February, 2014

Dear Smith Group Client:

We are pleased to provide the 4th Quarter 2013 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 readily 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.

This summary is not intended to make predictions about insurers or their results.

Direct inquiries to:
Joe Skvorak
jskvorak@smithgroupre.com
707 Sable Oaks Dr.
South Portland, ME 04106
(207) 879-5680

Prudential Financial

Profit (not reported by business line):

Line of Business	4Q13 Profit ($000,000)	4Q12 Profit ($000,000)	4Q13 Loss Ratio	4Q12 Loss Ratio
Group Disability	NA	NA	91.6%	98.7%
Group Life	NA	NA	86.2%	89%

EP/Sales:

Line of Business	4Q13 EP ($000,000)	4Q13 Sales ($000,000)	4Q12 EP ($000,000)	4Q12 Sales ($000,000)
Disability	$242	$8	$243	$7
Life	$1,013	$44	$1,079	$51

Annual Data

Disability (LTD &STD)

Year	Premium	Sales	Loss Ratio
2013	$967	$73	92.8%
2012	$959	$135	98.1%
2011	$903	$149	94.7%
2010	$1,165	$161	94.7%
2009	$1,145	$238	88.9%
2008	$1,032	$204	87.2%
2007	$902	$155	86.6%

Life

Year	Premium	Sales	Loss Ratio
2013	$4,099	$240	88.5%
2012	$4,177	$304	90.9%
2011	$4,202	$486	89.5%
2010	$3,721	$446	89.7%
2009	$3,601	$339	88.4%
2008	$3,623	$288	88.6%
2007	$3,422	$197	90.4%

Notable Statements

● Group insurance earnings amounted to $58 million in the current quarter compared to $8 million a year ago after adjusting for the charge to increase legal reserves. The $50 million increase reflected improved claims experience in group life with a lower claim

count in the current quarter and in group disability where we had a greater benefit from claim resolutions.

Analyst Questions

● I have just a couple of quick ones. On the group results, I know in the prepared remarks that you indicated that mortality and morbidity experience had improved, but I do believe that was a year-over-year comment. I'm more interested in whether you think, as a result of the re-pricing efforts, that the current quarter results are more indicative of a sustainable recovery there?

Response: You need to be careful there. That if you look at fourth quarter results, and we'll talk about life and then if you want to talk about disability, we can do that. But in terms of life, there's a high degree of seasonality here. So, if you look at our benefit ratio this quarter of 86.3%, that's below the range of 88% to 92%. But if you look back to 2012, we were at 86% as well. So the fourth quarter usually is the best quarter for us and the first quarter tends to be far worse. So, I'd be careful about projecting forward in that fashion.

● So, taking into account the seasonality of the business, maybe it's just an overall question as to where are you relative to your targets against sort of re-pricing and recovery of margins overall for this business? Let's take the quarter out of it.

Response: Okay. Fair enough. I think what I'd say is we're pleased with the process but we're two years into a multi-year process, multi-year being defined as kind of four-ish years. So, if you look at it from that perspective, I think there is a way to go, but we're pleased with the process. The only other thing I'd say is that it isn't going to be linear, there will be ups and downs but if you look at a four quarter trend, I think both in disability and to a certain extent, life, you see a positive trend

Unum

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

Line of Business	4Q13 Profit ($000,000)	4Q12 Profit ($000,000)	4Q13 Benefit Ratio	4Q12 Benefit Ratio
Unum US	$226.7	$212.2	70.4%	73.0%
LTD/STD	$68.9	$73.5	83.2%	84.5%
Life & AD&D	$62.4	$55.1	59.2%	72.5%
US Supp & Vol	$85.8	$83.6	60.4%	52.5%
Unum Limited	$35.9	$35.0	73.0%	76.2%
Colonial	$49.3	$68.3	58.9%	52.5%

EP/Sales

Line of Business	4Q13 EP ($000,000)	4Q13 Sales ($000,000)	4Q12 EP ($000,000)	4Q12 Sales ($000,000)
Unum US	$1,121.3	$294.9	$1,117.6	$281.2
LTD	$381.4	$83.7	$393.1	$86.8
STD	$130.0	$54.6	$120.7	$46.3
Life/AD&D	$332.9	$100.6	$326.1	$94.8
Voluntary/Supp	$277.0	$56.0	$277.7	$53.3
Unum UK	$137.9	$20.4	$175.5	$22.3
LTD	$99.2	$15.5	$103.2	$16.1
Life	$23.3	$4.0	$56.7	$5.3
Other	$15.4	$.9	$15.6	$.9
Colonial	$308.1	$139.8	$301.9	$126.6
Acc/Sick/Dis	$184.2	$89.6	$182.7	$78.2
Life	$55.4	$25.1	$53.4	$23.1
Cancer & CI	$68.5	$25.1	$65.8	$25.3

Annual Data

U.S. Group LTD/STD

Year	Profit	Ben Ratio
2013	$298.4	83.6%
2012	$293.1	84.7%
2011	$302.3	84.6%
2010	$316.9	84.4%
2009	$273.6	86.3%
2008	$201.4	89.9%
2007	$110.1	95.6%

U.S. Group Life/AD&D

Year	Profit	Ben Ratio
2013	$272.0	68.1%
2012	$220.9	72.2%
2011	$208.5	70.3%
2010	$204.0	70.2%
2009	$194.7	70.1%
2008	$210.9	69.5%
2007	$217.2	72.8%

U.S. Group LTD

Year	Prm	Sales	Prm Persistency
2013	$1,553.9	$173.3	87.2%
2012	$1,578.8	$182.2	90.70%
2011	$1,580.2	$165.0	90.20%
2010	$1,639.4	$148.2	89.40%
2009	$1,726.9	$182.1	86.90%
2008	$1,838.5	$190.3	87.80%
2007	$1,895.7	$177.7	85.10%

U.S. Group Life

Year	Prm	Sales	Prm Persistency
2013	$1,213.9	$199.4	88.1%
2012	$1,182.1	$188.0	90.60%
2011	$1,106.7	$185.3	88.00%
2010	$1,090.3	$166.9	91.50%
2009	$1,057.7	$184.9	86.90%
2008	$1,062.8	$165.4	83.80%
2007	$1,107.4	$134.0	78.80%

Notable Statements

Unum U.S.

● Unum US had another strong quarter, driven again by favorable risk results across all of our business lines. For the fourth quarter and for the full year, each of our Unum US business lines reported improved benefit ratios, a result of our long-standing focus on disciplined underwriting, pricing and risk selection, sometimes at the expense of top line growth.

● Group Life and AD&D produced very good results this quarter, with operating income increasing by 13% to $62 million. The benefit ratio was improved in the quarter at 70%,

reflecting favorable underlying experience. Also, the supplemental and voluntary line reported operating income of $85.8 million for the quarter, up from $83.6 million in the year-ago quarter. Here too, the benefit ratios for the primary lines of business were also slightly improved from the year-ago results due to more favorable risk experience.

● Turning to our group disability business, we did see lower operating earnings, but this was driven primarily by a reduced level of miscellaneous investment income, which was about $7 million lower year over year. The item to focus on is that the risk results in group disability remains quite strong, but the benefit ratio declined to 83.2% this quarter from 84.5% a year ago, as the underlying experience showed stable to lower overall claim incidence and continued favorable claim recovery performance. This has been a positive trend we have seen over several quarters.

● In Unum US, total sales increased by 5% in the quarter. The challenges we experienced earlier in the year from the political environment and disruption in certain sectors from health care reform implementation seem to be lessening but are still having some impact in the very small end of the market. Persistency for our primary U.S. business lines remain well within our expectations, but did decline slightly year-over-year. Overall premium growth for Unum US was up 1.4% for the full year. And similarly, our 2014 outlook calls for premium growth for Unum US in the 0% to 2% range.

Unum UK

● Operating earnings were GBP 22.2 million for the fourth quarter, improved from both the year-ago quarter, which was GBP 21.8 million, and up from the third quarter, which was GBP 20.1 million. We continue to be pleased with the progress we are seeing with our UK business, particularly with the re-pricing and repositioning of the group life business. The improvement was largely driven by improved performance and margins in our group life line of business. Risk experience was slightly weaker in our group disability line, reflecting slightly higher claim incidence. But overall, I'm pleased with the momentum we're seeing as we go into 2014.

● In the U.K., sales were down 9% this quarter in local currency. Persistency in the disability line remained relatively stable at approximately 82% for 2013. However, persistency in the UK group life line continued to reflect the pricing actions that we're implementing. And what we have seen is that the lapses are skewed to more poorly performing cases. Also taking into account the group life reinsurance implemented at the beginning of 2013, our UK premium income was down 19% for the full year.

Colonial

● Colonial Life continues to produce solid, steady results, with operating income at $69.4 million for the fourth quarter. The benefit ratio was stable at 52.4% for the quarter as we experienced favorable risk results in the life product line, which offset some volatility in the cancer and critical illness and accident, sickness and disability product lines.

● At Colonial Life, we saw a very strong sales for the quarter, an increase of 10.4%, which brought the full year sales growth to 1.6%. Persistency declined slightly for our major business lines, but premium income increased by 3.2% for the full year. Our outlook for premium growth and for Colonial Life in 2014 calls for growth to again be in the 2% to 4% range.

Analyst Questions

● Can you give us an update on your exchange strategy, how many exchanges you may be on, and then maybe some discussion about how many other providers you might be competing with, how your pricing strategy, how you're approaching this distribution.

Response: Activity and interest in the private exchange market, which I assume you're referring to, continues to increase. But I'd have to say that actual volume of business that's coming through still remains relatively small to date. Regardless of the pace for the absolute level of adoption that ends up occurring with our product line on private exchanges, we actually feel pretty well positioned for a couple of reasons. The first is we've got about 40 plus connections into the benefit administration and enrollment technology platforms that are now forming the basis of the majority of private exchanges. So, having put those in place over the last three or four years, we've actually gotten a good head start. So to your specific question, there's probably about ½ dozen to a dozen exchanges that we're either on or in the process of getting on.

A couple of important points. First, in each of those cases, the employer remains heavily involved in selecting the carrier and the types of benefit choices they're making available to their employees. That's important to us. And then, second, and to your question, the product forms and pricing parameters that we're using actually look very similar to what we've got through more standard channels. So we feel good about our ability to manage that risk on a go-forward basis.

● Two quick ones. Incidence trends in group disability, how do they compare to kind of normalized levels? How do they compare to pre-crisis levels?

Response: I think that's a good topic, I think from the incidence levels, so we have a little bit of claims of that actually come in and then claims that ultimately get paid and I think that, that paid side has actually been fairly steady over time, even throughout the crisis. That's one of the things that we saw is that -- where they actually went through to a paid status was actually fairly steady, probably elevated, slightly through that period of time has probably coming down slightly through this period of time. And I think that's a trend line we like the looks of.

● Persistency in most business lines declined. I'm wondering whether that's because of price hikes you're trying to implement? Or is it just that activity is picking up and more business is being put to bed overall in the market?

Response: So we saw persistency in the high 80s, which, in an absolute sense, actually, we're pretty comfortable with. It did come down one or two points depending on the product line for Unum US from a 90% plus level. I'd say that was abnormally high. And it's a little bit of the same now, different sides of the same coin, we saw a slowdown in sales in the market, that hurt us a bit early in the year from a sales point of view but it helped us from a persistency point of view as business was moving less frequently, which played to our advantage in the renewal program. But if we look at it, persistency in the high 80s to us feels very good. As we look at our renewal inventory headed into next year, we feel good about maintaining to slightly improving that level. And I think, maybe the last point is, importantly, the business that is coming off the books is at substantially lower margins in the business that we're retaining. So in aggregate, we feel pretty good about it.

Standard Financial Group

Quarterly Data

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

Line of Business	4Q13 Profit ($000,000)	4Q12 Profit ($000,000)	4Q13 Ben Ratio	4Q12 Ben Ratio
Employee Benefits	$67.2	$38.1	76.1%	83.7%

EP/Sales

Line of Business	4Q13EP ($000,000)	4Q13 Sales ($000,000)	4Q12EP ($000,000)	4Q12 Sales ($000,000)
LTD	$193.4	$24.7	$197.9	$26.8
STD	$57.1	$12.7	$52.3	$10.5
Life & AD&D	$209.4	$27.2	$216.7	$31.0
Other	$20.2	$5.0	$19.7	$5.1
ERR	$(1.1)	---	$(.7)	---
Total EB	$479.0	$69.6	$485.9	$73.4

Annual Data (Dollars in millions)

Employee Benefits (Pre-tax, excluding after-tax realized investment gains or losses):

Year	Profit*	Group Ben Ratio
2013	$216.4	78.9%
2012	$129.8	83.9%
2011	$155.9	83.1%
2010	$263.4	77.2%
2009	$307.9	74.7%

*includes Life/AD&D (44% of premium), LTD (41%), STD (12%), “Other” (3%)

Life

Year	Premium	Sales	Persistency
2013	$849.7	$89.9	85.2%
2012	$883.7	$104.00	87.3%
2011	$892.6	$155.50	89.8%
2010	$835.7	$156.90	89.8%
2009	$819.6	$124.80	84.4%
2008	$850.3	$134.80	83.3%

LTD

Year	Premium	Sales	Persistency
2013	$783	$66.0	87.9%
2012	$801.4	$88.40	87.8%
2011	$803.3	$107.70	89.7%
2010	$799.9	$103.10	89.1%
2009	$825.6	$95.30	85.6%
2008	$862.9	$93.50	83.4%

STD

Year	Premium	Sales	Persistency
2013	$229.0	$40.6	91.9%
2012	$212.6	$31.2	86.6%
2011	$208.0	$42.6	87.1%
2010	$203.7	$45.1	87.9%
2009	$205.7	$35.6	77.8%
2008	$215.5	$33.5	81.0%

Notable Statements

● In Insurance Services, pretax income for the fourth quarter of 2013 was $83.9 million compared to $48 million for the fourth quarter of 2012. The growth in income was largely due to the very favorable claims experience in Employee Benefits and Individual Disability. The benefit ratio for Employee Benefits was 76.1% for the fourth quarter of 2013 compared to 83.7% for the fourth quarter of 2012. On a constant discount rate basis, the benefit ratio has improved year-over-year for six consecutive quarters.

● The benefits of the re-pricing actions we began in 2011, to address elevated long-term disability claims incidence and low interest rates, are clearly evident. In addition, we're beginning to see the effects of a slowly improving economy.

● Premium growth in sales for Employee Benefits reflect the effect of the pricing actions we took to deal with the claims experience as well as the challenging economic environment. Consistent with our annual guidance for 2013, premiums for the fourth quarter of 2013 decreased 1.4% compared to premiums for the fourth quarter of 2012.

● Employee benefits sales were $69.6 million for the fourth quarter of 2013 compared to $73.4 million for the fourth quarter of 2012. Persistency in Employee Benefits was 86.7%, both for 2012 and 2013. This high persistency is the result of the efforts of our employees in implementing pricing actions while providing superior products and services to our customers.

● Organic growth within Employee Benefits remains a significant challenge to growing premiums, as this measure depends on employment and wage growth of our current customers. During the first three quarters of the year, employment levels among our customers declined year-over-year. For the fourth quarter, employment levels were just positive at 0.2% growth. While this is a small change, I definitely like the direction it is heading.

● Our discount rate used for newly established long-term disability claim reserves was 3.75% for the fourth quarter of 2013 compared to 4.0% for the fourth quarter of 2012. The 25 basis point lower discount rate resulted in a corresponding decrease in quarterly pre-tax income of approximately $2 million, which equates to an increase of about 50 basis points in the quarterly benefit ratio for Employee Benefits. When normalized for the change in the discount rate, the benefit ratio improved 810 basis points compared to the fourth quarter of last year.

● For 2014, we expect relatively flat premiums for Employee Benefits compared to 2013, and annual benefit ratio for Employee Benefits in the range of 77% to 79%,

Analyst Questions

● Maybe if you could talk a little bit about the 1/1 renewal cycle in terms of competitive landscape and the expectation around premium growth which you expect to be flat? I guess I would have thought maybe it would have been a little bit better than that, just given you're through the re-pricing cycle. You've heard some more favorable commentary from some of your peers around the pressures from health care reforms starting to abate a bit.

Response: Let me start by just referring back to last quarter. We provided some guidance that we expected first quarter sales in '14 to be down some. And a lot of that really has to do with the re-pricing work that we did, but mostly driven by a few less large cases that we sold and those decisions made early last year in the height of our re-pricing efforts. It appears, based on the benefit ratio here, clearly, that we weren't taking sufficient rates through those actions and that has played out very nicely. The other aspect here is really around growth going forward, and I would say that we do continue to see some distraction from the ACA. That means that you're seeing a few less cases come to market. Our proposal activity, I would say, is muted a little bit and when you're talking about the biggest regulatory change in the employee benefit space, in recent memory, is not something that's going to abate rapidly for the marketplace. I think I would add, too, it's really important, when you think about premium growth, to talk about it in kind of a broad perspective here, and that is that sales is one aspect of that and we have invested in a number of things to drive sales over the long term. But when you look at persistency, we're very pleased with the year-over-year results here, relative to last year, as well as having that result occur in a pricing environment where we're re-pricing business and able to hang on to the business. And, we find that when people experience the Standard, they really like the service they have, we're able to hang on to more customers than some might have expected. The other aspect here is that, organic growth, edged positive late in

2014, for the first time since 2009. We like that a lot and we like the GDP numbers we saw this morning as well as some of the numbers around state budgets that are growing and like the aspects of the gradual improving economy. A couple of final comments, we are investing in some of the things we talked about before. Employee choice and voluntary benefits, we'll continue to invest and expand our capabilities there. We're also looking to see greater sales and we're investing in local partnerships in each of our regions and also adding sales reps in each of our four regions across the country. We think that'll build momentum in 2014, and build a platform for growth in '15 and '16, as we move forward.

● And maybe I could ask just one other, specific to the quarter and the positive benefit ratio. Could you give a little bit of color on maybe incidence rates versus severity and then if you saw any trends in this quarter, across geographies or industries that led to the positive results?

Response: On the benefit ratio, we had favorable contribution for most of our product lines. The two biggest ones there, both life and disability, each performed very well. We're seeing the metrics around LTD really continue to moderate and improve in the quarter. And we probably won't be providing specific details on incidence and severity there because we're seeing that return to more normal ranges. Life, as you know, generally benefits from positive seasonality in the latter half of the year. We did see that and saw very favorable results from life in the quarter. No real outliers though, from geography or region that we saw in the quarter.

● Question on the Public Sector side? Is that a big driver for what's turning around here, when you kind of peel back the onion and say the underlying margin improvement, if you split it between private and public?

Response: I would really say is really in line with the other segments that we're seeing. All have improved to some degree. And what we're seeing, really, out in the marketplace, in the public market is some growing budgets at the education and state employment levels. That's a positive, we think, given the contraction we saw when tax-based entities really shrunk. We're not seeing that now. We think, overall, that environment will be a positive.

● Going back to the comment of some growth in the underlying customer base. Any place in particular that you're seeing that growth? We tend to think of your business as public as teachers, as health care, is there anything in particular?

Response: There's obviously an overall increase and I think fourth quarter of last year it was negative 2%. So, a positive 0.2%, from our perspective, looks very good. And considering it hasn't been there for a number of years, that's a great development. We saw improvement in all segments, and if you look at the unemployment changes that we saw in U.S. economy, there were some pronounced changes in markets that we're not in, e.g. retail. We're in some of that but it's just not a significant portion of our book. A lot of temporary employees and things like that. So you saw some stronger growth in places

where we may not have target markets. But the underlying business that we have today saw positive growth overall. And in that, I didn't see anything that was really an outlier but really just benefited from the overall improvement in the economy.

● Do you happen to look at the Social Security DI data? It looked like claim incidence in the quarter came way, way down, any idea what that was about?

Response: Yes, we don't know specifically. We did see really for the last 18 to 24 months, we've seen a decline in Social Security disability awards from their peak from a couple of years ago. We know that was a huge concern. We know that the overall funding of the program is in jeopardy, even in the next three or four years. And that's something we watch very closely because of the tie to our benefits and that's the same for us as most of our competitors. And we think the decline in awards in part was due to a lot of the publicity of the mismanagement of some of those awards and the variability at the administrative law judge level, depending on which region you're in, and we think that's why that has come down. It does, ironically and kind of mysteriously, fluctuate quite a bit quarter-to-quarter. And given the size of that population, that's kind of interesting. But I think it has more to do with operational issues, with the Social Security administration, than anything else.

Aetna

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

Line of Business	4Q13 Profit ($000,000)	4Q12 Profit ($000,000)
Group Insurance (Life, Disability, LTC)	$47.2	$45.3

EP

Line of Business	4Q13 Earned Premium ($000,000)	4Q12 Earned Premium ($000,000)
Group Insurance	$591.3	$535.2

● Group insurance benefit ratio was 87.7% for the quarter versus 86.3% a year ago.

Principal Financial Group

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

Line of Business	4Q13 Profit ($000,000)	4Q12 Profit ($000,000)	4Q13 Loss Ratio	4Q12 Loss Ratio
Specialty Benefits	$27.1	$31.6	64.4%	64.3%
Group Disability	---	---	71.8%	68.3%
Group Life	---	---	64.7%	60.2%

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

Line of Business	4Q13EP ($000,000)	4Q13 Sales ($000,000)	4Q12 EP ($000,000)	4Q12 Sales ($000,000)
Disability	$83.1	$12.4	$75.5	$11.9
Life	$85.6	$9.4	$83.2	$11.6

Annual Data (Dollars in millions)

Specialty Benefits: Includes Dental & Vision (39% of premium), Life (22.6%), Disability (20.8%), IDI (17.2%), Wellness (.3%).

Year	Profit	Incurred Loss Ratio
2013	$105.3	65.9%
2012	$89.0	68.2%
2011	$94.3	68.5%
2010	$91.3	68.8%
2009	$92.7	67.9%
2008	$112.6	67.0%

Life

Year	Premium	Sales	Incurred Loss Ratio
2013	$337.4	$54.1	62.7%
2012	$328.6	$48.3	65.5%
2011	$319.1	$50.1	68.8%
2010	$315.0	$46.4	67.4%
2009	$333.2	$45.9	67.1%
2008	$348.2	$44.8	68.1%

Group Disability

Year	Premium	Sales	Incurred Loss Ratio
2013	$310.5	$71.0	71.2%
2012	$292.6	$58.1	74.0%
2011	$274.6	$54.2	70.3%
2010	$265.6	$46.2	75.6%
2009	$290.8	$49.5	72.2%
2008	$303.5	$49.6	70.3%

Notable Statements

● U.S. Insurance Solutions premiums and fees were a record $2.4 billion. Specific to Specialty Benefits, full year sales grew 5% over 2012 and the loss ratio for the year was favorable and at the low end of our projected range

● Specialty Benefits operating earnings of $27 million were down $5 million from a very strong year-ago quarter. Both quarters benefited from favorable loss ratios. The decline in the current quarter was primarily driven by several one-time expenses. We continue to expect our quarterly loss ratios to be in the 65% to 71% range, with fourth quarter at the favorable end of the range due to seasonality of claims. Trailing 12-month pretax operating margins of 11% was slightly above our expectations due to favorable claims experienced for the year.

Cigna

Profit (Income from continuing operations, after taxes):

Line of Business	4Q13 Profit ($000,000)	4Q12 Profit ($000,000)
Group Disability & Life	$65	$56

EP

Line of Business	4Q13 EP ($000,000)	4Q12 EP ($000,000)
Disability	$416	$377
Life	$393	$362

Annual Data

Group Disability & Life – Profit, after tax

Year	Profit
2013	$259*
2012	$279
2011	$295
2010	$291
2009	$279
2008	$275

*2013 number is net of $52 million claims settlement

Annual Premium

Year	Life	Disability
2013	$1,552	$1,616
2012	$1,426	$1,413
2011	$1,333	$1,268
2010	$1,238	$1,167
2009	$1,301	$1,057
2008	$1,261	$1,004

Notable Statements

● For Group Disability and Life, full year results were strong. Group premium and fees increased 10% over 2012 results. 2013 earnings in our Group business were $311 million, an increase of 11% over 2012 primarily driven by lower disability loss ratio and higher net investment income.

● Regarding the Group Disability and Life business, we expect full year 2014 earnings in a range of $305 million to $325 million, compared with a strong 2013 result of $311 million.

Analyst Questions

● The disability business I think has been under pressure from the general economic cycle. Has that turned the corner, I think disability was called out as a better performer?

Response: Well I think you're right. Disability did perform really well in 2013. And as you pointed it's been operating in a very challenging environment over the last few years given the low interest rate and high unemployment. And we are all hoping both of those are normalizing and within that time frame through our focus on health and productivity produced great results that allowed us to mitigate a great deal of the environmental pressure and the fundamentals of our productivity with our return to work tools in that business are very strong.

Assurant

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

Line of Business	4Q13 Profit ($000)	4Q12 Profit ($0000)	4Q13 Loss Ratio	4Q12 Loss Ratio
Employee Benefits* (includes DRMS)	$10.8	$17.1	67.9%	65.0%

* Employee benefits includes dental, disability & life

EP/Sales

Line of Business	4Q13 EP ($000)	4Q13 Sales ($000)	4Q12 EP ($000)	4Q12 Sales ($000)
LTD & STD	$102.0	$7.2	$100.5	$7.5
Life	$48.5	$7.4	$46.5	$5.4

Annual Data

Employee Benefits

Year	Profit	Loss Ratio
2013	$34.6	70.5%
2012	$58.1	68.3%
2011	$43.1	72.2%
2010	$63.5	69.6%
2009	$42.2	72.0%
2008	$70.6	69.8%
2007	$87.0	69.1%

LTD/STD

Year	Premium	Sales
2013	$403.3	$43.6
2012	$409.8	$39.9
2011	$449.3	$40.2
2010	$488.8	$36.0
2009	$434.4	$39.3
2008	$459.2	$52.6
2007	$467.5	$57.8

Life

Year	Premium	Sales
2013	$192.4	$35.1
2012	$188.2	$30.4
2011	$193.9	$29.0
2010	$191.9	$25.8
2009	$192.5	$26.0
2008	$206.0	$28.3
2007	$215.0	$31.2

Notable Statements

● At Assurant Employee Benefits, we remain focused on growing our Voluntary products and services as we shift resources away from traditional employer-paid insurance. Clients and customers cite the ease of enrollment and administration, our broad product suite, and expansive dental network as key differentiators. For the year, voluntary sales and net earned premiums were up 25% and 7%, respectively.

● At Employee Benefits, net operating income declined by $6.3 million to $10.8 million in the fourth quarter of 2013. This reflected weaker year-over-year disability results, although they did improve sequentially from the third quarter.

● Growth in voluntary was offset by premium declines in our employer-paid business. Sales were strong in the quarter and for the full year. More than half of total sales were voluntary products, including dental.

● We expect sales momentum in voluntary will lead to premium growth in 2014, though overall earnings will continue to be affected by the low interest rate environment and employment trends. Employee Benefits is focused on improving profitability long term.

MetLife

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

Line of Business	4Q13 Profit ($000,000)	4Q12 Profit ($000,000)	4Q12 Loss Ratio	4Q11 Loss Ratio
Group, Voluntary and Worksite	$231	$167	---	---
Group Life	---	---	87.9%	84.6%

EP

Line of Business	4Q13 EP ($000,000)	4Q12 EP ($000,000)
Group Non-Medical *	$1,593	$1,560
Group Life	$1,368	$1,370

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

● Group Non-Medical health ratio for the quarter was 90.8% versus 91.6% a year ago.

● The nonmedical health benefit ratio was 90.8% favorable to the prior year quarter of 91.6%, but worse than our plan and just above the top end of the target range of 86% to 90%. The shortfall versus planned was caused by an increase in utilization in dental and lower-than-expected offsets in our open block of long-term disability claims. Disability incidence and closure rates were within expectations.

Analyst Questions

First question, just on group benefits, I guess, for Bill or John. Can you comment on the increase in claims on dental and disability? On the dental side, I hear what you said on -- just higher claims being submitted. In disability, it sounds like it's more lack of social security offsets. Do you think those issues stayed with you for a bit here, or is there some reason to think those are going to lessen over the near term?

Response: With regard to disability, let's be clear. So the block, in my mind, actually performed quite well. And by that, I mean incidents rates were good, severity was good, claim closure rates were fine and reopens of closed cases were also fine. So all that was sort of intolerance, if you will. What the significant difference was our, as you alluded to, our social security offsets were quite low. And they're always low in the fourth quarter, but they were extremely low this time. We've listened to some of our competitors in terms of what they've talked about in the quarter. A few of them have mentioned the same, having the same experience. We know some others have as well. So, the question is, is this systemic, or is this sort of a kind of a blip? Because occasionally, the Social Security Administration does have a blip in terms of its claim approval rates. And our feeling is that this is just an unusual quarter and not indicative of what's likely to happen next year. And I guess, I also think that therefore, the kind of recovery and underwriting that we've been predicting for 2014, I think that story is still intact.

Hartford

Profit (Post Tax)

Line of Business	4Q13 ($000,000)	4Q12 ($000,000)
Group Benefits (Disability, Life, Other)	$58	$46

EP/Sales

Line of Business	4Q13 EP ($000,000)	4Q13 Sales ($000,000)	4Q12 EP ($000,000)	4Q12 Sales $(000,000)
Group Disability	$352	$29	$411	$25
Group Life	$428	$26	$456	$28

Annual Data

Group Benefits

Year	Net Income	Earned Prm
2013	$192	$3,273
2012	$129	$3,748
2011	$92	$4,085
2010	$201	$4,224
2009	$373	$4,309

Group Disability

Year	Prm	Sales
2013	$1,395	$183
2012	$1,673	$163
2011	$1,818	$219
2010	$1,892	$237
2009	$1,934	$347

Life

Year	Prm	Sales
2013	$1,716	$197
2012	$1,878	$224
2011	$2,024	$269
2010	$2,052	$332
2009	$2,126	$374

Notable Statements

●In Group Benefits, we expect the rebound in profitability to continue, driven by disciplined pricing and book management, as well as improving disability loss ratios. In addition, we are continuing to develop new products to increase The Hartford's penetration in the voluntary market.

● Now let me pivot to Group Benefits, where we had an outstanding year. Core earnings for 2013 were up over 50%. Even after adjusting for some favorable items, our earnings were well ahead of 2012 and our targets for 2013. Sales for the year hit $393 million, nearly the same as 2012.

● In Group Benefits, we're excited about the accelerated pace of our profit improvement, while we're investing aggressively in the products and services that are important for our future. Based on our early analysis, persistency on national and middle-market accounts renewing in January 2014 is expected to be between 75% and 80%, a significant improvement from January 2013. This bodes well for overall book persistency throughout the year. From a marketplace perspective, we'll continue our drive into voluntary capabilities, and position this business to adapt to the rapidly changing benefits marketplace.

Lincoln Financial

Profit (Post tax)

Line of Business	4Q13 Profit ($000,000)	4Q12 Profit ($000,000)	4Q13 Loss Ratio	4Q12 Loss Ratio
Group Protection	$11	$13	74.3%	74.7%
Group Disability	---	---	70.7%	77.9%
Group Life	---	---	79.3%	72.3%

EP/Sales

Line of Business	4Q13 EP ($000,000)	4Q13 Sales ($000,000)	4Q12 EP ($000,000)	4Q12 Sales ($000,000)
Group Protection	$529	$268	$487	$206
Group Disability	---	$108	---	$97
Group Life	---	$128	---	$84

Annual Data

Group Protection

Year	Profit	Loss Ratio
2013	$71.0	74.0%
2012	$72.0	74.5%
2011	$97.0	72.9%
2010	$71.6	76.2%
2009	$123.9	69.1%
2008	$104.1	71.4%
2007	$113.5	70.7%
2006	$99.0	67.4%

Notable Statements

● Let me turn to Group Protection. Weak earnings in the fourth quarter were primarily the result of poor long-term disability loss ratios. These results, coupled with poor mortality experienced earlier in the year, reinforced our need to continue to take aggressive pricing actions aimed primarily at our employer paid life and disability business. We began taking more aggressive actions in mid-2013.

Put this in perspective. We have about $1 billion of the earned premium associated with the employer paid business. More than half of this will be re-priced by this time next year and the majority in the following 12 months.

In addition to pricing changes I've just mentioned, we continue to have success driving our strategy to grow the employee paid segments, both voluntary and worksite. Through our investments in distribution and by offering a diverse product portfolio pivoting toward these product lines, which carry better margins, is another important ingredient in improving the earnings profile of this business.

● Conversely, sales in the employer paid space were flat year-over-year and are expected to decline in 2014. We are confident that our powerful distribution system, better priced employer paid products and a diverse set of employee-paid solutions will lead to restored margins. Although earnings for the year were disappointing, the momentum from the actions we are already taking have us headed in the right direction

The Group Protection segment results fell short of expectations earning $11 million in the fourth quarter and $71 million for the year. The quarter's results included $8 million of favorable impact, primarily from a reserve true up associated with the accounting for LTD overpayment recoveries, offset by an accrual for unclaimed property. Earnings were negatively impacted by bad results in the LTD business. I'd estimate the negative impact on the quarter at $12 million after tax, with the negative impact coming from 3 main sources with roughly equal weight.

(1) Incidence, which at 4.23 for the quarter, came in above the full year level of 4.06. We do typically experience seasonally high incidence in the fourth quarter, but 4.23 is somewhat above what we expected.

(2) Claim size ran above our recent experience.

(3) Recoveries that came in below recent periods

● As we entered 2013, I had predicted that we would earn $80 million to $90 million for the year. We actually came in at $71 million for the year, so while I'd estimate that we are 6 months or so behind where we thought we would be as we entered the year, we do continue the process of rebuilding the profitability of the employer paid business to what it should be, and continuing the shift in business mix to a more employee paid book of business.

As we see things today, and assuming that loss ratio has returned to the 74% range that we experienced in the first 3 quarters of 2013, we expect to see earnings in the $60 million to $80 million range in 2014.

Analyst Questions

● Just wanted to ask a couple on the Group segment. Can you quantify the degree of these price increases in the employer paid book and, is this the first time in the last couple of years or that you've increased pricing here? Can you give us a sense of when the last time was that pricing was applied to this book?

Response: Randy, let me take that. Let me put in perspective, about 50% of what you do in renewals occurs in the first couple of months of the year. So if you go back to the early part of 2013, the first couple of quarters, we were kind of in the mid-lower single digits with our renewal increases, but with increases. As the year progressed, we moved above middle single digits to a little bit higher on our re-pricing, but again, a lesser amount of the current inforce premium. And as we look into 2014 for the whole year, we are starting off in the mid to higher range and may even get up to the high single-digit range, mid to high single-digit range.

● I guess we watched a bunch of companies in group benefit ratios, just broadly speaking, are maybe 200 basis points better over the last year. So I guess, frankly, it feels a little late in the cycle to have this issue, and so I'd be interested in your response to that because it's kind of late in the cycle relative to unemployment drag. What do you think is causing this to crop up now?

Response: There isn't anything in our underwriting or in our analysis of it, the incidence increase, that we can attribute to any particular case size or industry type. And it's popped up -- it could very well pop down, but we're not waiting for it to pop down. In the group business, this happens all the time. You have trend lines that have volatility around them, and you have to make a decision at some point. Is the volatility around the trend line raising the trend line permanently and do you need to r-eprice, or is it something that's going to come back? And we've just decided that we're going to increase prices because of where we saw ourselves with earnings in the last 2 quarters or the last couple of quarters.

● On Group Protection, it seems that it's a pretty big percentage of your book that you're increasing pricing on. I think you gave us the split of mix by line of business, but I think you combined life and disability. But even using those numbers, it seems like a pretty big part of your book. So I guess I'm just wondering, how are you thinking about lost business as you think about that $60 million to $80 million? Clearly, when you go back and re-price the business, you could lose some. So I just want to get a sense of what your expectations are on that front

Response: Yes. I think strengthening pricing is going to affect your sales levels. Specifically, we've guessed that the employee he employer paid business will drop off from where it was last year. And we would expect the business, the voluntary business associated with the employee paid business separate from the worksite to drop off just a little bit. But we expect worksite to come up. So, the mix will shift a little bit, will be down, in single-digit-type declines.

● I just wanted to get a better sense on what really caused the deterioration in the disability margins all of a sudden, because the margins had been fairly stable before but you're seeing incidence recovery, everything sort of a case size deteriorated at the same time in one quarter. So how much of this is a market issue versus maybe just mispricing that's showing up now?

Response: On the group business, let me take that first. There are three main drivers of the group disability results, you're going to have your incidence, your average claim size and your recoveries. All three of those, as I mentioned, went against us this quarter, in a way that impacted the results by roughly $12 million. It's a bad quarter when all three of those go against you, and that's what we experienced this quarter. As Dennis talked about, we have analyzed the experience in 2013 and we are reflecting -- and pricing really started to reflect that in pricing in the middle of this year. When you price your product, it's not any different from pricing an individual Life product. And then one of the main components, one of the main inputs of the pricing process is your experience and how that's going to impact your expectations for the future. If you go back to the 2010, '11, '12 period, for incidence, for average claim size, you saw very steady and

consistent results. Specifically for incidents, the number was right in the high 3.9s . It was very steady, very little variability around that number. For average claim size, you saw an average claim size that was $54,000 in 2010, growing $2,000 a year, right in line with salary growth, very consistent steady results. That's what drove our pricing over that period into the first part of 2013. When you come into 2013, you see a change in those metrics. Incidence goes up by about 0.1 and claim size doesn't go up by that 3% to 4% level, it jumps up by 6% to 8% by 4,000. The experience, we get that data as we moved through 2013, and we start to reflect it in pricing in the last half of the year. So we changed our expectations that we're putting into the pricing. That's what's happened over the last half year and that's what will happen as we move throughout the following two years as the business re-prices along the schedule that I talked about.

● Just to follow up on the group business. So Randy, based on the earnings guidance of $60 million to $80 million for 2014, that implies or I guess I can infer that it's a little bit better than breakeven profitability from this quarter, you do view that a big chunk of that as just quarterly unfavorable volatility that you would expect to recover. So I assume that's the case just because of the much higher run rate that you expect not trending 4Q. But then at the same time, I know there's a multiyear re-pricing strategy ahead. So I guess I just want to get a handle for, you're clearly seeing something in your book that indicates there's a need to re-price, yet you are expecting substantially higher profitability than we got this quarter. I don't know, can you help me reconcile that in terms of what level of the deterioration this quarter you viewed as somewhat permanent versus the alternative?

Response: Yes. The way I get there, Tom, is we made $71 million this year. And over the course of the year, I normalized $11 million of favorable items, $8 million this quarter, $3 million last quarter. So core earnings of $60 million, normalized earnings of $60 million. When you factor in premium growth off of that, when you factor in the favorable impact of the re-pricing of the $300 million of premiums that I mentioned, you're going to end up with a number in that $60 million to $80 million range. Now if we do a little better than 2013 loss ratios inside of that, we'll wind up at the high end of that range. If we do a little worse than loss ratios over in 2013, we'll end up at the low end of that range, and that's just sort of the numbers. Just to remind everybody, we estimate that 1% of the loss ratio is roughly $15 million of earnings.

● If I look just at the top line statistics that you guys had in terms of premium growth, you've been growing high-single digits, and the peers that we cover in the group business have been flattish. And so just looking at having taken market share, is that -- do you think it's just a symptom of what's going on with your group businesses. You've taken some share, and now as a result, you probably have some less profitable business that needs to be repriced. Or is it mainly just the employee paid business that has had much more dramatic growth and the employer paid business has been more consistent with industry trends?

Response: Yes. The big driver of the increase in sales, say, since 2010 is almost 250% increase on employee paid. If you look at market share in the business, we have had a modest increase, but not a significant increase. I think we've gone from 4.2 to 5 over a 4-year period, again, most of that being driven by employee paid growth, although

employer paid growth sales did grow as well. So we took a little bit of market share, and I think we keep coming back to -- there's no question that we should have gotten better prices a couple of years ago on the business, given what has unfolded with respect to the trends around disability, incidents and recoveries and size claims and so forth, a little bit on the life mortality side. So yes, we've got a little bit more share, maybe it was pricing. But when I just look internally, we knew what we were doing and it just turned out what we thought was fluctuation, and some of these key mortality and morbidity numbers appeared to us at the moment to be higher than what we were pricing for.

Sun

Profit (Net income after tax):

Line of Business	4Q13 Profit ($000,000)	4Q12 Profit ($000,000)
Employee Benefits Group (U.S.)	$2	$0

EP/Sales

Line of Business	4Q13 EP ($000,000)	4Q13 Sales ($000,000)	4Q12 EP ($000,000)	4Q12 Sales ($000,000)
Employee Benefits Group (U.S.)	$566	$387	$532	$330

● Sales in Group Life and Disability for the quarter were up more modestly compared to the prior year, as we see the impact of price increases moderating growth in sales. We continue to see opportunities to grow our voluntary benefits businesses at a faster rate through investments in product and distribution and service.

Analyst questions

● A couple of questions. The first, can you just elaborate a little bit on the hitch you had in the quarter in terms of experience-related losses in mortality and morbidity and lapse, where they were and specifically, what they were about?

Response: So on the experience side, on the mortality, morbidity, primarily morbidity related to the U.S. and within our Group Benefits business, and I'd say about $17 million -- $15 million of the total was related to that. And in fairness, it was more related to refinements to the previous quarters, so all within the year but the previous quarters. So we don't see it as being a true indication of the earnings in the fourth quarter. And of course, we have taken pricing action on the block over the course of the year. And we see good prospects there to improve that profile.

Summary

Company	Earnings	Sales	EP
Prudential	**Not reported by line of business**	**Dis: $8M (↑14.3%) Life: $44M (↓13.7%)**	**Dis: $242M (↓.4%) Life: $1,013M (↓6.1%)**
Unum	**LTD/STD: $68.9(↓6.3%) Life/AD&D: $62.4M (↑13.2%) Limited: $35.9M (↑2.6%) Colonial: $49.3M (↓27.8%)**	**U.S Brokerage LTD:$83.7M(↓3.6%) STD: $54.6M(↑17.9%) Life/AD&D: $100.6M(↑6.1%) Vol:$56.0M(↑5.1%) Unum Limited LTD: $15.5M(↓3.7%) Life: $4.0M(↓24.5%) Colonial Acc/Dis: $89.6M(↑14.6%) Life: $25.1M (↑8.7%) Can/CI: $25.1M(↓.8%)**	**U.S. Brokerage LTD: $381.4M (↓3.0%) STD: $130M (↑7.7%) Life/AD&D: $332.9M (↑2.1%) Vol: $277M(flat) Unum Limited LTD: $99.2M (↓3.9%) Life: $23.3(↓58.9%) Colonial Acc/Dis: $184.2M (flat) Life: $55.4M (↑3.7%) Can/CI: $68.5M(↑4.1%)**
Standard	**Group: $67.2M (↑76.4%)**	**LTD: $24.7M (↓7.8%) STD: $12.7M (↑21%) Life/AD&D: $27.2M (↓12.3%)**	**LTD: $193.4M (↓2.3%) STD: $57.1M (↑9.2%) Life/AD&D: $209.4M (↓3.4%)**
Aetna	**Group: $47.2M (↑4.2%)**	**Group:N/A**	**Group: $591.3M (↑10.5%)**
Principal	**Specialty Benefits: $83.1M (↑10.1%)**	**Dis: $12.4M (↑4.2%) Life: $9.4M (↓19%)**	**Dis: $83.1M (↑10.1%) Life: $85.6M (↑2.9%)**
Cigna	**Group Dis & Life: $65M(↑16.1%)**	**N/A**	**Dis: $416M (↑10.3%) Life: $393M (↑8.6%)**
Assurant	**Employee Benefit: $10.8M(↓36.8%)**	**LTD/STD: $7.2M(↓4%) Life: $7.4M (↑37%)**	**LTD/STD: $102M (↑1.5%) Life: $48.5M (↑4.3%)**
Met	**Non Medical: $231M (↑38.3%)**	**Not reported by line of business**	**Non-Med: $1,593M (↑2.1%) Life: $1,368(flat)**
Hartford	**Group: $58M (↑26.1%)**	**Dis: $29M (↑16%) Life: $26M (↓7.1%)**	**Dis: $352M (↓14.4%) Life: $428M (↓6.1%)**
Lincoln	**Group Protection: $11M (↓15.4%)**	**Dis: $108M(↑11.3%) Life: $128M (↑52.4%)**	**Group Protection: $529M (↑8.6%)**
Sun	**U.S. Employee Benefits Group: $2M ($0 a year ago)**	**U.S. Employee Benefits Group: $387M (↑17.3%)**	**U.S. Employee Benefits Group: $566M (↑6.4%)**