SmithGroup

Disability & Reinsurance Consultants

November 2020

Dear GC Smith Group Client:

We are pleased to provide the 3rd Quarter 2020 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

Prudential Financial

Profit (Pre-tax):

Line of Business	3Q20 Profit ($000,000)	3Q19 Profit ($000,000)	3Q20 Loss Ratio	3Q19 Loss Ratio
Group Insurance	$22	$90	89.4%	83.5%
Group Disability	NA	NA	73.5%	79.4%
Group Life	NA	NA	93.9%	84.7%

EP/Sales:

Line of Business	3Q20 EP ($000,000)	3Q20 Sales ($000,000)	3Q19 EP ($000,000)	3Q19 Sales ($000,000)
Disability	$290	$17	$296	$18
Life	$1,014	$46	$989	$42

Notable Statements

● The estimated sensitivity of operating income for a 100,000 of incremental U.S. deaths due to the pandemic remains unchanged at $70 million. Based on our updated outlook, our fourth quarter baseline includes a net mortality impact of $60 million due to COVID-19. The actual impact will depend on a variety of factors, such as infection and fatality rates, geographic considerations, and progress in testing and medical treatments

Analyst Questions

● I just had a question on your disability loss ratio. Margins in the business have been pretty good. Are you starting to see or expecting to see any impact from sort of higher unemployment and just a weaker economy on your benefits ratio in the disability business?

Response: So, we've actually been very pleased. We have not seen an uptick in incidence in either our short-term disability business or our long-term disability business. That being said though, obviously we've operated this business for many, many decades, and we know that in recessionary environments, there's generally somewhere in the neighborhood of a year lag from when incidence picks up. So we have invested to make sure that our claims teams have low, what we call desk loads, so that if and when that incidence starts to tick up, we're well prepared for it. But we have not seen evidence of that yet.

Unum

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

Line of Business	3Q20 Profit ($000,000)	3Q19 Profit ($000,000)	3Q20 Benefit Ratio	3Q19 Benefit Ratio
Unum US	$188.2	$261.4	70.9%	67.2%
LTD/STD	$73.0	$83.0	74.1%	74.2%
Life/AD&D	$13.9	$68.4	83.5%	72.0%
US Supp & Vol	$101.3	$110.0	51.4%	50.3%
Unum Int	$21.4	$24.2	77.1%	73.4%
Colonial	$92.2	$87.2	52.2%	51.4%

EP/Sales

Line of Business	3Q20 EP ($000,000)	3Q20 Sales ($000,000)	3Q19 EP ($000,000)	3Q19 Sales ($000,000)
Unum US	$1,483.4	$131.7	$1,501.9	$161.6
LTD	$450.5	$29.8	$453.6	$23.8
STD	$196.2	$15.2	$194.4	$20.5
Life/AD&D	$446.0	$31.3	$456.5	$30.9
Voluntary/Supp*	$390.7	$55.4	$397.4	$86.4
IDI	$117.7	$17.0	$109.2	$27.1
Voluntary Ben	$212.2	$29.9	$226.2	$46.6
Dental & Vision	$60.8	$8.5	$62.0	$12.7
Unum Int	$165.4	$17.7	$152.3	$19.6
LTD	$92.2	$8.1	$84.8	$7.9
Life	$27.3	$4.3	$27.9	$5.0
Other	$45.9	$5.3	$39.6	$6.7
Colonial	$419.9	$87.3	$419.9	$120.6
Acc/Sick/Dis	$238.9	$55.3	$243.0	$78.6
Life	$91.9	$19.5	$86.7	$23.7
Cancer & CI	$89.1	$12.5	$90.2	$18.3

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

Notable Statements

Unum U.S.

● In group disability, adjusted operating income for the third quarter was $73 million, down slightly from $76 million in the second quarter. Several factors impacted results on a sequential quarter basis. First, we experienced pressure on STD claims from continued high COVID impacts, while non-COVID claims began to return to normal levels.

● We continue to be very pleased with the consistency of the results in long-term disability as demonstrated by the group disability benefit ratio of 74.1% this quarter, which is consistent with the ratio a year ago of 74.2%.

● Adjusted operating income for Unum U.S. Group Life and AD&D remain depressed at $13.9 million for the third quarter, compared to $19.4 million in the second quarter. When we analyze these results, we believe that the impacts from the Group Life mortality matched up very consistently with the mortality trends we outlined for you in the second quarter. The big driver of the sequential quarter decline in income was due to weaker performance in the AD&D line, where we experienced higher claims. This is driven in part by seasonal patterns, but also by reopening of the economy which resulted in a higher rate of accidents.

● Shifting back to the COVID impact on the Group Life business in the quarter, we experienced slightly more than 900 excess life claims or about 12% higher-than-expected benchmarked against a base of approximately 80,000 COVID-related deaths nationwide as reported by Johns Hopkins. This compares to our second quarter reporting, which showed approximately 1,100 total expected deaths or about 14% higher-than-expected relative to a reported base of 120,000 COVID-related deaths.

● Our average death claim is around $50,000 and this maybe the only form of life insurance these individuals and their families have. We are also seeing infection rates negatively impact our short-term disability and leave services businesses. These increases will follow the course of the pandemic and will abate as infection rates slow.

● The Unum U.S. supplemental and voluntary lines experienced a more significant decline in the third quarter from the very favorable second quarter with adjusted operating income of a $101.3 million in the third quarter compared to a $136.5 million in the second quarter.

● The biggest driver we experienced was the pickup in utilization in the dental and vision block from the unusually favorable trends in the second quarter. In addition, we saw an elevation in average claim size as policyholders caught up on dental services, they put off in prior months. This resulted in a benefit ratio increasing to 76.8% from 36% in the second quarter.

● Coming out of the March time frame, the shock of shutting down the economy froze new business trends and disrupted our delivery models. We also saw high unemployment negating what we usually see as growth in payrolls.

● Sales for Unum U.S. declined 18.5% in the third quarter compared to the year-ago quarter. The group lines which are LTD, STD and Group Life combined increased by 1.5% as we continue to see good traction from our HR Connect platform that links customer HCM systems directly to Unum.

● As we expected and outlined on previous calls, the supplemental line showed more pressure than the group line. Voluntary benefit sales declined 35.8% year-over-year, but keep in mind that third quarter sales for this line largely reflect second quarter enrollments, which were significantly disrupted by the pandemic and economic shutdown.

Unum International

● We are pleased to see improvement in adjusted operating income to $21.4 million in the third quarter compared to $15.1 million in the second quarter. While Unum Poland continues to be a strong performer overall, the bulk of the sequential quarter improvement came from Unum U.K. which produced adjusted operating income of £15.2 million in the third quarter compared to £10.1 million in the second quarter.

● The benefit ratio for Unum U.K. improved sequentially to 77.1% in the third quarter compared to 82.5% in the second quarter, driven by better performance in the group disability line from improved incidence and in the Group Life line from improved mortality experience that mirror the national experience in the U.K.

Colonial

● Colonial Life continued to report favorable results, with adjusted operating income of $92.2 million in the third quarter compared to $90.9 million in the second quarter and $87.2 million in the year-ago quarter. Premium income for the third quarter declined 4.3% from the second quarter, driven by the decline in sales this year and the negative impact from individual lapses

● The benefit ratio was slightly elevated in the third quarter of 52.2% compared to 50.7% in the second quarter, largely reflecting the continued higher life and STD claims related to COVID with less offset from favorable accident and cancer lines.

● Sales for Colonial Life declined 27.6% year-over-year in the third quarter, an improvement over the second quarter, when sales showed a decline of 43% year-over-year. The sales environment remains challenging, but we are encouraged by the adoption of the digital sales tools we have developed.

Analyst Questions

● Can you talk about the elevated leave management expenses the last couple of quarters? Can you share specifically or roughly what those were this quarter? And how do you think those will trend in 4Q?

Response: So that growth in the expense ratio is really driven by -- and we've called it leave, but it's actually leave plus the administrative services we provide to clients when they self-insure their short-term disability plan. The combination of the two is where we've seen volumes jump-up significantly in the second and third quarter. As we've outlined at the outset of the call, COVID-related pressure on short-term disability is particularly acute in the larger end of the market and the recovery of the non-COVID. So, as things like discretionary surgical procedures came back online as health care providers figured out how to operate safely the combination of the two drove volume increases north of 50% here in the third quarter. Those don't play through as benefits in terms of claims paid. They play through as the expenses that we need to handle. As I look forward so one is it is important that we are there for our clients and that's what we're doing through this period as we sort of look towards the reality of 2021, I can tell you we are looking at implementing increased fees to help us cover some of those expenses. Importantly, we're also beginning to restructure the nature of the contracts on our services business where we shift the balance towards volume-based contracts and away from flat price per covered employee, so that we can better account and align with fluctuations in volumes in the future.

The last piece of the puzzle as we work through it over the coming quarters will be continuing to drive efficiency. We like the business very much and we're investing in technology that is already beginning to bear fruit and we expect a very sort of steady improvement in our unit costs and in the client experience over the coming four to six quarters. Just to refresh, we only offered these services in conjunction with insured lines, we feel good about the profitability of the entire customer relationship, when we look at the insurance and the services together, we feel like it's a real differentiator. The majority now of our

mid- and large-case RFPs that come in are requesting bids on services. So we feel it's a really important part of our value proposition and one that we can profitably meet. It's going to take us some time to work through it, particularly given the current environment.

● On the duration of the typical short-term disability claims affected by COVID, have you seen any of those transition to long-term disability?

Response: The reality is the nature of the COVID claim, it is not typically going to make it through elimination period to the long-term disability plan. So typically, those are going to be 90 to 180 days and very, very few flow through to LTD. Maybe in contrast to what Peader (head of Unum International) was talking about regarding recoveries in long-term disability in the U.K. We here in the U.S. have actually been able to do pretty well and actually favorable to expectations. And again, as health care providers are figuring out the new normal, that's a little bit of tailwind for us too when it comes to recoveries on the LTD side.

Principal Financial Group

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

Line of Business	3Q20 Profit ($000,000)	3Q19 Profit ($000,000)	3Q20 Loss Ratio	3Q19 Loss Ratio
Specialty Benefits	$31.4	$101.5	69.0%	62.3%
Group Disability	---	---	61.5%	62.8%
Group Life	---	---	68.6%	61.0%

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

Line of Business	3Q20EP ($000,000)	3Q20 Sales ($000,000)	3Q19 EP ($000,000)	3Q19 Sales ($000,000)
Disability	$129.1	$11.5	$132.1	$17.4
Life	$112.7	$8.5	$114.5	$13.4

Notable Statements

● COVID has had an impact on the retirement and group benefits landscape with both employers and employees recognizing the need for benefits that protect the health and well-being of both individuals and their families. This has magnified the role employer benefits play in attracting and retaining top talent, especially within small to medium sized business community.

● Third quarter pre-tax operating earnings were impacted by a net negative $48 million. This included a negative $42 million impact in Specialty Benefits, primarily from a 10% premium credit for our dental customers, claims in group life and group disability, as well as unfavorable dental and vision claims from pent-up demand that partially offset some of the positive impact from the first half of the year, a negative $8 million in RIS-Fee from waived fees for participant hardship withdrawals, and a negative $2 million impact from claims in Individual Life.
● In group benefits, as I discussed on last quarter's call, the number of lives covered under our existing plans is a good indicator of employer behavior. While overall covered lives decreased 1.2% during the quarter, we saw growth in September in certain industries and regions, a sign of recovery for some sectors. And we're seeing continued improvement so far in October.

Analyst Questions

● Sales volume year-over-year in Specialty Benefits actually got worse sequentially. Can you provide any color on that? Is it small business related, social distancing related? And how do you think of it going forward?

Response: What I would say is, when I look at that sales volume moving down, people are interested. What we're hearing from small employers and mid-sized and large alike, they are interested in protection coverages. Just to do the work to set up a new plan, though, they've kind of held on that a little bit.

Now what I would say is we're seeing the pipeline begin to grow and it's particularly relevant for some of the protection based coverages like life and disability. We're actually seeing some interest emerge first

in our voluntary coverages. And the piece, I guess, I would always put that provides really nice balance on that is persistency. Our persistency numbers, which I would argue, are already really strong, got even stronger.

So when I look at the things that are happening with sales and I balance that out with the persistency activity, I feel really good about what we're seeing in terms of overall premium levels for the business.

Cigna

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

Line of Business	3Q20 Profit ($000,000)	3Q19 Profit ($000,000)	3Q20 Loss Ratio	3Q19 Loss Ratio
Group Disability & Life	$97	$159	86.5%	81.5%

EP

Line of Business	3Q20 EP ($000,000)	3Q19 EP ($000,000)
Group Disability & Other	$1,136	$1,085

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

● Our outlook for 2020 assumes a full year of earnings from Cigna's Group Disability and Life business. We continue to expect our divestiture of that business to be completed in the fourth quarter of 2020.

● For our Group Disability and Other Operations segment, third quarter adjusted revenues were $1.3 billion. Third quarter adjusted pretax earnings for the segment were $70 million, reflecting elevated life claims due to the pandemic.

MetLife

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

Line of Business	3Q20 Profit ($000,000)	3Q19 Profit ($000,000)	3Q20 Loss Ratio	3Q19 Loss Ratio
Group Benefits	$248	$366	---	---
Group Life	---	---	89.6%	87.0%

EP

Line of Business	3Q20 EP ($000,000)	3Q19 EP ($000,000)
Group Non-Medical *	$1,977	$1,830
Group Life	$1,915	$1,846

*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

● In group benefits, group life mortality experience improved from the second quarter and dental utilization and disability remains favorable.

● We are implementing an end-to-end disability and Absence Management solution to meet changing customer expectations and extend our leadership in this space. By investing in the customer experience here and across our businesses, we deepen MetLife's competitive advantage into the future.

● Group benefits adjusted earnings were up 7% year-over-year. The group life mortality ratio was 89.6%, and which improved sequentially and included roughly three percentage points related to COVID-19 claims. This is at the top end of our annual target range of 85% to 90%. We expect the group life mortality ratio in the fourth quarter to be modestly above the annual target range as fourth quarter tends to have higher seasonal life claims, and we expect COVID-19 related claims will remain elevated.

● The interest adjusted benefit ratio for group non-medical health was 67.4%, which is below our annual target range of 72% to 77%, driven by favorable dental and disability results.

Analyst Questions

● I wanted to get a little bit more color on the group side. The non-medical results have been pretty strong this year. Can you kind of alluded to favorable dental results, and it sounds like that you continue into the fourth quarter at the low-end of your range. How should we think about that business performing into 2021? Do you just have some initial thoughts, obviously, given that the business has been a little kind of volatile this year to see the impact of COVID?

Response: So with respect to the non-medical health ratio, first, you've got the disability part of that business. Historically, you've seen a linkage, although be delayed linkage between recessions and increases in frequency and lower recoveries on the LTD book. We have not seen that yet. The results continue to track pretty favorably on the LTD side. But there is a lag, and we're continuing to monitor this pretty carefully.

On the STD side, the COVID impact has been a push for us, as we look forward. So higher coverage related claims have been offset by lower claims due to delays of elective surgeries, et cetera. So we continue to monitor the LTD book into next year. I would remind you, we can re-price just shy of 50% of that business every year. So our block is about 13% of our PFOs and about half of that can be re-priced every year. So this is a short term business, and we have a track record of being able to appropriately react to changes in the environment and get the rate changes that we need.

On the dental side, this year has been an exceptional year in the sense that we've had all the shutdowns and that are COVID related in the second quarter, and hence, the rationale and the reason why you've set up the unearned premium reserves. As we look forward, in terms of the dental business, as the quarter progressed, dental offices are more fully opened. And we started seeing utilization levels primarily in September that came in above our typical levels, as the patients made up for those services. And this was offset by the partial release of the dental premium that was set up in the second quarter.

Sitting here today, we expect to continue to see above typical utilization levels in the fourth quarter for dental. And you will also see us release the balance of the unearned premium reserve in the fourth quarter for the dental business.

● In Michel's prepared remarks, you talked about entering into absence management business. How should we think about the corresponding expense impact from the investment into the business? Especially since some of your peers have incurred quite a meaningful labor expenses for this business as they ramp up?

Response: So in terms of our actual expenses relating to our disability business this quarter, we're running right on line with expectations. So, we're not really seeing any impact here whatsoever. What Michel was talking about is some of our broader investments in technology and platform around disability and absence management. All of those numbers on all of those investments have been baked into our run rate that you've seen over the past many quarters.

And our investments here are in areas like pricing sophistication, contract competitiveness, clinical model in terms of the return to health initiatives, which are critical for the LTD business. And we've already seen positive business outcomes and end-to-end disability and absence management solution, which Michel is talking about is already resonating in the market with the larger employers. It includes things like the digital interface for claimants, AI-driven automated claim processing, sophisticated data analytics for employers so that they can understand their workforce. And we're expecting to see growth here, although growth with discipline in this area going forward.

Hartford

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

Line of Business	3Q20 ($000,000)	3Q19 ($000,000)	3Q20 Loss Ratio	3Q19 Loss Ratio
Group Benefits (Disability, Life, Other)	$147	$181	73.8%	71.1%
Group Disability	---	---	65.3%	64.4%
Group Life	---	---	87.5%	80.8%

EP/Sales

Line of Business	3Q20 EP ($000,000)	3Q20 Sales ($000,000)	3Q19 EP ($000,000)	3Q19 Sales $(000,000)
Group Disability	$652	$55	$652	$29
Group Life	$594	$69	$621	$30

Notable Statements

● Turning to Group Benefits, core earnings for the quarter were $116 million with a 7.9% margin, including $35 million pretax of COVID life and short-term disability losses. The disability loss ratio was 65.3%, up nine-tenths of a point due to $7 million of pretax short-term COVID disability losses in a difficult comparison to the prior year quarter that benefited from more favorable claim recoveries in long-term disability. The underlying performance of our disability book of business remains quite strong with favorable claim recoveries and incidence trends. We are closely watching long-term disability trends in light of elevated unemployment levels.

● The life loss ratio of 87.5% increased 6.7 points for the third quarter of 2019 due to COVID-related losses of $28 million pretax as well as updated reserving assumptions for late reported claims.

● On the top line, book persistency remains solid at approximately 90%. Sales for the quarter were up 81% versus prior year, driven by several national account wins. Despite strong persistency in sales, total premium is down 1.5%. This decline is due to lower premium on in-force cases as businesses reduced their employee base in response to recessionary pressures.

● We are executing on our Hartford Next initiative. As a reminder, this program will improve our overall efficiency and achieve annual operating expense savings of approximately $500 million by 2022, contributing to our goal of reducing our 2019 P&C expense ratio by 2 to 2.5 points, our Group Benefits expense ratio by 1.5 to 2 points and our loss expense ratio by 0.5 point.

Analyst Questions

● Pivoting over to Group Benefits. The margins there excluding COVID continue to be stellar. How much of that do you think is just the environment we're in right now? Have you re-thought what a normalized core margin in that business looks like?

Response: Yes, it's a good margin. If you really look through COVID, it's comparable to maybe slightly up compared to last quarter. I just would remind you, we did guide to 6.5% to 7% margin this year. I still

think that's a good long-term anchor point for a margin on this business that equates into strong returns on capital. So, that's what I would say. Right now, it feels good that we're printing the numbers we are, but there's pressures building, particularly from a competitive side that I could feel right now.

● With regards to Group Benefits, we're hitting the 180-day mark, I think, now from when the COVID crisis began. Do you expect to start seeing some long-term disability claims coming in over the next quarter or two? And maybe you could talk about kind of the magnitude of those relative to what we've seen in short-term disability so far?

Response: As we said in our prepared remarks, the trends both on recoveries, which is important, plus obviously, new incidence which remain strong. You're right that the first quarter of, in essence, earned premium on LTD is coming out of that 180-day elimination period. And as I said before, we don't see any new trends emerging at this point in time. It's only obviously one quarter. But I mean, you can see in the data, a slight to modest increase in incidences that we're just watching closely at this point in time but I'm not here saying we've declared a new trend, but it's just clearly a watch area.

Lincoln Financial

Profit (Post-tax and investment gains/losses)

Line of Business	3Q20 Profit ($000,000)	3Q19 Profit ($000,000)	3Q20 Loss Ratio	3Q19 Loss Ratio
Group Protection	$6	$61	83.2%	74.1%
Group Disability	$43	$40	78.9%	76.4%
Group Life	($37)	$22	91.9%	70.5%

EP/Sales

Line of Business	3Q20 EP ($000,000)	3Q20 Sales ($000,000)	3Q19 EP ($000,000)	3Q19 Sales ($000,000)
Group Protection	$1,052	$49	$1,024	$242
Group Disability	$592	$17	$576	$96
Group Life	$394	$24	$375	$131

Notable Statements

● Group Protection reported operating income of $6 million compared to $61 million in the prior year, with the decrease driven by unfavorable pandemic related mortality. Our annual reserve assumption review had a net unfavorable impact to operating income of $3 million in the current quarter, compared to a net favorable impact of $10 million in the prior year period. The total loss ratio was at 83.2% in the quarter, up nine percentage points compared to the prior year period with the increase predominantly driven by Group Life loss experience.

● COVID-19 related claims reduced earnings by approximately $101 million or $0.52 per share, which included a $95 million mortality impact, and $6 million from disability claims. The mortality component for the company was above the $10 million for every 10,000 deaths we have discussed.

● In addition to the direct COVID-19 impacts, our Group Life results also included $28 million or $0.14 per share from elevated mortality, which we believe is related to broader trends and U.S. population mortality arising from the pandemic.

● In Group Protection, strong persistency more than offset lower sales and the contraction in covered lives due to the economic and employment environment, which led to a 3% increase in premiums compared to the prior year quarter. Sales in the quarter decreased over the prior year period due to delayed quote activity and the timing of when case is closed. We have seen activity resume, which should benefit our sales in the seasonally strong fourth quarter.

● We continue to expand our focus on growth from enforce customers by cross selling our suite of complimentary employee paid products. This has resulted in 56% of year-to-date sales being generated from employee paid up 11 percentage points. While the pandemic has put near term pressure on earnings it has increased employee awareness of the importance of our protection products.

Analyst Questions

● First question was on the Group Life mortality. We haven't really seen, I guess non-COVID related - elevated levels of non-COVID mortality record by other companies. So hoping you could provide a little bit more detail on what you're seeing. And if you think it will continue as COVID continues or if you think it's more of a one quarter anomaly?

Response: We spent a fair amount of time analyzing this broadly. We have looked at a number of industry studies. I think the SOA does good work aggregating information from across the industry. We participate as do a number of our peer companies and there are roughly 20 companies that participate.

We've analyzed that data has come in over the course the year, you've really seen this emergence of what we've described as pandemic related mortality. So I think as you think about expectations for the near term, I think it's reasonable to think that will continue in the near term, but I think it's also reasonable to think that it will go away once we've developed the vaccine and figured out a way to manage the pandemic in a better way.

In broader terms if you think about the overall impact of COVID-19 on the company, inside the individual life business, we continue to run in line with our original rule of thumb. I think as you think about that, I think it's probably and once again, I'm just having to hypothesize because you're not going to get exact information on this.
If you go back to when we established our 8 million per 10,000 rule of thumb at the beginning of the pandemic, all the evidence was this was something that was going to impact older age individuals. The death rates were relatively high, we established our rule of thumb, it worked for the second quarter, it worked for the third quarter, I think underneath that, once again, you're never going to know for sure, there probably is some trend, because we've done a better job, we've brought death rates down with treatments.

You've seen us do a better job, I think of protecting older age people. So inside of the 8 million that we continue to experience, there probably has been some shift from pre-COVID to sort of this other pandemic related, but it still is working in total, that's a little different on the group business.

If you think about when we established our original rule of thumb, there really was not much evidence that COVID-19 was going to become a significant issue for the working age population. But as this has gone on in America, and it is spread into other aspects of the population besides older age, you started to see that and in addition to that, you started to see the emergence of this what we're calling pandemic related.

When we look at that study, we see it across all causes of death, we see heart disease up 35%, year-over-year, cancer up roughly 12% year-over-year, other respiratory up about 42%. So I would expect, that was a long answer to your original question that yes, I would expect to continue for the near-term.

Sun Life

Profit (Pre-tax and special charges):

Line of Business	3Q20 Profit ($000,000)	3Q19 Profit ($000,000)
U.S. Group Benefits	$121	($4)

EP/Sales

Line of Business	3Q20 EP ($000,000)	3Q20 Sales ($000,000)	3Q19 EP ($000,000)	3Q19 Sales ($000,000)
Employee Benefits	$2,331	$101	$2,398	$72
Medical Stop Loss	$2,089	$71	$1,845	$67

Notable Statements

● Favorable morbidity experienced in stop-loss, business growth and higher investing activity were offset by unfavorable mortality in the group benefits business and unfavorable expense experience.

● Mortality after tax was a negative $19 million predominantly from our US group business related to COVID-19 claims.

Analyst Questions

● My question is on the group business and another quarter here where claims experience has been positive. I'm wondering to what extent the recent results have benefited from the government support programs. And if maybe looked at a different way to this type of trend the positive claim trend, would that compel you to bake in that performance into your expected profits next year? That gives a, I guess, a comment on sustainability.

Response: For the morbidity in the US group business, there's a few different factors at play here. The primary driver of favorable disability - a favorable morbidity experience for us in the quarter was in our stop-loss business. And a fair amount of that was actually the emergence of experience from prior periods. So we can't really relate that to economic factors or COVID at this point. Our disability experience was generally in line with expectations. So there certainly may be some impact so far of the very strong supports that have been provided to businesses in the US. But as Jacques said, it's a little difficult to predict how that will emerge going forward.

Summary

Company	Earnings	Sales	EP
Prudential	Group: $22M (↓75.6%)	LTD/STD: $17M (↓5.6%) Life/AD&D: $46M (↑ 9.5%)	LTD/STD: $290M (↓2%) Life/AD&D: $1,014M (↑2.5%)
Unum	LTD/STD: $M (↓12%) Life/AD&D: $13.9M (↓79.7%) Supp/Vol: $101.3M(↓7.9%) Unum Int: $21.4M (↓11.6%) Colonial: $92.2M (↑5.7%)	U.S Brokerage LTD: $29.8M(↑25.2%) STD: $15.2M(↓25.9%) Life/AD&D: $31.3M(↑1.3%) Supp/Vol IDI: $17.0M(↓37.3%) Voluntary: $29.9M(↓35.8%) Dental/Vis: $8.5M(↓33.1%) Unum Int LTD: $8.1M(↑2.5%) Life: $4.3M(↓14%) Colonial Acc/Dis: $55.3M(↓29.6%) Life: $19.5M(↓17.7%) Can/CI: $12.5M (↓31.7%)	U.S. Brokerage LTD: $450.5M (↓.7%) STD: $196.2M (↑.9%) Life/AD&D: $446M (↓↑2.3%) Supp/Vol IDI: $117.7M(↑7.8%) Voluntary: $212.2M(↓6.2%) Dental/Vis: $60.8M(↓1.9%) Unum Int LTD: $92.2M(↑8.7%) Life: $27.3M(↓2.2%) Colonial Acc/Dis: $238.9M(↓1.7%) Life: $91.9M(↑6%) Can/CI: $89.1M(↓1.2%)
Principal	Specialty Benefits: $31.4M(↓69.1%)	LTD/STD: $11.5M(↓33.9%) Life/AD&D: $8.5M(↓36.6%)	LTD/STD: $129.1M(↓2.3%) Life/AD&D: $112.7M(↓1.6%)
Cigna	Group Dis & Other: $97M(↓39%)	N/A	Group Dis & Other: $1,136 (↑4.7%)
Met	Group Benefits: $248M(↓32.2%)	Not reported by line of business	Non-Med: $1,977M(↑8.0%) Life: $1,915M(↑3.7%)
Hartford	Group: $147M (↓18.8%)	LTD/STD: $55M(↑89.7%) Life/AD&D: $69M(↑130%)	LTD/STD: $652M(flat) Life/AD&D: $594M(↓4.3%)
Lincoln	LTD/STD: $43M(↑7.5%) Life/AD&D: ($37M)(↓268%)	LTD/STD: $17M(↓82.3%) Life/AD&D: $24M (↓81.7%)	LTD/STD: $592M(↑2.8%) Life/AD&D: $394M(↑5.1%)
Sun	U.S. Employee Benefits Group: $121M(-$4M a year ago)	U.S. Employee Benefits Group: $101M (↑40.3%)	U.S. Employee Benefits Group: $2,331(↓2.8%)