

# Earnings Results

## Quarter Ended September 30, 2022



# Forward-Looking Statements and Non-GAAP Financial Measures

## Forward-Looking Statements

This presentation may contain forward-looking statements. Information on factors that could cause results to differ materially from those projected in this presentation is available in our Form 10-K for the year ended December 31, 2021 as may be modified by subsequent Forms 10-Q. These documents are available in the Investor Relations section of our website, <https://investors.primerica.com>. The forward-looking statements speak as of the date on which they were made and the Company does not undertake any obligation to update or correct any forward-looking statements.

## Non-GAAP Financial Measures

This presentation also contains non-GAAP financial measures. A reconciliation of those measures to GAAP financial measures is included in our Financial Supplement, which is posted in the Investor Relations section of our website, <https://investors.primerica.com>.

## Financial Highlights

- Goodwill impairment charge of \$60 million (\$1.59 per diluted share) is a result of an increase in current equity market risk premiums and interest rates, which adversely impacted the Company's WACC used to discount cash flows
- Adjusted operating revenues declined 2%, while diluted adjusted operating EPS of \$3.02 increased 1% year-over-year
- Investment and Savings Products segment pressured by prolonged equity market volatility
- Capital deployment during the third quarter of 2022
  - Repurchased \$97 million of common stock
  - Paid \$21 million in stockholder dividends

## GAAP Financial Results

(\$ in millions, except per-share amounts)	Q3 2022	Q3 2021	% Change
Revenues	\$673.3	\$693.2	(3%)
Net income attributable to Primerica, Inc.	\$51.8	\$112.5	(54%)
Stockholders' equity <sup>(1)</sup>	\$1,620.0	\$2,098.9	(23%)
Diluted EPS <sup>(2)</sup>	\$1.37	\$2.82	(51%)
Book value per share <sup>(1) (3)</sup>	\$43.75	\$53.18	(18%)
ROE	12.2%	21.8%	

## Adjusted Operating Financial Results

(\$ in millions, except per-share amounts)	Q3 2022	Q3 2021	% Change
Adjusted operating revenues	\$676.1	\$692.5	(2%)
Adjusted net operating income	\$113.9	\$118.7	(4%)
Adjusted stockholders' equity <sup>(1)</sup>	\$1,872.9	\$2,014.2	(7%)
Diluted adjusted operating EPS <sup>(2)</sup>	\$3.02	\$2.98	1%
Adjusted book value per share <sup>(1) (3)</sup>	\$50.58	\$51.03	(1%)
Adjusted operating ROAE	23.8%	24.1%	

For a reconciliation of GAAP to non-GAAP financial measures refer to pages 4, 7 and 8 of the Financial Supplement

(1) Reflects the Company's permanent stockholders' equity and does not include temporary stockholders' equity

(2) 37.5 million weighted-average common shares outstanding for Q3 2022

(3) 37.0 million common shares outstanding as of September 30, 2022

# Distribution Highlights

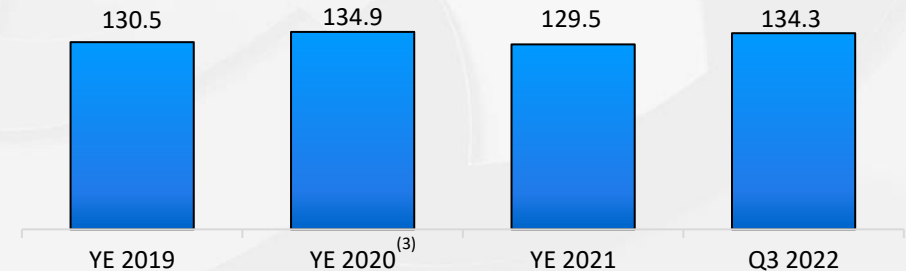
- Biennial convention had the desired effect of generating excitement with representatives
  - Announced significant licensing fee discounts for the month of July
- Recruited a total of 128,000 individuals during the quarter
  - Attractiveness of building a Primerica business is reflected in the strong response to our business opportunity
- Improvements in the licensing process are gaining traction. Key components include:
  - Assistance from licensing coaches
  - Continuous communication with new recruits
  - Tracking tool to keep individuals engaged and motivated
- The life insurance licensed sales force grew for the fourth consecutive quarter and is up nearly 4% since the beginning of the year.

## Sales Force

Distribution	Q3 2022		Q3 2021		% Change
	Recruits	New life licensed representatives	Life insurance licensed sales force <sup>(1) (2)</sup>	Securities licensed sales force <sup>(1)</sup>	
Recruits	127,788	91,884	39%		
New life licensed representatives	12,518	9,381	33%		
Life insurance licensed sales force <sup>(1) (2)</sup>	134,313	130,023	3%		
Securities licensed sales force <sup>(1)</sup>	26,219	26,193	NM		

## Life Insurance Licensed Sales Force<sup>(1)</sup>

(in thousands)



(1) At period end

(2) Q3 2021 included approximately 800 individuals that the Company estimated would not pursue the necessary steps to obtain a permanent license or renew a license with an extended renewal date

(3) YE 2020 included approximately 4,200 individuals that the Company estimated would not pursue the necessary steps to obtain a permanent license or renew a license with an extended renewal date

# Production Highlights

## Term Life Insurance

- Middle-income households are starting to feel pressured by higher costs of living
- Issued 71,000 new life insurance policies during the quarter, down 6% year-over-year
- Launched a new generation of term life products in October that builds on the ease and convenience of industry innovators, while continuing to provide the hands-on purchasing assistance that middle-income households need
- Notable improvements include:
  - Integrates recent advancements in underwriting and policy issue technology
  - Simplifies the application process
  - Accelerates speed to issue
  - Improves the point-of-sale experience for both the client and the representative

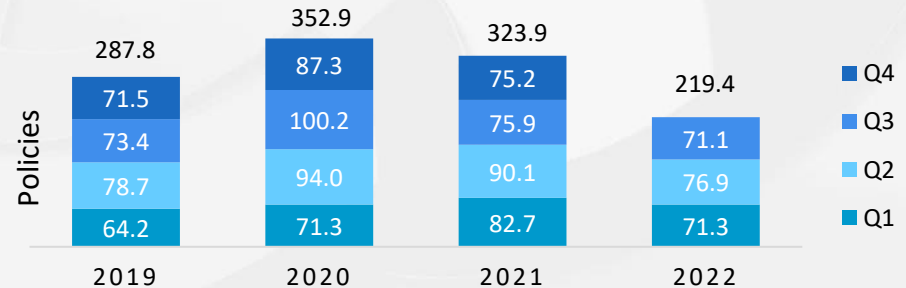
## Production

Term Life	(\$ in billions)	Q3 2022	Q3 2021	% Change
	Issued life insurance policies	71,104	75,914	(6%)
	Face amount issued	\$26.0	\$26.2	NM
	Life insurance face amount in force <sup>(1)</sup>	\$912.8	\$894.0	2%
	Productivity	0.18	0.19	

<sup>(1)</sup> At period end

## Issued Term Life Policies

(in thousands)



# Production Highlights

## Investment and Savings Products

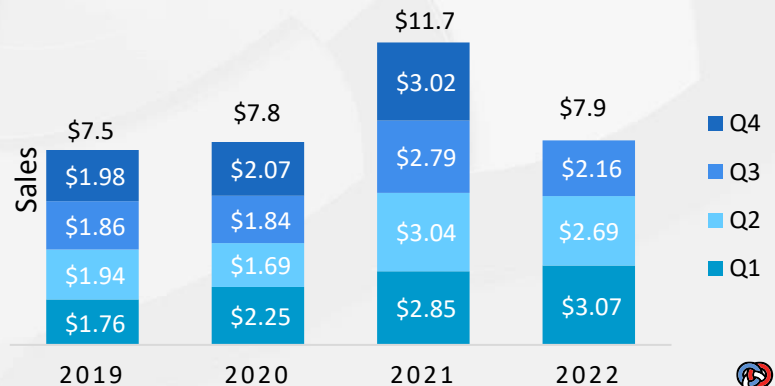
- Prolonged equity market volatility erodes investor confidence; however, clients remain focused on their long-term goals
  - Net client inflows of \$714 million, which we believe compares favorably to industry trends
  - Transaction volumes, including monthly recurring transactions, remain strong
- Total sales of \$2.2 billion, down 23% year-over-year
- Average client asset values declined 10% year-over-year

### Production

(\$ in billions)		Q3 2022	Q3 2021	% Change
ISP	Total product sales	\$2.16	\$2.79	(23%)
	Client asset values, end of period	\$78.74	\$91.77	(14%)
	Average client asset values	\$83.32	\$92.65	(10%)

### ISP Production

(\$ in billions)



# Operating Results

## Term Life Segment

- Operating revenues increased 7% driven by 7% growth in Adjusted Direct Premiums (ADP)
  - ADP growth expected to be 8% for full-year 2022 and 6% for 2023
- Excess net claims of \$2 million versus \$16 million in prior year period
  - Excess net claims in current period split between COVID and normal volatility
  - \$14mm of COVID net claims in 2021 period
- DAC ratio generally in line with historical levels
  - Lapses on policies issued over the last 12 months generally in line with historical levels
  - Lapses on policies issued from 2Q20 through 2Q21 are approximately 15% higher
  - Lapses on older policies are slightly lower than historical levels

(\$ in millions)	Q3 2022	Q3 2021	% Change
Direct premiums	\$804.6	\$779.5	3%
Premium ceded to IPO coinsurers <sup>(1)</sup>	(\$226.9)	(\$241.4)	6%
Adjusted direct premiums (ADP) <sup>(2)</sup>	\$577.7	\$538.1	7%
Operating revenues	\$427.8	\$401.5	7%
Operating income before income taxes	\$111.8	\$107.6	4%

Key Ratios	Q3 2022	Q3 2021
Benefits and claims, net <sup>(3)</sup>	59.5%	62.8%
DAC amortization & insurance commissions	16.0%	11.8%
Insurance expenses, net <sup>(4)</sup>	7.5%	7.1%
Term life income before income taxes	19.3%	20.0%

(1) Premiums ceded to IPO coinsurers under the IPO coinsurance transactions excluding any reimbursements from IPO coinsurers on previously existing reinsurance agreements

(2) Direct premiums net of premiums ceded to IPO coinsurers

(3) Benefits and claims net of other ceded premiums, which are largely YRT

(4) Insurance expenses net of other, net revenues

# Operating Results

## Investment & Savings Products Segment

- Investment and Savings Products segment results remain challenged by economic headwinds and equity market volatility
- Sales-based revenues declined 29% year-over-year, driven by lower revenue generating sales
- Asset-based revenues declined 5% year-over-year as continued growth in managed accounts helped offset the 10% decline in average client asset values

(\$ in millions, except as noted)	Q3 2022	Q3 2021	% Change
Sales-based revenues	\$68.0	\$95.2	(29%)
Asset-based revenues	\$107.5	\$113.6	(5%)
Account-based revenues	\$22.9	\$21.5	7%
Other, net	\$3.3	\$3.1	8%
<b>Total operating revenues</b>	<b>\$201.7</b>	<b>\$233.3</b>	<b>(14%)</b>
Benefits and expenses	\$143.3	\$164.0	(13%)
<b>Operating income before income taxes</b>	<b>\$58.4</b>	<b>\$69.4</b>	<b>(16%)</b>
<hr/>			
Sales-based net revenue as % of revenue-generating sales <sup>(1)</sup>	1.17%	1.20%	
Asset-based net revenue as % of average asset values <sup>(2)</sup>	0.051%	0.050%	
Account-based net revenue per average fee generating position <sup>(3) (4)</sup>	\$4.31	\$4.17	

(1) Commission and fee revenue less commissions paid to the sales force based on product sales activity

(2) Commission and fee revenue less administration and advisory fees paid to third-party providers and commissions paid to the sales force earned based on product account values including amortization of deferred acquisition costs for segregated funds

(3) Fee revenue less recordkeeping fees paid to third-party providers based on fee-generating positions and certain direct general expenses

(4) In whole dollars



## Senior Health Business

- Executing on our deliberate plan to slow growth as we gain experience in evolving senior health sector
- Net cash tax benefit from operating loss sufficient to fund operations. No funding needs anticipated for 2022
- \$1.7 million positive tail revenue adjustment driven by annual increase in carrier commission rates, which applies to a large portion of the existing book of business
- \$2.5 million of marketing development revenue from carrier partners
- LTV/CAC ratio just below 1.0x

(\$ in millions, except as noted)	Q3 2022	Q3 2021	% Change
Commissions and fees	\$14.6	\$21.6	(32%)
<b>Operating revenues</b>	<b>\$17.2</b>	<b>\$22.9</b>	<b>(25%)</b>
Contract acquisition costs	\$13.4	\$23.5	(43%)
Other operating expenses	\$7.5	\$7.5	NC
Non-controlling interest before taxes	\$0	(\$1.5)	100%
<b>Operating income before income taxes</b>	<b>(\$3.7)</b>	<b>(\$6.6)</b>	<b>44%</b>

### Production

	Q3 2022	Q3 2021	% Change
<b>Senior Health</b>			
Approved policies <sup>(1)</sup>	14,862	18,276	(19%)
LTV per approved policy	\$868	\$1,180	(26%)
CAC per approved policy	\$905	\$1,287	(30%)
LTV/CAC multiple	1.0X	0.9X	

(1) Senior Health approved policies represent an estimate of submitted policies approved by health insurance carriers during the indicated period. Not all approved policies will go in force.

## Insurance & Other Operating Expense Highlights

- Insurance and other operating expense levels normalized in the third quarter following two consecutive quarters of elevated expenses earlier this year
- Year-over-year 7% increase reflected:
  - Costs to support growth in the sales force and business
  - Employee-related costs
  - Ongoing investments in technology

### INSURANCE & OTHER OPERATING EXPENSES

(\$ in millions)	Cons *	Life	ISP	Sr Health	Corp
<b>Q3 2021 Consolidated Insurance &amp; Other Operating Expenses *</b>	<b>122.7</b>	<b>50.5</b>	<b>36.7</b>	<b>7.5</b>	<b>28.1</b>
Growth-related expenses	4.5	4.1	0.3	(0.0)	0.1
Employee-related expenses	1.1	1.7	0.3	(0.1)	(0.8)
Technology-related expenses	0.9	(0.1)	(0.3)	0.1	1.1
Other expenses	2.2	0.3	0.4	(0.0)	1.5
<b>Q3 2022 Consolidated Insurance &amp; Other Operating Expenses *</b>	<b>131.3</b>	<b>56.5</b>	<b>37.4</b>	<b>7.5</b>	<b>30.1</b>

\* Items may not add due to rounding

# Invested Assets Portfolio

- Higher interest rates and changes in credit spreads led to unrealized loss of \$321 million
  - We do not currently see significant credit issues in the portfolio
  - Have the ability and intent to hold investments to maturity
  - Average portfolio duration < 5 years
- Average credit rating of A with only 3% below investment grade
- Portfolio remains well diversified across industries and issuers
- New money rate increased 300 basis points to 5.25% compared to prior year period

## Key Portfolio Attributes

(based on amortized cost (except for market value); excludes cash, period end)	Q3 2022
Fixed income / other mix	99%/1%
Fixed income average book yield	3.34%
Average rating	A
Investment grade / below investment grade mix	97%/3%
Average duration	4.8 Years
Market value	\$2.9 billion
Net unrealized loss	(\$321.0) million

## Market Value and Yield of Maturities

(\$ in millions)

