (↓10.8%) Life/AD&D: $68.4M (↑6.9%) Supp/Vol: $110M(↓3.4%) Unum Int: $24.2M (↓7.3%) Colonial: $87.2M (↑3.6%)	U.S Brokerage LTD: $23.8M(↓6.3%) STD: $20.5M(↑14.5%) Life/AD&D: $30.9M(↑5.1%) Supp/Vol IDI: $27.1M(↑34.8%) Voluntary: $46.6M(↓2.1%) Dental/Vis: $12.7M(↑3.3%) Unum Int LTD: $7.9M(↓13.2%) Life: $5M(↓10.7%) Colonial Acc/Dis: $78.6M(↑1.7%) Life: $23.7M(↓2.1%) Can/CI: $18.3M(5.2%)	U.S. Brokerage LTD: $453.6M (↑2.8%) STD: $194.4M (↑7.8%) Life/AD&D: $456.5M (↑4%) Supp/Vol IDI: $109.2M(flat) Voluntary: $226.2M(↑1.8%) Dental/Vis: $62M(↑21.6%) Unum Int LTD: $84.8M(↓7.1%) Life: $27.9M(↑3%) Colonial Acc/Dis: $243M(↑4.8%) Life: $86.7M(↑6.5%) Can/CI: $90.2M(↑4%)
Principal	Specialty Benefits: $101.5M(↑23%)	LTD/STD: $17.4M(↑11.5%) Life/AD&D: 13.4M(↑11.7%)	LTD/STD: $132.1M(↑5.8%) Life/AD&D: $114.5M(↑2.7%)
Cigna	Group Dis & Other: $159M(↑17.8%)	N/A	Group Dis & Other: $1,107 (↑2.3%)
Met	Group Benefits: $366M(↓1.1%)	Not reported by line of business	Non-Med: $1,830M(↑6.8%) Life: $1,846M(↑7.2%)
Hartford	Group: $181M (↑64.5%)	LTD/STD: $29M(↓39.6%) Life/AD&D: $30M(↓36.2%)	LTD/STD: $652M(↑1.7%) Life/AD&D: $621M(↓4.8%)
Lincoln	LTD/STD: $40M(↑5.3%) Life/AD&D: $22M(↓31.3%)	LTD/STD: $96M(↑31.5%) Life/AD&D: $131M(↑89.9%)	LTD/STD: $576M(↑1.2%) Life/AD&D: $375M(↑2.2%)
Sun	U.S. Employee Benefits Group: $(4M)	U.S. Employee Benefits Group: $72M(↓15.3%)	U.S. Employee Benefits Group: $2,398M(flat)