

Introduction to Primerica

For the year ended December 31, 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, 2022 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>.

Compelling Investment Proposition



Proven Track Record

- 40+ year track record of success and significant growth since IPO
- Experienced leadership team dedicated to Primerica's mission



Unparalleled Distribution Model

- Uniquely designed to reach and serve middle-income consumers in North America
- Large, exclusive life insurance and mutual funds licensed sale force that is difficult to replicate



Growth Opportunity

- Significant unmet need in the middle-income market
- Sales force demographics aligned with communities we serve



Complementary Business Segments

- Products designed to meet the specific needs of the middle-income market throughout their life cycle
- Long term client relationships drive recurring revenue streams



Strong Financial Performance

- Demonstrated track record of growing EPS
- Sizeable term life business with stable and predictable earnings
- Significant cash flow generation to fund product growth across all lines of business while also providing strong return of capital to stockholders

Strategic Pillars for Future Growth

Maximize
Sales Force
Growth,
Leadership
and
Productivity

Broaden and
Strengthen
Protection
Product
Portfolio

Become
provider of
choice for
retirement
and
investment
products

Develop
Digital
Capabilities
that
Deepen
Client
Relationships

Culture of Excellence

“Our mission is to help middle-income families become properly protected, debt free and financially secure”

Highly experienced management team with long tenure & deep understanding of Primerica's business and operations



Glenn Williams

CEO since '15
President '05 - '15
Joined '81



Peter Schneider

President since '15
Joined '00



Alison Rand

CFO since '09
Joined '95



Greg Pitts

COO since '09
Joined '85

“Our difference is our people”

~ 3,200 Primerica employees in North America
~ 135,200 life insurance licensed representatives

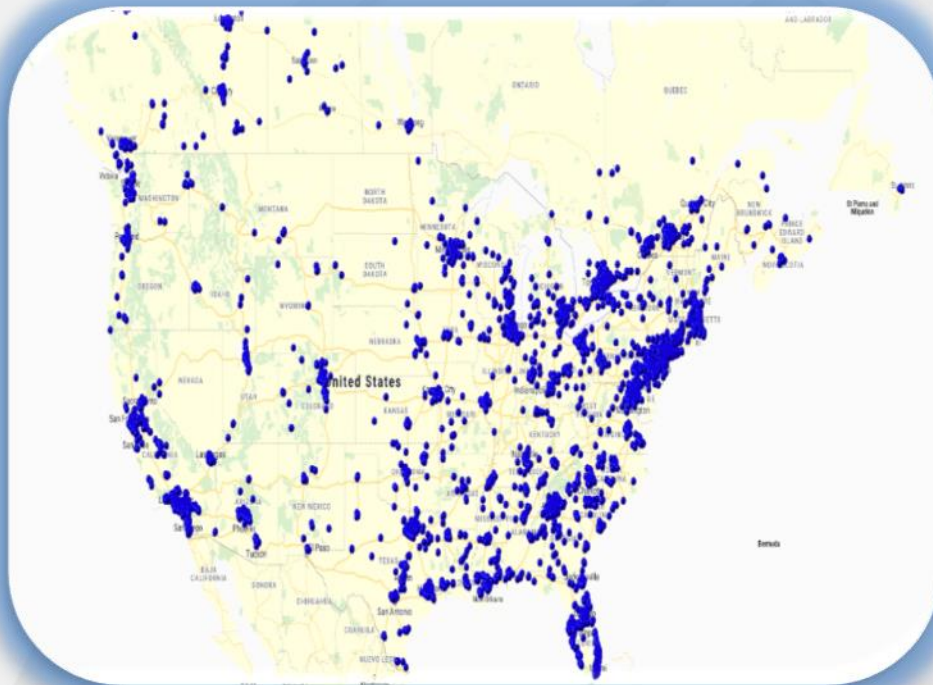


Large Sales Force Allows Effective Penetration of the Vast, Frequently Underserved Middle-Income Market⁽¹⁾

135,200 life insurance licensed representatives

333,000 term life policies issued⁽²⁾

\$917 billion of term life face amount in-force



26,000 mutual fund licensed representatives

\$10 billion in investment and savings products sales

\$84 billion in client asset values

Approximately 5,900 Primerica Regional Vice President businesses in the U.S., Canada and Puerto Rico

(1) All data as of December 31, 2022, except for term life issued policies and investment products sales which are for the full year 2022

(2) Adjusted to reflect the estimated number of policies issued to a single life per policy basis following the Q4 2022 new product launch

Primerica's Middle-Income Clients



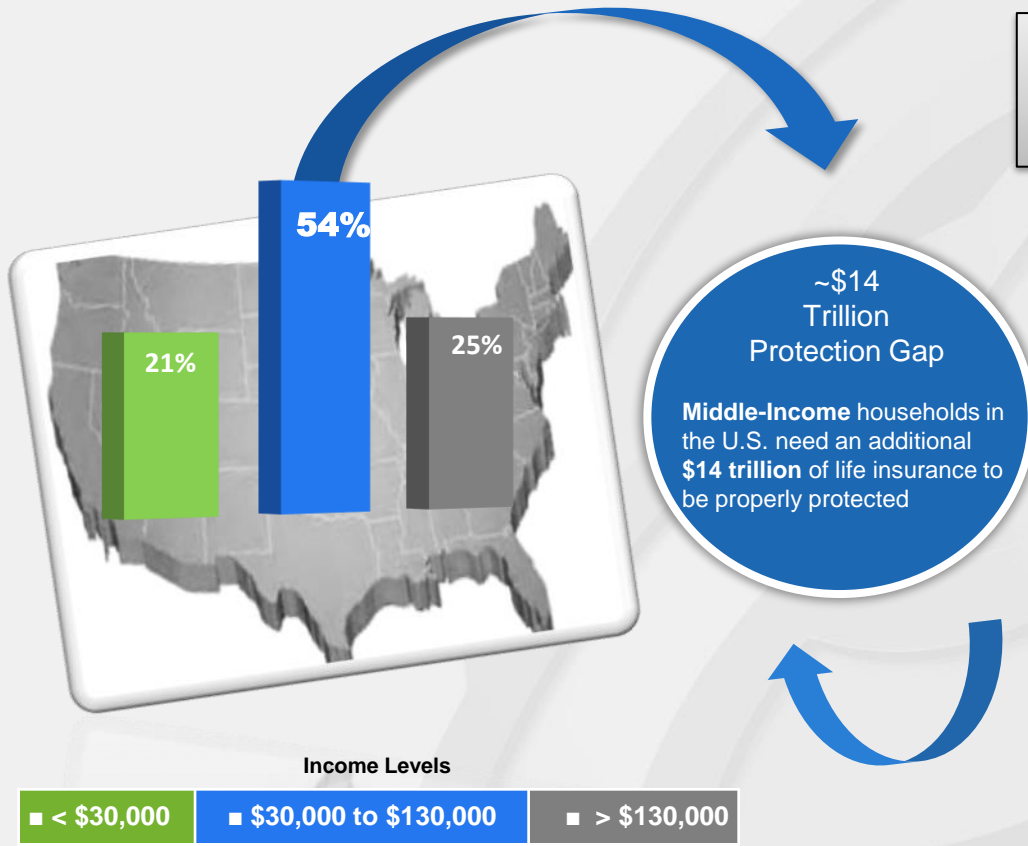
Average household income ⁽¹⁾	\$78,200
Average face amount of term life policy ⁽²⁾	\$260,000
Average issue age of life insurance clients ⁽²⁾	38 years
Average initial retail mutual fund investment ⁽²⁾	\$10,700
Assets in qualified retirement plans ⁽³⁾	73%

(1) 2022 Primerica Financial Needs Analysis Clients

(2) For the year ended December 31, 2022

(3) Of total U.S. client asset values in the Investment & Savings Products segment as of December 31, 2022

Significant, Unmet Need

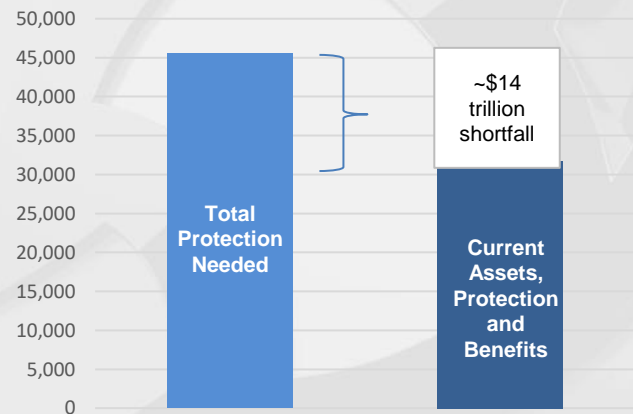


~\$14 Trillion Protection Gap

Middle-income households in the U.S. need an additional **\$14 trillion** of life insurance to be properly protected

Primerica's unique distribution model is designed to effectively serve middle-income families

Life Insurance Gap per Middle-Income Household (Estimate as of 2020)



Middle-Market: Household Income between \$28k and \$142k

■ Aggregate Needs (\$ in billions) ■ Aggregate Resources (\$ in billions)



Investing Trends Provide Opportunity

48%

of middle-income Americans will not be ready for retirement based on their investment and savings habits

Source: February 2021 National Association of Plan Advisors

- ❑ Primerica's 26,000 mutual fund licensed representatives are uniquely positioned to serve middle-income families
- ❑ Clients can systematically invest for as little as \$25/month
- ❑ Lifetime Investment Platform managed accounts and annuity offerings cater to the investment needs of more affluent clients

Are You Saving Enough For Retirement?

	At this household income:					
	\$50,000	\$80,000	\$100,000	\$150,000	\$200,000	\$250,000
At this age:	You'd need this multiple of your income:					
35	1.3	2.0	1.4	1.9	2.4	2.7
40	1.9	2.6	2.2	2.9	3.4	3.8
45	2.5	3.5	3.2	4.0	4.7	5.2
50	3.3	4.5	4.4	5.4	6.2	6.8
55	4.3	5.7	5.9	7.1	8.1	8.7
60	5.5	7.2	7.7	9.1	10.3	11.1
65	7.0	9.1	10.1	11.8	13.3	14.3

Source: J.P. Morgan Asset Management

Focused on Helping Middle-Income Clients with Investments

Model Portfolios
Helps you create an investment program tailored to your investing style and goals.

COMMON SENSE FUNDS
An Investment Program For Every Phase of Life
Asset Builder Funds. How Should You Spend The Difference?

Five basic models to meet the needs of most investors.

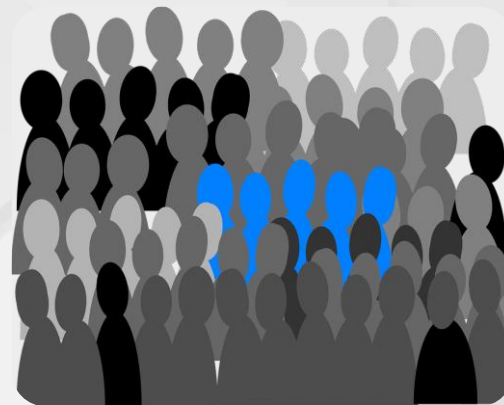
Positioned to Serve the Middle-Income Market

❑ 64% of middle-income households are confident in their financial situation; however

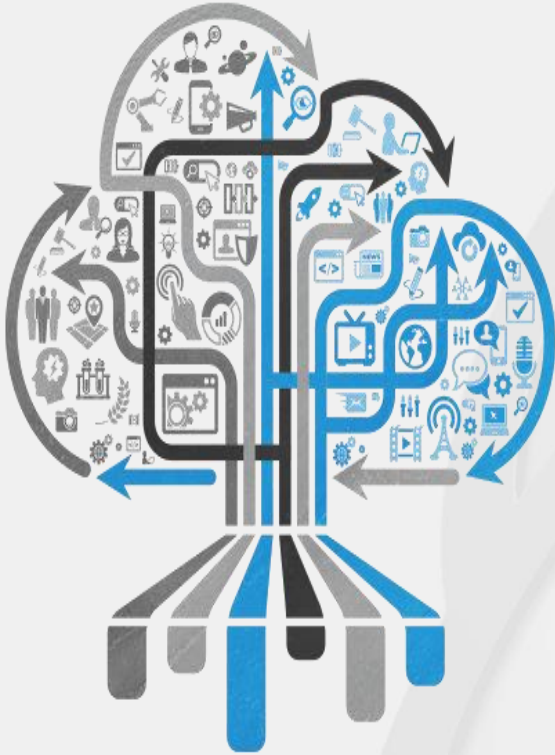
- 60% do not have an emergency fund to cover an expense of \$1,000 or more
- 68% are concerned about meeting the increasing cost of living
- 62% feel it is difficult to save for the future
- 28% have increased their credit card debt over the last three months

❑ Diverse life-licensed sales force is ready to respond to the unique needs within their own communities

- 28% African American
- 19% Hispanic
- 59% Women



Leveraging Technology to Serve the Middle-Market



- We utilize a high-tech, high-touch approach that leverages the latest technology supported by live agent assistance
 - The industry DTC approach is seeing mixed results, and many are increasingly adding agent assistance
 - We maintain the unique advantage of personal advice and agent support
- Constant focus on technological improvements to maintain strong appeal in an ever-changing marketplace
 - Introduced a new generation of term life insurance products in October 2022 that leverages advances in technology to make the application and issue process simpler, faster and more convenient

Business Model is Difficult to Replicate

Variable cost structure enables high volume of small transactions

Significant experience underwriting Term Life insurance for middle-income market

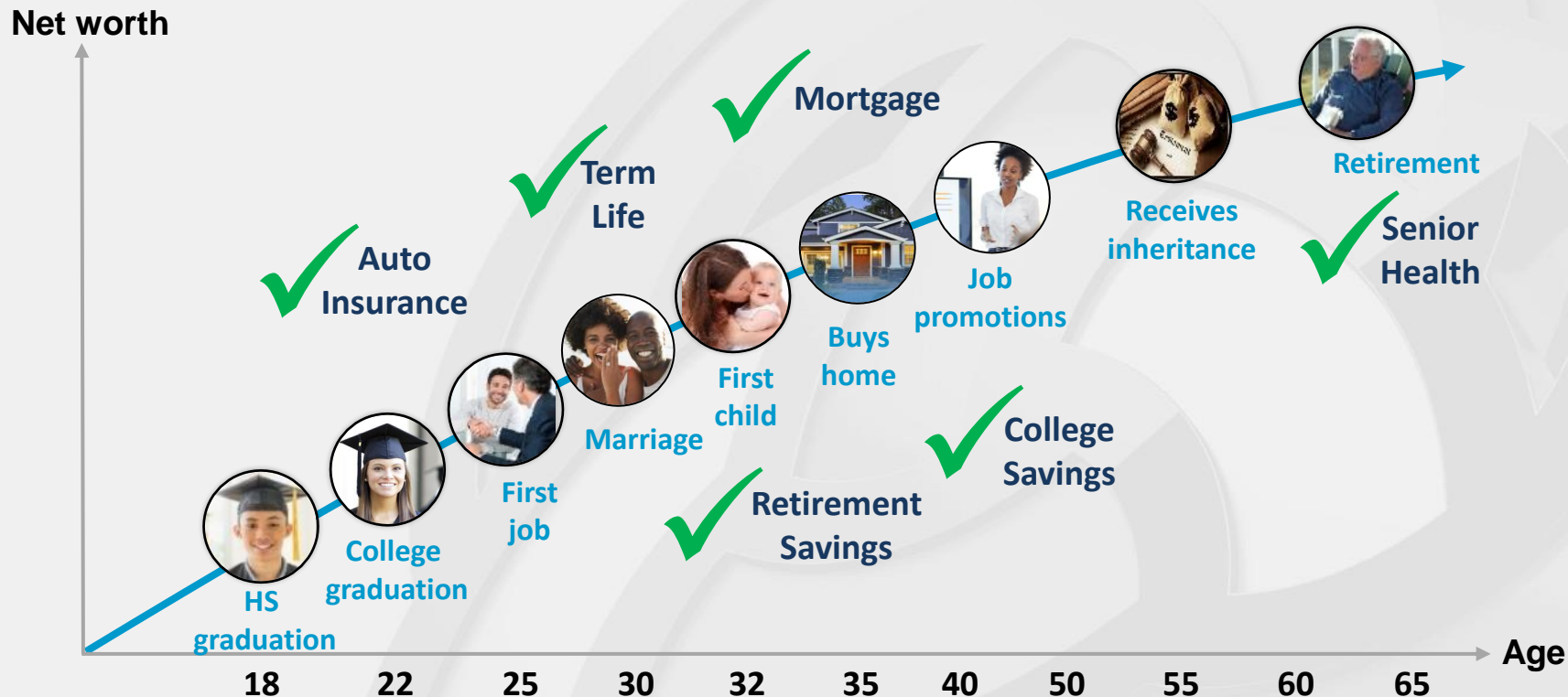
Exclusive independent contractor sales force⁽¹⁾

Extensive communications, training and pre-licensing infrastructure

Cutting-edge sales tools and customized sales support

Extensive controls, supervision and surveillance functions

Primerica at Every Life Stage



Business Segments

Term Life Insurance

- Term life policies issued by Primerica Life Insurance Company, National Benefit Life Insurance Company and Primerica Life Insurance Company of Canada

Investment & Savings Products

- Retail mutual funds (U.S. / Canada), managed accounts (U.S.), annuities (U.S.), segregated funds (Canada)

Senior Health

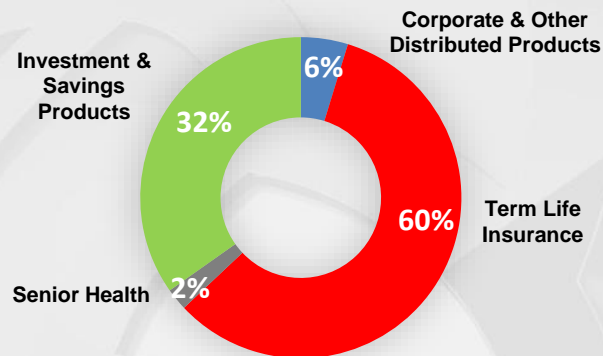
- Third-party Senior Health insurance products distributed through e-TeleQuote's licensed health insurance agents

Corporate & Other Distributed Products

- Corporate income and expenses not allocated to other segments including New York non-term life insurance business from several discontinued lines and net investment income
- Other distributed products
 - Mortgage Business
 - Prepaid Legal Services
 - Auto & Homeowners Insurance
 - Home Automation

Adjusted Operating Revenues

2022 Adjusted Operating Revenues: \$2.7 billion



Primerica's Adjusted Operating Results ^{(1) (2)}

(\$ in millions)	2022	2021	Change%
Adjusted Operating Revenues	\$2,725	\$2,706	1%
Adjusted Operating Income before Income Taxes	\$693	\$738	(6%)
Adjusted Net Operating Income	\$537	\$566	(5%)
Adjusted Stockholders' Equity	\$2,142	\$2,100	2%
Adjusted Operating ROAE	25.7%	29.3%	

(1) Operating adjustments remove the impact of investment gains/losses, fair value mark-to-market adjustments, transaction-related expenses for the purchase of e-TeleQuote, share-based compensation for shares exchanged in the business combination, as well as goodwill impairment charges for the Senior Health reporting unit. Additionally, 2021 operating adjustments also remove a loss for the extinguishment of debt.

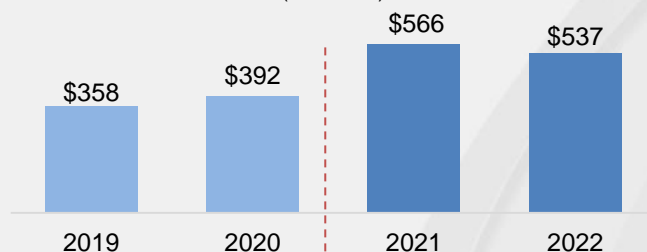
(2) Financial results reflect LDTI adjustments

Earnings Drivers by Segment

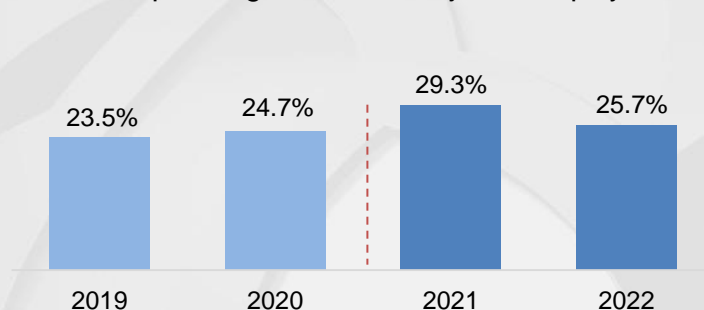
Business Segment	Earnings Drivers
Term Life Insurance	<ul style="list-style-type: none">❑ Term Life issued policies, additions to existing policies and retention of in-force business❑ Mortality and persistency assumptions and experience variances❑ Acquisition costs and operating expenses
Investment & Savings Products	<ul style="list-style-type: none">❑ Product sales, client asset values and number of client accounts❑ Operating expenses
Senior Health	<ul style="list-style-type: none">❑ Approved policies❑ Lifetime value of commissions❑ Contract acquisition cost and other operating expenses
Corporate & Other Distributed Products	<ul style="list-style-type: none">❑ Corporate and other operating expenses❑ Net investment income❑ Other product sales❑ Interest expense

Superior Financial Results⁽¹⁾

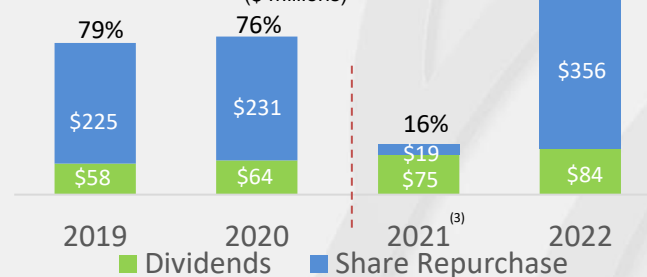
Adjusted Net Operating Income⁽²⁾
(\$ millions)



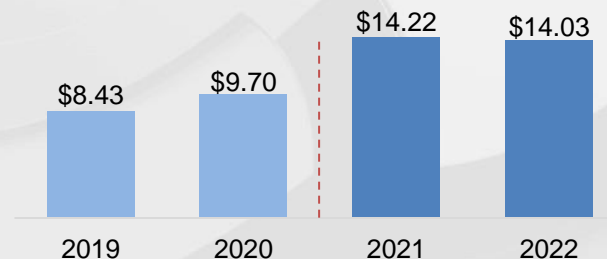
Net Operating Return on Adjusted Equity⁽⁴⁾



% of Adjusted Net Operating Income
Returned to Stockholders
(\$ millions)



Adjusted Operating Earnings per
Diluted Share⁽⁵⁾



- (1) Results for 2021 and 2022 reflect accounting for long-duration insurance contracts under the new guidance in Accounting Standards Update No. 2018-12 ("LDTI"). Results for 2019 and 2020 reflect accounting under legacy US GAAP for long-duration insurance contracts ("FAS 60").
- (2) Net income attributable to PRI of \$366mm (2019), \$386mm (2020), \$477mm (2021) and \$472mm (2022)
- (3) In 2021, the Company suspended its stock repurchase program to fund the acquisition of e-TeleQuote.

- (4) Net Income Return on Stockholders' Equity for the comparable periods was 23.4% (2019), 23.3% (2020), 45.2% (2021) and 28.1% (2022)
- (5) Diluted Earnings Per Share for the comparable periods was \$8.62 (2019), \$9.57, (2020), \$11.99 (2021) and \$12.33 (2022)



Capital Management

Capital Management

- ❑ Primerica Life Insurance Company (PLIC) statutory risk-based capital ratio (RBC) to meet financial obligations was approximately 475% at year-end 2022
- ❑ Consistently returned a significant portion of operating earnings to stockholders. Anticipate repurchasing \$375 million of common stock in 2023 and increased dividend payout by 18% starting with the March 14, 2023 payment date

Financial Leverage

- ❑ Modest debt / total capitalization ratio of 21.6% ⁽¹⁾ at year-end 2022
- ❑ Coverage satisfied from non-insurance cash flows

Asset Leverage

- ❑ Less dependence on investment income than most life insurers
~2.1x (cash + invested assets) / adjusted stockholders' equity
- ❑ Conservative, high quality fixed income portfolio with average rating of A, at year-end 2022

Primerica's Ratings

Agency	Senior Notes Rating	Financial Strength Rating ⁽²⁾
Moody's	Baa1, stable outlook	A1, stable outlook
Standard & Poor's	A-, stable outlook	AA-, stable outlook
A.M. Best Company	a-, stable outlook	A+, stable outlook

(1) Debt-to-Capital is that of the parent company only. Capital in the debt ratio includes stockholders' equity, excluding AOCI, and the notes payable

(2) Primerica Life Insurance Company's insurer financial strength rating

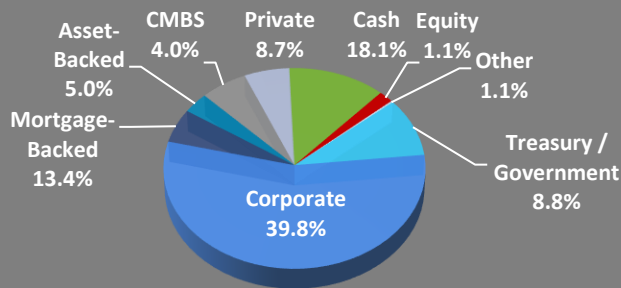
High Quality, Conservative Investment Portfolio

Key Metrics

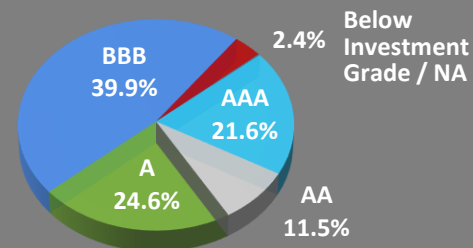
Approximate Effective Duration	4.7 years
Approximate Book Yield	3.44%
Average Rating	A
Fixed Income	~99%
Inv. Grade / Below Inv. Grade Mix	98% / 2%

- High quality, well diversified portfolio
- Manufacture Term Life which has no cash value, and little asset liability matching compared to firms which sell cash value life insurance products

Composition of Primerica's \$3.1 Billion Investment Portfolio by Asset Class at end of 2022



Composition of Primerica's \$2.8 Billion Fixed Income Investment Portfolio by Rating at the end of 2022



Primerica's ESG approach is consistent with our mission to help middle-income families become financially independent

Our commitment to serving our clients is unwavering and guides who we are as a company



Environment

We recognize the significant challenges presented by climate change. Environmental issues potentially present risks and opportunities to our business, which we address in the following ways:

- Analyzing the potential impact of climate change on the products we sell
- Measuring and monitoring our Scope 1 and Scope 2 GHG emissions
- Ensuring our product mix offers clients the opportunity to invest in products and services that specifically address environmental risk and responsibility
- Incorporating relevant environmental information and analysis into our governance and risk management practices and adopting TCFD

- Focus on enabling access to financial information, products and services for traditionally underserved markets throughout North America
- Provide an entrepreneurial opportunity and support for individuals to successfully grow their independent businesses
- Promote an environment where employees are encouraged to maintain health and wellness as well as engage in training and personal development in order to attract and foster talent
- A focus on diversity and equality are fundamental to our efforts to cultivate an inclusive workplace
- Committed to giving back to and improving the communities in which we live and work



Governance

We are focused on creating value for our clients, communities and stakeholders through a strong ethics, governance and compliance regime

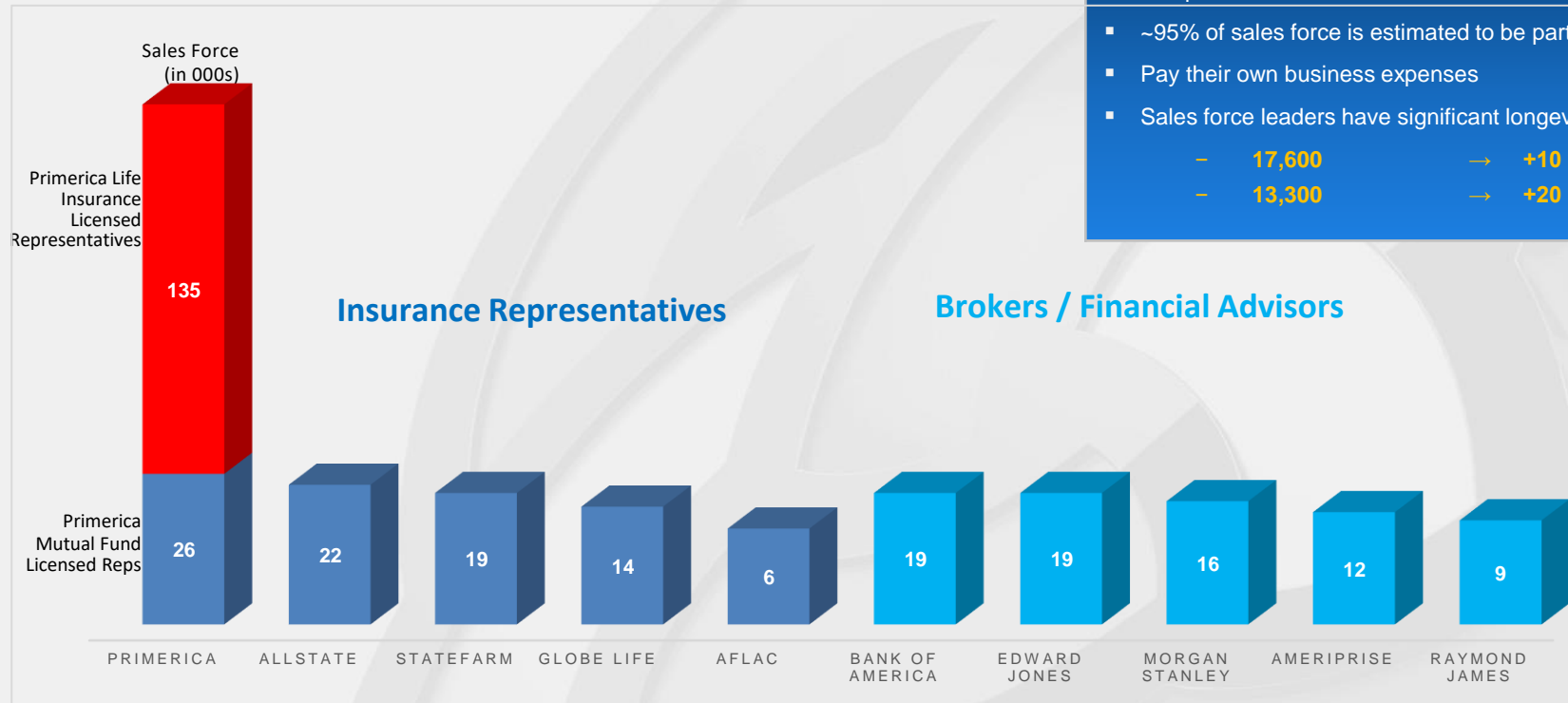
- Engaged and diverse Board that believes good corporate governance and effective oversight are critical factors in our continued success and aligning management and stockholder interests
- Corporate culture that encourages our people to act with integrity and accountability with commitment to the highest standards of business conduct.
- Robust risk management program with strong controls environment

Social



Distribution

Distribution is a Competitive Advantage



- Independent contractors exclusive to Primerica
- ~95% of sales force is estimated to be part-time
- Pay their own business expenses
- Sales force leaders have significant longevity
 - 17,600 → +10 years
 - 13,300 → +20 years

Primerica's Licensed Sales Force

Licensing Progression	Rep License	Average Tenure
	Total Life Insurance ~135,200⁽¹⁾	7 Years
First obtain a Life Insurance License	~110,300 Life only <ul style="list-style-type: none"> ▪ 106,000 U.S. Reps ▪ 4,300 Canadian Reps 	5 Years
Obtain mutual fund license after success selling life insurance & building a business	~26,000 Mutual Fund Licensed Representatives <ul style="list-style-type: none"> ▪ 19,000 in U.S. ▪ 7,000 in Canada 	16 Years
Become Investment Advisor representative after success in ISP business	3,400 U.S. Investment Advisor representatives who can sell managed accounts	20 Years

Sales Force Support

Communication & Training

- ❑ Weekly broadcasts from in-house TV Network
- ❑ Online Digital Library of training materials
- ❑ Virtual training with RVP

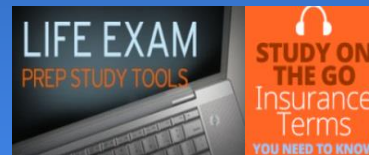


Licensing

- ❑ In person and online Life Insurance pre-licensing education and test preparation
- ❑ Dedicated team to provide licensing support in all states and provinces

Marketing

- ❑ Proprietary digital sales tools allow representatives to work anywhere and anytime
- ❑ Efficient and secure electronic applications with automatic prompts to reduce errors
- ❑ Rep Marketing Center helps reps increase activity and grow their business with targeted prospecting tools



Business Model Mitigates Risks

Business Model	Extensive Controls
<ul style="list-style-type: none">❑ Warm market lead generation - representatives know their clients❑ Basic and easy-to-understand products available for newer representatives❑ More sophisticated products such as Lifetime Investment Platform, annuities and mortgage❑ Part-time nature removes pressure to over-sell❑ Sales force has an exclusive relationship with Primerica	<ul style="list-style-type: none">❑ Supervision system structure based on SEC, FINRA, State DOI and Mortgage regulatory requirements❑ Field Supervision<ul style="list-style-type: none">▪ All FINRA Branch Managers are directly supervised by a staff of Home Office Regional Securities Principals.▪ Branch office examinations are conducted by Field Auditors in accordance with FINRA and mortgage rules.▪ Approximately 165 compliance-related employees perform various surveillance and monitoring activities.▪ Approximately 4,837 principal licensed or Canadian equivalent securities licensed branch managers❑ Generate surveillance reports, conduct client and representative surveys and audit all RVP offices

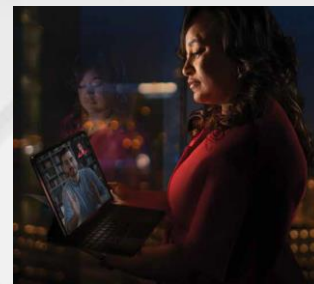
Strong Sales Force Compliance Record

Sales Process

Warm Market Approach



Face-to-Face & Virtual Meetings
“Across the Kitchen Table”



Multiple Product Offerings



Client-centric Educational Process
including Financial Needs Analysis



Products

Simple Products for Long-Term Financial Needs

Term Life

Term Life Insurance Products
underwritten by Primerica, Inc. companies

PowerTerm
(10, 15, 20, 25, 30, 35 years)

PrecisionTerm
(10, 15, 20, 25, 30, 35 years)

Mortgage

Mortgage Products
through third-party provider

Refinance
Purchase
Jumbo
FHA
VA

Investment & Savings Products

Investment & Savings Products
through third-party providers

Mutual Funds
Managed Accounts
Annuities
401(k) Plans

Senior Health

Senior Health Insurance Products
through third-party carriers

Medicare Advantage
Medicare Supplement

- ❑ Younger families need more income protection: they have young children, higher debt and lower savings
- ❑ As clients age, they need less insurance because their liabilities are lower, and investments grow
- ❑ Primerica teaches basic investment principles like diversification and systematic investing through dollar cost averaging over time

Third-Party Providers



listed is subject to state and federal licensing and certification requirements. Please refer to the Important Endnotes for additional details about the contractual arrangements and company affiliations detailed above. **IMPORTANT ENDNOTES:** Auto and Home Solutions: Insurance referrals are offered through Primerica Secure™, an insurance referral program in which representatives may refer individuals to Answer Financial Inc., which offers insurance products and services through its licensed affiliates. Primerica, its representatives and the Primerica Secure™ program do not represent any of the insurers in the program. Home automation services (including home security) are offered through a referral arrangement by contractual agreement between Primerica Client Services Inc., and Vivint, Inc. Legal and Identity Protection: IDTheftDefenseSM is a product of Pre-Paid Legal Services, Inc. (PPLSI) that provides access to identity theft protection and restoration services, through contractual agreement between Primerica Client Services, Inc. and PPLSI. Primerica Legal Protection Program legal protection services are offered by PPLSI through contractual agreement between Primerica Client Services, Inc. and PPLSI. PPLSI provides access to legal services offered by a network of provider law firms to PPLSI members through membership-based participation. Life Insurance: Primerica representatives market term life insurance underwritten by National Benefit Life Insurance Company (Home Office: Long Island City, NY) in New York and Primerica Life Insurance Company (Executive Offices: Duluth, GA) in all other U.S. jurisdictions. Managed Accounts: PFS Investments Inc. is an SEC Registered Investment Adviser doing business as Primerica Advisors. For additional information about managed accounts, please ask your Primerica representative for a copy of the Form ADV Part 2A wrap fee program brochure for the Lifetime Investment Platform. Mortgage Loans: Primerica Mortgage, LLC, NMLS ID # 1723477 (<https://nmlsconsumeraccess.org>). EQUAL HOUSING OPPORTUNITY. Primerica Mortgage, LLC is a state licensed Mortgage Broker, with its headquarters office located at 1 Primerica Parkway, Duluth, GA 30099. Mutual Fund, Annuities and 401(k) Plans: Securities are offered by PFS Investments Inc., 1 Primerica Parkway, Duluth, Georgia 30099-0001. Fixed index annuities are offered by Primerica Financial Services, LLC, an affiliate of PFS Investments Inc. Senior Health: Primerica Senior Health referral program in which Primerica representatives may introduce individuals to e-TeleQuote Insurance, Inc. ("e-TeleQuote"), an affiliate of Primerica, Inc. e-TeleQuote does business as easyMedicare® in all states other than California, Florida and New Mexico. e-TeleQuote is a duly licensed insurance agency appointed by Medicare Advantage HMO, PPO and PFFS plans and stand-alone prescription drug plans and insurance companies holding Medicare contracts approved by The Centers for Medicare & Medicaid Services (CMS). Primerica is the trademark of Primerica, Inc. All other trademarks and service marks are the property of their respective owners. All



Term Life Insurance Pre-Tax Earnings Dynamics

Adjusted Direct Premium (ADP)

- Direct premiums net of premiums ceded to IPO coinsurers

Benefits and Claims

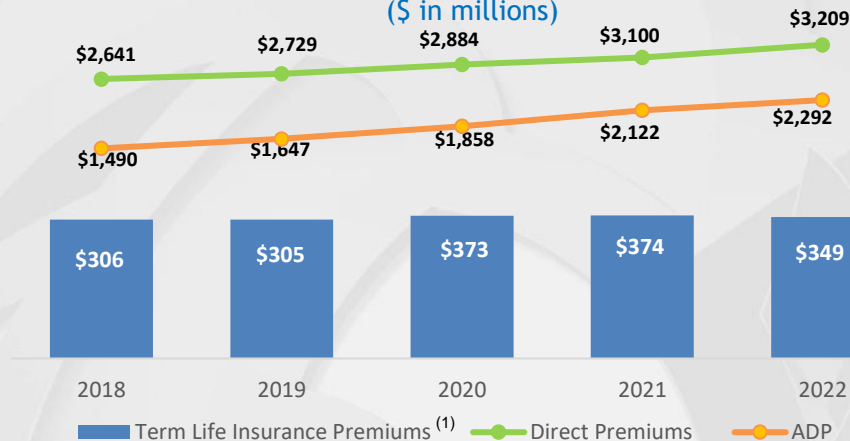
- Reinsure 80%-90% of the mortality risk to reduce volatility

DAC Amortization

- Acquisition expenses amortized on a straight-line basis based on a cohort current face amount

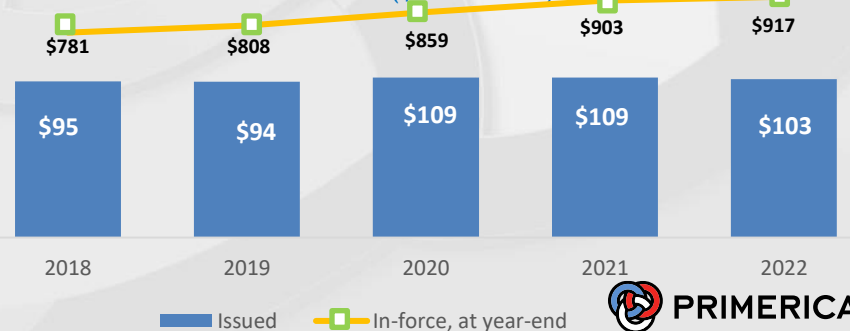
Term Life Insurance Premiums

(\$ in millions)



Term Life Insurance Face Amount

(\$ in billions)



(1) Estimated annualized term life premiums

Primerica's Use of Reinsurance

Yearly Renewal Term (YRT) Reinsurance

- ☐ Reinsure 90% of the mortality risk on new issued policies on a quota share basis
- ☐ YRT cedes the mortality risk only
- ☐ YRT premiums start low and increase as the underlying policies age
- ☐ Used since 1991 as a risk management tool to lower claim volatility
- ☐ High quality pool of reinsurers

IPO Coinsurance

- ☐ At the IPO, coinsured 80% of in-force business. No use of coinsurance since then
- ☐ Coinsurance is similar to sharing a portion of the business
- ☐ Coinsurers receive their portion of all premiums and pay their portion of all claims
- ☐ Primerica receives allowances from the coinsurers to cover their portion of the company's expenses and commissions
- ☐ Decreases with the run-off of this closed block
- ☐ When policies reach the end of their initial level premium period in 2017 or thereafter, we no longer cede the policy under the IPO coinsurance

Investment & Savings Products (ISP) Pre-tax Earnings Dynamics

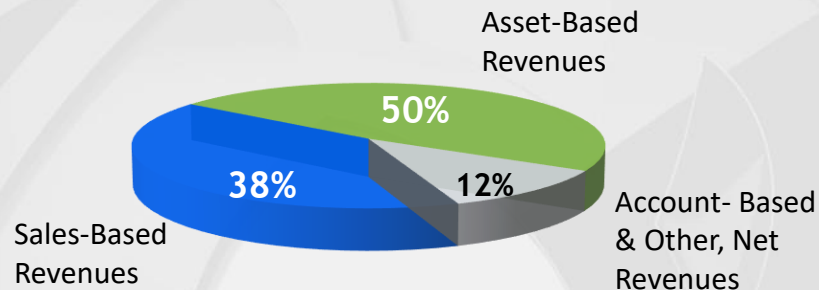
❑ Diversified Earnings Mix

- Sales-based – fees and commissions received at point of sale, net of commissions paid to the field
- Asset-based – fees and commissions on client asset values, net of commissions paid to the field and administration and advisory fees paid to third-party providers
- Account-based – record-keeping and custodial fees, net of recordkeeping fees paid to third-party providers

❑ Low Capital Requirements with Largely Unrestricted Cash Flows

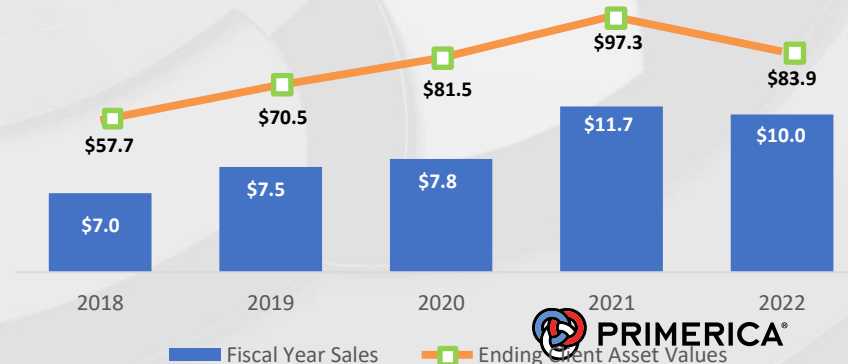
ISP Revenue Mix

\$863.4 million in 2022



ISP Sales & Asset Values

(\$ in billions)

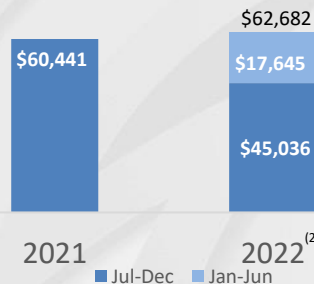


Senior Health Segment Pre-Tax Earnings Dynamics⁽¹⁾

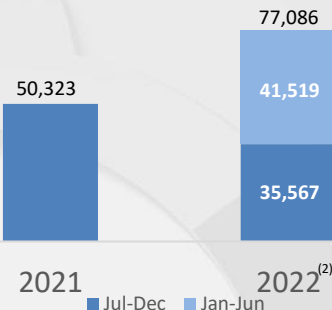
- ❑ **Focused on building a sustainable business that will generate acceptable long-term returns**
 - Evaluating cost structure, including number of agents, agent compensation and marketing activities
- ❑ **A solutions-oriented approach**
 - Working with key carriers to ensure clients' needs are met
 - Increased focus on client retention efforts and relationship building
- ❑ **Senior health solutions continues to provide opportunities for Primerica's representatives and their Medicare eligible clients**

Senior Health Revenues

(\$ in thousands)

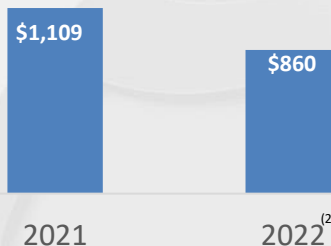


Approved Policies



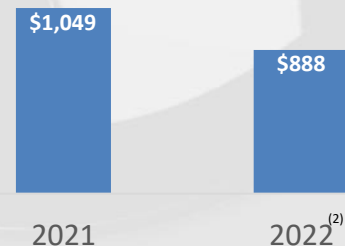
LTV Per Approved Policy

(in whole dollars)



CAC Per Approved Policy

(in whole dollars)



(1) e-TeleQuote acquired on July 1, 2021

(2) Results reflect deliberate plan to slow growth caused by significant industry changes

Commission revenue recognized based on the estimated lifetime value (LTV) to be collected over the estimated life of an approved policy for the relevant period based on multiple factors, including but not limited to contracted commission rates, carrier mix, expected policy turnover, historical chargeback activity and applied constraints.

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. Contract acquisition costs (CAC) includes direct marketing costs incurred to acquire leads through internal and external sources, including commissions paid to Primerica representatives, as well as ETQ agent compensation, training and licensing costs.



Primerica Mortgage Distribution Business

- ❑ Serve client needs to consolidate debt and get on path to financial freedom and also make home purchases
- ❑ Provide clients with a comprehensive selection of mortgage products including first and second mortgages
 - Refinance, Purchase, Jumbo, FHA, VA, home equity loans and lines
- ❑ Engaged in business in 25 states and expanding
- ❑ Long-term opportunity to grow mortgage business
 - \$2.3 billion in closed loan volume since inception
 - Approximately 2,000 mortgage licensed representatives at year end 2022 versus 1,300 at prior year end



Growing Stockholder Value

Strategic Pillars for
Future Growth

+

Strong Capabilities,
Tools and Leadership

+

Significant Free
Cash Flow

=

Growth in Stockholder Value

Compelling Investment Proposition



Proven Track Record

- 40+ year track record of success and significant growth since IPO
- Experienced leadership team dedicated to Primerica's mission



Unparalleled Distribution Model

- Uniquely designed to reach and serve middle-income consumers in North America
- Large, exclusive life insurance and mutual funds licensed sale force that is difficult to replicate



Growth Opportunity

- Significant unmet need in the middle-income market
- Sales force demographics aligned with communities we serve



Complementary Business Segments

- Products designed to meet the specific needs of the middle-income market throughout their life cycle
- Long term client relationships drive recurring revenue streams



Strong Financial Performance

- Demonstrated track record of growing EPS
- Sizeable term life business with stable and predictable earnings
- Significant cash flow generation to fund product growth across all lines of business while also providing strong return of capital to stockholders

Appendix

Consolidated Balance Sheet

(\$ in millions)

	Dec 2022	Dec 2021	Variance	
			\$	%
Assets:				
Invested Assets and Cash (1)	\$ 3,142	\$ 3,278	\$ (136)	-4%
Securities Held to Maturity	1,445	1,379	66	5%
Due From Reinsurers	3,210	4,240	(1,030)	-24%
Deferred Policy Acq Costs	3,189	2,957	232	8%
Goodwill	128	179	(51)	-29%
Other Assets	1,223	1,364	(140)	-10%
Separate Account Assets	2,306	2,800	(494)	-18%
Total Assets	<u>\$ 14,641</u>	<u>\$ 16,196</u>	<u>\$ (1,555)</u>	<u>-10%</u>
Liabilities:				
Future Policy Benefits	\$ 6,298	\$ 8,594	\$ (2,297)	-27%
Other Policy Liabilities	1,037	1,104	(66)	-6%
Income Tax Payable	204	15	189	nm
Other Liabilities	627	670	(43)	-6%
Debt Obligations	593	607	(14)	-2%
Surplus Note	1,444	1,379	66	5%
Payable Under Securities Lending	101	95	6	7%
Separate Account Liabilities	2,306	2,800	(494)	-18%
Total Liabilities	<u>\$ 12,610</u>	<u>\$ 15,263</u>	<u>\$ (2,653)</u>	<u>-17%</u>
Redeemable Noncontrolling Interest	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ (7)</u>	
Stockholders' Equity:				
Common Stock	0	0	(0)	-7%
Additional Paid in Capital	-	5	(5)	-100%
Retained Earnings	2,154	2,086	68	3%
Cumulative Translation Adj	(12)	9	(21)	nm
Adjusted Stockholders' Equity	<u>2,142</u>	<u>2,100</u>	<u>42</u>	<u>2%</u>
Net Unrealized Gains/Losses	(241)	64	(305)	nm
Effect of Change in Discount Rate Assumptions	130	(1,238)	1,369	nm
Total Stockholders' Equity (2)	<u>2,031</u>	<u>925</u>	<u>1,106</u>	<u>119%</u>
Total Liab, Redeemable NCI & Stockholders' Equity	<u>\$ 14,641</u>	<u>\$ 16,196</u>	<u>\$ (1,555)</u>	<u>-10%</u>
Debt-to-Capital	22.6%	39.6%		
Debt-to-Capital, excl AOCI	21.6%	22.5%		
Invested Assets to Adj Stockholders' Equity	2.1x	2.2x		

Comments

- Effective 1/1/2023 we have adopted FASB ASU 2018-12 (LDTI). We have retrospectively restated 2021 and 2022 financial statements with the new accounting standard
- Decrease in invested assets & cash primarily due to decrease in fair value of fixed income investments as a result of rising interest rates. Also contributing to the change was share repurchases and shareholder dividends, offset by positive cash from operations
- Held to maturity note and offsetting surplus note related to Vidalia Re transaction increase with corresponding reserve increases
- Due From Reinsurers and Future Policy Benefits decrease YOY primarily as a result of the increase in interest rates during 2022
- \$128 million of goodwill acquired from the e-TeleQuote acquisition reflects \$76 million and \$60 million impairment charges in Dec 2021 and Jul 2022, respectively
- Lower debt obligations reflect the retirement of note issued in association with the acquisition of e-TeleQuote
- Invested assets to adjusted stockholder's equity remains low at 2.1x
 - Lower reliance on investment income than peer group
 - Lower sensitivity to asset risk
- Leverage remained manageable at 21.6%

(1) Invested assets and cash exclude the held-to-maturity asset held as part of a redundant reserve financing transaction
 (2) Reflects the company's permanent stockholders' equity and does not include temporary stockholders' equity

Consolidated Income Statement

(\$ in millions, except EPS)

	FY 2022	FY 2021	Variance to Prior Year	
			\$	%
Direct premiums	\$ 3,230	\$ 3,122	\$ 108	3%
Ceded premiums	(1,630)	(1,616)	(14)	1%
Net premiums	1,600	1,506	94	6%
Adjusted net investment income	97	83	14	17%
Commissions and fees	945	1,043	(98)	-9%
Other, net	83	75	9	12%
Adjusted operating revenues	2,725	2,706	19	1%
Benefits and claims	632	602	30	5%
Future policy benefits remeasurment (gain)/loss	2	1	0	nm
Amortization of DAC	262	238	23	10%
Insurance commissions	30	35	(4)	-12%
Sales commission expense	463	522	(60)	-11%
Contract acquisition costs	68	53	16	30%
Interest expense	27	31	(3)	-11%
Insurance expenses	235	203	33	16%
Other operating expenses	319	286	33	12%
Adjusted benefits and expenses	2,039	1,970	68	3%
NCI before income taxes	(7)	(2)	(5)	
Adjusted operating income before income taxes	693	738	(45)	-6%
Adjusted income taxes	156	172	(16)	-9%
Adjusted net operating income	\$ 537	\$ 566	\$ (29)	-5%
Diluted adjusted operating EPS	\$ 14.03	\$ 14.22	\$ (0.19)	-1%
Adjusted operating ROAE	25.7%	29.3%		
Operating Adjustments to Net Income:				
Investment gains / (losses)	\$ (1)	\$ 6		
MTM investment adjustments	(4)	(3)		
e-TeleQuote transaction-related costs	2	(13)		
Equity comp for awards exchanged during acq.	(4)	2		
Goodwill impairment	(60)	(76)		
Loss on extinguishment of debt	-	(9)		
NCI before income taxes	(7)	(2)		
Tax impact of adjustments	3	5		
Net Income	\$ 467	\$ 476		

Comments

- Effective 1/1/2023 we have adopted FASB ASU 2018-12 (LDTI). We have retrospectively restated 2021 and 2022 financial statements with the new accounting standard
- 2022 adjusted net operating income decreased 5% versus 2021, while operating EPS decreased 1% with the additional benefit of share repurchases
- 1% increase in adjusted operating revenue driven by:
 - Incremental premiums on Term Life policies
 - Commission & fee revenue driven by negative impact of market volatility on client asset values and lower revenue-generating investment product sales
 - Deliberate slowing of Senior Health sales as well as \$14 million higher net negative revenue adjustments as an approach for estimating lifetime revenues was refined
 - Net investment income benefits from rising interest rates and growth in the portfolio
- 3% increase in adjusted benefits & expenses driven by:
 - Benefits and Claims as well as Amortization of DAC reflect growth in the in-force book of business
 - Commission expense consistent with ISP commission & fee revenue
 - \$16 million increase in Senior Health contract acquisition costs following the mid-year 2021 acquisition of e-TeleQuote
 - Insurance and other operating expenses (excluding \$17 million increase in Senior Health expenses from first full year), increased 10% versus the prior year, reflecting Term Life growth-related expenses, employee-related expenses, higher technology development costs, and an additional field leadership event incurred in 2022 which was postponed during the pandemic
- Strong operating ROAE

