

# Second Quarter 2017 Earnings Results

# Forward-Looking Statements and Non-GAAP Financial Measures

## Forward-Looking Statements

This presentation may contain forward-looking statements and information. Additional information on factors that could cause results to differ materially from those projected in this presentation is available in our Form 10-K for the year ended December 31, 2016, as updated by our Form 10-Q for the quarter ended March 31, 2017, available in the “Investor Relations” section of our website <http://investors.primerica.com>.

## Non-GAAP Financial Measures

This presentation also contains non-GAAP financial measures. A reconciliation of those measures to GAAP financial measures is included in our Financial Supplement, which is posted in the Investor Relations section of our website, <http://investors.primerica.com>.

Reported amounts may not add due to rounding.

# Financial Highlights

## Second Quarter 2017

- 10% increase in both adjusted operating revenues and adjusted net operating income year-over-year
- 7% increase in Term Life income before income taxes versus Q2 2016
- 10% growth in Investment and Savings Products income before income taxes versus Q2 2016
- 14% growth in adjusted operating EPS compared to Q2 2016
- ROAE expanded to 20.9%
- Repurchased approximately \$45 million or 585,000 shares of Primerica's common stock in Q2 2017, and \$75 million or 967,000 shares in 1H2017

## Adjusted Operating Financial Results <sup>(1)</sup>

(\$ in millions, except per-share amounts or as noted otherwise)	Q2 2017	Q1 2017	Q2 2016
Adjusted Operating Revenues	\$413.6	\$405.0	\$375.6
Adjusted Net Operating Income	\$63.0	\$52.0	\$57.1
Adjusted Stockholders' Equity <sup>(2)</sup>	\$1,219.4	\$1,199.0	\$1,139.1
Diluted Adjusted Operating EPS <sup>(3)</sup>	\$1.36	\$1.11	\$1.19
Adjusted Book Value Per Share <sup>(4)</sup>	\$27.08	\$26.32	\$24.44
Adjusted Operating ROAE <sup>(5)</sup>	20.9%	17.5%	20.2%
Debt-to-Capital <sup>(2)</sup>	22.7%	23.0%	23.6%

## GAAP Financial Results <sup>(1)</sup>

(\$ in millions, except per-share amounts)	Q2 2017	Q1 2017	Q2 2016
Revenues	\$413.7	\$405.2	\$379.0
Net Income	\$63.1	\$52.1	\$59.3
Stockholders' Equity <sup>(2)</sup>	\$1,269.3	\$1,246.5	\$1,207.5
Diluted EPS <sup>(3)</sup>	\$1.36	\$1.11	\$1.23
Book Value Per Share <sup>(4)</sup>	\$28.18	\$27.37	\$25.91
ROE <sup>(6)</sup>	20.1%	16.9%	19.9%

(1) For a reconciliation of non-GAAP to GAAP financial measures refer to page 7 of our Financial Supplement

(2) As of period end

(3) 46,070,333 weighted-average shares for Q2 2017

(4) 45,034,788 common shares outstanding as of June 30, 2017

(5) Annualized adjusted net operating income return on adjusted equity

(6) Annualized net income return on equity

# Sales Force Highlights

## Second Quarter 2017

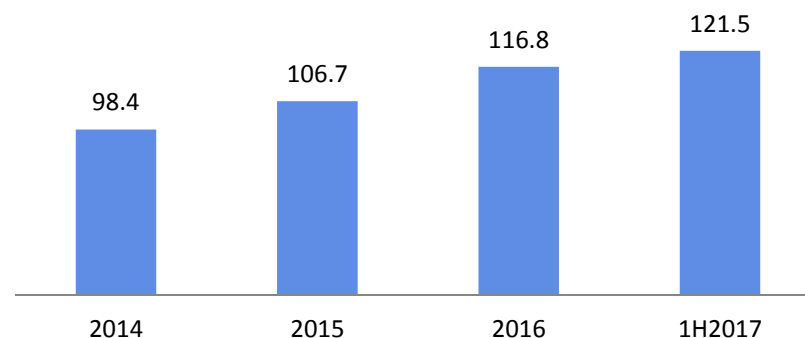
- Life insurance licensed sales force grew 8% compared with Q2 2016 and increased 3% from Q1 2017
- 20% growth in recruiting of new representatives versus Q2 2016
- 6% increase in new life insurance licenses from Q2 2016

## Summary of Sales Force & Business Highlights

(\$ in billions, or as noted otherwise)	Q2 2017	Q1 2017	Q2 2016
Recruits	78,273	70,983	65,273
New Life Licensed Representatives	12,947	10,903	12,171
Life Insurance Licensed Sales Force <sup>(1)</sup>	121,471	117,907	112,365
Issued Life Insurance Policies	84,033	70,642	77,384
Life Insurance Face Amount In Force <sup>(1)</sup>	\$746.4	\$733.8	\$714.8
Investment & Savings Products Sales	\$1.57	\$1.59	\$1.47
Investment & Savings Products Client Asset Values <sup>(1)</sup>	\$56.59	\$54.92	\$49.37

(1) As of period end

## Life Insurance Licensed Sales Force (000s) <sup>1</sup>



(1) As of period end

# Production Highlights

## Second Quarter 2017

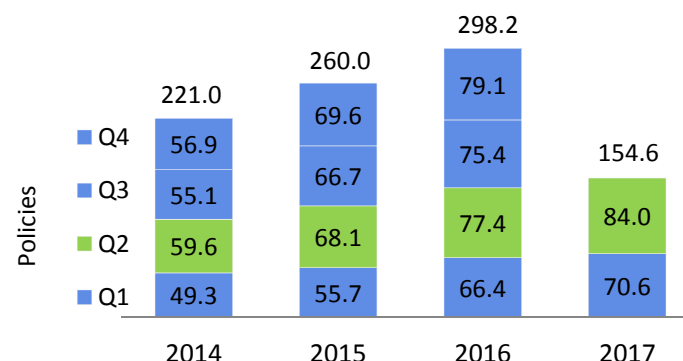
### Term Life Insurance

- 9% increase in Term Life policies issued year-over-year
- Productivity of 0.23 policies issued per life insurance licensed representative per month
- On a sequential quarter basis, term life insurance policies issued were 19% higher than Q1 2017, largely reflecting higher productivity typical of the second quarter

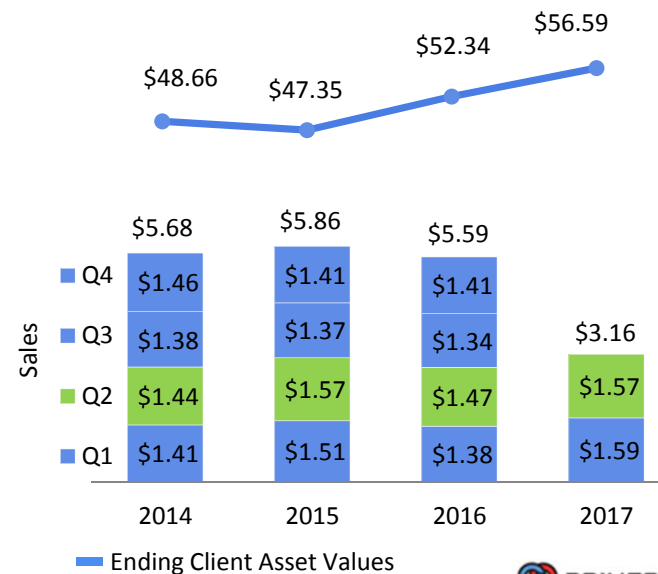
### Investment and Savings Products (ISP)

- \$255 million positive net flows
- Record level of client asset values of \$56.6 billion at the end of Q2 2017
- 7% growth in ISP sales versus Q2 2016
  - 16% growth in retail mutual fund sales, while variable annuity sales lagged Q2 2016, consistent with recent industry trends

### Issued Term Life Policies (000s)



### Historical ISP Production (\$ in billions)



# Term Life Operating Results

## Second Quarter 2017

- 7% growth in Term Life income before income taxes
  - 15% increase in adjusted direct premiums year-over-year
  - Persistency experience increased DAC amortization by ~\$2 million in Q2 2017
    - Q2 2017 persistency improved versus Q1 2017 due to both normal seasonality and better underlying performance, but was weaker than results seen in the second quarter of recent years
  - Elevated claims impacted benefits and claims by ~\$2 million in Q2 2017
    - Higher claims in Q2 2017 were in different blocks of business than in Q1 2017, which suggests normal volatility

## Summary Term Life Operating Results

(\$ in millions)	Q2 2017	Q1 2017	Q2 2016
Primary Direct Premium <sup>(1)</sup>	\$240.6	\$227.4	\$202.8
Legacy Direct Premiums <sup>(2)</sup>	\$389.9	\$393.0	\$401.3
Total Direct Premiums	\$630.5	\$620.4	\$604.1
Premium ceded to IPO coinsurers <sup>(3)</sup>	(\$308.3)	(\$313.0)	(\$322.8)
<b>Adjusted Direct Premiums (ADP) <sup>(4)</sup></b>	<b>\$322.2</b>	<b>\$307.4</b>	<b>\$281.3</b>
<b>Allocated Net Investment Income</b>	<b>\$2.3</b>	<b>\$2.3</b>	<b>\$1.9</b>
<b>Total Revenues</b>	<b>\$238.9</b>	<b>\$234.1</b>	<b>\$210.6</b>
<b>Income before Income Taxes</b>	<b>\$61.9</b>	<b>\$49.0</b>	<b>\$58.0</b>
<b>% of Adjusted Direct Premiums</b>	<b>19.2%</b>	<b>15.9%</b>	<b>20.6%</b>
Benefits and Claims, Net <sup>(5)</sup>	\$191.4	\$182.9	\$165.6
<b>% of Adjusted Direct Premiums</b>	<b>59.4%</b>	<b>59.5%</b>	<b>58.8%</b>
DAC Amortization & Insurance Commissions	\$46.6	\$51.5	\$37.6
<b>% of Adjusted Direct Premiums</b>	<b>14.5%</b>	<b>16.8%</b>	<b>13.4%</b>
Insurance Expenses, Net <sup>(6)</sup>	\$24.7	\$26.3	\$22.1
<b>% of Adjusted Direct Premiums</b>	<b>7.7%</b>	<b>8.5%</b>	<b>7.8%</b>

- 1) Primary direct premiums - direct premiums not subject to the 2010 IPO coinsurance transactions
- 2) Legacy direct premiums - direct premiums subject to the 2010 IPO coinsurance transactions
- 3) Premiums ceded to IPO coinsurers - premiums ceded to IPO coinsurers under the IPO coinsurance transactions excluding any reimbursements from IPO coinsurers on previously existing reinsurance agreements
- 4) Adjusted direct premiums - direct premiums net of premiums ceded to IPO coinsurers
- 5) Benefits and claims, net - benefits & claims net of other ceded premiums which are largely YRT
- 6) Insurance expenses, net - insurance expenses net of other net revenues

# Investment & Savings Products Operating Results

## Second Quarter 2017

- 8% growth in ISP revenues and 10% increase in income before income taxes versus Q2 2016
- 3% increase in sales-based revenues reflects 6% increase in revenue-generating sales versus Q2 2016, with sales mix shifting from U.S. variable annuities to U.S. retail mutual funds
- 13% increase in asset-based revenues versus Q2 2016 was driven by strong net inflows and market performance
- Account-based revenues grew largely due to a change made in our account-based fee structure in 2016 and a higher number of accounts than Q2 2016

## Summary ISP Operating Results

(\$ in millions, except account-based net revenue)	Q2 2017	Q1 2017	Q2 2016
Sales-Based Revenues	\$60.7	\$60.5	\$59.1
Asset-Based Revenues	\$67.4	\$64.5	\$59.5
Account-Based Revenues	\$13.3	\$13.2	\$11.6
Other, Net	\$2.4	\$2.2	\$2.4
<b>Total Revenues</b>	<b>\$143.8</b>	<b>\$140.4</b>	<b>\$132.6</b>
Benefits and Expenses	\$104.1	\$103.3	\$96.5
<b>Income before Income Taxes</b>	<b>\$39.7</b>	<b>\$37.1</b>	<b>\$36.1</b>
Sales-based net revenue as % of revenue-generating sales <sup>(1)</sup>	1.21%	1.23%	1.26%
Asset-based net revenue as % of average asset values <sup>(2)</sup>	0.050%	0.051%	0.052%
Account-based net revenue per average fee generating position <sup>(3) (4)</sup>	\$3.32	\$3.34	\$2.81

1) Sales-based net revenue – commission and fee revenue less commissions paid to the sales force based on product sales activity

2) Asset-based net revenue - commission and fee revenue less administration and advisory fees paid to third-party providers and commissions paid to the sales force earned based on product account values including amortization of deferred acquisition costs for segregated funds

3) Account-based net revenue - fee revenue less recordkeeping fees paid to third-party providers based on fee-generating positions

4) In dollars

# Corporate & Other Distributed Products Operating Results

## Second Quarter 2017

- Adjusted operating revenues were \$30.9 million, and adjusted operating losses before income taxes were \$5.3 million
  - Net Investment Income declined year-over-year
    - Larger invested asset portfolios, partially offset by lower portfolio yields
    - \$1 million mark-to-market on the deposit asset backing an IPO-related reinsurance agreement in prior year period

## Capital and Liquidity

- Primerica Life Insurance Company's statutory risk based capital ratio (RBC) ratio estimated to be at around 440%
- Holding company liquidity of \$67 million at the end of Q2 2017

## Corporate & Other Operating Results

(\$ in millions)	Q2 2017	Q1 2017	Q2 2016
Net Premium (NBLIC non-term)	\$5.1	\$5.6	\$5.9
Net Investment Income	\$17.4	\$17.6	\$18.5
Commissions and Fees	\$6.9	\$6.1	\$6.7
Other Income	\$1.5	\$1.3	\$1.3
<b>Total Revenues</b>	<b>\$30.9</b>	<b>\$30.6</b>	<b>\$32.4</b>
Benefits & Expenses	\$36.2	\$42.0	\$38.0
Benefits & Claims	\$4.0	\$4.6	\$5.1
Amortization of DAC	\$0.6	(\$0.0)	\$0.5
Commissions	\$3.7	\$3.4	\$3.7
Expenses & Interest	\$27.9	\$34.0	\$28.6
<b>Loss before Income Taxes</b>	<b>(\$5.3)</b>	<b>(\$11.4)</b>	<b>(\$5.6)</b>

Key Portfolio Attributes (based on amortized cost (except for market value); excludes cash; period end)	
Fixed Income / Other Mix	98% / 2%
Fixed Income Average Book Yield	4.11%
Average Rating	A-
Investment Grade / BIG Mix	95% / 5%
Average Duration	3.8 years
Market Value	\$1.95 billion
Net unrealized Gain/Loss	\$76.7 million



# Insurance & Operating Expense Highlights

## Second Quarter 2017

- Operating expenses of \$82.2 million were \$4.6 million higher than Q2 2016
  - Incremental premium-related and growth-related expenses in Term Life and Investment and Savings Products
  - Increased technology infrastructure and mobile initiative related expenses, partially offset by the year-over-year increases in Other, Net Revenue
  
- \$8.2 million lower expenses than Q1 2017
  - ~\$8 million seasonal decrease in employee-related expenses related to equity awards granted during Q1 2017

## Insurance & Operating Expenses

(\$ in millions)	Cons *	Life	ISP	Corp
<b>Q2 2016 Expenses *</b>	<b>77.6</b>	<b>31.1</b>	<b>25.0</b>	<b>21.5</b>
Technology expenses	3.5	2.0	1.1	0.4
Product growth expenses	1.6	1.4	0.2	0.0
Employee-related expenses	0.5	0.7	0.3	(0.5)
Other	(1.0)	(0.3)	(0.1)	(0.6)
<b>Q2 2017 Expenses *</b>	<b>82.2</b>	<b>34.9</b>	<b>26.5</b>	<b>20.8</b>
<b>Q1 2017 Expenses</b>	<b>90.4</b>	<b>35.7</b>	<b>27.8</b>	<b>26.9</b>

\* Items may not add due to rounding