

Financials (as of 12/31/2016) and Ratings

All Values in \$000s

Total U.S. L&H Insurance			Ratings			Last reviewed	
Total Admitted Assets, excluding sep. accts.	41,305,380		AM Best	A	Excellent	3 of 15	4/7/2017
Total Liabilities, excluding sep. accts.	36,694,021		Fitch	A	Strong	6 of 21	3/24/2017
Total Surplus & Asset Valuation Reserve (AVR)	4,000,723		Moody's	A2	Good	6 of 21	4/28/2017
Surplus & AVR / Total Admitted Assets	9.7%		S&P	A	Strong	6 of 20	3/24/2017
Peer Group Surplus & AVR / Total Admitted Assets ¹	9.6%		Comdex	77			5/15/2017

Member Companies		Assets	Surplus & AVR	Invested Assets		Peer Group Avg. ¹
Unum Life Insurance Co of America	21,298,134	1,941,774	Total	37,932,554		79,735,295
Provident Life & Accident Ins Co	8,455,873	767,490	Bonds	90.7%		72.9%
Paul Revere Life Insurance Co	3,898,787	276,657	Preferred Stock	0.5%		0.2%
First Unum Life Insurance Co	3,545,245	315,648	Common Stock	0.1%		2.6%
Colonial Life & Accident Insurance Co	3,313,066	575,700	Mortgages	5.4%		13.1%
Provident Life and Casualty Ins Co	762,098	147,798	Real Estate	0.5%		0.7%
Starmount Life Ins Co	77,421	29,460	Policy Loans	0.7%		4.0%
Unum Ins Co	57,675	42,968	Cash & Short-Term Inv.	0.2%		2.3%
			Other	1.9%		4.2%

Source: A.M. Best Statement File

News/Commentary

April 7, 2017 – A.M. Best Affirms Ratings of Unum Group and Its Core U.S. Subsidiaries

A.M. Best affirmed the 'A' financial strength rating of the core U.S. life/health insurance subsidiaries of Unum Group. The outlook is stable. According to A.M. Best, the affirmation reflects Unum's favorable operating performance in recent periods and its robust business profile. A.M. Best said Unum occupies leading positions in several different markets and observed that Unum's strong operating performance has come despite the impact of the low interest rate environment. Partially offsetting these positive rating factors in A.M. Best's opinion is Unum's exposure to a significant closed block of long-term care policies and above-average exposure to below investment grade bonds relative to the industry average. While approximately 11% of Unum's fixed-income portfolio is comprised of below investment grade bonds, A.M. Best noted that it has provided a stable source of income with manageable impairment levels.

December 23, 2016 – Fitch Affirms Unum's Ratings; Outlook Stable

Fitch Ratings affirmed the 'A' insurer financial strength rating of the domestic operating subsidiaries of Unum Group. The rating outlook is stable. According to Fitch, the affirmation reflects Unum's continued strong operating performance in its core businesses, moderate investment risk, solid capital and liquidity, and leading position in the U.S. employee benefits market. Fitch said it considers Unum's capitalization and financial leverage to be reasonable and within its expectations for the company's ratings. Fitch stated Unum's risk-based capital ratio is anticipated to be approximately 400% at year-end 2016. Factors that partially offset these positive rating factors in Fitch's opinion include the impact of the ongoing low interest environment on Unum's businesses, including its legacy long-term care business, and competitive challenges on the company's core U.S. disability business.

November 5, 2015 – Moody's Affirms Unum; Stable Outlook

Moody's Investors Service affirmed the 'A2' insurance financial strength ratings of the U.S. life insurance subsidiaries of Unum Group. The outlook is stable. According to Moody's, Unum's financial profile has been strengthening as core earnings have improved despite softness in the U.S. economy. Moody's also said Unum's leading market share in several group benefit and worksite markets contributes to its ratings. Moody's commented that Unum's investment portfolio is highly liquid and of good quality with minimal exposure assets viewed as having higher risk such as structured securities, equities, real estate, and commercial mortgages. Despite higher concentrations of below investment grade bonds than its peers, Moody's said future investment losses should be manageable relative to Unum's earnings capacity and capital. Challenges cited Moody's include the fact that Unum's product risk profile and earnings are still associated with the disability business which Moody's views as one of the higher risk product risk profiles in the life insurance industry as claims could increase if an economic downturn led to increasing unemployment.

June 24, 2013 – S&P: Unum Group Subsidiaries 'A' Ratings Affirmed; Outlook Stable

Standard & Poor's affirmed its 'A' financial strength ratings on the U.S. insurance subsidiaries of Unum Group. The outlook is stable. S&P said Unum has a strong business risk and financial risk profile with very strong capital, consistent operating earnings, and strong financial flexibility. S&P also stated that Unum has a strong competitive position with leading positions in the group and individual income protection markets in the U.S. S&P believes that Unum's investment portfolio is high quality and well diversified, which enables the operating companies to maintain good liquidity.

¹ 30 life and health insurance groups representing over 80% of issued face amounts in permanent policies in 2016