

Analysis of Profitability by Segment

(Unaudited)

(Dollar amounts in thousands)

	Three months ended March 31,		Increase (Decrease)	
	<u>2017</u>	<u>2016</u>	<u>Amount</u>	<u>%</u>
Life insurance underwriting margin	\$144,104	\$144,300	(\$196)	0
Health insurance underwriting margin	53,377	51,515	1,862	4
Annuity underwriting margin	2,610	1,631	979	
Excess investment income	59,288	54,673	4,615	8
Other insurance:				
Other income	451	465	(14)	-3
Administrative expense	(51,913)	(48,468)	(3,445)	7
Corporate and adjustments	<u>(10,428)</u>	<u>(8,961)</u>	<u>(1,467)</u>	16
 Pretax total	 197,489	 195,155	 2,334	 1
Applicable taxes	<u>(58,818)</u>	<u>(61,771)</u>	<u>2,953</u>	-5
 Net Operating Income from Continuing Operations ⁽¹⁾	 138,671	 133,384	 5,287	 4
Discontinued Operations (after tax)	<u>(3,637)</u>	<u>(9,541)</u>	<u>5,904</u>	-62
 Total	 135,034	 123,843	 11,191	 9
Realized gains (losses) - Investments (after tax)	<u>(1,493)</u>	<u>190</u>	<u>(1,683)</u>	
 Net Income	 <u><u>\$133,541</u></u>	 <u><u>\$124,033</u></u>	 <u><u>\$9,508</u></u>	 <u><u>8</u></u>

⁽¹⁾ Net operating income from continuing operations is the consolidated total of segment profits after tax and as such is considered a non-GAAP measure.