

# Third Quarter 2016 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, 2015, as updated by our Form 10-Q for the quarter ended September 30, 2016, 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

## Third Quarter 2016

- 8% increase in operating revenues and 17% increase in net operating income versus Q3 2015
  - 25% increase in Term Life income before income taxes
  - 13% growth in adjusted direct premiums
  - Claims below historical levels
  - 3% increase in Investment and Savings Products operating income
- \$41 million or approximately 743,000 shares of Primerica's common stock repurchased in Q3 2016
- 25% increase in diluted net operating income per share to \$1.22 versus Q3 2015
- ROAE expanded to 20.3% from Q3 2015

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

(\$ in millions, except per-share amounts or as noted otherwise)	Q3 2016	Q2 2016	Q3 2015
Operating Revenues	\$383.7	\$375.6	\$356.0
Net Operating Income	\$58.1	\$57.1	\$49.5
Adjusted Stockholders' Equity <sup>(2)</sup>	\$1,149.1	\$1,139.1	\$1,096.9
Diluted Operating EPS <sup>(3)</sup>	\$1.22	\$1.19	\$0.98
Adjusted Book Value Per Share <sup>(4)</sup>	\$25.00	\$24.44	\$22.58
Operating ROAE <sup>(5)</sup>	20.3%	20.2%	17.7%
Debt-to-Capital <sup>(2)</sup>	23.4%	23.6%	24.5%

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

(\$ in millions, except per-share amounts)	Q3 2016	Q2 2016	Q3 2015
Revenues	\$383.6	\$379.0	\$355.7
Net Income	\$58.0	\$59.3	\$49.4
Stockholders' Equity <sup>(2)</sup>	\$1,220.9	\$1,207.5	\$1,146.7
Diluted EPS <sup>(3)</sup>	\$1.22	\$1.23	\$0.98
Book Value Per Share <sup>(4)</sup>	\$26.56	\$25.91	\$23.61
ROE <sup>(6)</sup>	19.1%	19.9%	16.8%

(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) 47,050,835 weighted-average shares for Q3 2016

(4) 45,961,671 common shares outstanding as of September 30, 2016

(5) Annualized net operating income return on adjusted equity

(6) Annualized net income return on equity

# Sales Force Highlights

## Third Quarter 2016

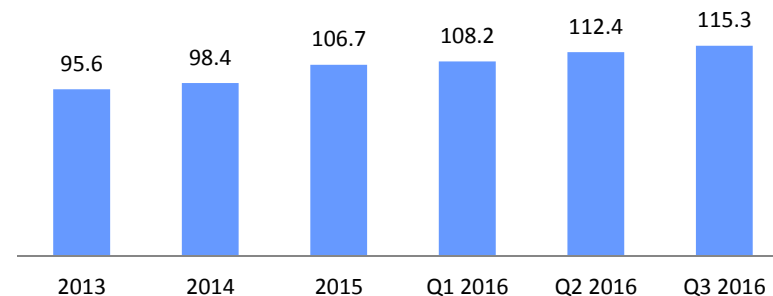
- 10% growth in life insurance licensed salesforce to 115,345 representatives at the end of Q3 2016 versus Q3 2015
- 12% increase in recruiting of new representatives versus Q3 2015
- 5% higher new life insurance licenses
- On a sequential quarter basis life licensed sales force increased 3%, recruiting increased 13% and new life insurance licenses declined 4% from Q2 2016

## Summary of Sales Force & Business Highlights

(\$ in billions, or as noted otherwise)	Q3 2016	Q2 2016	Q3 2015
Recruits	73,706	65,273	65,945
New Life Licensed Representatives	11,739	12,171	11,160
Life Insurance Licensed Sales Force <sup>(1)</sup>	115,345	112,365	104,702
Issued Life Insurance Policies	75,374	77,384	66,658
Life Insurance Face Amount In Force <sup>(1)</sup>	\$722.2	\$714.8	\$689.3
Investment & Savings Products Sales	\$1.34	\$1.47	\$1.37
Investment & Savings Products Client Asset Values <sup>(1)</sup>	\$51.33	\$49.37	\$45.85

(1) As of period end

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



(1) As of period end

# Sales Highlights

## Third Quarter 2016

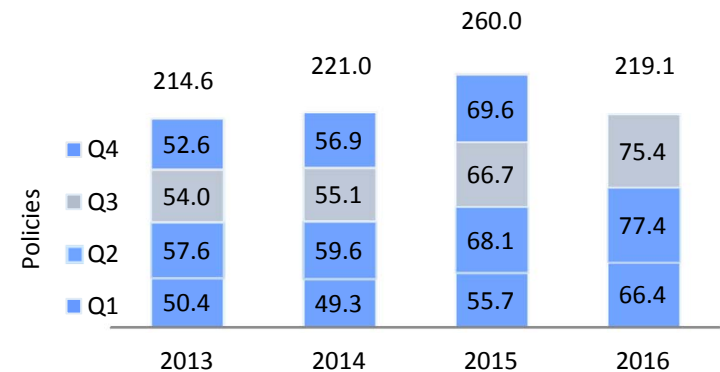
### Term Life Insurance

- 13% increase in term life insurance policies issued versus strong Q3 2015
- Productivity of .22 policies per life insurance licensed representative per month was consistent with Q3 2015
- On a sequential quarter basis, term life insurance policies issued declined 3% from Q2 2016, largely reflecting higher productivity typical of the second quarter

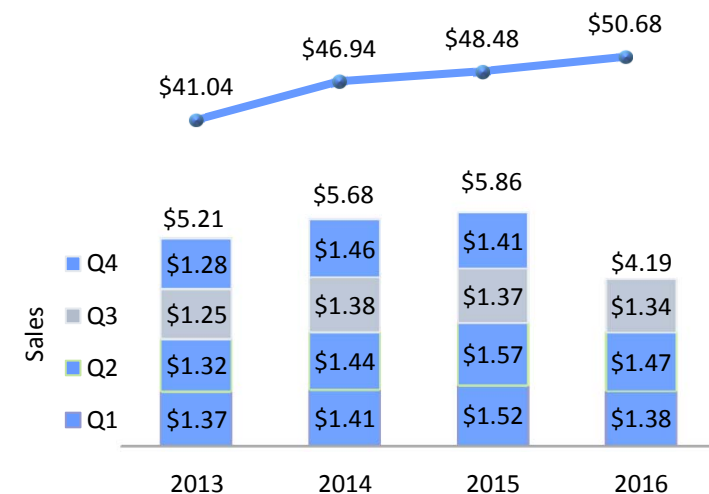
### Investment and Savings Products (ISP)

- \$201 million positive net inflows in Q3 2016
- 2% decline in ISP sales to \$1.34 billion compared with Q3 2015
  - 9% increase in U.S. retail mutual fund sales and a 32% increase in fixed index annuities were offset by 22% decline in variable annuities sales versus Q3 2015
- 6% increase in average client asset values to a record \$50.7 billion versus Q3 2015
- On a sequential basis, ISP sales declined 9% versus seasonally strong Q2 2016. Total average client asset values increased 4% from Q2 2016

## Issued Term Life Policies (000s)



## Historical ISP Production (\$ in billions)



# Term Life Operating Results

## Third Quarter 2016

- 20.1% Term Life segment operating margin in Q3 2016
- 25% increase in operating income before income taxes versus Q3 2015
- 13% increase in both operating revenues and adjusted direct premiums
- Benefits and claims ratio of 57.6% was low for the quarter, reflecting incurred claims that were ~\$3 million below historical levels
- DAC amortization ratio for the quarter modestly increased to 15.4% due to slightly unfavorable persistency experience in Q3 2016 versus Q3 2015
- Insurance expense ratio of 7.5%, declined from Q3 2015 as fixed costs spread over a larger premium base
- On a sequential quarter basis, Term Life revenue increased 6% and both income before income taxes and the Term Life margin were consistent with Q2 2016

## Summary Term Life Operating Results

(\$ in millions)	Q3 2016	Q2 2016	Q3 2015
Primary Direct Premium <sup>(1)</sup>	\$211.1	\$202.8	\$177.3
Legacy Direct Premiums <sup>(2)</sup>	\$397.3	\$401.3	\$402.2
Total Direct Premiums	\$608.4	\$604.1	\$579.5
Premium ceded to IPO coinsurers <sup>(3)</sup>	(\$319.5)	(\$322.8)	(\$323.5)
<b>Adjusted Direct Premiums (ADP) <sup>(4)</sup></b>	<b>\$288.9</b>	<b>\$281.4</b>	<b>\$256.0</b>
<b>Allocated Net Investment Income</b>	<b>\$1.9</b>	<b>\$1.9</b>	<b>\$1.5</b>
<b>Operating Revenue</b>	<b>\$222.6</b>	<b>\$210.6</b>	<b>\$197.2</b>
<b>Operating Income before Income Taxes</b>	<b>\$58.1</b>	<b>\$58.0</b>	<b>\$46.5</b>
<b>% of Adjusted Direct Premiums</b>	<b>20.1%</b>	<b>20.6%</b>	<b>18.2%</b>
Benefits and Claims, Net <sup>(5)</sup>	\$166.5	\$165.6	\$151.8
<b>% of Adjusted Direct Premiums</b>	<b>57.6%</b>	<b>58.8%</b>	<b>59.3%</b>
DAC Amortization & Insurance Commissions	\$44.5	\$37.6	\$38.3
<b>% of Adjusted Direct Premiums</b>	<b>15.4%</b>	<b>13.4%</b>	<b>15.0%</b>
Insurance Expenses, Net <sup>(6)</sup>	\$21.6	\$22.1	\$20.9
<b>% of Adjusted Direct Premiums</b>	<b>7.5%</b>	<b>7.8%</b>	<b>8.2%</b>

- Primary direct premiums - direct premiums not subject to the 2010 IPO coinsurance transactions
- Legacy direct premiums - direct premiums subject to the 2010 IPO coinsurance transactions
- 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
- Adjusted direct premiums - direct premiums net of premiums ceded to IPO coinsurers
- Benefits and claims, net - benefits & claims net of other ceded premiums which are largely YRT
- Insurance expenses, net - insurance expenses net of other net revenues

# Investment & Savings Products Results

## Third Quarter 2016

- 1% increase in ISP operating revenues while ISP operating income before income taxes increased 3% from Q3 2015
- 1% decline in revenue-generating product sales and 2% decline in sales-based revenue
- 3% increase in asset-based revenues and 6% increase in average client asset values to \$50.7 billion year-over-year
- Positive Canadian Seg Funds market performance and redemptions led to an \$800,000 deceleration of DAC amortization in Q3 2016
- 4% growth in account-based revenues year-over-year largely reflecting growth in our managed and retail mutual fund account positions versus Q3 2015

## Summary ISP Operating Results

(\$ in millions, except account-based net revenue)	Q3 2016	Q2 2016	Q3 2015
Sales-Based Revenues	\$55.1	\$59.1	\$56.4
Asset-Based Revenues	\$60.8	\$59.5	\$58.8
Account-Based Revenues	\$11.9	\$11.6	\$11.4
Other, Net	\$2.3	\$2.4	\$1.9
<b>Total Operating Revenues</b>	<b>\$130.1</b>	<b>\$132.6</b>	<b>\$128.6</b>
Operating Benefits and Expenses	\$94.3	\$96.5	\$93.8
<b>Operating Income before Income Taxes</b>	<b>\$35.8</b>	<b>\$36.1</b>	<b>\$34.8</b>
Sales-based net revenue as % of revenue-generating sales <sup>(1)</sup>	1.38%	1.26%	1.33%
Asset-based net revenue as % of average asset values <sup>(2)</sup>	0.051%	0.052%	0.049%
Account-based net revenue per average fee generating position <sup>(3) (4)</sup>	\$2.89	\$2.81	\$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

## Third Quarter 2016

- Operating revenues were \$31.0 million and operating losses before income taxes were \$5.4 million in Q3 2016
  - Modest year-over-year increase in insurance and other operating expenses was partially offset by \$1.5 million lower interest expense
  - Allocated net investment income increased 2% from Q3 2015 as slightly lower yield on the invested asset portfolio was more than offset by an improved mark-to-market adjustment on the deposit asset backing an IPO-related reinsurance agreement versus Q3 2015

## Capital

- Primerica Life Insurance Company's statutory risk based capital ratio (RBC) estimated to be 430% and holding company liquidity of \$72.5 million at the end of Q3 2016

## Corporate & Other Operating Results

(\$ in millions)	Q3 2016	Q2 2016	Q3 2015
Net Premium (NBLIC non-term)	\$5.7	\$5.9	\$5.8
Net Investment Income	\$17.5	\$18.5	\$17.2
Commissions and Fees	\$6.5	\$6.7	\$5.7
Other Income	\$1.3	\$1.3	\$1.4
<b>Total Revenues</b>	<b>\$31.0</b>	<b>\$32.4</b>	<b>\$30.2</b>
Benefits & Expenses	\$36.4	\$38.0	\$36.3
Benefits & Claims	\$4.2	\$5.1	\$4.8
Amortization of DAC	\$0.4	\$0.5	\$0.2
Commissions	\$3.7	\$3.7	\$3.6
Expenses & Interest	\$28.1	\$28.6	\$27.7
<b>Loss before Income Taxes</b>	<b>(\$5.4)</b>	<b>(\$5.6)</b>	<b>(\$6.1)</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	4.29%
Average Rating	A-
Investment Grade / BIG Mix	95% / 5%
Average Duration	4.0
Market Value	\$1.82 billion
Net unrealized Gain/Loss	\$110.4 million



# Insurance & Operating Expense Highlights

## Third Quarter 2016

- Operating expenses of \$78.1 million were \$7.5 million higher than Q3 2015
  - Increased technology infrastructure and mobile initiative related expenses
  - Increased employee-related expenses
  - DOL Implementation related expenses
  - Incremental premium-related and growth-related expenses in Term Life and Investment and Savings Products

## Insurance & Operating Expenses

(\$ in millions)	Cons *	Life	ISP	Corp
<b>Q3 2015 Expenses *</b>	<b>\$70.6</b>	<b>\$28.5</b>	<b>\$23.1</b>	<b>\$19.0</b>
Technology expenses	2.7	2.3	0.8	(0.4)
Employee-related expenses	2.3	0.3	0.4	1.6
DOL implementation expenses	1.7	0.0	1.7	0.0
Product growth expenses	1.1	0.8	0.4	(0.0)
Other	(0.3)	(0.8)	(0.3)	0.7
<b>Q3 2016 Expenses *</b>	<b>78.1</b>	<b>31.1</b>	<b>26.1</b>	<b>20.9</b>
<b>Q2 2016 Expenses</b>	<b>77.6</b>	<b>31.1</b>	<b>25.0</b>	<b>21.5</b>

\* Items may not add due to rounding