

Analysis of Profitability by Segment

(Dollar amounts in thousands)

	Six months ended June 30,		Increase (Decrease)	
	<u>2013</u>	<u>2012</u>	<u>Amount</u>	<u>%</u>
Life insurance	\$268,840	\$250,295	\$18,545	7
Health insurance	116,360	96,214	20,146	21
Annuity	1,996	1,772	224	
Excess investment income	110,469	126,206	-15,737	-12
Other insurance:				
Other income	1,227	865	362	42
Administrative expense	-88,062	-80,427	-7,635	9
Corporate and adjustments	<u>-17,883</u>	<u>-15,447</u>	<u>-2,436</u>	16
Pretax total (pretax operating income)	392,947	379,478	13,469	4
Applicable taxes	<u>-128,632</u>	<u>-124,209</u>	<u>-4,423</u>	4
After-tax total (net operating income)	264,315	255,269	9,046	4
Reconciling items, net of tax:				
Realized gains (losses) - Investments	76	6,284	-6,208	
Part D adjustment	-9,782	-13,888	4,106	
New York Guaranty Fund Assessment	-751	0	-751	
FHL acquisition expense	0	0	0	
Litigation expense	<u>-325</u>	<u>0</u>	<u>-325</u>	
Net Income	<u><u>\$253,533</u></u>	<u><u>\$247,665</u></u>	<u><u>\$5,868</u></u>	<u><u>2</u></u>