



February 23, 2005

Dear Smith Group Client:

We continue our service of providing competitive information by releasing the following information. This report is based upon insurers' 4th quarter 2004 earnings releases.

The data and information upon which these reports are based are readily available in the public domain. The report is based primarily upon companies' press releases, statistical supplements, SEC filings, and earnings calls. Smith Group also reviews stock analysts' reports. Smith Group adds value to this information through its compilation, analysis and by providing insights to the information.

By providing this information we do not intend to make predictions about insurers nor their results. Rather, we are simply providing information for you to use to help increase your understanding of the complicated business and times in which we operate.

As always, we welcome your questions and comments. Please contact Tom Kirner (207) 879-5680, tkirner@smithgroupre.com to discuss the material further.

Q4 2004 Earnings Releases & Conference Calls Summaries

UnumProvident (UP):

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

Reported group disability (LTD & STD, both US and UK) loss of \$47.1 million (due to multi-state resolution cost of \$116.7 million) in 4Q04 compared to a loss of \$429 million last year (due to reserve strengthening). For 2004 profits were \$92.5 million compared to a loss of \$767 in 2003. Group Disability Benefit Ratio for 2004 was 91.3%.

Group Life and AD&D reported profits of \$75.3 million in 4Q04 compared to \$72.6 million reported for 4Q03. For 2004 profits were \$251.6 million compared to \$264.8 million for 2003. Life Benefit Ratio for 2004 was reported as 76.7% compared to 76.4% in 2003.

EP/Sales (Sales on submitted basis):

LTD premium was \$634.2 million for 4Q04 up from \$620 million for 4Q03. EP for all of 2004 was \$2,530.4 million compared to \$2,402.0 million in 2003.

STD premium was \$151.5 million for 4Q04 compared to \$159 million in 4Q03. In 2004 STD premium was \$616.1 million down from \$630.9 million in 2003.

Group Life & AD&D premium was \$435.9 million for 4Q04 compared to \$432.3 million in 4Q03. Full year premium was \$1,741.3 million in 2004 up from \$1,723.2 million in 2003.

LTD sales were \$104.2 million for 4Q04 compared to \$153 million in 4Q03. Annual 2004 sales were \$283.7 million down from 2003's sales of \$380.6 million.

STD fully insured sales were \$28.6 million in 4Q04 down from \$60 million in 4Q03. For all 2004 sales were \$79.5 million down from \$127.2 million in 2003.

Life sales were \$80.3 million in 4Q04 down from \$107.2 million in 4Q03. Sales in 2004 were \$234.6 million down from \$269.3 million in 2003.

AD&D sales were \$4.6 million in 4Q04 compared to \$11.4 million in 3Q03. For the year 2004 sales were \$12.8 million down from \$26.6 million in 2003.

Notable statements:

All but CA and MT have signed on to the Multi State Agreement.

Claim litigation down 24% and complaints down 26% over last year.

Claim recoveries were lower than expected but that was not surprising given the changes due to the multi-state agreement.

Expect life persistency to be down to mid-70% range in 05 as a result of significant renewal actions in 2005.

The decline in sales activity is primarily due to disciplined pricing strategy and the competitive market environment. Expect sales to return to prior levels in the last half of 2005.

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Will be responsive to direct requests from customers on broker compensation questions.

Shifting mix of business from large case and the industry segment of retail, wholesale, and manufacturing to small to mid-size cases in professional, educational, and healthcare markets.

Hartford:

Profit (Net income before the after tax effect of capital gains/losses):

Overall Group (Life, STD, & LTD) net income was \$64 million in 4Q04 compared to \$41 million in 4Q03. For the year 2004, net income was \$229 million a 55% increase over 2003's net income of \$148 million. The main reasons are higher premiums due to CNA acquisition and strong organic growth in earnings due to continued risk management discipline.

Overall group loss ratio was 71.7% for 4Q04 down from a loss ratio of 76.3% in 4Q03. For 2004, the loss ratio was 74% from 78.5% in 2003. Part of the reason for the decline is a change in mix (with more small cases with lower loss ratio, but higher expense ratios) due to the CNA acquisition.

EP/Sales:

Disability sales (LTD & STD) were \$24 million for 4Q04 down from \$39 million in 4Q03. The sales decline was partly as a result of a strong 4Q03 as well as field integration (due to CNA acquisition) as well as a competitive marketplace. For 2004, disability sales were \$237 million compared to \$225 million in 2003

Life sales were \$40 million in 4Q04, down from \$43 million in 4Q03. For 2004 life sales were \$301 million compared to \$200 million in 2003.

Disability premiums were \$393 million for 4Q04 up from \$240 million in 3Q03. For 2004 disability premiums were \$1.562 billion compared to \$963 million in 2003.

Group Life premiums were \$417 for 4Q04 compared to \$252 million in 4Q03. For the year life premiums were \$1.655 billion up from \$984 million in 2003.

Premiums reflect the effect of the CNA acquisition.

Notable statements:

Expect Loss Ratio to be 73% to 76% going forward and expense ratio to be 27% to 29%.

Sales are regaining momentum and expect double-digit sales growth in 2005.

Not seeing a "structural change in the market" (e.g. pricing); small case is always competitive, larger case spotty as there are fewer competitors.

The CNA acquisition has exceeded expectations.

CIGNA:

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

Group Disability and Life earnings were \$54 million for 4Q04 and \$183 million for all of 2004 up from the \$39 million reported for 4Q03 and \$154 million for 2003 respectively.

EP/Sales:

Disability premiums (presumably primarily LTD) for 4Q04 were \$159 million up from 4Q03 of \$132 million. Full year 2004 premiums were \$617 million up from \$538 million in 2003.

Life premiums were \$266 million for 4Q04 compared to \$306 million in 4Q03. For the full year 2004 life premiums were \$1.04 billion up from \$977 million in 2003.

Sales results were not disclosed

Notable statements:

Very favorable group life mortality in 4Q04. Don't expect that to continue in 2005.

CIGNA has new sales and marketing talent that are helping results.

Strong fundamentals and disciplined underwriting and pricing contributed to results.

MetLife:

Profit (Operating Earnings after tax and before after-tax investment gains):

Non-medical profit (LTD, STD, Dental, LTC and ID) for 4Q04 was \$55 million and \$219 million for the year compared to \$53 million for 4Q03 and \$239 million for 2003.

Group disability loss ratio was 98.7% in 4Q04, compared to 102.7% for 4Q03. Full year loss ratio is not published.

Group life earned \$96 million in 4Q04 and \$403 million in 2004 compared to \$99 million in 4Q03 and \$350 million for 2003.

Group life loss ratio was 90.9% in 4Q04 compared to 91.4% in 4Q03. Full year loss ratio is not published.

EP/Sales:

Group disability premiums for 4Q04 were \$269 million up from \$237 million in 4Q03. Full year 04 premium for disability was \$1 billion compared to \$943 million in 2003.

Group life grew to \$1.5 billion in 4Q04 up from \$1.4 billion in 4Q03. Group life EP for 04 was \$5.9 billion up from \$5.4 billion in 2003.

MetLife does not disclose sales numbers in these lines.

Notable Statements:

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Non-medical health had reduced morbidity (from last year) due to back-door process redesign in claims.

There was an up-tick in disability morbidity (in 4Q over 3Q) due to seasonality.

In group life continue to grow in National, mid- and small-case markets.

Redesigned sales/service teams should help (sales) especially in small and mid markets.

Standard:

Profit (Pre-tax income after realized capital gains/losses):

Employee Benefits profit was \$62.8 million for 4Q04 up from \$59.4 million in 4Q03. For the year 2004 profit was \$242 million compared to 2003's profit of \$194.4 million. Included in this quarter's results is an IBNR reserve release of \$3 million.

EP/Sales:

LTD sales for 4Q04 were \$63.6 million compared to 4Q03's \$45.4 million. For all 2004 LTD sales were \$132 million compared to \$87.9 million in 2003.

EP for LTD in 4Q04 was \$184 million up from \$166.4 in 3Q03. Full 04 LTD premium was \$714.5 million up from \$686.1 million in 2003.

STD sales were \$29.6 million for 4Q04 up from \$27.3 million in 4Q03. STD sales for all of 2004 were \$54.8 million up from \$49.8 million in 2003.

STD EP grew to \$46.6 million in 4Q04 from \$41.2 million in 4Q03. EP for STD for 2004 was \$177.8 million up from \$162.9 million for 2003.

Life and AD&D sales were \$91.4 million in 4Q04 compared to \$57.2 million in 4Q03. Full year 04 sales for life & AD&D were \$137.2 million up from \$117.9 million for 2003.

Life and AD&D premium was \$158.5 million in 4Q04, up from \$152.2 million in 4Q03. Full year 2004 life and AD&D premium was \$611.1 million compared to \$606.3 million in 2003.

Notable Statements:

The favorable claims ratio in 4Q04 was primarily the result of favorable life experience due to fewer deaths.

Overall price environment: mid-to-large case firming; small cases still seeing irrational prices.

Momentum from 4Q04 into 05 along with pricing flexibility and improving economy should bring an upward swing to 05 sales.

Maintaining the discount rate on new LTD claims at 5%

Prudential:

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Profit (Adjusted operating income before taxes):

Group Insurance (life, LTD, STD and LTC) profit for Employee Benefits was \$54 million in 4Q04 and \$174 million for the year compared to \$47 million in 4Q03 and \$169 million for 2003.

Disability loss ratio was 92.6% for 4Q04 and 94.6% for 2004 compared to 95.5% in 4Q03 and 92.4% for 2003.

Life loss ratio for was 84.5% in 4Q04 and 88.4% for the year compared to 90.5% in 4Q03 and 90.9% for 2003.

EP/Sales:

Group disability (LTD, STD, & LTC) earned premium was \$176 million in 4Q04 compared to \$157 million in 4Q03. EP for 2004 was \$690 million up from \$642 million last year.

Group disability sales were \$18 million in 4Q04 compared to \$24 million in 4Q03. Full year sales in 04 were \$161 million up from full year 03 sales of \$144 million.

Group Life EP was \$644 million in 4Q04 compared to \$620 million in 4Q03. Group Life EP for 04 was \$2.6 billion up from \$2.4 billion in 03.

Group Life sales were \$42 million for 4Q04 compared to \$72 million 4Q03. Full year 2004 life sales were \$237 million up from \$225 million for 2003.

Notable Statements:

Effective risk selection contributed to group life results. In Group Disability the enhancement of claims capabilities will contribute to results in 05.

Disability experience improved from a year ago (quarter).

While group insurance is a relatively mature market Prudential is competitively sound.

Assurant:

Profit (Net operating income after tax, before net realized gains and losses and the after tax effect of one time events.):

Assurant Employee Benefits (group lines including DRMS) had a profit of \$20 million in 4Q04 and \$62.2 million for all of 2004 compared to \$12.9 million and \$61.6 million in 4Q03 and full year 2003 respectively. Overall loss ratio for 2004 was 74.4% and 73.6% for the quarter compared to 73.3% for 2003 and 75.3% for 4Q03.

EP/Sales:

Overall group EP was \$344 million for 4Q04 compared to \$336 million in 4Q03. Full year EP for 2004 was \$1.28 billion compared to \$1.26 billion in 2003.

Group disability (STD & LTD) EP was \$151 million in 4Q04 compared to \$140 million in 4Q03. Full year 04 disability premium was \$506 million up from \$461 for all of 2003.

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Group life EP was \$61 million in 4Q04 and \$250 million for 2004. In 4Q03 life EP was \$61 million and \$256 million for full year 2003.

Sales data was not released.

Notable Statements:

Saw improved sales, particularly in the disability product, especially in turn-key.

Voluntary sales slowed.

In disability loss ratio was down due to fewer new claims and continued strong recoveries due to return-to-work efforts.

Aetna:

Profit (Operating earnings excluding other items, net realized capital gains or losses, income from discontinued operations and cumulative effect adjustments.):

Group Insurance (life, Disability and LTC) operating earnings were \$38 million in 4Q04 compared to \$33.4 million in 4Q03. Full year 2004 profit was \$126.5 million down from \$134.8 million reported in 2003.

EP/Sales:

Group premiums were \$429.1 million for 4Q04 and \$1.6 billion for all 2004 compared to \$380.8 million in 4Q03 and \$1.5 billion for 2003. Aetna does not release sales numbers or premiums by line. However, Aetna does release member numbers. Group Life membership for 4Q04 increased to 10,930,000 from 10,000,000 in 4Q03. Disability membership for 4Q04 increased to 2,341,000 from 2,085,000 in 4Q03.

Total group membership increased to 13.494 million in 4Q04 from 12.288 million in 4Q03.

Notable Statements:

Integrated product approach creating more multiple product customers.

Mortality in first half of year was higher and then was lower in the second half.

Benefit cost ratio improved in 4Q. Higher benefit cost ratio in first half of 2004.

Liberty:

Liberty has not reported yet – due 3/2. However, generally only premium in disability is released.

Reliance Standard Life (RSL):

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

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Operating income for Group (LTD, life, excess workers comp) for 4Q04 was \$40.6 million up from \$37.5 million in 4Q03. Full year 2004 income was \$159.3 million up from \$140.1 million in 2003.

Group loss ratio was 70.5% for 4Q04 and 70.1% for 2004 compared to 66% in 4Q03 and 68.2% for 2003.

EP/Sales:

Disability premium, mostly LTD, was \$78.1 million for 4Q04 up from \$61.7 million in 4Q03. Full year 2004 premium for disability was \$290.7 million up from \$233.4 million for 2003.

Sales of disability in 4Q04 were \$39.3 million up from \$28.6 million in 4Q03. Full year 2004 disability sales were \$95.8 million up from \$84.9 million in 2003.

Life EP was \$67.2 million in 4Q04 and \$261.8 million for 2004 up from \$61.7 million and \$241.9 million for 4Q03 and 2003 respectively.

Life sales were \$21 million for 4Q04 and \$64.5 million for 2004 compared to \$22.8 million and \$68.2 million for 4Q03 and 2003 respectively.

Notable Statements:

Premium increase in disability due to sales and increased retention due to reinsurance change.

Success in refocusing on small case. Sales had a 22% increase in case count.

Expect to increase rep count in 05. Reps increased in 04 from 99 to 107.

Jefferson Pilot (JP):

Profit (After FIT and before net unrealized investment Gains/Losses):

Benefit Partners' profit for 4Q04 was \$19.9 million up from \$16.2 million in 4Q03. For 2004 profit was \$70.7 million up from \$50.7 million in 2003. By line profits were:

4Q - Life - \$11.5 million compared to \$6.6 million in 4Q03.

2004 - Life - \$30.4 million compared to \$17.8 million in 2003

4Q - Disability - \$6.5 million compared to \$7.3 million in 4Q03.

2004 – Disability - \$35.6 million compared to \$28.2 million in 2003

Overall loss ratio for all Benefit Partner lines was 73.0% for 4Q04 compared to 71.8% in 4Q03. For the full year loss ratio was 73.7%, flat from 03. By line loss ratio was:

4Q - Life – 68.5% compared to 73.1% in 4Q03.

2004 – Life – 73.5% compared to 77.5% in 2003

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4Q - Disability – 77.4% compared to 70.2% in 4Q03.

2004 – Disability – 72.9% compared to 69.2% in 2003

EP/Sales:

Overall group sales were \$54.1 million for 4Q04 up from \$48.8 million in 4Q03. Full year 04 sales were \$202.9 million up from \$200 million in 2003. Sales by line were not disclosed.

Overall group premium was \$288.8 million in 4Q04 compared to \$192.6 million in 4Q03. For 2004 premium was \$1.1 billion up from \$756 million for 2003. Premium by line was not disclosed.

Notable Statements:

JP had a review of LTD reserves by a major actuarial consulting firm. The findings were that JP was appropriately reserved. This shows that results due to JP's unique business model and proprietary technology are sustainable.

Core LTD (non-Canada Life) had adverse incidence in a certain diagnosis and lower recovery rates. Working with an outside consultant to determine the source of the problem.

Sun: (Now reporting some numbers in both Canadian\$ and US\$. Canadian will be reported for comparisons sake. US\$ are in parentheses.)

Profit (Net income after tax):

US Group Life & Health (LTD, STD, Stop Loss and life) earned \$14 (12 US\$) million in 4Q04 compared to \$12 (9 US\$) million in 4Q03. For 2004 the number was \$45 (35 US\$) million versus \$42 (30 US\$) million in 2003.

EP/Sales:

GL&H premiums for 4Q04 were \$249 million compared to \$236 million in 4Q03. For 2004 premiums were \$1.025 billion compared to \$992 million in 2003.

Sales of health (disability and stop-loss) were \$109 million for 4Q04 compared to \$104 million in 4Q03. For 2004 sales were \$211 million compared to \$221 in 2003.

Life sales were \$44 million for 4Q04 compared to \$53 million in 4Q03. For 2004 life sales were \$110 million compared to \$99 million in 2003.

Notable Statements:

Group Life & Health had record sales in 4Q and for the year.

Opened 4 new sales offices in 2004.

AIG:

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AIG, being so large, does not provide information at the product level. They lump all group into Group Life/Health that includes stop loss, life, dental, vision, STD, LTD, voluntary and travel assist.

Profit (Pretax Operating Income)

Group Life/Health profits for 4Q04 were \$26 million down from \$32 million in 4Q03. For the year, profits were \$97 million versus \$119.9 million in 2003.

EP/Sales:

Group Life/Health premiums for 4Q04 were \$269.5 million compared to \$281.8 million in 4Q03. Full year 2004 premiums were \$1.1 billion compared to \$1 billion in 2003.

Sales are not listed nor commented on.

Notable Statements:

Group going through a reorganization that should be completed shortly and expect group to be additive to results in 05. Restructuring efforts in this business are focused on new product introductions, cross selling and other growth strategies.

We don't grow (our businesses) in a straight line, no company should, it doesn't work that way.

Genworth:

Genworth reports its group business under its Protection Segment. In the Protection Segment, Group is broken out as a whole and includes group non-medical insurance products, such as dental, vision, term life and disability insurance; group medical products, such as fully insured medical and stop loss insurance, together with claims administrative services and group and individual voluntary life and health insurance.

Profit (After tax net earnings from continuing operations, excluding after-tax net realized investment gains and losses):

Net earnings for 4Q04 were \$5 million compared to \$4 million in 4Q03. For 2004 earnings were \$30 million compared to \$41 million in 2003.

EP/Sales:

EP for 4Q04 was \$159 million up from \$153 million in 4Q03. For 2004 premiums were \$623 million compared to \$608 million in 2003. Overall group sales for 4Q04 were \$66 million up from \$57 million in 4Q03. For 2004 sales were \$171 million compared to \$144 million on 2003.

Notable Statements:

Group performs (well in sales) across all product lines.

Improved results in the quarter due to inforce growth, sales and persistency.

Principal:

Profit (Net Income after tax after capital gains/losses):

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Principal changed reporting segments. Group life, disability (STD & LTD) dental, vision, and ID are reported as "Specialty Benefits".

Specialty Benefits reported net income of \$18.1 million for 4Q04 compared to \$8.9 million in 4Q03. Results for the full year were \$58.6 million up from \$43 million for 2003.

Loss ratio for group disability in 4Q04 was 71.1% and for 2004 was 77% compared to 80.6% in 4Q03 and 80.3% for 2003. Life loss ratio was 65.8% in 4Q04 and 70% for 04 compared to 79.1% and 73.6% for 4Q03 and full year 2003 respectively.

EP/Sales:

Group disability (STD & LTD) premiums were \$45.4 million in 4Q04 up from \$37 million in 4Q03. Full year disability premium was \$170.1 million up from \$140 million in 2003.

Group disability sales were \$8.1 million for 4Q04 compared to \$8.5 million in 4Q03. Full year sales were \$42.8 million compared to \$42.8 million in 2003.

Group life EP was \$61.8 million in 4Q04 up from \$54.1 million in 4Q03. Life premium for 2004 was \$239.1 million up from \$216.8 million for 2003.

Group life sales were \$6 million for 4Q04 compared to \$5.6 million in 4Q03. Life sales for all of 2004 were \$34.3 million up from \$31.8 million in 2003.

Notable Statements:

Specialty benefits enjoyed strong earnings growth in each line along with strong sales growth and favorable retention.

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Full Year 2004 Results Summary Versus 2003

Company		Earnings (Segments)	Sales	EP
UP	Gain over loss last year (STD & LTD – US&UK)		Down 25% (LTD)	Up 5 % (LTD)
Hartford	Up 55% (Due to CNA) (All group)		Up 5% (LTD & STD)	Up 62% (Due to CNA) (LTD & STD)
CIGNA	Up19 % (Disability & Life)		NR*	Up 15% (LTD & STD)
MetLife	Down 8% (Non-Medical lines)		NR*	Up 6% (LTD & STD)
Standard	Up 24 % (All group)		Up 50 % (LTD)	Up 4% (LTD)
Prudential	Up 3% (All group)		Up 12% (LTD, STD, LTC)	Up 7% (LTD, STD, LTC)
Assurant	Up 1 % (All group)		NR*	Up 9.8 % (LTD & STD)
Aetna	Down 6% (Life, STD, LTD, LTC)		NR*	Up 6% (Life, STD, LTD, LTC)
Liberty	NA		NA	NA (Disability)
RSL	Up 13.7% (LTD, STD, life, excess WC)		Up 12.8% (LTD & STD)	Up 25.5% (LTD & STD)
JP	Up 26% (Due to CL) (STD & LTD)		Up 1% (All group)	Up 45% (Due to CL) (All group)
Sun	Up 16% (All group)		Down 5% (LTD, STD, Stop-loss)	Up 3% (All group)
AIG	Down 19% (All group)		NR*	Up 10% (All group)
Genworth	Down 27% (All Group)		Up 19% (All Group)	Up 2% (All Group)
Principal	Up 36% (group STD, LTD and life)		Flat (LTD & STD)	Up 22% (LTD & STD)

* NR – Not Reported