

Analysis of Profitability by Segment

(Dollar amounts in thousands)

	Nine months ended September 30,		Increase (Decrease)	
	<u>2013</u>	<u>2012</u>	<u>Amount</u>	<u>%</u>
Life insurance	\$407,845	\$380,589	\$27,256	7
Health insurance	172,419	142,857	29,562	21
Annuity	3,006	2,706	300	
Excess investment income	164,072	180,858	-16,786	-9
Other insurance:				
Other income	1,970	1,501	469	31
Administrative expense	-133,080	-120,942	-12,138	10
Corporate and adjustments	<u>-26,110</u>	<u>-22,750</u>	<u>-3,360</u>	<u>15</u>
Pretax total (pretax operating income)	590,122	564,819	25,303	4
Applicable taxes	<u>-193,109</u>	<u>-184,800</u>	<u>-8,309</u>	<u>4</u>
After-tax total (net operating income)	397,013	380,019	16,994	4
Reconciling items, net of tax:				
Realized gains (losses) - Investments	2,974	11,017	-8,043	
Part D adjustment	-8,172	-12,299	4,127	
New York Guaranty Fund Assessment	-751	0	-751	
FHL acquisition adjustments	522	-400	922	
Legal settlements	<u>-5,931</u>	<u>0</u>	<u>-5,931</u>	
Net Income	<u><u>\$385,655</u></u>	<u><u>\$378,337</u></u>	<u><u>\$7,318</u></u>	<u><u>2</u></u>