

Analysis of Profitability by Segment

(Dollar amounts in thousands)

	Six months ended June 30,		Increase (Decrease)	
	<u>2015</u>	<u>2014</u>	<u>Amount</u>	<u>%</u>
Life insurance underwriting margin	\$280,780	\$281,335	-\$555	0
Health insurance underwriting margin	103,189	99,245	3,944	4
Medicare Part D insurance underwriting margin	10,677	18,211	-7,534	-41
Annuity underwriting margin	2,196	2,110	86	
Excess investment income	112,236	114,167	-1,931	-2
Other insurance:				
Other income	1,464	1,266	198	16
Administrative expense	-94,063	-89,573	-4,490	5
Corporate and adjustments	-19,526	-21,446	1,920	-9
 Pretax total (pretax operating income)	 396,953	 405,315	 -8,362	 -2
Applicable taxes	-129,909	-132,458	2,549	-2
 After-tax total (net operating income)	 267,044	 272,857	 -5,813	 -2
Reconciling items, net of tax:				
Realized gains (losses) - Investments	1,776	11,177	-9,401	
Part D adjustment	-20,062	-16,749	-3,313	
Administrative settlements	0	-1,987	1,987	
Legal settlement expense	0	-1,519	1,519	
 Net Income	 <u>\$248,758</u>	 <u>\$263,779</u>	 <u>-\$15,021</u>	 <u>-6</u>