

Analysis of Profitability by Segment

(Unaudited)

(Dollar amounts in thousands)

	Twelve months ended December 31,		Increase (Decrease)	
	<u>2017</u>	<u>2016</u>	<u>Amount</u>	<u>%</u>
Life insurance underwriting margin	\$604,337	\$573,762	\$30,575	5
Health insurance underwriting margin	219,508	210,056	9,452	4
Annuity underwriting margin	10,562	9,394	1,168	12
Excess investment income	239,363	224,031	15,332	7
Other insurance:				
Other income	1,270	1,534	(264)	(17)
Administrative expense	(210,590)	(196,598)	(13,992)	7
Corporate expense	<u>(43,285)</u>	<u>(34,913)</u>	<u>(8,372)</u>	24
Pre-tax total	821,165	787,266	33,899	4
Applicable taxes	<u>(247,484)</u>	<u>(237,906)</u>	<u>(9,578)</u>	4
Net operating income from continuing operations ⁽¹⁾	573,681	549,360	24,321	4
Discontinued operations (after tax) ⁽²⁾	<u>(3,769)</u>	<u>10,189</u>	<u>(13,958)</u>	(137)
After-tax total, after discontinued operations	569,912	559,549	10,363	2
Realized gains (losses) - investments (after tax)	17,590	(6,944)	24,534	
Administrative settlements (after tax)	(5,628)	(2,467)	(3,161)	
Non-operating fees (after tax)	(187)	(359)	172	
Guaranty fund assessments (after tax)	(1,171)	0	(1,171)	
Tax reform adjustment (after tax)	873,978	0	873,978	
Net Income	<u><u>\$1,454,494</u></u>	<u><u>\$549,779</u></u>	<u><u>\$904,715</u></u>	<u><u>165</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.

⁽²⁾ Income from discontinued operations (after tax) is included for purpose of reconciling to net income.