

Analysis of Profitability by Segment

(Dollar amounts in thousands)

	Nine months ended September 30,		Increase (Decrease)	
	<u>2016</u>	<u>2015</u>	<u>Amount</u>	<u>%</u>
Life insurance underwriting margin	\$431,045	\$424,880	\$6,165	1
Health insurance underwriting margin	157,212	153,396	3,816	2
Annuity underwriting margin	6,202	3,297	2,905	
Excess investment income	166,008	165,696	312	0
Other insurance:				
Other income	1,086	2,201	(1,115)	-51
Administrative expense	(146,129)	(138,594)	(7,535)	5
Corporate and adjustments	<u>(26,694)</u>	<u>(28,539)</u>	<u>1,845</u>	<u>-6</u>
Pretax total (pretax operating income from continuing operations)	588,730	582,337	6,393	1
Applicable taxes	<u>(178,842)</u>	<u>(190,291)</u>	<u>11,449</u>	<u>-6</u>
After-tax total (net operating income from continuing operations)	409,888	392,046	17,842	5
Discontinued Operations (after tax)	<u>8,240</u>	<u>10,612</u>	<u>(2,372)</u>	<u>-22</u>
Total (net operating income from all operations)	418,128	402,658	15,470	4
Reconciling items, net of tax:				
Realized gains (losses) - Investments	5,057	5,117	(60)	
Part D adjustment - discontinued operations	(9,086)	(13,631)	4,545	
Net gain from sale of Part D - discontinued operations	399	0	399	
Non operating legal fees	<u>(167)</u>	<u>0</u>	<u>(167)</u>	
Net Income	<u>\$414,331</u>	<u>\$394,144</u>	<u>\$20,187</u>	<u>5</u>