UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to

Commission File Number: 001-34680

Primerica, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**27-1204330**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1 Primerica Parkway Duluth, Georgia	**30099**
(Address of principal executive offices)	**(ZIP Code)**

(770) 381-1000
(Registrant's telephone number, including area code)

Not applicable.
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	PRI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of October 31, 2022, the registrant had 36,898,170 shares of common stock, $0.01 par value per share, outstanding.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

PRIMERICA, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	(Unaudited) September 30, 2022	December 31, 2021
	(In thousands)	
Assets:		
Investments:		
Fixed-maturity securities available-for-sale, at fair value (amortized cost: $2,779,015 in 2022 and $2,621,388 in 2021)	$ 2,457,989	$ 2,702,567
Fixed-maturity security held-to-maturity, at amortized cost (fair value: $1,320,222 in 2022 and $1,551,113 in 2021)	1,433,760	1,379,100
Short-term investments available-for-sale, at fair value (amortized cost: $0 in 2022 and $85,246 in 2021)	-	85,243
Equity securities, at fair value (historical cost: $29,424 in 2022 and $34,255 in 2021)	33,079	42,551
Trading securities, at fair value (cost: $4,335 in 2022 and $24,769 in 2021)	3,718	24,355
Policy loans and other invested assets	48,787	30,612
Total investments	3,977,333	4,264,428
Cash and cash equivalents	438,025	392,501
Accrued investment income	19,949	18,702
Reinsurance recoverables	4,033,897	4,268,419
Deferred policy acquisition costs, net	3,049,102	2,943,782
Renewal commissions receivable	198,027	231,751
Agent balances, due premiums and other receivables	266,831	257,675
Goodwill	127,707	179,154
Intangible assets	188,150	195,825
Income taxes	90,719	81,799
Operating lease right-of-use assets	42,343	47,942
Other assets	403,452	441,253
Separate account assets	2,206,608	2,799,992
Total assets	$ 15,042,143	$ 16,123,223
Liabilities and Stockholders' Equity:		
Liabilities:		
Future policy benefits	$ 7,314,688	$ 7,138,649
Unearned and advance premiums	16,153	16,437
Policy claims and other benefits payable	496,563	585,382
Other policyholders' funds	492,479	501,823
Note payable - Short term	-	15,000
Note payable - Long term	592,705	592,102
Surplus note	1,433,293	1,378,585
Income taxes	129,347	241,311
Operating lease liabilities	47,935	53,920
Other liabilities	611,646	615,710
Payable under securities lending	80,754	94,529
Separate account liabilities	2,206,608	2,799,992
Commitments and contingent liabilities *(see Commitments and Contingent Liabilities note)*		
Total liabilities	13,422,171	14,033,440
Temporary Stockholders' Equity		
Redeemable noncontrolling interests in consolidated entities	-	7,271
Permanent Stockholders' Equity		
Equity attributable to Primerica, Inc.:		
Common stock ($0.01 par value; authorized 500,000 shares in 2022 and 2021; issued and outstanding 37,027 shares in 2022 and 39,368 shares in 2021)	370	394
Paid-in capital	-	5,224
Retained earnings	1,887,952	2,004,506
Accumulated other comprehensive income (loss), net of income tax:		
Unrealized foreign currency translation gains (losses)	(15,437)	8,611
Net unrealized investment gains (losses) on available-for-sale securities	(252,913)	63,777
Total permanent stockholders' equity	1,619,972	2,082,512
Total liabilities and temporary and permanent stockholders' equity	$ 15,042,143	$ 16,123,223

See accompanying notes to condensed consolidated financial statements.

PRIMERICA, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income – Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In thousands, except per-share amounts)			
Revenues:				
Direct premiums	$ 810,079	$ 785,277	$ 2,417,639	$ 2,327,804
Ceded premiums	(404,870)	(401,295)	(1,223,804)	(1,211,117)
Net premiums	405,209	383,982	1,193,835	1,116,687
Commissions and fees	225,468	269,796	717,956	754,529
Investment income net of investment expenses	40,629	35,741	112,148	106,970
Interest expense on surplus note	(16,283)	(15,741)	(47,613)	(46,382)
Net investment income	24,346	20,000	64,535	60,588
Realized investment gains (losses)	292	1,730	924	3,762
Other investment gains (losses)	(2,991)	(320)	(4,765)	114
Investment gains (losses)	(2,699)	1,410	(3,841)	3,876
Other, net	20,965	18,051	60,709	49,958
Total revenues	673,289	693,239	2,033,194	1,985,638
Benefits and expenses:				
Benefits and claims	171,293	183,425	511,619	535,561
Amortization of deferred policy acquisition costs	90,925	62,214	262,367	182,604
Sales commissions	105,915	129,268	359,602	382,465
Insurance expenses	57,552	51,901	176,521	149,246
Insurance commissions	7,666	8,412	22,982	25,990
Contract acquisition costs	13,446	23,524	53,479	23,524
Interest expense	6,802	7,529	20,469	21,814
Goodwill impairment loss	60,000	-	60,000	-
Other operating expenses	73,791	79,864	239,952	219,559
Total benefits and expenses	587,390	546,137	1,706,991	1,540,763
Income before income taxes	85,899	147,102	326,203	444,875
Income taxes	34,092	35,663	90,069	107,403
Net income	51,807	111,439	236,134	337,472
Net income (loss) attributable to noncontrolling interests	-	(1,017)	(5,038)	(1,017)
Net income attributable to Primerica, Inc.	$ 51,807	$ 112,456	$ 241,172	$ 338,489
Earnings per share attributable to common stockholders:				
Basic earnings per share	$ 1.38	$ 2.83	$ 6.26	$ 8.53
Diluted earnings per share	$ 1.37	$ 2.82	$ 6.24	$ 8.50
Weighted-average shares used in computing earnings per share:				
Basic	37,438	39,561	38,342	39,516
Diluted	37,541	39,679	38,452	39,637

See accompanying notes to condensed consolidated financial statements.

PRIMERICA, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Loss) – Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Net income	$ 51,807	$ 111,439	$ 236,134	$ 337,472
Other comprehensive income (loss) before income taxes:				
Unrealized investment gains (losses) on available-for-sale securities:				
Change in unrealized holding gains (losses) on available-for-sale securities	(97,516)	(13,796)	(401,335)	(52,669)
Reclassification adjustment for investment (gains) losses included in net income	(154)	(1,879)	(867)	(3,052)
Foreign currency translation adjustments:				
Change in unrealized foreign currency translation gains (losses)	(18,086)	(5,892)	(24,048)	6,490
Total other comprehensive income (loss) before income taxes	(115,756)	(21,567)	(426,250)	(49,231)
Income tax expense (benefit) related to items of other comprehensive income (loss)	(20,504)	(3,386)	(85,512)	(12,294)
Other comprehensive income (loss), net of income taxes	(95,252)	(18,181)	(340,738)	(36,937)
Total comprehensive income (loss)	(43,445)	93,258	(104,604)	300,535
Net income (loss) attributable to noncontrolling interests	-	(1,017)	(5,038)	(1,017)
Comprehensive income (loss) attributable to Primerica, Inc.	$ (43,445)	$ 94,275	$ (99,566)	$ 301,552

See accompanying notes to condensed consolidated financial statements.

PRIMERICA, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity– Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Equity attributable to Primerica, Inc./Permanent stockholders' equity				
Common stock:				
Balance, beginning of period	$ 378	$ 394	$ 394	$ 393
Repurchases of common stock	(8)	-	(26)	-
Net issuance of common stock	-	1	2	2
Balance, end of period	370	395	370	395
Paid-in capital:				
Balance, beginning of period	-	12,880	5,224	-
Share-based compensation	3,747	4,662	27,528	24,449
Net issuance of common stock	-	(1)	(2)	(2)
Repurchases of common stock	(5,980)	(87)	(34,983)	(6,993)
Redemption of noncontrolling interest in consolidated entities	2,233	-	2,233	-
Balance, end of period	-	17,454	-	17,454
Retained earnings:				
Balance, beginning of period	1,948,244	1,894,539	2,004,506	1,705,786
Net income attributable to Primerica, Inc.	51,807	112,456	241,172	338,489
Dividends	(20,571)	(18,671)	(63,394)	(55,951)
Repurchases of common stock	(91,528)	-	(294,332)	-
Balance, end of period	1,887,952	1,988,324	1,887,952	1,988,324
Accumulated other comprehensive income:				
Balance, beginning of period	(173,098)	110,950	72,388	129,706
Change in foreign currency translation adjustment, net of income taxes	(18,086)	(5,892)	(24,048)	6,490
Change in net unrealized investment gains (losses) during the period, net of income taxes	(77,166)	(12,289)	(316,690)	(43,427)
Balance, end of period	(268,350)	92,769	(268,350)	92,769
Total permanent stockholders' equity	$ 1,619,972	$ 2,098,942	$ 1,619,972	$ 2,098,942
Redeemable noncontrolling interests in consolidated entities/Temporary stockholders' equity				
Balance, beginning of period	$ 2,233	$ -	$ 7,271	$ -
Acquisition of noncontrolling interest	-	8,437	-	8,437
Net income (loss) attributable to noncontrolling interests	-	(1,017)	(5,038)	(1,017)
Change in noncontrolling interests in consolidated entities, net	-	211	-	211
Redemption of noncontrolling interest in consolidated entities	(2,233)	-	(2,233)	-
Balance, end of period	$ -	$ 7,631	$ -	$ 7,631
Dividends declared per share	$ 0.55	$ 0.47	$ 1.65	$ 1.41

See accompanying notes to condensed consolidated financial statements.

PRIMERICA, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows – Unaudited

	Nine months ended September 30,	
	2022	2021
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 236,134	$ 337,472
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Change in future policy benefits and other policy liabilities	125,302	334,566
Deferral of policy acquisition costs	(383,955)	(422,194)
Amortization of deferred policy acquisition costs	262,367	182,604
Change in income taxes	(39,270)	(17,267)
Investment (gains) losses	3,841	(3,876)
Accretion and amortization of investments	2,972	3,798
Depreciation and amortization	25,631	19,691
Change in reinsurance recoverables	209,984	(2,426)
Change in agent balances, due premiums and other receivables	(13,120)	(10,957)
Change in renewal commissions receivable	21,861	(14,532)
Trading securities sold, matured, or called (acquired), net	19,862	(10,528)
Share-based compensation	19,652	14,834
Goodwill impairment loss	60,000	-
Change in other operating assets and liabilities, net	17	23,936
Net cash provided by (used in) operating activities	551,278	435,121
Cash flows from investing activities:		
Available-for-sale investments sold, matured or called:		
Fixed-maturity securities — sold	23,140	99,401
Fixed-maturity securities — matured or called	283,292	340,074
Short-term investments — sold	28,251	10,089
Short-term investments — matured or called	85,302	-
Equity securities — sold	12	716
Equity securities — matured or called	3,000	-
Available-for-sale investments acquired:		
Fixed-maturity securities	(471,323)	(603,146)
Short-term investments	(28,241)	(50,902)
Equity securities — acquired	(141)	(2,898)
Purchases of property and equipment and other investing activities, net	(23,950)	(21,432)
Cash collateral received (returned) on loaned securities, net	(13,775)	33,110
Sales (purchases) of short-term investments using securities lending collateral, net	13,775	(33,110)
Purchase of business, net of cash acquired	3,867	(494,459)
Net cash provided by (used in) investing activities	(96,791)	(722,557)
Cash flows from financing activities:		
Dividends paid	(63,394)	(55,951)
Common stock repurchased	(324,354)	-
Proceeds from revolving credit facility	-	125,000
Payment on note issued to seller of business	(12,364)	-
Tax withholdings on share-based compensation	(4,989)	(6,573)
Finance leases	(195)	(201)
Net cash provided by (used in) financing activities	(405,296)	62,275
Effect of foreign exchange rate changes on cash	(3,667)	3,170
Change in cash and cash equivalents	45,524	(221,991)
Cash and cash equivalents, beginning of period	392,501	547,569
Cash and cash equivalents, end of period	$ 438,025	$ 325,578
Supplemental disclosures:		
Non-cash financing activity:		
Increase in note issued to seller of business	$ -	$ 15,000

See accompanying notes to condensed consolidated financial statements.

(1) Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies

***Description of Business*.** Primerica, Inc. (the "Parent Company"), together with its subsidiaries (collectively, "we", "us" or the "Company"), is a leading provider of financial products to middle-income households in the United States and Canada through a network of independent contractor sales representatives ("independent sales representatives" or "independent sales force"). We assist our clients in meeting their needs for term life insurance, which we underwrite, and mutual funds, annuities, managed investments and other financial products, which we distribute primarily on behalf of third parties. We acquired 80% of e-TeleQuote Insurance, Inc. and subsidiaries (collectively, "e-TeleQuote") through our subsidiary, Primerica Health, Inc. ("Primerica Health") on July 1, 2021 and acquired the remaining 20% of e-TeleQuote on July 1, 2022. e-TeleQuote markets Medicare-related insurance products underwritten by third-party health insurance carriers to eligible Medicare participants through its licensed health insurance agents. Refer to Note 14 (Acquisition) for more information regarding the acquisition of e-TeleQuote. Our other primary subsidiaries include the following entities: Primerica Financial Services, LLC ("PFS"), a general agency and marketing company; Primerica Life Insurance Company ("Primerica Life"), our principal life insurance company; Primerica Financial Services (Canada) Ltd., a holding company for our Canadian operations, which includes Primerica Life Insurance Company of Canada ("Primerica Life Canada") and PFSL Investments Canada Ltd. ("PFSL Investments Canada"); and PFS Investments Inc. ("PFS Investments"), an investment products company and broker-dealer. Primerica Life, domiciled in Tennessee, owns National Benefit Life Insurance Company ("NBLIC"), a New York insurance company. Peach Re, Inc. ("Peach Re") and Vidalia Re, Inc. ("Vidalia Re") are special purpose financial captive insurance companies and wholly owned subsidiaries of Primerica Life. Peach Re and Vidalia Re have each entered into separate coinsurance agreements with Primerica Life whereby Primerica Life has ceded certain level-premium term life insurance policies to Peach Re and Vidalia Re (respectively, the "Peach Re Coinsurance Agreement" and the "Vidalia Re Coinsurance Agreement").

***Basis of Presentation*.** We prepare our financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). These principles are established primarily by the Financial Accounting Standards Board ("FASB").

The accompanying unaudited condensed consolidated financial statements contain all adjustments, generally consisting of normal recurring accruals, which are necessary to fairly present the balance sheets as of September 30, 2022 and December 31, 2021, the statements of income, comprehensive income, and stockholders' equity for the three and nine months ended September 30, 2022 and 2021, and cash flows for the nine months ended September 30, 2022 and 2021. Results of operations for interim periods are not necessarily indicative of results for the entire year or of the results to be expected in future periods.

These unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are sufficient to make the information not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto that are included in our Annual Report on Form 10-K for the year ended December 31, 2021 ("2021 Annual Report").

Use of Estimates. The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect financial statement balances, revenues and expenses and cash flows, as well as the disclosure of contingent assets and liabilities. Management considers available facts and knowledge of existing circumstances when establishing the estimates included in our financial statements. The most significant items that involve a greater degree of accounting estimates and actuarial determinations subject to change in the future are the valuation of investments, deferred policy acquisition costs ("DAC"), future policy benefit reserves and corresponding amounts recoverable from reinsurers, renewal commissions receivable, income taxes, and valuation of intangible assets and goodwill. Estimates for these and other items are subject to change and are reassessed by management in accordance with U.S. GAAP. Actual results could differ from those estimates.

Consolidation. The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and those entities required to be consolidated under U.S. GAAP. All material intercompany profits, transactions, and balances among the consolidated entities have been eliminated.

Reclassifications. Certain reclassifications have been made to prior-period amounts to conform to current-period reporting classifications. These reclassifications had no impact on net income or total stockholders' equity.

***Changes to Accounting Policies*.** All significant accounting policies remain unchanged from the 2021 Annual Report unless otherwise described.

Future Application of Accounting Standards. In August 2018, the FASB issued Accounting Standards Update No. 2018-12, Financial Services—Insurance (Topic 944) — Targeted Improvements to the Accounting for Long-Duration Contracts ("ASU 2018-12" or "LDTI"). The amendments in this update change accounting guidance for insurance companies that issue long-duration

contracts, including term life insurance. ASU 2018-12 requires companies that issue long-duration insurance contracts to update assumptions used in measuring future policy benefits and DAC, including mortality, disability, and persistency, at least annually instead of locking those assumptions at contract inception and reflecting differences in assumptions and actual performance as the experience occurs. ASU 2018-12 also changes how insurance companies that issue long-duration contracts amortize DAC and determine and update the discount rate assumptions used in measuring future policy benefits reserves while increasing the level of financial statement disclosures required. The guidance in ASU 2018-12 will be applied to the earliest period presented in the consolidated financial statements beginning on the effective date of January 1, 2023. The adoption of ASU 2018-12 will have an impact on our consolidated financial statements and related disclosures and will require changes to certain of our processes, systems, and controls. We are continuing to evaluate the impact the adoption will have on our consolidated financial statements. We are working on model refinement and model governance, finalizing actuarial assumptions and documenting our control process.

Below is a list of topics relevant to the adoption of ASU 2018-12 and the expected impact on the Company.

Topic	Description	Planned Approach
Transition Approach	LDTI guidance can be applied using either: •the retrospective method, which applies the provisions of the standard from the original policy inception; or •the modified retrospective method, which applies the provisions of the standard by pivoting off the historical December 31, 2020 future policy benefits reserve ("Pre-transition Reserve") and deferred acquisition costs ("DAC") balances just prior to January 1, 2021 (the "Transition Date").	The Company will elect to adopt the standard using the modified retrospective method for both future policy benefits reserves and amortization of DAC. The Company will adopt the standard effective January 1, 2023.
Cohort Definition	Cohorts refer to the level of policy grouping used in the calculation of the future policy benefits reserve ("FPBR") and amortization of DAC. Under LDTI, cohorts must vary by policy issue year and may be set more granularly to reflect additional policy characteristics. The net premium ratio for each policy cohort is used to calculate FPBR. At the Transition Date, the Net Premium Ratio is defined as the present value of future benefits and claim settlement expenses less the Pre-transition Reserve divided by the present value of the gross premiums. The present value of both the future benefits and gross premiums use best estimate cash flow assumptions at the locked-in discount rate (discount rate at the Transition Date). Under LDTI, a cohort's Net Premium Ratio is capped at 100%. This concept replaces the need for loss recognition analysis under current GAAP. Any adjustments necessary at the Transition Date to cap the Net Premium Ratio for a cohort at 100% are recognized in retained earnings. After the Transition Date, the Net Premium Ratio will be updated each quarter as projected benefits and premiums are replaced with actual amounts.	The Company will define its Term Life Insurance segment cohorts based on the legal entity that issued the policy and the year the policy was issued. The Company expects the impact as of the Transition Date of capping the Net Premium Ratio at 100% to be less than 3% of total retained earnings. The identified impact from capping the Net Premium Ratio at 100% is primarily attributable to a limited amount of older policy year cohorts.

Discount Rates	LDTI requires entities to use market observable rates, based on an upper-medium grade fixed income instrument yield, to measure future policy benefits reserves each period. The difference between the FPBR calculated using market observable rates and the Pre-transition Reserve is recognized as part of accumulated other comprehensive income ("AOCI") at the Transition Date. After the Transition Date, the impact of changes in market observable rates each quarter will be recorded to AOCI and may add volatility to our reported equity.	The Company will use discount rates applied by geography to align with local currency cash flows. Discount rates will consist of yield curves that will be developed using Bloomberg's Evaluated Pricing Product (BVAL) based on senior unsecured fixed rate bonds ratings of A+, A or A-. Given how low market observable rates were at the Transition Date, we expect that the amount recorded in AOCI as of the Transition Date will reduce our AOCI and equity balances by approximately $1.2 to $1.5 billion, net of income tax. As of September 30, 2022, market observable rates have increased relative to the Transition Date, which will significantly reduce the AOCI impact in equity on our current balance sheet. If we were to apply market observable rates as of September 30, 2022 to the FPBR as of the Transition Date, the impact on AOCI would be between a $150 million increase and a $150 million decrease on an after-tax basis.
Cash Flow Assumptions	LDTI requires entities to use their best estimates for cash flow assumptions with no provision for adverse deviation. Cash flow assumptions are to be reviewed at least annually at the same time each year, or more frequently if experience suggests. Forecasted cash flow assumptions must be replaced with actual cash flows in FPBR at least annually.	The Company expects to formally review cash flow assumptions during the third quarter each year and update these assumptions as necessary. The Company will replace forecasted cash flow assumptions with actual cash flows in FPBR each quarter. The impact of assumption changes and experience variances will be partly reflected in the current period and partly spread to future periods, based on the remaining duration of the impacted cohort(s), by unlocking the Net Premium Ratio in FPBR.
DAC Amortization	LDTI requires DAC to be amortized on a constant-level basis over the expected term of the contracts using an appropriate unit of measure. Companies can amortize DAC either at an individual contract level on a straight-line basis or at a cohort level that approximates a straight-line basis. Under current GAAP, DAC is amortized using amortization models linked to revenue or profit. Also, interest is accrued on unamortized DAC under current GAAP while LDTI disallows the accrual of interest.	The Company anticipates it will use current face amount as a unit of measure to amortize DAC for its term life insurance products and policy count as a unit of measure to amortize DAC for its Canadian segregated funds products. In addition, the Company expects to group contracts by cohort to amortize DAC. For term life insurance products, we expect DAC to be amortized more slowly under LDTI as compared with current GAAP. For Canadian segregated funds, we expect DAC amortization to be less volatile than under current GAAP as it will no longer be based on the present value of gross profits, which are subject to changes in the market value of assets under management.

Market Risk Benefits ("MRBs")	MRBs are benefits that protect policyholders from capital market risk. Under LDTI, MRBs are measured at fair value.	The Company has MRBs from limited guaranteed benefits provided as part of our Canadian segregated funds products. We are still undergoing the process of evaluating MRBs associated with our Canadian segregated funds products but we currently anticipate that the fair value of MRBs associated with this product will be immaterial when LDTI is adopted.

Recently-issued accounting guidance not discussed above is not applicable, is not material to our unaudited condensed consolidated financial statements, or did not or is not expected to have a material impact on our business.

(2) Segment and Geographical Information

Segments. We have three primary operating segments — Term Life Insurance, Investment and Savings Products, and (as of July 1, 2021) Senior Health. We also have a Corporate and Other Distributed Products segment.

Notable information included in profit or loss by segment was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Revenues:				
Term life insurance segment	$ 427,830	$ 401,451	$ 1,256,967	$ 1,167,016
Investment and savings products segment	201,697	233,337	665,152	694,770
Senior health segment	17,184	22,936	34,828	22,936
Corporate and other distributed products segment	26,578	35,515	76,247	100,916
Total revenues	$ 673,289	$ 693,239	$ 2,033,194	$ 1,985,638
Net investment income:				
Term life insurance segment	$ 13,241	$ 9,320	$ 36,973	$ 26,324
Investment and savings products segment	-	-	-	-
Senior health segment	-	-	-	-
Corporate and other distributed products segment	11,105	10,680	27,562	34,264
Total net investment income	$ 24,346	$ 20,000	$ 64,535	$ 60,588
Amortization of DAC:				
Term life insurance segment	$ 88,275	$ 59,287	$ 249,826	$ 174,106
Investment and savings products segment	2,222	2,580	11,610	7,641
Senior health segment	-	-	-	-
Corporate and other distributed products segment	428	347	931	857
Total amortization of DAC	$ 90,925	$ 62,214	$ 262,367	$ 182,604
Non-cash share-based compensation expense:				
Term life insurance segment	$ 645	$ 570	$ 3,388	$ 3,303
Investment and savings products segment	672	665	2,559	2,532
Senior health segment	67	-	67	-
Corporate and other distributed products segment	(324)	(594)	13,638	8,999
Total non-cash share-based compensation expense	$ 1,060	$ 641	$ 19,652	$ 14,834
Income (loss) before income taxes:				
Term life insurance segment	$ 111,764	$ 107,589	$ 323,220	$ 312,603
Investment and savings products segment	58,377	69,368	181,913	203,885
Senior health segment	(63,723)	(8,490)	(102,959)	(8,490)
Corporate and other distributed products segment	(20,519)	(21,365)	(75,971)	(63,123)
Total income (loss) before income taxes	$ 85,899	$ 147,102	$ 326,203	$ 444,875

Total assets by segment were as follows:

	September 30, 2022	December 31, 2021
	(In thousands)	
Assets:		
Term life insurance segment	$ 7,164,005	$ 7,274,820
Investment and savings products segment [(1)]	2,324,810	2,920,271
Senior health segment	428,317	528,974
Corporate and other distributed products segment	5,125,011	5,399,158
Total assets	$ 15,042,143	$ 16,123,223

[(1)] The Investment and Savings Products segment includes assets held in separate accounts. Excluding separate accounts, the Investment and Savings Products segment assets were $118.2 million and $120.3 million as of September 30, 2022 and December 31, 2021, respectively.

Geographical Information. Results of operations by country and long-lived assets, primarily tangible assets reported in other assets in our unaudited condensed consolidated balance sheets and condensed consolidated statements of income, were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
		(In thousands)		
Revenues by country:				
United States	$ 588,954	$ 594,406	$ 1,750,621	$ 1,687,868
Canada	84,335	98,833	282,573	297,770
Total revenues	$ 673,289	$ 693,239	$ 2,033,194	$ 1,985,638

	September 30, 2022	December 31, 2021
	(In thousands)	
Long-lived assets by country:		
United States	$ 51,147	$ 62,921
Canada	3,111	3,871
Other	233	230
Total long-lived assets	$ 54,491	$ 67,022

(3) Investments

Available-for-sale Securities. The period-end amortized cost, gross unrealized gains and losses, and fair value of available-for-sale securities were as follows:

	September 30, 2022			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
		(In thousands)		
Securities available-for-sale, carried at fair value:				
Fixed-maturity securities:				
U.S. government and agencies	$ 32,698	$ 20	$ (980)	$ 31,738
Foreign government	150,507	474	(11,037)	139,944
States and political subdivisions	142,852	59	(21,789)	121,122
Corporates	1,668,098	1,985	(194,251)	1,475,832
Residential mortgage-backed securities	477,103	251	(65,328)	412,026
Commercial mortgage-backed securities	139,940	3	(14,204)	125,739
Other asset-backed securities	167,817	-	(16,229)	151,588
Total fixed-maturity securities	2,779,015	2,792	(323,818)	2,457,989

	December 31, 2021			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In thousands)			
Securities available-for-sale, carried at fair value:				
Fixed-maturity securities:				
U.S. government and agencies	$ 32,292	$ 187	$ (79)	$ 32,400
Foreign government	147,288	6,283	(595)	152,976
States and political subdivisions	147,455	6,326	(254)	153,527
Corporates	1,649,334	72,418	(8,068)	1,713,684
Residential mortgage-backed securities	373,753	5,108	(3,230)	375,631
Commercial mortgage-backed securities	142,631	3,314	(420)	145,525
Other asset-backed securities	128,635	1,409	(1,220)	128,824
Total fixed-maturity securities	2,621,388	95,045	(13,866)	2,702,567
Short-term investments	85,246	1	(4)	85,243
Total fixed-maturity and short-term investments	$ 2,706,634	$ 95,046	$ (13,870)	$ 2,787,810

All of our available-for-sale mortgage- and asset-backed securities represent variable interests in variable interest entities ("VIEs"). We are not the primary beneficiary of these VIEs because we do not have the power to direct the activities that most significantly impact the entities' economic performance. The maximum exposure to loss as a result of our involvement in these VIEs equals the carrying value of the securities.

The scheduled maturity distribution of the available-for-sale fixed-maturity portfolio as of September 30, 2022 was as follows:

	Amortized cost	Fair value
	(In thousands)	
Due in one year or less	$ 185,346	$ 184,509
Due after one year through five years	768,889	724,190
Due after five years through 10 years	747,297	627,289
Due after 10 years	292,623	232,648
	1,994,155	1,768,636
Mortgage- and asset-backed securities	784,860	689,353
Total AFS fixed-maturity securities	$ 2,779,015	$ 2,457,989

Expected maturities may differ from scheduled contractual maturities because issuers of securities may have the right to call or prepay obligations with or without call or prepayment penalties.

Trading Securities. The cost and fair value of the securities classified as trading securities were as follows:

	September 30, 2022		December 31, 2021	
	Cost	Fair value	Cost	Fair value
	(In thousands)			
Fixed-maturity securities	$ 4,335	$ 3,718	$ 24,769	$ 24,355

Held-to-maturity Security. Concurrent with the execution of the Vidalia Re Coinsurance Agreement, Vidalia Re entered into a Surplus Note Purchase Agreement (the "Surplus Note Purchase Agreement") with Hannover Life Reassurance Company of America and certain of its affiliates (collectively, "Hannover Re") and a newly formed limited liability company (the "LLC") owned by a third- party service provider. Under the Surplus Note Purchase Agreement, Vidalia Re issued a surplus note (the "Surplus Note") to the LLC in exchange for a credit enhanced note from the LLC with an equal principal amount (the "LLC Note"). The principal amount of both the LLC Note and the Surplus Note will fluctuate over time to coincide with the amount of reserves contractually supported under the Vidalia Re Coinsurance Agreement. Both the LLC Note and the Surplus Note mature on December 31, 2030 and bear interest at an annual interest rate of 4.50%. The LLC Note is guaranteed by Hannover Re through a credit enhancement feature in exchange for a fee, which is reflected in interest expense on our unaudited condensed consolidated statements of income.

The LLC is a VIE as its owner does not have an equity investment at risk that is sufficient to permit the LLC to finance its activities without Vidalia Re or Hannover Re. The Parent Company, Primerica Life, and Vidalia Re share the power to direct the activities of the LLC with Hannover Re, but do not have the obligation to absorb losses or the right to receive any residual returns related to the LLC's primary risks or sources of variability. Through the credit enhancement feature, Hannover Re is the ultimate risk taker in this transaction and bears the obligation to absorb the LLC's losses in the event of a Surplus Note default in exchange for the fee. Accordingly, the Company is not the primary beneficiary of the LLC and does not consolidate the LLC within its unaudited condensed consolidated financial statements. See Note 5 (Reinsurance) for Hannover Re's financial strength rating.

The LLC Note is classified as a fixed-maturity held-to-maturity security in the Company's invested asset portfolio as we have the positive intent and ability to hold the security until maturity. As of September 30, 2022, the LLC Note had an estimated unrealized holding loss of $113.5 million based on its amortized cost and estimated fair value. The estimated fair value of the LLC Note is

expected to be at least equal to the estimated fair value of the offsetting Surplus Note. See Note 12 (Debt) for more information on the Surplus Note.

As of September 30, 2022, no credit losses have been recognized on the LLC Note.

Investments on Deposit with Governmental Authorities. As required by law, we have investments on deposit with governmental authorities and banks for the protection of policyholders. The fair values of investments on deposit were $7.1 million and $7.6 million as of September 30, 2022 and December 31, 2021, respectively.

Securities Lending Transactions. We participate in securities lending transactions with broker-dealers and other financial institutions to increase investment income with minimal risk. We require minimum collateral on securities loaned equal to 102% of the fair value of the loaned securities. We accept collateral in the form of securities, which we are not able to sell or encumber, and to the extent the collateral declines in value below 100%, we require additional collateral from the borrower. Any securities collateral received is not reflected on our unaudited condensed consolidated balance sheets. We also accept collateral in the form of cash, all of which we reinvest. For loans involving unrestricted cash collateral, the collateral is reported as an asset with a corresponding liability representing our obligation to return the collateral. We continue to carry the loaned securities as invested assets on our unaudited condensed consolidated balance sheets during the terms of the loans, and we do not report them as sales. Cash collateral received and reinvested was $80.8 million and $94.5 million as of September 30, 2022 and December 31, 2021, respectively.

Investment Income. The components of net investment income were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Fixed-maturity securities (available-for-sale)	$ 23,067	$ 19,860	$ 66,370	$ 60,035
Fixed-maturity security (held-to-maturity)	16,283	15,741	47,613	46,382
Equity securities	373	413	1,131	1,216
Policy loans and other invested assets	436	289	596	618
Cash and cash equivalents	1,714	96	2,338	371
Total return on deposit asset underlying 10% coinsurance agreement[(1)]	489	346	(1,790)	1,989
Gross investment income	42,362	36,745	116,258	110,611
Investment expenses	(1,733)	(1,004)	(4,110)	(3,641)
Investment income net of investment expenses	40,629	35,741	112,148	106,970
Interest expense on surplus note	(16,283)	(15,741)	(47,613)	(46,382)
Net investment income	$ 24,346	$ 20,000	$ 64,535	$ 60,588

[(1)] For the three months ended September 30, 2022, includes less than ($0.1) million of net losses recognized for the change in fair value of the deposit asset underlying the 10% coinsurance agreement. For the nine months ended September 30, 2022, includes $(3.4) million of net losses recognized for the change in fair value of the deposit asset underlying the 10% coinsurance agreement. For the three and nine months ended September 30, 2021, includes $(0.6) million and $(1.6) million, respectively, of net losses recognized for the change in fair value of the deposit asset underlying the 10% coinsurance agreement.

The components of investment gains (losses), as well as details on gross realized investment gains (losses) and other investment gains (losses) were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Realized investment gains (losses):				
Gross gains from sales of available-for-sale securities fixed maturity securities	$ 491	$ 1,801	$ 1,512	$ 5,780
Gross losses from sales of available-for-sale fixed maturity securities	(199)	(71)	(588)	(2,018)
Net realized investment gains (losses):	292	1,730	924	3,762
Other investment gains (losses):				
Credit losses impairment of available-for-sale securities	(138)	149	(57)	(710)
Market gains (losses) recognized in net income during the period on equity securities	(2,858)	(418)	(4,692)	1,117
Gains (losses) from bifurcated options	-	1	-	(48)
Gains (losses) on trading securities	5	(52)	(16)	(245)
Other investment gains (losses):	(2,991)	(320)	(4,765)	114
Investment gains (losses)	$ (2,699)	$ 1,410	$ (3,841)	$ 3,876

The proceeds from sales or other redemptions of available-for-sale securities were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Proceeds from sales or other redemptions	$ 117,909	$ 135,393	$ 419,985	$ 449,564

Accrued Interest. Accrued interest is recorded in accordance with the original interest schedule of the underlying security. In the event of default, the Company's policy is to no longer accrue interest on these securities and any remaining accrued interest will be written off. As a result, the Company has made the policy election to not record an allowance for credit losses on accrued interest.

Credit Losses for Available-for-sale Securities. The following table summarizes all available-for-sale securities in an unrealized loss position for which an allowance for credit losses has not been recorded as of September 30, 2022, aggregated by major security type and length of time such securities have continuously been in an unrealized loss position:

	September 30, 2022			
	Less than 12 months		12 months or longer	
	Fair value	Unrealized losses	Fair value	Unrealized losses
	(Dollars in thousands)			
Fixed-maturity securities:				
U.S. government and agencies	$ 27,735	$ (744)	$ 2,170	$ (236)
Foreign government	114,843	(7,332)	17,132	(3,705)
States and political subdivisions	105,750	(18,900)	11,798	(2,889)
Corporates	1,202,033	(127,943)	239,948	(66,308)
Residential mortgage-backed securities	301,304	(41,127)	103,895	(24,201)
Commercial mortgage-backed securities	96,986	(10,949)	28,352	(3,255)
Other asset-backed securities	102,080	(8,368)	49,508	(7,861)
Total fixed-maturity securities	1,950,731	(215,363)	452,803	(108,455)

	December 31, 2021			
	Less than 12 months		12 months or longer	
	Fair value	Unrealized losses	Fair value	Unrealized losses
	(Dollars in thousands)			
Fixed-maturity securities:				
U.S. government and agencies	$ 24,928	$ (45)	$ 1,557	$ (34)
Foreign government	18,894	(384)	3,335	(211)
States and political subdivisions	15,909	(254)	-	-
Corporates	341,963	(5,035)	59,414	(3,033)
Residential mortgage-backed securities	234,911	(3,131)	2,707	(99)
Commercial mortgage-backed securities	47,220	(419)	117	(1)
Other asset-backed securities	80,509	(1,037)	3,779	(183)
Total fixed-maturity securities	764,334	(10,305)	70,909	(3,561)
Short-term investments:				
U.S. government and agencies	34,967	*	-	-
Foreign government	4,995	*	-	-
States and political subdivisions	11,394	(1)	-	-
Corporates	23,891	(3)	-	-
Total short-term investments	75,247	(4)	-	-
Total fixed-maturity securities and short-term investments	$ 839,581	$ (10,309)	$ 70,909	$ (3,561)

* Less than $1 thousand.

The amortized cost of available-for-sale fixed-maturity securities with a cost basis in excess of their fair values were $2.7 billion and $924.4 million as of September 30, 2022 and December 31, 2021, respectively.

As of September 30, 2022, we did not recognize credit losses in the unaudited condensed consolidated statements of income on available-for-sale securities with unrealized losses that were due to interest rate sensitivity and changes in credit spreads. We believe that fluctuations caused by movement in interest rates and credit spreads generally have little bearing on the recoverability of our investments. For those that remain in an unrealized loss position we have the ability to hold these investments until maturity or a market price recovery, and we have no present intention to dispose them. The sharp increase in interest rates during the three and nine months ended September 30, 2022 was the primary driver of the increase in unrealized losses on available-for-sale securities.

For the three months ended September 30, 2022, we recognized $0.1 million of credit (gains) losses in the unaudited condensed consolidated statements of income on available-for-sale securities. For the nine months ended September 30, 2022, we recorded less than $0.1 million for credit (gains) losses in the unaudited condensed consolidated statements of income on available-for-sale securities. For the three and nine months ended September 30, 2021, we recorded a total of $(0.1) million and $0.7 million, respectively, for credit (gains) losses in the unaudited condensed consolidated statements of income on available-for-sale securities. We recognized credit losses on securities due to: (i) our intent to sell them; (ii) adverse credit events indicating that we will not receive the security's contractual cash flows when contractually due, such as news of an impending filing for bankruptcy; (iii) analyses of the issuer's most recent financial statements or other information indicating that significant liquidity deficiencies, significant losses and large declines in capitalization exist; and (iv) analyses of rating agency information for issuances with severe ratings downgrades indicating a significant increase in the possibility of default.

The rollforward of the allowance for credit losses on available-for-sale securities were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
		(In thousands)		
Allowance for credit losses, beginning of period	$ -	$ 858	$ 816	$ -
Additions to the allowance for credit losses on securities for which credit losses were not previously recorded	-	6	-	160
Additional increases or (decreases) to the allowance for credit losses on securities that had an allowance recorded in a previous period	-	(154)	(81)	550
Write-offs charged against the allowance, if any	-	-	(735)	-
Allowance for credit losses, end of period	$ -	$ 710	$ -	$ 710

Derivatives. We carry a deferred loss related to closed forward contracts, which were settled several years ago, that were used to mitigate our exposure to foreign currency exchange rates that resulted from the net investment in our Canadian operations. The amount of deferred loss included in accumulated other comprehensive income was $26.4 million as of September 30, 2022 and December 31, 2021. These deferred losses will not be recognized until such time as we sell or substantially liquidate our Canadian operations. We have no such intention.

(4) Fair Value of Financial Instruments

Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Invested assets recorded at fair value are measured and classified in accordance with a three-tier fair value hierarchy based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our view of market assumptions in the absence of observable market information. We classify and disclose all invested assets carried at fair value in one of the following three levels:

- Level 1. Quoted prices for identical instruments in active markets. Level 1 consists of financial instruments whose value is based on quoted market prices in active markets, such as cash, cash equivalents in money market funds, exchange-traded common stocks and actively traded mutual fund investments;
- Level 2. Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets. Level 2 includes those financial instruments that are valued using industry-standard pricing methodologies, models or other valuation methodologies. Various inputs are considered in deriving the fair value of the underlying financial instrument, including interest rate and yield curves, credit spread, and foreign exchange rates. All significant inputs are observable, or derived from observable information in the marketplace or are supported by observable levels at which transactions are executed in the marketplace. Financial instruments in this category primarily include: cash equivalents and short-term investments in U.S. treasury securities, certain public and private corporate fixed-maturity and equity securities; government or agency securities; and certain mortgage- and asset-backed securities; and
- Level 3. Valuations derived from valuation techniques in which one or more significant inputs are unobservable. Level 3 consists of financial instruments whose fair value is estimated based on industry-standard pricing methodologies and models using significant inputs not based on, nor corroborated by, readily available market information. Valuations for this category primarily consist of non-binding broker quotes. Financial instruments in this category primarily include less liquid mortgage- and asset-backed securities and equity securities.

As of each reporting period, all assets and liabilities recorded at fair value are classified in their entirety based on the lowest level of input (Level 3 being the lowest in the hierarchy) that is significant to the fair value measurement. Significant levels of estimation and judgment are required to determine the fair value of certain of our investments. The factors influencing these estimations and judgments are subject to change in subsequent reporting periods.

The estimated fair value and hierarchy classifications for assets and liabilities that are measured at fair value on a recurring basis were as follows:

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Fair value assets:				
Available-for-sale fixed-maturity securities:				
U.S. government and agencies	$ -	$ 31,738	$ -	$ 31,738
Foreign government	-	139,944	-	139,944
States and political subdivisions	-	121,122	-	121,122
Corporates	3,811	1,472,021	-	1,475,832
Mortgage- and asset-backed securities:				
Residential mortgage-backed securities	-	408,228	3,798	412,026
Commercial mortgage-backed securities	-	124,741	998	125,739
Other asset-backed securities	-	150,214	1,374	151,588
Total available-for-sale fixed-maturity securities	3,811	2,448,008	6,170	2,457,989
Short-term investments	-	-	-	-
Total available-for-sale securities	3,811	2,448,008	6,170	2,457,989
Equity securities	30,577	988	1,514	33,079
Trading securities	-	3,718	-	3,718
Cash and cash equivalents	438,025	-	-	438,025
Separate accounts	-	2,206,608	-	2,206,608
Total fair value assets	$ 472,413	$ 4,659,322	$ 7,684	$ 5,139,419
Fair value liabilities:				
Separate accounts	$ -	$ 2,206,608	$ -	$ 2,206,608
Total fair value liabilities	$ -	$ 2,206,608	$ -	$ 2,206,608

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Fair value assets:				
Available-for-sale fixed-maturity securities:				
U.S. government and agencies	$ -	$ 32,400	$ -	$ 32,400
Foreign government	-	152,976	-	152,976
States and political subdivisions	-	153,527	-	153,527
Corporates	5,898	1,707,786	-	1,713,684
Mortgage-and asset-backed securities:				
Residential mortgage-backed securities	-	375,604	27	375,631
Commercial mortgage-backed securities	-	145,525	-	145,525
Other asset-backed securities	-	128,824	-	128,824
Total available-for-sale fixed-maturity securities	5,898	2,696,642	27	2,702,567
Short-term investments	-	85,243	-	85,243
Total available-for-sale securities	5,898	2,781,885	27	2,787,810
Equity securities	37,912	1,070	3,569	42,551
Trading securities	-	24,355	-	24,355
Cash and cash equivalents	351,508	40,993	-	392,501
Separate accounts	-	2,799,992	-	2,799,992
Total fair value assets	$ 395,318	$ 5,648,295	$ 3,596	$ 6,047,209
Fair value liabilities:				
Separate accounts	$ -	$ 2,799,992	$ -	$ 2,799,992
Total fair value liabilities	$ -	$ 2,799,992	$ -	$ 2,799,992

In estimating fair value of our investments, we use a third-party pricing service for approximately 99% of our securities that are measured at fair value on a recurring basis. The remaining securities are primarily thinly-traded securities, such as private placements, and are valued using models based on observable inputs on public corporate spreads having similar characteristics (e.g., sector, average life and quality rating), liquidity and yield based on quality rating, average life and U.S. Treasury yields. All observable data inputs are corroborated by independent third-party data. We also corroborate pricing information provided by our third-party pricing service by performing a review of selected securities. Our review activities include: obtaining detailed information about the assumptions, inputs and methodologies used in pricing the security; documenting this information; and corroborating it by comparison to independently obtained prices and/or independently developed pricing methodologies.

Furthermore, we perform internal reasonableness assessments on fair value determinations within our portfolio throughout the year and as of year-end, including pricing variance analyses and comparisons to alternative pricing sources and benchmark returns. If a fair

value appears unusual relative to these assessments, we will re-examine the inputs and may challenge a fair value assessment made by the pricing service. If there is a known pricing error, we will request a reassessment by the pricing service. If the pricing service is unable to perform the reassessment on a timely basis, we will determine the appropriate price by requesting a reassessment from an alternative pricing service or other qualified source as necessary. We do not adjust quotes or prices except in a rare circumstance to resolve a known error.

Because many fixed-maturity securities do not trade on a daily basis, third-party pricing services generally determine fair value using industry-standard methodologies, which vary by asset class. For corporates, governments, and agency securities, these methodologies include developing prices by incorporating available market information such as U.S. Treasury curves, benchmarking of similar securities including new issues, sector groupings, quotes from market participants and matrix pricing. Observable information is compiled and integrates relevant credit information, perceived market movements and sector news. Additionally, security prices are periodically back-tested to validate and/or refine models as conditions warrant. Market indicators and industry and economic events are also monitored as triggers to obtain additional data. For certain structured securities (such as mortgage- and asset-backed securities) with limited trading activity, third-party pricing services generally use industry-standard pricing methodologies that incorporate market information, such as index prices or discounting expected future cash flows based on underlying collateral, and quotes from market participants, to estimate fair value. If one or more of these input measures are not deemed observable for a particular security, the security will be classified as Level 3 in the fair value hierarchy.

Where specific market information is unavailable for certain securities, pricing models produce estimates of fair value primarily using Level 2 inputs along with certain Level 3 inputs. These models include matrix pricing. The pricing matrix uses current U.S. Treasury rates and credit spreads received from third-party sources to estimate fair value. The credit spreads incorporate the issuer's industry- or issuer-specific credit characteristics and the security's time to maturity, if warranted. Remaining unpriced securities are valued using an estimate of fair value based on indicative market prices that include significant unobservable inputs not based on, nor corroborated by, market information, including the utilization of non-binding broker quotes.

The roll-forward of the Level 3 assets measured at fair value on a recurring basis was as follows:

	Three months ended September 30,		Nine months ended September 30, [1]	
	2022	2021	2022	2021
	(In thousands)			
Level 3 assets, beginning of period	$ 1,634	$ 3,336	$ 3,596	$ 2,047
Net unrealized gains (losses) included in other comprehensive income	(8)	1	99	1
Realized gains (losses) and accretion (amortization) recognized in earnings	(127)	(125)	(328)	(359)
Purchases	6,170	2,068	13,661	3,067
Sales	-	-	-	-
Settlements	15	(1)	(1,385)	(2,191)
Transfers into Level 3	-	-	1,399	2,714
Transfers out of Level 3	-	(1,501)	(9,358)	(1,501)
Level 3 assets, end of period	$ 7,684	$ 3,778	$ 7,684	$ 3,778

[1] Activities for investments that enter and exit Level 3 in different quarters within the same fiscal year are not eliminated until the full year amounts are presented.

We obtain independent pricing quotes based on observable inputs as of the end of the reporting period for all securities in Level 2. Those inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, market bids/offers, quoted prices for similar instruments in markets that are not active, and other relevant data. We monitor these inputs for market indicators, industry and economic events. There were no material transfers between Level 1 and Level 3 during the three and nine months ended September 30, 2022 and 2021.

The carrying values and estimated fair values of our financial instruments were as follows:

	September 30, 2022		December 31, 2021	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
	(In thousands)			
Assets:				
Fixed-maturity securities (available-for-sale)	$ 2,457,989	$ 2,457,989	$ 2,702,567	$ 2,702,567
Fixed-maturity security (held-to-maturity) [3]	1,433,760	1,320,222	1,379,100	1,551,113
Short-term investments (available-for-sale)	-	-	85,243	85,243
Equity securities	33,079	33,079	42,551	42,551
Trading securities	3,718	3,718	24,355	24,355
Policy loans [3]	48,787	48,787	30,612	30,612
Deposit asset underlying 10% coinsurance agreement [3]	226,902	226,902	231,368	231,368
Separate accounts	2,206,608	2,206,608	2,799,992	2,799,992
Liabilities:				
Notes payable - Long term [1] [2]	$ 592,705	$ 471,511	$ 592,102	$ 605,667
Surplus note [1] [3]	1,433,293	1,316,919	1,378,585	1,545,854
Separate accounts	2,206,608	2,206,608	2,799,992	2,799,992

[1] Carrying value amounts shown are net of issuance costs.

[2] Classified as a Level 2 fair value measurement.

[3] Classified as a Level 3 fair value measurement.

The fair values of financial instruments presented above are estimates of the fair values at a specific point in time using various sources and methods, including market quotations and a complex matrix system that takes into account issuer sector, quality, and spreads in the current marketplace.

Financial Instruments Recognized at Fair Value in the Balance Sheet. Estimated fair values of investments in AFS securities are principally a function of current spreads and interest rates that are corroborated by independent third-party data. Therefore, the fair values presented are indicative of amounts we could realize or settle at the respective balance sheet date. We do not necessarily intend to dispose of or liquidate such instruments prior to maturity. Trading securities and equity securities, including common and nonredeemable preferred stocks, are carried at fair value. Segregated funds in separate accounts are carried at the underlying value of the variable insurance contracts, which is fair value.

The carrying amounts for cash and cash equivalents, trade receivables, accrued investment income, accounts payable, notes payable – short term, cash collateral and payables for security transactions approximate their fair values due to the short-term nature of these instruments. Consequently, such financial instruments are not included in the above table.

(5) Reinsurance

We use reinsurance extensively, which has a significant effect on our results of operations. Reinsurance arrangements do not relieve us of our primary obligation to the policyholder.

Details on in-force life insurance were as follows:

	September 30, 2022	December 31, 2021
	(Dollars in thousands)	
Direct life insurance in-force	$ 915,091,729	$ 905,819,671
Amounts ceded to other companies	(782,367,621)	(777,826,233)
Net life insurance in-force	$ 132,724,108	$ 127,993,438
Percentage of reinsured life insurance in-force	85 %	86 %

Benefits and claims ceded to reinsurers during the three and nine months ended September 30, 2022 were $375.8 million and $1,218.8 million, respectively, compared to $486.7 million and $1,474.6 million, respectively, for the three and nine months ended September 30, 2021.

Reinsurance recoverables as of September 30, 2022 and December 31, 2021 include ceded reserve balances, ceded claim liabilities, and ceded claims paid. Reinsurance recoverables and financial strength ratings by reinsurer were as follows:

	September 30, 2022		December 31, 2021	
	Reinsurance recoverables	A.M. Best rating	Reinsurance recoverables	A.M. Best rating
	(In thousands)			
Swiss Re Life & Health America Inc. (Novated from Pecan Re, Inc.) [1][2]	$ 2,474,068	A+	$ -	-
Pecan Re Inc. [1][2]	-	-	2,567,602	NR
SCOR Global Life Reinsurance Companies [3]	385,653	A+	426,634	A+
Munich Re of Malta [2][5]	249,942	NR	278,591	NR
Swiss Re Life & Health America Inc. [4]	238,280	A+	259,239	A+
American Health and Life Insurance Company [2]	150,364	B++	157,837	B++
Munich American Reassurance Company	134,059	A+	142,705	A+
RGA Reinsurance	127,750	A+	140,953	A+
Korean Reinsurance Company	119,526	A	134,048	A
Hannover Life Reassurance Company	47,263	A+	49,749	A+
TOA Reinsurance Company	36,590	A	38,909	A
All other reinsurers	73,444	-	75,094	-
Allowance for credit losses	(3,042)		(2,942)	
Reinsurance recoverables	$ 4,033,897		$ 4,268,419	

NR – not rated

[1]Effective April 1, 2022, the coinsurance agreement with Pecan Re Inc. was novated and replaced by an agreement with Swiss Re Life and Health America, Inc.

[2]Reinsurance recoverables includes balances ceded under coinsurance transactions of term life insurance policies that were in-force as of December 31, 2009. Amounts shown are net of their share of the reinsurance recoverables from other reinsurers. Arrangements with these reinsurers include collateral trust agreements held in support of reinsurance recoverables.

[3]Includes amounts ceded to Transamerica Reinsurance Companies and fully retroceded to SCOR Global Life Reinsurance Companies.

[4]Includes amounts ceded to Lincoln National Life Insurance and fully retroceded to Swiss Re Life & Health America Inc.

[5]Entity is rated AA- by S&P.

We estimate and recognize lifetime expected credit losses for reinsurance recoverables. In estimating the allowance for expected credit losses for reinsurance recoverables, we factor in the underlying collateral for reinsurance agreements where available. Specifically, for reinsurers with underlying trust assets, we compare the reinsurance recoverables balance to the underlying trust assets that mitigate the potential exposure to credit losses. We also analyze the financial condition of the reinsurers, as determined by third-party rating agencies, to determine the probability of default for the reinsurers. We then utilize a third-party credit default study to calculate an expected credit loss given default rate or recovery rate. The probability of default and loss given default rates are then applied to the reinsurers' recoverable balance, while also factoring in any third-party letters of credit that support the reinsurance agreement, in order to calculate our current expected credit loss allowance.

The rollforward of the allowance for credit losses on reinsurance recoverables were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Balance, beginning of period	$ 2,964	$ 7,654	$ 2,942	$ 7,144
Current period provision for expected credit losses	78	-	270	510
Less: Collections from expected credit losses previously recorded	-	(53)	(170)	(53)
Balance, at the end of period	$ 3,042	$ 7,601	$ 3,042	$ 7,601

(6) Policy Claims and Other Benefits Payable

Changes in policy claims incurred and other benefits payable were as follows:

	Nine months ended September 30,	
	2022	2021
	(In thousands)	
Policy claims and other benefits payable, beginning of period	$ 585,382	$ 519,711
Less reinsured policy claims and other benefits payable	638,007	545,857
Net balance, beginning of period	(52,625)	(26,146)
Incurred related to current year	189,739	207,542
Incurred related to prior years [1]	(3,383)	(121)
Total incurred	186,356	207,421
Claims paid related to current year, net of reinsured policy claims received	(236,246)	(276,730)
Reinsured policy claims received related to prior years, net of claims paid	66,047	36,439
Total paid	(170,199)	(240,291)
Foreign currency translation	(659)	44
Net balance, end of period	(37,127)	(58,972)
Add reinsured policy claims and other benefits payable	533,690	616,097
Balance, end of period	$ 496,563	$ 557,125

[1] Includes the difference between our estimate of claims incurred but not yet reported as of period-end and the actual incurred claims reported after period-end.

The liability for policy claims and other benefits payable on traditional life insurance products includes estimated unpaid claims that have been reported to us and claims incurred but not yet reported. We estimate claims incurred but not yet reported based on our historical claims activity, adjusted for any current new trends and conditions, and reported lag time experience.

(7) Stockholders' Equity

A reconciliation of the number of shares of our outstanding common stock follows:

	Nine months ended September 30,	
	2022	2021
	(In thousands)	
Common stock, beginning of period	$ 39,368	$ 39,306
Shares issued for stock options exercised	-	10
Shares of common stock issued upon lapse of sales restrictions on restricted stock units ("RSUs")	201	204
Common stock retired	(2,542)	(49)
Common stock, end of period	$ 37,027	$ 39,471

The above reconciliation excludes RSUs and performance-based stock units ("PSUs"), which do not have voting rights. As sales restrictions on RSUs lapse and PSUs are earned, we issue common shares with voting rights. As of September 30, 2022, we had a total of 294,829 RSUs and 74,054 PSUs outstanding. The PSU outstanding balance is based on the number of PSUs granted pursuant to the award agreements; however, the actual number of common shares issued could be higher or lower based on actual versus targeted performance. See Note 9 (Share-Based Transactions) for discussion of the PSU award structure.

On November 17, 2021 our Board of Directors authorized a share repurchase program for up to $275.0 million of our outstanding common stock for purchases through December 31, 2022 (the "Share Repurchase Program"). On February 14, 2022, our Board of Directors authorized an increase of $50.0 million to the Share Repurchase Program. On August 11, 2022, our Board of Directors authorized an additional increase of $50.0 million to the Share Repurchase Program bringing the authorized share repurchases to $375.0 million of our outstanding common stock through December 31, 2022. Under the Share Repurchase Program, we repurchased 2,628,425 shares of our common stock in the open market for an aggregate purchase price of $343.1 million through September 30, 2022. Approximately $31.9 million remains available for repurchases of our outstanding common stock under the Share Repurchase Program as of September 30, 2022.

(8) Earnings Per Share

The Company has outstanding common stock and equity awards that consist of RSUs, PSUs and stock options. The RSUs maintain non-forfeitable dividend rights that result in dividend payment obligations on a one-to-one ratio with common shares for any future dividend declarations.

Unvested RSUs are deemed participating securities for purposes of calculating earnings per share ("EPS") as they maintain dividend rights. We calculate EPS using the two-class method. Under the two-class method, we allocate earnings to common shares and vested RSUs outstanding for the period. Earnings attributable to unvested participating securities, along with the corresponding share counts, are excluded from EPS as reflected in our unaudited condensed consolidated statements of income.

In calculating basic EPS, we deduct from net income any dividends and undistributed earnings allocated to unvested RSUs and then divide the result by the weighted-average number of common shares and vested RSUs outstanding for the period.

We determine the potential dilutive effect of PSUs and stock options outstanding ("contingently-issuable shares") on EPS using the treasury-stock method. Under this method, we determine the proceeds that would be received from the issuance of the contingently-issuable shares if the end of the reporting period were the end of the contingency period. The proceeds from the contingently-issuable shares include the remaining unrecognized compensation expense of the awards and the cash received for the exercise price on stock options. We then use the average market price of our common shares during the period the contingently-issuable shares were outstanding to determine how many shares we could repurchase with the proceeds raised from the issuance of the contingently-issuable shares. The net incremental share count issued represents the potential dilutive securities. We then reallocate earnings to common shares and vested RSUs by incorporating the increased fully-diluted share count to determine diluted EPS.

The calculation of basic and diluted EPS was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In thousands, except per-share amounts)			
Basic EPS:				
Numerator:				
Net income attributable to Primerica, Inc.	$ 51,807	$ 112,456	$ 241,172	$ 338,489
Income attributable to unvested participating securities	(244)	(458)	(1,067)	(1,403)
Net income used in calculating basic EPS	$ 51,563	$ 111,998	$ 240,105	$ 337,086
Denominator:				
Weighted-average vested shares	37,438	39,561	38,342	39,516
Basic EPS	$ 1.38	$ 2.83	$ 6.26	$ 8.53
Diluted EPS:				
Numerator:				
Net income attributable to Primerica, Inc.	$ 51,807	$ 112,456	$ 241,172	$ 338,489
Income attributable to unvested participating securities	(244)	(457)	(1,065)	(1,399)
Net income used in calculating diluted EPS	$ 51,563	$ 111,999	$ 240,107	$ 337,090
Denominator:				
Weighted-average vested shares	37,438	39,561	38,342	39,516
Dilutive effect of incremental shares to be issued for contingently-issuable shares	103	118	110	121
Weighted-average shares used in calculating diluted EPS	37,541	39,679	38,452	39,637
Diluted EPS	$ 1.37	$ 2.82	$ 6.24	$ 8.50

(9) Share-Based Transactions

The Company has outstanding equity awards under the Primerica, Inc. Second Amended and Restated 2010 Omnibus Incentive Plan ("2010 OIP"), which expired in 2020 in accordance with its terms and under which no future awards will be made, and the Primerica, Inc. 2020 Omnibus Incentive Plan (the "2020 OIP", and together with the 2010 OIP, the "OIP"), which was approved by the Company's stockholders on May 13, 2020. The OIP provides for the issuance of equity awards, including stock options, stock appreciation rights, restricted stock, deferred stock, RSUs, PSUs, and stock payment awards, as well as cash-based awards. In addition to time-based vesting requirements, awards granted under the OIP may also be subject to specified performance criteria. Under the OIP, the Company issues equity awards to our management (officers and other key employees), non-employees who serve on our Board of Directors, and sales force leaders. For more information on equity awards granted under the OIP, see Note 14 (Share-Based Transactions) to our consolidated financial statements within our 2021 Annual Report.

In connection with our granting of equity awards to management and members of the Board of Directors, we recognize expense over the requisite service period of the equity award. We defer and amortize the fair value of equity awards granted to the sales force in the same manner as other deferred policy acquisition costs for those awards that are an incremental direct cost of successful acquisitions of life insurance policies that result directly from and are essential to the policy acquisition(s) and would not have been incurred had the policy acquisition(s) not occurred. All equity awards granted to the sales force that are not directly related to the successful acquisition of life insurance policies are recognized as expense as incurred, which is in the quarter granted and earned.

The impact of equity awards granted under the OIP are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Equity awards expense recognized	$ 1,060	$ 2,369	$ 16,068	$ 16,561
Equity awards expense deferred	2,691	2,048	7,878	7,227

On February 24, 2022, the Compensation Committee of our Board of Directors granted the following equity awards to employees as part of the annual approval of management incentive compensation:

- 85,844 RSUs awarded to management with a measurement-date fair value of $130.30 per unit that have time-based vesting requirements with equal and annual graded vesting over approximately three years subsequent to the grant date.

- 26,475 PSUs awarded to our four top executives with a measurement-date fair value of $130.30 per unit. The PSUs will be earned on March 1, 2025 contingent upon the Company achieving a targeted annual average three-year return on adjusted equity ("ROAE") and average EPS growth for the period from January 1, 2022 through December 31, 2024. The actual number of common shares that will be issued will vary based on the actual ROAE and average EPS growth relative to the targeted ROAE and average EPS growth and can range from zero to 39,713 shares.

All awards granted to employees on February 24, 2022 vest upon voluntary termination of employment by any employee who is "retirement eligible" as of his or her termination date. In order to be retirement eligible, an employee must be at least 55 years old and his or her age plus years of service with the Company must equal at least 75. The number of PSUs that will ultimately be issued for a retirement eligible employee is equal to the amount calculated using the Company's actual cumulative three-year ROAE and average EPS growth for the performance period ending on December 31, 2024, even if that employee retires prior to the completion of the three-year performance period.

During the three months ended September 30, 2022, 10,711 RSUs were awarded to certain members of management of e-TeleQuote with an average measurement-date fair value of $125.65 per unit that have time-based vesting requirements with equal and annual graded vesting over approximately three years subsequent to the grant date.

(10) Commitments and Contingent Liabilities

Letter of Credit ("LOC"). Peach Re maintains a credit facility agreement with Deutsche Bank (the "Credit Facility Agreement") to support certain obligations for a portion of the Regulation XXX reserves related to the Peach Re Coinsurance Agreement. Under the Credit Facility Agreement, Deutsche Bank issued a letter of credit for the benefit of Primerica Life with a term expiring on December 31, 2025. As of September 30, 2022, the amount of the LOC outstanding was $102.8 million. This amount will decline over the remaining term of the LOC to correspond with declines in the Regulation XXX reserves. As of September 30, 2022, the Company was in compliance with all financial covenants under the Credit Facility Agreement.

Further discussion on the Company's letter of credit is included in Note 16 (Commitments and Contingent Liabilities) to our consolidated financial statements within our 2021 Annual Report.

Contingent Liabilities. The Company is involved from time to time in legal disputes, regulatory inquiries and arbitration proceedings in the normal course of business. These disputes are subject to uncertainties, including the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation. As such, the Company is unable to estimate the possible loss or range of loss that may result from these matters unless otherwise indicated.

(11) Other Comprehensive Income

The components of other comprehensive income ("OCI"), including the income tax expense or benefit allocated to each component, were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Foreign currency translation adjustments:				
Change in unrealized foreign currency translation gains (losses) before income taxes	$ (18,086)	$ (5,892)	$ (24,048)	$ 6,490
Income tax expense (benefit) on unrealized foreign currency translation gains (losses)	-	-	-	-
Change in unrealized foreign currency translation gains (losses), net of income taxes	$ (18,086)	$ (5,892)	$ (24,048)	$ 6,490
Unrealized gain (losses) on available-for-sale securities:				
Change in unrealized holding gains (losses) arising during period before income taxes	$ (97,516)	$ (13,796)	$ (401,335)	$ (52,669)
Income tax expense (benefit) on unrealized holding gains (losses) arising during period	(20,471)	(2,991)	(85,330)	(11,653)
Change in unrealized holding gains (losses) on available-for-sale securities arising during period, net of income taxes	(77,045)	(10,805)	(316,005)	(41,016)
Reclassification from accumulated OCI to net income for (gains) losses realized on available-for-sale securities	(154)	(1,879)	(867)	(3,052)
Income tax (expense) benefit on (gains) losses reclassified from accumulated OCI to net income	(33)	(395)	(182)	(641)
Reclassification from accumulated OCI to net income for (gains) losses realized on available-for-sale securities, net of income taxes	(121)	(1,484)	(685)	(2,411)
Change in unrealized gains (losses) on available-for-sale securities, net of income taxes and reclassification adjustment	$ (77,166)	$ (12,289)	$ (316,690)	$ (43,427)

(12) Debt

Notes Payable – Long Term. As of September 30, 2022, the Company had $600.0 million of publicly-traded, senior unsecured notes (the "Senior Notes"), with an annual interest rate of 2.80% that are scheduled to mature on November 19, 2031. As of September 30, 2022, we were in compliance with the covenants of the Senior Notes. No events of default occurred on the Senior Notes during the three and nine months ended September 30, 2022.

Further discussion on the Company's Senior Notes is included in Note 10 (Debt) to our consolidated financial statements within our 2021 Annual Report.

Notes Payable – Short Term. On July 1, 2021, as part of the acquisition of e-TeleQuote, Primerica Health issued a $15.0 million unsecured, subordinated note, guaranteed by the Parent Company, to Etelequote Limited's ("Etelequote Bermuda") majority shareholder (the "Majority Shareholder Note"). This note was retired during the nine months ended September 30, 2022.

Surplus Note. As of September 30, 2022, the principal amount outstanding on the Surplus Note issued by Vidalia Re was $1.4 billion, which is equal to the principal amount of the LLC Note. The principal amount of both the Surplus Note and the LLC Note will fluctuate over time to coincide with the amount of policy reserves being contractually supported under the Vidalia Re Coinsurance Agreement. Both the LLC Note and the Surplus Note mature on December 31, 2030 and bear interest at an annual interest rate of 4.50%. Based on the estimated reserves for policies issued in 2011 through 2017 that have been ceded under the Vidalia Re Coinsurance Agreement, the principal amounts of the Surplus Note and the LLC Note are expected to reach $1.5 billion each. This financing arrangement is non-recourse to the Parent Company and Primerica Life, meaning that neither of these companies has guaranteed the Surplus Note or is otherwise liable for reimbursement for any payments triggered by the LLC Note's credit enhancement feature. The Parent Company has agreed to support Vidalia Re's obligation to pay the credit enhancement fee incurred on the LLC Note.

Further discussion on the Company's LLC Note is included in Note 3 (Investments).

Revolving Credit Facility. We maintain an unsecured $200.0 million revolving credit facility ("Revolving Credit Facility") with a syndicate of commercial banks. The Revolving Credit Facility has a scheduled termination date of June 22, 2026. Amounts outstanding under the Revolving Credit Facility are borrowed, at our discretion, on the basis of either a LIBOR rate loan, or a base rate loan. LIBOR rate loans bear interest at a periodic rate equal to one-, three-, six-, or 12-month LIBOR, plus an applicable margin. Base rate loans bear interest at the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 0.50% and (c) one-month LIBOR plus 1.00%, plus an applicable margin. The Revolving Credit Facility contains language providing for a benchmark replacement in the event that LIBOR is no longer available. The Revolving Credit Facility also permits the issuance of letters of credit. The applicable margins are based on our debt rating with such margins for LIBOR rate loans and letters of credit ranging from 1.00% to 1.625% per annum and for base rate loans ranging from 0.00% to 0.625% per annum. Under the Revolving Credit Facility, we incur a

commitment fee that is payable quarterly in arrears and is determined by our debt rating. This commitment fee ranges from 0.10% to 0.225% per annum of the aggregate amount of the $200.0 million commitment of the lenders under the Revolving Credit Facility that remains undrawn. During the three and nine months ended September 30, 2022, no amounts have been drawn under the Revolving Credit Facility and we were in compliance with the covenants. Furthermore, no events of default occurred under the Revolving Credit Facility during the three and nine months ended September 30, 2022.

(13) Revenue from Contracts with Customers

Our revenues from contracts with customers primarily include:

- Commissions and fees earned for the marketing and distribution of investment and savings products underwritten by mutual fund companies and annuity providers. For purposes of revenue recognition, mutual fund companies and annuity providers are considered the customers in marketing and distribution arrangements;
- Fees earned for investment advisory and administrative services within our managed investments program and shareholder services fees earned in Canada for mutual funds for which we serve as principal distributor;
- Account-based fees for transfer agent recordkeeping functions and non-bank custodial services;
- Commissions and fees earned from the distribution of Medicare-related insurance products on behalf of health insurance carriers, including tail revenue adjustments;
- Marketing development revenues earned for selling Medicare-related insurance products on behalf of health insurance carriers, which is recorded in Other, net revenue;
- Fees associated with mortgage distribution and the distribution of other third-party financial products; and
- Other revenue from the sale of miscellaneous products and services including monthly subscription fees from the sales representatives for access to Primerica Online ("POL"), our primary sales force support tool.

Premiums from insurance contracts we underwrite, fees received from segregated funds insurance contracts, and income earned on our invested assets are excluded from the definition of revenues from contracts with customers in accordance with U.S. GAAP.

Further discussion on the Company's revenues from contracts with customers and revenue recognition policies are included in Note 18 (Revenue from Contracts with Customers) to our consolidated financial statements within our 2021 Annual Report.

The disaggregation of our revenues from contracts with customers were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
		(In thousands)		
Term Life Insurance segment revenues:				
Other, net	$ 13,419	$ 12,476	$ 37,969	$ 36,601
Total segment revenues from contracts with customers	13,419	12,476	37,969	36,601
Revenues from sources other than contracts with customers	414,411	388,975	1,218,998	1,130,415
Total Term Life Insurance segment revenues	$ 427,830	$ 401,451	$ 1,256,967	$ 1,167,016
Investment and Savings Products segment revenues:				
Commissions and fees				
Sales-based revenues	$ 67,962	$ 95,229	$ 259,905	$ 298,057
Asset-based revenues	93,068	97,184	283,841	275,084
Account-based revenues	22,910	21,456	67,043	64,424
Other, net	3,342	3,094	9,508	9,001
Total segment revenues from contracts with customers	187,282	216,963	620,297	646,566
Revenues from sources other than contracts with customers (segregated funds)	14,415	16,374	44,855	48,204
Total Investment and Savings Products segment revenues	$ 201,697	$ 233,337	$ 665,152	$ 694,770
Senior Health segment revenues:				
Commissions and fees	$ 14,601	$ 21,558	$ 25,222	$ 21,558
Other, net	2,583	1,378	9,606	1,378
Total Senior Health segment revenues	$ 17,184	$ 22,936	$ 34,828	$ 22,936
Corporate and Other Distributed Products segment revenues:				
Commissions and fees	$ 12,512	$ 17,995	$ 37,090	$ 47,202
Other, net	1,621	1,103	3,626	2,978
Total segment revenues from contracts with customers	14,133	19,098	40,716	50,180
Revenues from sources other than contracts with customers	12,445	16,417	35,531	50,736
Total Corporate and Other Distributed Products segment revenues	$ 26,578	$ 35,515	$ 76,247	$ 100,916

Renewal Commissions Receivable. For revenue associated with ongoing renewal commissions in the Senior Health and Corporate and Other Distributed Products segments, we record a renewal commission receivable asset for the amount of ongoing renewal commissions we anticipate collecting in reporting periods subsequent to the satisfaction of the performance obligation, less amounts that are constrained in the accompanying unaudited condensed consolidated balance sheets. We update our estimate of variable consideration each period and new facts or circumstances that were not available at the time of the initial estimate will indicate that the expected renewal commissions are higher or lower than our renewal commissions receivable. As such, the expected renewal commissions receivable will be written down or up to its revised expected value by adjustments to revenue, which we refer to as tail revenue adjustments. During the three months ended September 30, 2022, we recognized a positive tail revenue adjustment due to renewal rate escalations communicated by health insurance carriers during the quarter. During the nine months ended September 30, 2022, we recognized a net negative tail revenue adjustment to reduce the balance of the renewal commissions receivable in the Senior Health business as retention for policies scheduled to renew during the period was lower than expectations.

Activity in the Renewal commissions receivable account was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
		(In thousands)		
Senior Health segment:				
Balance, beginning of period	$ 134,212	$ -	$ 172,308	$ -
Contract balances acquired as part of business combination	-	199,575	-	199,575
Measurement period adjustment [1]	-	-	(11,863)	-
Commissions revenue	9,600	16,526	32,011	16,526
Less: collections	(8,808)	(6,842)	(33,032)	(6,842)
Tail revenue adjustments from change in estimate	1,700	-	(22,720)	-
Balance, at the end of period	$ 136,704	$ 209,259	$ 136,704	$ 209,259
Corporate and Other Distributed Products segments:				
Balance, beginning of period	$ 59,449	$ 56,683	$ 59,443	$ 54,845
Commissions revenue	7,908	8,810	19,833	21,969
Less: collections	(6,034)	(5,800)	(17,953)	(17,121)
Balance, at the end of period	$ 61,323	$ 59,693	$ 61,323	$ 59,693

[1] The measurement period adjustment was recorded during the nine months ended September 30, 2022 in order to finalize the purchase price allocation for the acquisition of e-TeleQuote. Refer to Note 14 (Acquisition) for further details.

Incremental costs to obtain or fulfill contracts, most notably sales commissions to the sales representatives, are not incurred prior to the recognition of the related revenue. Therefore, we have no assets recognized for incremental costs to obtain or fulfill contracts.

(14) Acquisition

On July 1, 2021 (the "Acquisition Date"), the Company acquired an 80% interest, as described in the next paragraph, in the operating subsidiaries of Etelequote Bermuda, including e-TeleQuote, a Florida corporation that is a senior health insurance distributor of Medicare-related insurance policies in all 50 states and Puerto Rico (the "Acquisition").

The Company's subsidiary, Primerica Health, purchased from the shareholders of Etelequote Bermuda (the "selling shareholders") 100% of the issued and outstanding capital stock of e-TeleQuote and its subsidiaries for consideration of (i) approximately $350 million in cash, (ii) replacement of e-TeleQuote's debt as of the closing date of $146 million with intercompany funding provided by the Parent Company, (iii) a $15 million Majority Shareholder Note and (iv) common shares of Primerica Health constituting 20% of the total issued and outstanding shares of capital stock of Primerica Health that were issued to Etelequote Bermuda's minority shareholders, most of which included or were beneficially owned by e-TeleQuote's management ("Noncontrolling Equity Holders"). The cash consideration provided was subsequently reduced by $3.9 million as a result of the final purchase price agreed upon with the sellers following finalization of the closing statement.

In connection with the Company's acquisition of e-TeleQuote, the Company entered into a shareholders' agreement with the noncontrolling equity holders of Primerica Health (the "Shareholders' Agreement") which, among other matters, sets forth certain call and put rights beginning in 2022. Under the terms of the Shareholders' Agreement, the Company agreed to purchase, and the noncontrolling equity holders agreed to sell, the remaining 20% stake over a period of up to four years through a series of call and put rights. The Shareholders' Agreement provides for the purchase of the noncontrolling equity holders' equity interests in Primerica Health at a contractually defined formulaic purchase price (the "Formulaic Price"), which is based on a discounted calculation of selected peer company equity value multiples times the trailing twelve months of adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA") reduced by the balance of intercompany debt owed by e-TeleQuote to the Parent Company. Effective July 1, 2022, the Company executed its call option to acquire the remaining 20% of Primerica Health. The Formulaic Price calculation resulted in a purchase price of zero. As such, no further consideration was required to obtain the outstanding 20% stake in Primerica Health and the noncontrolling interest in the Company's consolidated financial statements was redeemed.

The following table presents the preliminary purchase price allocation recorded in the Company's consolidated balance sheet as of the Acquisition Date, adjustments made during the measurement period that ended June 30, 2022, and the final purchase price allocation:

	Preliminary Purchase Price Adjustment	2021 Measurement Period Adjustments	2022 Measurement Period Adjustments	Final Acquisition Date Purchase Price Allocation
		(In thousands)		
Assets:				
Cash and cash equivalent	1,080	-	-	1,080
Accounts receivables	692	(389)	-	303
Renewal commissions receivable	199,575	(46,128)	(11,863)	141,584
Other assets	15,705	-	-	15,705
Intangible assets	162,000	(6,000)	-	156,000
Goodwill	224,180	30,973	8,553	263,706
Total assets	603,232	(21,544)	(3,310)	578,378
Liabilities:				
Accounts payable and accrued expenses	8,785	(4,195) [(1)]	-	4,590
Deferred tax liability	65,425	(13,482)	(3,310)	48,633
Other liabilities	10,046	-	-	10,046
Total liabilities	84,256	(17,677)	(3,310)	63,269
Net assets acquired	518,976	(3,867)	-	515,109
Temporary Stockholders' Equity:				
Redeemable noncontrolling interests	8,437	-	-	8,437
Total temporary stockholders' equity	8,437			8,437

[(1)]The Company also recognized an adjustment during the measurement period to reclassify certain amounts from a payable to a reduction in the renewal commissions receivable.

Renewal commissions receivable from the acquired business was recognized in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers ("ASC 606"*) as the Company adopted Accounting Standards Update No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"). ASU 2021-08 requires contract assets arising from revenue contracts with customers to be accounted for in
accordance with ASC 606 instead of at fair value.

During the measurement period, the Company made two adjustments to renewal commissions receivable as of the Acquisition Date. The adjustments, which were booked in 2021 and 2022 resulted from the Company's reassessment of the estimates made by e-TeleQuote for the variable consideration expected for approved policies as of the Acquisition Date. The reassessment of estimates involved the implementation of an enhanced algorithmic model for processing historical lapse data and forecasting future policy duration curves. In addition, the Company revised the estimate for renewal commission rate escalation assumptions in accordance with its accounting policy for determining constraints of variable consideration. As a result, the Company recognized a purchase price allocation adjustment to decrease renewal commissions receivable and deferred tax liability with a corresponding increase to goodwill.

Intangible assets identified in the acquisition of the business are capitalized separately from goodwill if the fair value can be measured reliably on initial recognition (transaction date). The primary intangible assets identified were customer relationships with health insurance carriers of $153.0 million with an estimated useful life of 15 years. The Company will amortize the intangible assets acquired on a straight-line basis over their estimated useful lives. During the measurement period, the Company revised long-term growth rates used in the cash flow projections that support the intangibles valuation. As a result, the Company recognized a purchase price allocation adjustment to decrease intangible assets and deferred tax liability with a corresponding increase to goodwill.

Goodwill is calculated as the difference between the acquisition date fair value of the total consideration transferred and the aggregate values assigned to the assets acquired and liabilities assumed. The amount of goodwill calculated as of the Acquisition Date determined by the final purchase price allocation was $263.7 million. The goodwill created in the acquisition is not deductible for tax purposes. Refer to Note 15 (Goodwill) for more information regarding the valuation of goodwill.

(15) Goodwill

Goodwill represents the excess of the purchase price over the estimated acquired values of identifiable assets and liabilities acquired in a business combination at the acquisition date. In accordance with U.S. GAAP, goodwill is not amortized. The Company tests goodwill for impairment annually on July 1 and whenever events occur or circumstances change that would indicate the carrying value of goodwill may be impaired. All of the Company's goodwill was obtained from the Acquisition and the e-TeleQuote business has been designated as a separate operating segment called Senior Health. Therefore, goodwill has been allocated solely to the Senior Health segment and is evaluated for impairment at the Senior Health segment level, which is also defined as the reporting unit.

During the annual impairment test as of July 1, 2022, the Company performed a quantitative impairment analysis using the income approach by preparing a discounted cash flow analysis to determine the reporting unit's fair value. The discounted cash flow analysis included key assumptions such as the weighted average cost of capital ("WACC'), long-term growth rate and projected operating results such as approved policies, lifetime value of commissions, contract acquisition costs, operating expenses, collections of renewal commissions receivable, and utilization of net operating losses for income tax purposes. We did not utilize a market approach as part of the quantitative impairment analysis as we believe management's expectations of the cash flow generated by the reporting unit were more relevant in determining fair value given inherent limitations in the credibility of available peer company data. The measurement of the reporting unit's fair value is classified as a Level 3 fair value measurement given the significance of the unobservable inputs such as forecasted operating results and discount rates.

After the fair value of the reporting unit was determined, the Company calculated its carrying value by taking the reporting unit's assets minus its liabilities. The carrying value of the reporting unit was then compared to its fair value to determine the extent of any goodwill impairment. Based on this analysis, we recognized a non-cash goodwill impairment charge of $60.0 million during the three months ended September 30, 2022, which represents the excess of the Senior Health reporting unit's carrying value over its estimated fair value at July 1, 2022. The goodwill impairment charge recognized did not impact the Company's income tax expense as the goodwill acquired from the Acquisition does not have any tax basis. The decline in the reporting unit's fair value below its carrying value was primarily attributable to an increase in the market-based WACC used to discount the forecasted cash flows. The increase in the WACC was driven by recent increases in the equity market risk premium and higher interest rates. The determination of whether the carrying value of the reporting unit exceeds its fair value involves a high degree of estimation and can be affected by a number of industry and company-specific risk factors that are subject to change over time.

At September 30, 2022, the Company recognized goodwill of $127.7 million in its Senior Health reporting unit after accumulated goodwill impairment charges since the Acquisition Date of $136.0 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to inform the reader about matters affecting the financial condition and results of operations of Primerica, Inc. (the "Parent Company") and its subsidiaries (collectively, "we", "us" or the "Company") for the period from December 31, 2021 to September 30, 2022. As a result, the following discussion should be read in conjunction with MD&A and the consolidated financial statements and notes thereto that are included in our Annual Report on Form 10-K for the year ended December 31, 2021 ("2021 Annual Report"). This discussion contains forward-looking statements that constitute our plans, estimates and beliefs. These forward-looking statements involve numerous risks and uncertainties, including, but not limited to, those discussed under the heading "Risk Factors" in the 2021 Annual Report and in Item 1A of this Report. Actual results may differ materially from those contained in any forward-looking statements.

This MD&A is divided into the following sections:

- Business Overview
- Business Trends and Conditions
- Factors Affecting Our Results
- Critical Accounting Estimates
- Results of Operations
- Financial Condition
- Liquidity and Capital Resources

Business Overview

We are a leading provider of financial products to middle-income households in the United States and Canada primarily through a network of independent contractor sales representatives ("independent sales representatives" or "independent sales force"). We assist our clients in meeting their needs for term life insurance, which we underwrite, and mutual funds, annuities, managed investments and other financial products, which we distribute primarily on behalf of third parties. We historically have had two primary operating segments, Term Life Insurance and Investment and Savings Products, and a third segment, Corporate and Other Distributed Products. On July 1, 2021, we acquired 80% of e-TeleQuote Insurance, Inc. and subsidiaries (collectively, "e-TeleQuote") through our subsidiary, Primerica Health, Inc. ("Primerica Health"). e-TeleQuote markets Medicare-related insurance products underwritten by third-party health insurance carriers to eligible Medicare participants through its licensed health insurance agents. Effective July 1, 2022, we acquired the remaining 20% of Primerica Health, which owns e-TeleQuote, as described in Note 14 (Acquisition) in the condensed consolidated financial statements included elsewhere in this report. Beginning July 1, 2021, the Company has reported the operations of e-TeleQuote as its own operating segment called Senior Health. e-TeleQuote licensed health insurance agents are employees of e-TeleQuote.

Term Life Insurance. We distribute the term life insurance products that we underwrite through our three issuing life insurance company subsidiaries: Primerica Life Insurance Company ("Primerica Life"), National Benefit Life Insurance Company ("NBLIC"), and Primerica Life Insurance Company of Canada ("Primerica Life Canada"). Policies remain in-force until the expiration of the coverage period or until the policyholder ceases to make premium payments. Our in-force term life insurance policies have level premiums for the stated term period. As such, the policyholder pays the same amount each year. Initial policy term periods are between 10 and 35 years. While premiums typically remain level during the initial term period, our claim obligations generally increase as our policyholders age. In addition, we incur significant upfront costs in acquiring new insurance business. Our deferral and amortization of policy acquisition costs and reserving methodology are designed to match the recognition of premium revenues with the timing of policy lapses and the payment of expected claims obligations.

Investment and Savings Products. In the United States, we distribute mutual funds, managed investments, variable annuity, and fixed annuity products of several third-party companies. We provide investment advisory and administrative services for client assets invested in our managed investments program. We also perform distinct transfer agent recordkeeping services and non-bank custodial services for investors purchasing certain mutual funds we distribute. In Canada, we offer mutual funds of other companies and segregated funds, which are underwritten by Primerica Life Canada.

Senior Health. In the United States, we distribute Medicare-related insurance products nationwide to eligible Medicare participants and enroll them in coverage utilizing e-TeleQuote's team of licensed health insurance agents. The health insurance products we distribute are underwritten and administered by third-party health insurance carriers and primarily consist of Medicare Advantage enrollments. Contract acquisition costs are incurred upfront when policy applications are approved and include costs associated with generating or acquiring leads as well as fees paid to Primerica Senior Health certified independent sales representatives and compensation, licensing, and training costs incurred for e-TeleQuote's workforce of licensed health insurance agents. We receive compensation from the health insurance carriers in the form of initial commissions when eligible Medicare participants are enrolled and renewal commissions, upon the anniversary of the effective date, for as long as policies remain in-force.

Corporate and Other Distributed Products. The Corporate and Other Distributed Products segment consists primarily of revenues and expenses related to other distributed products, including closed blocks of various insurance products underwritten by NBLIC, prepaid legal services, mortgage originations, and other financial products. These products, except for closed blocks of various insurance products underwritten by NBLIC, are distributed pursuant to distribution arrangements with third-party companies through the independent sales force. Net investment income earned on our invested asset portfolio is recorded in the Corporate and Other Distributed Products segment, with the exception of the assumed net interest accreted to the Term Life Insurance segment's future policy benefit reserve liability less deferred acquisition costs. Interest expense incurred by the Company is attributed solely to the Corporate and Other Distributed Products segment.

Business Trends and Conditions

The relative strength and stability of financial markets and economies in the United States and Canada affect our growth and profitability. Our business is, and we expect will continue to be, influenced by a number of industry-wide and product-specific trends and conditions. Economic conditions, including unemployment levels, consumer confidence and inflation, can impact the disposable income of middle-income consumers, who are generally our primary clients, which can influence their investment and spending decisions. These conditions and factors also impact prospective recruits' perceptions of the business opportunity that becoming an independent sales representative offers, which can drive or dampen recruiting. Similarly, these conditions also affect e-TeleQuote's ability to recruit and retain licensed health insurance agents. Consumer spending and borrowing levels affect how consumers evaluate their savings and debt management plans. In addition, interest rates and equity market returns impact consumer demand for the savings and investment products we distribute. Our customers' perception of the strength of the capital markets may influence their decisions to invest in the investment and savings products we distribute.

The financial and distribution results of our operations in Canada, as reported in U.S. dollars, are affected by changes in the currency exchange rate. As a result, changes in the Canadian dollar exchange rate may significantly affect the result of our business for all amounts translated and reported in U.S. dollars.

The COVID-19 ("COVID-19") pandemic has continued to impact our business in 2022, but to a much lesser extent than in 2021, as discussed in more detail later in this section, the Results of Operations section, and the Financial Condition section. We are unsure as to the extent COVID-19 will continue to impact our business as described below:

- We have experienced an increase in mortality expense due to premature deaths of our insureds caused by COVID-19 infections. Since March 2022, we have experienced fewer COVID-19 related claims than in prior periods. Going forward, we do not expect significant COVID-19 related death claims.

- The COVID-19 pandemic initially led to high levels of persistency and increased policy sales as a result of strong client sentiment toward owning life insurance products. However, throughout the second half of 2021 and the first nine months of 2022, policy sales and persistency trended toward pre-COVID-19 levels. Refer to the Factors Affecting Our Results section for more information about how persistency impacts our financial results.

Significant volatility in capital markets during the first nine months of 2022 has also impacted our business. The sharp rise in market interest rates has resulted in unrealized losses in our investment portfolio. We have not recognized losses caused by interest rate volatility in the income statement as we have the ability to hold these investments until maturity or a market price recovery, and we have no present intention to dispose of them. Significant declines in capital markets also adversely impacted revenue generated by our Investment and Savings Products segment.

The effects of business trends and conditions on our quarterly results are discussed below, in the Results of Operations section, and in the Financial Condition section.

Size of the Independent Sales Force.

Our ability to increase the size of the independent sales force is largely based on the success of the independent sales force's recruiting efforts as well as training and motivating recruits to get licensed to sell life insurance. We believe that recruitment and licensing levels are important to independent sales force trends, and growth in recruiting and licensing is usually indicative of future growth in the overall size of the independent sales force. Changes in the number of new recruits do not always result in commensurate changes in the size of the licensed independent sales force because new recruits may obtain the requisite licenses at rates above or below historical levels.

Details on new recruits and life-licensed independent sales representative activity were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
New recruits	127,788	91,884	282,710	275,802
New life-licensed independent sales representatives	12,518	9,381	34,030	30,326

The size of the life-licensed independent sales force was as follows:

	September 30, 2022	September 30, 2021
Life-licensed independent sales representatives	134,313	130,023

The number of new recruits increased during the three months ended September 30, 2022 compared to the same period in 2021. The year-over-year increase was primarily driven by a combination of excitement generated by our biennial convention and the offering of special recruiting incentives during July 2022. Approximately 83,000 individuals were recruited while the special incentives were in place. The number of new recruits increased during the nine months ended September 30, 2022 compared to the same period in 2021 due to the same reasons as described in the three-month comparison but at a lower rate due to COVID-19 related recruiting incentives that were offered during the first half of 2021.

New life-licensed sales representatives increased during the three months ended September 30, 2022 compared to the same period in 2021 primarily due to elevated recruiting volume as discussed above. New life-licensed sales representatives increased during the nine months ended September 30, 2022 compared to the same period in 2021 as the Company continued to see the benefits of improvements to the licensing process. These improvements included new licensing progress-tracking tools and additional in-person licensing classes.

The number of life-licensed independent sales representatives grew to 134,313 as of September 30, 2022 and reflects recent improvements to the licensing process and the elevated recruiting volume as discussed above.

Term Life Insurance Product Sales and Face Amount In-Force.

The average number of life-licensed independent sales representatives and the number of term life insurance policies issued, as well as the average monthly rate of new policies issued per life-licensed independent sales representative (historically between 0.18 and 0.22), were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Average number of life-licensed independent sales representatives	132,823	130,753	131,187	131,834
Number of new policies issued	71,104	75,914	219,374	248,652
Average monthly rate of new policies issued per life-licensed independent sales representative	0.18	0.19	0.19	0.21

New policies issued during the three months ended September 30, 2022 decreased compared to the same period in 2021 primarily due to softer economic conditions and a higher cost of living, which impacts middle-income families. New policies issued during the nine months ended September 30, 2022 normalized compared to the elevated levels experienced during the comparable period in 2021. New policies issued during the nine months ended September 30, 2021 reflected elevated demand for protection products as the COVID-19 pandemic highlighted the need for protection products.

Productivity during the three and nine months ended September 30, 2022, measured by the average monthly rate of new policies issued per life-licensed independent sales representative, was in line with our historical range, although lower than prior year periods primarily due to the elevated demand for protection products in 2021 as described above.

The changes in the face amount of our in-force book of term life insurance policies were as follows:

	Three months ended September 30,				Nine months ended September 30,			
	2022	% of beginning balance	2021	% of beginning balance	2022	% of beginning balance	2021	% of beginning balance
	(Dollars in millions)							
Face amount in force, beginning of period	$ 914,438		$ 886,519		$ 903,404		$ 858,818	
Net change in face amount:								
Issued face amount	26,049	3 %	26,219	3 %	78,472	9 %	82,843	10 %
Terminations	(21,033)	(2)%	(16,241)	(2)%	(60,117)	(7)%	(48,187)	(6)%
Foreign currency	(6,669)	(1)%	(2,479)	*	(8,974)	(1)%	544	*
Net change in face amount	(1,653)	*	7,499	1 %	9,381	1 %	35,200	4 %
Face amount in force, end of period	$ 912,785		$ 894,018		$ 912,785		$ 894,018	

* Less than 1%.

The face amount of term life policies in-force decreased for the three months ended September 30, 2022 primarily driven by movements in the foreign exchange rate. The U.S. dollar strengthened in relation to the Canadian dollar, which negatively impacted the translated face amount in force as of September 30, 2022. As a percentage of the beginning face amount in-force, issued face amount, as well as terminated face amount, during the three months ended September 30, 2022 remained consistent with the comparable 2021 period. In dollar terms, issued face amount during the three months ended September 30, 2022 was in line with the

comparable 2021 period despite a decrease in the number of policies issued due to higher average issued face amounts. Terminations were higher during the three months ended September 30, 2022 compared to the comparable 2021 period as persistency normalized to pre-pandemic levels.

The face amount of term life policies in-force increased 1% for the nine months ended September 30, 2022 as the level of face amount issued continued to exceed the face amount terminated. The increase was partially offset by movement in the foreign exchange rate as discussed in the three-month comparison above. As a percentage of the beginning face amount in-force, issued face amount, as well as terminated face amount, during the nine months ended September 30, 2022 remained consistent with the three-month comparison as discussed above. In dollar terms, issued face amount during the nine months ended September 30, 2022 decreased versus the comparable 2021 period albeit at a lower rate than the decrease in the number of policies issued due to higher average issued face amounts. Terminations were higher during the nine months ended September 30, 2022 compared to the same 2021 period as persistency normalized to pre-pandemic levels.

Investment and Savings Products Sales, Asset Values and Accounts/Positions.

Investment and savings products sales and average client asset values were as follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2022	2021	$	%	2022	2021	$	%
	(Dollars in millions)							
Product sales:								
U.S. Retail mutual funds	$ 932	$ 1,248	$ (316)	(25)%	$ 3,382	$ 3,846	$ (464)	(12)%
Canada retail mutual funds - with upfront sales commissions	112	315	(203)	(64)%	801	1,096	(295)	(27)%
Annuities and other	598	721	(123)	(17)%	2,012	2,233	(221)	(10)%
Total sales-based revenue generating product sales	1,642	2,284	(642)	(28)%	6,195	7,175	(980)	(14)%
Managed investments	320	387	(67)	(17)%	1,225	1,099	126	11 %
Canada retail mutual funds - no upfront sales commissions	158	76	82	108 %	160	239	(79)	(33)%
Segregated funds	42	44	(2)	(5)%	338	171	167	98 %
Total product sales	$ 2,162	$ 2,791	$ (629)	(23)%	$ 7,918	$ 8,684	$ (766)	(9)%
Average client asset values:								
Retail mutual funds	$ 51,171	$ 57,780	$ (6,609)	(11)%	$ 54,709	$ 54,954	$ (245)	*
Annuities and other	22,965	25,778	(2,813)	(11)%	24,314	24,886	(572)	(2)%
Managed investments	6,817	6,362	455	7 %	6,951	5,857	1,094	19 %
Segregated funds	2,368	2,732	(364)	(13)%	2,532	2,688	(156)	(6)%
Total average client asset values	$ 83,321	$ 92,652	$ (9,331)	(10)%	$ 88,506	$ 88,385	$ 121	*

* Less than 1%.

The rollforward of asset values in client accounts was as follows:

	Three months ended September 30,				Nine months ended September 30,			
	2022	% of beginning balance	2021	% of beginning balance	2022	% of beginning balance	2021	% of beginning balance
	(Dollars in millions)							
Asset values, beginning of period	$ 82,291		$ 91,735		$ 97,312		$ 81,533	
Net change in asset values:								
Inflows	2,161	3 %	2,791	3 %	7,916	8 %	8,684	11 %
Redemptions	(1,447)	(2)%	(1,756)	(2)%	(5,144)	(5)%	(5,341)	(7)%
Net flows	714	1 %	1,035	1 %	2,772	3 %	3,343	4 %
Change in fair value, net	(3,466)	(4)%	(681)	(1)%	(20,243)	(21)%	6,840	8 %
Foreign currency, net	(802)	(1)%	(323)	*	(1,104)	(1)%	50	*
Net change in asset values	(3,554)	(4)%	31	*	(18,575)	(19)%	10,233	13 %
Asset values, end of period	$ 78,737		$ 91,766		$ 78,737		$ 91,766	

* Less than 1%.

Average number of fee-generating positions was as follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2022	2021	Positions	%	2022	2021	Positions	%
	(Positions in thousands)							
Average number of fee-generating positions [1]:								
Recordkeeping and custodial	2,295	2,192	103	5 %	2,272	2,155	117	5 %
Recordkeeping only	820	762	58	8 %	810	739	71	10 %
Total average number of fee-generating positions	3,115	2,954	161	5 %	3,082	2,894	188	7 %

(1) We receive recordkeeping fees by mutual fund positions. An individual client account may include multiple mutual fund positions. We may also receive fees, which are earned on a per account basis, for custodial services that we provide to clients with retirement plan accounts that hold positions in these mutual funds.

Changes in Investment and Savings Products Sales, Asset Values and Accounts/Positions During the Three Months Ended September 30, 2022

Product sales. Investment and savings products sales decreased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 led by lower sales of retail mutual funds and variable annuities as investor demand deteriorated in response to negative equity market conditions during 2022.

Average client asset values. Average client asset values decreased for the three months ended September 30, 2022 compared to the three months ended September 30, 2021 primarily due to negative equity market conditions during 2022.

Rollforward of client asset values. Ending client asset values decreased during the three months ended September 30, 2022 compared to an increase in the three months ended September 30, 2021 primarily due to negative market performance during the 2022 period. Net flows remained positive in the three months ended September 30, 2022, albeit to a lesser extent than in the comparable 2021 period.

Average number of fee-generating positions. The average number of fee-generating positions increased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 primarily due to the cumulative effect of retail mutual fund sales in recent periods that led to an increase in the number of retail mutual fund positions serviced on our transfer agent recordkeeping platform.

Changes in Investment and Savings Products Sales, Asset Values and Accounts/Positions During the Nine Months Ended September 30, 2022

Product sales. Investment and savings products sales decreased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 led by lower sales of retail mutual funds and variable annuities as investor demand during the second and third quarters of 2022 deteriorated in response to negative market conditions.

Average client asset values. Average client asset values increased slightly for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 primarily due to the impact of elevated market values of client assets at the beginning of 2022. Continued positive net flows during 2022 also contributed to the increase in average client asset values, which was partially offset by negative market performance.

Rollforward of client asset values. Ending client asset values decreased during the nine months ended September 30, 2022 compared to an increase in the nine months ended September 30, 2021 primarily due to negative market performance during the 2022 period compared to strong market performance in the comparable 2021 period. Net flows remained positive in the nine months ended September 30, 2022, albeit to a lesser extent than in the comparable 2021 period.

Average number of fee-generating positions. The average number of fee-generating positions increased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 primarily due to the same factors described in the three-month comparison.

Senior Health Key Performance Indicators.

Submitted Policies and Approved Policies

Submitted policies. Submitted policies represents the number of completed applications that, with respect to each such application, the applicant has authorized e-TeleQuote to submit to the health insurance carrier. The applicant may need to take additional actions, including providing subsequent information, before the application is reviewed by the health insurance carrier.

Approved policies. Approved policies represent an estimate of submitted policies approved by the health insurance carriers for the identified product during the indicated period. Not all approved policies will go in force. In general, the relationship between submitted policies and approved policies has been seasonally consistent over time. Therefore, factors impacting the number of submitted policies generally impact the number of approved policies.

The number of Senior Health submitted policies and approved policies were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021 [1]
Number of Senior Health submitted policies	16,095	20,867	61,978	20,867
Number of Senior Health approved policies	14,862	18,276	56,381	18,276

(1) Only reflects three months of activity as the e-TeleQuote acquisition occurred on July 1, 2021.

The Senior Health segment experiences notable seasonality with the strongest demand occurring in the fourth quarter due to the Medicare Annual Election Period ("AEP") from October 15th to December 7th. The business typically experiences strong demand in the first quarter due to the Medicare Open Enrollment Period ("OEP") from January 1st to March 31st, which allows individuals to switch Medicare Advantage plans. Meanwhile, the second and third quarters experience seasonally lower demand as the focus for submitted policies is limited to participants that are dual eligible (Medicare and Medicaid), qualify for a special enrollment period, recently aged into Medicare or are transitioning to Medicare from an employer-sponsored plan, and other less common situations.

During the three and nine months ended September 30, 2022, the volume of submitted and approved policies reflects the Company's efforts to scale back growth in favor of developing more efficient lead procurement and limiting the number of agents. The nine month comparison is also impacted by the timing of the acquisition of e-TeleQuote on July 1, 2021. The 2022 period includes nine months of submitted and approved policies compared to only three months for the 2021 period. Approved policies as a percentage of submitted policies increased during the 2022 periods as a result of the lead procurement efforts mentioned above.

Senior Health Policies Sourced by Primerica Independent Sales Representatives

Primerica independent sales representatives are eligible to refer Medicare participants to e-TeleQuote licensed agents for potential enrollment in policies distributed by e-TeleQuote after completion of a brief certification course offered by Primerica. At September 30, 2022, there were 83,280 Primerica independent sales representatives certified to refer participants for enrollment in Senior Health policies.

The number of submitted policies by e-TeleQuote sourced from Primerica independent sales representatives measures the number of Senior Health policies submitted by e-TeleQuote to its third-party health insurance carriers that originated through the Primerica independent sales force.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021 [1]
Submitted policies sourced by Primerica independent sales representatives	1,016	319	2,835	319

(1) Only reflects three months of activity as the e-TeleQuote acquisition occurred on July 1, 2021.

For the three and nine months ended September 30, 2022, the number of submitted policies sourced by Primerica Senior Health certified independent sales representatives increased compared to the same periods in 2021 primarily due to the timing of the acquisition of e-TeleQuote on July 1, 2021. The 2022 period includes nine months of submitted policies sourced by Primerica independent sales representatives compared to only three months for the 2021 period. In addition, the three months ended September 30, 2021 represents the initial launch of the Primerica referral program, which occurred toward the end of the quarter.

Lifetime value of commissions and Contract acquisition costs

Lifetime value of commissions ("LTV"). LTV represents the cumulative total of commissions and administrative fees estimated to be collected over the expected life of a policy for policies approved during the period. For more information on LTV, refer to Note 13 (Revenue from Contracts with Customers) of our consolidated financial statements within our 2021 Annual Report and the Factors Affecting our Results – Senior Health Segment section of MD&A included elsewhere in this report.

Contract acquisition costs ("CAC"). CAC represents the total direct costs incurred to acquire approved policies. CAC are primarily comprised of the costs associated with acquiring leads from third parties and internally generated leads including fees paid to Primerica Senior Health certified independent sales representatives as well as compensation, licensing, and training costs associated with our team of e-TeleQuote licensed health insurance agents. The number of e-TeleQuote licensed health insurance agents, agent tenure, attrition rate and productivity all impact CAC. Other than costs incurred to assist beneficiaries with switching plans within the same carrier, we incur the entire cost of approved policies prior to enrollment and prior to receiving our first commission-related payment.

Per policy metrics for the LTV and CAC measure our ability to profitably distribute Senior Health insurance products.

The LTV per approved policy, CAC per approved policy, and ratio of LTV to CAC per approved policy were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021 [1]
LTV per approved policy during the period	$ 868	1,180	$ 850	1,180
CAC per approved policy during the period	$ 905	1,287	$ 949	1,287
LTV/CAC per approved policy	0.96	0.91	0.90	0.91

[1] Only reflects three months of activity as the e-TeleQuote acquisition occurred on July 1, 2021.

LTV per approved policy reflects current estimates for renewal rates, policy retention and chargeback activity taking into consideration the most recent experience through September 30, 2022. The Company saw lower renewal retention rates during 2022 compared to historical experience due to an increased propensity of consumers to consider changing plans and increased plan offerings by carriers. This experience led to lower LTV per approved policy during the three months ended September 30, 2022 compared to the three months ended September 30, 2021.

CAC per approved policy for the three months ended September 30, 2022 reflects selective procurement of leads and a deliberate approach in limiting agent count. This led to a decrease in CAC per approved policy for the three months ended September 30, 2022 as compared with the three months ended September 30, 2021.

LTV and CAC per approved policy for the nine months ended September 30, 2022 compared to the same period in 2021 exhibited the same trends as the three-month comparison even though the nine-month period ended September 30, 2021 only reflects activity since the July 1, 2021 acquisition date.

Other business trends and conditions.

Worker classification standards. There has been a trend toward administrative and legislative activity around worker classification. For example, in January 2021, the Department of Labor ("DOL") under the prior presidential administration issued a rulemaking interpreting the "economic realities" worker classification standard applicable to the Fair Labor Standards Act ("FSLA"). In October 2022, the DOL under the current presidential administration proposed a new rule that would rescind the 2021 rule and replace it with its own interpretation of the "economic realities" standard under the FSLA. Other federal and state legislative and regulatory proposals regarding worker classification have also come under consideration. It is difficult to predict what the outcome of worker classification activity may be. Changes to worker classification laws could impact our business as sales representatives (other than those hired by e-TeleQuote) are independent contractors.

Restrictions on compensation models in Canada. The organization of provincial and territorial securities regulators (collectively referred to as the "Canadian Securities Administrators" or "CSA") published final rule amendments to prohibit upfront sales commissions by fund companies for the sale of mutual funds offered under a prospectus in Canada ("DSC Ban"). The final amendments became effective on June 1, 2022. These rules have resulted in changes in compensation arrangements with both the fund companies that offer the mutual fund products we distribute and sales representatives. In particular, we have entered into agreements with two third-party mutual fund companies to develop and offer a broad range of funds being sold exclusively by our independent sales representatives. These agreements provide for the payment to us of asset-based revenue by the mutual fund companies. We also earn revenue through an asset-based fee charged to clients. As part of our new model (the "Principal Distributor model") we are funding an advance of compensation at the time of sale to our independent sales representatives, taken at their option, to partially replace upfront sales commission cash flow from fund companies paid under the deferred sales charge compensation model. We expect that these changes to our mutual fund model will have the impact of initially decreasing our pre-tax operating income in the short term due to the elimination of upfront commissions. Over the long term, we expect pre-tax operating income to recover through the collection of asset-based commissions over time. We began offering our new Principal Distributor model on July 6, 2022. Although we received the requisite approval to do so, the CSA has indicated that it intends to closely examine the model, including potentially through a public consultation on sales practices, and may require undertakings or consider future amendments that would require modifications to the model, including with respect to its advance and chargeback features. At this time we cannot quantify the financial impact, if any, of any changes to our business that may be necessary in order to comply if our Principal Distributor model is required to be modified or discontinued. During the nine months ended September 30, 2022, Canadian mutual funds represented approximately 14% of our total investment and savings product sales and approximately 13% of our average client asset values.

In an announcement February 10, 2022, and in line with the DSC Ban for the sale of mutual funds, the organization of provincial and territorial insurance regulators (collectively referred to as the "Canadian Council of Insurance Regulators") urged insurers to refrain from new deferred sale charge sales in segregated fund contracts beginning June 1, 2022, and expect a transition to a cessation of such sales by June 1, 2023. In addition, on September 8, 2022, the Canadian Council of Insurance Regulators issued a discussion paper for consultation to consider other changes to upfront compensation, including advance compensation and chargeback features such as those used in our Principal Distributor model. We expect that changes, if any, to segregated funds compensation practice, will also be adopted by securities regulators which may impact our Principal Distributor model. Currently, our Canadian segregated fund products are primarily sold on a deferred sales charge basis and we pay upfront commissions to the independent agents for the sale of these products. At this time, we are unable to assess the impact of any such reforms to our operations and income. During the nine months

ended September 30, 2022, Canadian segregated funds represented approximately 2% of our total investment and savings product sales and approximately 3% of our average client asset values.

Factors Affecting Our Results

Refer to the Business Trends and Conditions section for discussion of the potential impact on our business from the COVID-19 pandemic.

Term Life Insurance Segment. The Term Life Insurance segment results are primarily driven by sales volumes, how closely actual experience matches our pricing assumptions, terms and use of reinsurance, and expenses.

Sales and policies in-force. Sales of term policies and the size and characteristics of our in-force book of policies are vital to our results over the long term. Premium revenue is recognized as it is earned over the term of the policy, and eligible acquisition expenses are deferred and amortized ratably with the level premiums of the underlying policies. However, because we incur significant cash outflows at or about the time policies are issued, including the payment of sales commissions and underwriting costs, changes in life insurance sales volume in a period will have a more immediate impact on our cash flows than on revenue and expense recognition in that period.

Historically, we have found that while sales volume of term life insurance products between fiscal periods may vary based on a variety of factors, the productivity of sales representatives generally remains within a range (i.e., an average monthly rate of new policies issued per life-licensed independent sales representative between 0.18 and 0.22). The volume of term life insurance products sales will fluctuate in the short term, but over the longer term, our sales volume generally correlates to the size of the independent sales force.

Pricing assumptions. Our pricing methodology is intended to provide us with appropriate profit margins for the risks we assume. We determine pricing classifications based on the coverage sought, such as the size and term of the policy, and certain policyholder attributes, such as age and health. In addition, we generally utilize unisex rates for term life insurance policies. The pricing assumptions that underlie our rates are based upon our best estimates of mortality, persistency, disability, and interest rates at the time of issuance, sales force commission rates, issue and underwriting expenses, operating expenses and the characteristics of the insureds, including the distribution of sex, age, underwriting class, product and amount of coverage. Our results will be affected to the extent there is a variance between our pricing assumptions and actual experience.

- *Persistency*. Persistency is a measure of how long our insurance policies stay in-force. As a general matter, persistency that is lower than our pricing assumptions adversely affects our results over the long term because we lose the recurring revenue stream associated with the policies that lapse. Determining the near-term effects of changes in persistency is more complicated. When actual persistency is lower than our pricing assumptions, we must accelerate the amortization of deferred policy acquisition costs ("DAC"). The resultant increase in amortization expense is offset by a corresponding release of reserves associated with lapsed policies, which causes a reduction in benefits and claims expense. The future policy benefit reserves associated with any given policy will change over the term of such policy. As a general matter, future policy benefit reserves are lowest at the inception of a policy term and rise steadily to a peak before declining to zero at the expiration of the policy term. Accordingly, depending on when the lapse occurs in relation to the overall policy term, the reduction in benefits and claims expense may be greater or less than the increase in amortization expense, and, consequently, the effects on earnings for a given period could be positive or negative. Persistency levels will impact results to the extent actual experience deviates from the persistency assumptions that are locked-in at time of issue.
- *Mortality.* Our profitability will fluctuate to the extent actual mortality rates differ from the assumptions that are locked-in at time of issue. We mitigate a significant portion of our mortality exposure through reinsurance.
- *Disability.* Our profitability will fluctuate to the extent actual disability rates, including recovery rates for individuals currently disabled, differ from the assumptions that are locked-in at the time of issue or time of disability.
- *Interest Rates.* We use an assumption for future interest rates that initially reflects the portfolio's current reinvestment rate gradually increasing over seven years to a level consistent with our expectation of future yield growth. Both DAC and the future policy benefit reserve liability increase with the assumed interest rate. Since DAC is higher than the future policy benefit reserve liability in the early years of a policy, a lower assumed interest rate generally will result in lower profits. In the later years, when the future policy benefit reserve liability is higher than DAC, a lower assumed interest rate generally will result in higher profits. These assumed interest rates, which like other pricing assumptions are locked-in at issue, impact the timing but not the aggregate amount of DAC and future policy benefit reserve changes. We allocate net investment income generated by the investment portfolio to the Term Life Insurance segment in an amount equal to the assumed net interest accreted to the segment's U.S. generally accepted accounting principles ("U.S. GAAP")-measured future policy benefit reserve liability less DAC. All remaining net investment income, and therefore the impact of actual interest rates, is attributed to the Corporate and Other Distributed Products segment.

Reinsurance. We use reinsurance extensively, which has a significant effect on our results of operations. We have generally reinsured between 80% and 90% of the mortality risk on term life insurance (excluding coverage under certain riders) on a quota share yearly renewable term ("YRT") basis. To the extent actual mortality experience is more or less favorable than the contractual rate, the

reinsurer will earn incremental profits or bear the incremental cost, as applicable. In contrast to coinsurance, which is intended to eliminate all risks (other than counterparty risk of the reinsurer) and rewards associated with a specified percentage of the block of policies subject to the reinsurance arrangement, the YRT reinsurance arrangements we enter into are intended only to reduce volatility associated with variances between estimated and actual mortality rates.

In 2010, as part of our corporate reorganization and the initial public offering of our common stock, we entered into significant coinsurance transactions (the "IPO coinsurance transactions") with entities then affiliated with Citigroup, Inc. (collectively, the "IPO coinsurers") and ceded between 80% and 90% of the risks and rewards of term life insurance policies that were in-force at year-end 2009. We administer all such policies subject to these coinsurance agreements. Policies reaching the end of their initial level term period are no longer ceded under the IPO coinsurance transactions.

The effect of our reinsurance arrangements on ceded premiums and benefits and expenses on our statements of income follows:

- *Ceded premiums.* Ceded premiums are the premiums we pay to reinsurers. These amounts are deducted from the direct premiums we earn to calculate our net premium revenues. Similar to direct premium revenues, ceded coinsurance premiums remain level over the initial term of the insurance policy. Ceded YRT premiums increase over the period that the policy has been in-force. Accordingly, ceded YRT premiums generally constitute an increasing percentage of direct premiums over the policy term.
- *Benefits and claims.* Benefits and claims include incurred claim amounts and changes in future policy benefit reserves. Reinsurance reduces incurred claims in direct proportion to the percentage ceded. Coinsurance also reduces the change in future policy benefit reserves in direct proportion to the percentage ceded, while YRT reinsurance does not significantly impact the change in these reserves.
- *Amortization of DAC.* DAC, and therefore amortization of DAC, is reduced on a pro-rata basis for the coinsured business, including the business reinsured with the IPO coinsurers. There is no impact on amortization of DAC associated with our YRT contracts.
- *Insurance expenses.* Insurance expenses are reduced by the allowances received from coinsurance. There is no impact on insurance expenses associated with our YRT contracts.

We may alter our reinsurance practices at any time due to the unavailability of YRT reinsurance at attractive rates or the availability of alternatives to reduce our risk exposure. We presently intend to continue ceding approximately 90% of our U.S. and Canadian mortality risk on new business.

Expenses. Results are also affected by variances in client acquisition, maintenance and administration expense levels.

Investment and Savings Products Segment. The Investment and Savings Products segment results are primarily driven by sales, the value of assets in client accounts for which we earn ongoing management, marketing and support, and distribution fees, and the number of transfer agent recordkeeping positions and non-bank custodial fee-generating accounts we administer.

Sales. We earn commissions and fees, such as dealer re-allowances and marketing and distribution fees, based on sales of mutual fund products and annuities in the United States and sales of certain mutual fund products in Canada. Sales of investment and savings products are influenced by the overall demand for investment products in the United States and Canada, as well as by the size and productivity of the independent sales force. We generally experience seasonality in the Investment and Savings Products segment results due to our high concentration of sales of retirement account products. These accounts are typically funded in February through April, coincident with our clients' tax return preparation season. While we believe the size of the independent sales force is a factor in driving sales volume in this segment, there are a number of other variables, such as economic and market conditions, which may have a significantly greater effect on sales volume in any given fiscal period.

Asset values in client accounts. We earn marketing and distribution fees (trail commissions or, with respect to U.S. mutual funds, 12b-1 fees) on mutual fund and annuity assets in the United States and Canada. In the United States, we also earn investment advisory and administrative fees on assets in managed investments. In Canada, we earn marketing, distribution, and shareholder services fees on mutual fund assets for which we serve as the principal distributor and on the segregated funds for which we serve as investment manager. Asset values are influenced by new product sales, ongoing contributions to existing accounts, redemptions and the change in market values in existing accounts. While we offer a wide variety of asset classes and investment styles, our clients' accounts are primarily invested in equity funds.

Positions. We earn transfer agent recordkeeping fees for administrative functions we perform on behalf of several of our mutual fund providers. An individual client account may include multiple fund positions for which we earn transfer agent recordkeeping fees. We may also receive fees earned for non-bank custodial services that we provide to clients with retirement plan accounts.

Sales mix. While investment and savings products all provide similar long-term economic returns to the Company, our results in a given fiscal period will be affected by changes in the overall mix of products within these categories. Examples of changes in the sales mix that influence our results include the following:

- sales of annuity products in the United States will generate higher revenues in the period such sales occur than sales of other investment products that either generate lower upfront revenues or, in the case of managed investments and segregated funds, no upfront revenues;
- sales of a higher proportion of managed investments, Canadian mutual funds, and segregated funds products will spread the revenues generated over time because we earn higher revenues based on assets under management for these accounts each period as opposed to earning upfront revenues based on product sales; and
- sales of a higher proportion of mutual fund products sold will impact the timing and amount of revenue we earn given the distinct transfer agent recordkeeping and non-bank custodial services we provide for certain mutual fund products we distribute.

Senior Health Segment. The Senior Health segment results are primarily driven by approved policies, LTV per approved policy and tail revenue adjustments, CAC per approved policy, and other revenue.

Approved policies. Approved policies represent submitted policies approved by health insurance carriers for the identified product during the indicated period. Not all approved policies will go in force. In general, the relationship between submitted policies and approved policies has been consistent over time. Therefore, factors impacting the number of submitted policies generally impact the number of approved policies. Revenue is primarily generated from approved policies and LTVs are recorded when the enrollment is approved by the applicable health insurance carrier. Medicare Advantage plans make up the substantial portion of the approved policies we distribute. The number of approved policies are influenced by the following:

- the size and growth of the population of senior citizens in the United States;
- the appeal of government-funded Medicare Advantage plans that provide privately administered healthcare coverage with enhanced benefits relative to original Medicare;
- our ability to generate and obtain leads for our team of e-TeleQuote licensed health insurance agents;
- our ability to staff and train our team of e-TeleQuote licensed health insurance agents to manage leads and help eligible Medicare participants through the enrollment process;
- our ability to retain Medicare participants in a competitive environment in which participants are actively comparing plans and carriers; and
- our health insurance carrier relationships that allow us to offer plans that most appropriately meet eligible Medicare participants' needs.

LTV per approved policy and tail revenue adjustments. When a policy is approved by the health insurance carrier, commission revenue is recognized based on an estimated LTV per approved policy. LTV per approved policy is the cumulative total of commissions estimated to be collected over the expected life of a policy, subject to constraints applied in accordance with our revenue recognition policy. Specifically, LTV per approved policy is equal to the sum of the initial commissions, less an estimate of chargebacks for paid policies that are disenrolled in the first policy year, plus forecasted renewal commissions. This estimate is driven by a number of factors including, but not limited to, contracted commission rates from carriers, expected policy turnover, emerging chargeback activity and applied constraints. These factors may result in varying values from period to period.

We recognize adjustments to revenue outside of LTV for approved policies from prior periods when our cash collections are, or are expected to be, different from the estimated constrained LTVs, which we refer to as tail revenue adjustments. The recognition of tail revenue adjustments results from a change in the estimate of expected cash collections when actual cash collections or communicated rate increases have indicated a trend that is different from the estimated constrained LTV. Tail revenue adjustments can be positive or negative and we recognize positive adjustments to revenue when we do not believe it is probable that a significant reversal of cumulative revenue will occur.

CAC per approved policy. Results are also driven by the costs of acquisition, which is defined as the total direct costs incurred per approved policy. Our costs of acquisition are primarily comprised of the cost to generate and acquire leads and the labor, benefits, bonus compensation and training costs associated with our team of e-TeleQuote licensed health insurance agents. Other than costs incurred to assist beneficiaries with switching plans within the same carrier, we incur our entire cost of approved policies prior to enrollment and prior to receiving our first commission related payment. Factors that impact our costs of acquisition per approved policy include:

- the market price of externally-generated leads;
- our ability to efficiently procure internally-generated leads; and
- the productivity of our e-TeleQuote licensed health insurance agents in converting procured leads into approved policies.

Other revenue. Other revenue recognized in the Senior Health segment includes marketing development revenues received for providing marketing services to certain health insurance carriers. Marketing development revenue provides additional revenue to deliver approved policies and are based on meeting agreed-upon objectives with certain health insurance carriers. Marketing development revenue serves to offset contract acquisition costs associated with distribution of approved policies. Agreements for marketing development revenue are generally short-term in nature and can vary from period to period.

Corporate and Other Distributed Products Segment. We earn revenues and pay commissions and referral fees within the Corporate and Other Distributed Products segment for mortgage loan originations, prepaid legal services, auto and homeowners' insurance referrals, and other financial products, all of which are originated by third parties. The Corporate and Other Distributed Products segment also includes in-force policies from several discontinued lines of insurance underwritten by National Benefit Life Insurance Company ("NBLIC").

Corporate and Other Distributed Products segment net investment income reflects actual net investment income recognized by the Company less the amount allocated to the Term Life Insurance segment based on the assumed net interest accreted to the segment's U.S. GAAP-measured future policy benefit reserve liability less DAC. Actual net investment income reflected in the Corporate and Other Distributed Products segment is impacted by the size and performance of our invested asset portfolio, which can be influenced by interest rates, credit spreads, and the mix of invested assets.

The Corporate and Other Distributed Products segment also includes corporate income and expenses not allocated to our other segments, general and administrative expenses (other than expenses that are allocated to the Term Life Insurance or Investment and Savings Products segments), interest expense on notes payable, redundant reserve financing transactions and our Revolving Credit Facility, as well as realized gains and losses on our invested asset portfolio.

Capital Structure. Our financial results are affected by our capital structure, which includes our senior unsecured notes (the "Senior Notes"), redundant reserve financing transactions, our Revolving Credit Facility, and our common stock. See Note 7 (Stockholders' Equity), Note 10 (Commitments and Contingent Liabilities), and Note 12 (Debt) to our unaudited condensed consolidated financial statements included elsewhere in this report for more information on changes in our capital structure.

Foreign Currency. The Canadian dollar is the functional currency for our Canadian subsidiaries and our consolidated financial results, reported in U.S. dollars, are affected by changes in the currency exchange rate. As such, the translated amount of revenues, expenses, assets and liabilities attributable to our Canadian subsidiaries will be higher or lower in periods where the Canadian dollar appreciates or weakens relative to the U.S. dollar, respectively. See Item 7A. Quantitative and Qualitative Disclosures About Market Risk – Canadian Currency Risk included in our 2021 Annual Report and Note 2 (Segment and Geographical Information) to our unaudited condensed consolidated financial statements included elsewhere in this report for more information on our Canadian subsidiaries and the impact of foreign currency on our financial results.

Critical Accounting Estimates

We prepare our financial statements in accordance with U.S. GAAP. These principles are established primarily by the Financial Accounting Standards Board. The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions based on currently available information when recording transactions resulting from business operations. Our significant accounting policies are described in Note 1 (Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies) to our consolidated financial statements included in our 2021 Annual Report. The most significant items on our unaudited condensed consolidated balance sheets are based on fair value determinations, accounting estimates and actuarial determinations, which are susceptible to changes in future periods and could affect our results of operations and financial position.

The estimates that we deem to be most critical to an understanding of our results of operations and financial position are those related to DAC, future policy benefit reserves and corresponding amounts recoverable from reinsurers, income taxes, renewal commissions receivable, goodwill and the valuation of investments. The preparation and evaluation of these critical accounting estimates involve the use of various assumptions developed from management's analyses and judgments. Subsequent experience or use of other assumptions could produce significantly different results.

Accounting Policy Changes.

During the three and nine months ended September 30, 2022, we made the following updates for items that we have identified as critical accounting estimates.

Goodwill represents the excess of the purchase price over the estimated acquired values of identifiable assets and liabilities acquired in a business combination at the acquisition date. In accordance with U.S. GAAP, goodwill is not amortized. The Company tests goodwill for impairment annually on July 1 and whenever events occur or circumstances change that would indicate the carrying value of goodwill may be impaired. All of the Company's goodwill was obtained from the e-TeleQuote acquisition and the e-TeleQuote business has been designated as a separate operating segment called Senior Health. Therefore, goodwill has been allocated

solely to the Senior Health segment and is evaluated for impairment at the Senior Health segment level, which is also defined as the reporting unit.

During the annual impairment test as of July 1, 2022, the Company performed a quantitative impairment analysis using the income approach. We utilized an income approach by preparing a discounted cash flow analysis to determine the reporting unit's fair value. The discounted cash flow analysis included key assumptions such as the weighted average cost of capital ("WACC"), long-term growth rate and projected operating results such as approved policies, LTVs, contract acquisition costs, operating expenses, collections of renewal commissions receivable, and utilization of net operating losses for income tax purposes. We did not utilize a market approach as part of the quantitative impairment analysis as we believe management's expectations of the cash flow generated by the reporting unit were more relevant in determining fair value given inherent limitations in the credibility of available peer company data. The measurement of the reporting unit's fair value is classified as a Level 3 fair value measurement given the significance of the unobservable inputs such as forecasted operating results and discount rates.

After the fair value of the reporting unit was determined, the Company calculated its carrying value by taking the reporting unit's assets minus its liabilities. The carrying value of the reporting unit was then compared to its fair value to determine the extent of any goodwill impairment. Based on this analysis, we recognized a non-cash goodwill impairment charge of $60.0 million during the three months ended September 30, 2022, which represents the excess of the Senior Health reporting unit's carrying value over its estimated fair value at July 1, 2022. The goodwill impairment charge recognized did not impact the Company's income tax expense as the goodwill acquired from the e-TeleQuote acquisition does not have any tax basis. The decline in the reporting unit's fair value below its carrying value was primarily attributable to an increase in the market-based WACC used to discount the forecasted cash flows. The increase in the WACC was driven by recent increases in the equity market risk premium and higher interest rates. The determination of whether the carrying value of the reporting unit exceeds its fair value involves a high degree of estimation and can be affected by a number of industry and company-specific risk factors that are subject to change over time.

For additional information regarding our critical accounting estimates, see the Critical Accounting Estimates section of MD&A included in our 2021 Annual Report.

Results of Operations

Primerica, Inc. and Subsidiaries Results. Our results of operations were as follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2022	2021	$	%	2022	2021	$	%
	(Dollars in thousands)							
Revenues:								
Direct premiums	$ 810,079	$ 785,277	$ 24,802	3 %	$ 2,417,639	$ 2,327,804	$ 89,835	4 %
Ceded premiums	(404,870)	(401,295)	3,575	1 %	(1,223,804)	(1,211,117)	12,687	1 %
Net premiums	405,209	383,982	21,227	6 %	1,193,835	1,116,687	77,148	7 %
Commissions and fees	225,468	269,796	(44,328)	(16)%	717,956	754,529	(36,573)	(5)%
Investment income net of investment expenses	40,629	35,741	4,888	14 %	112,148	106,970	5,178	5 %
Interest expense on surplus note	(16,283)	(15,741)	542	3 %	(47,613)	(46,382)	1,231	3 %
Net investment income	24,346	20,000	4,346	22 %	64,535	60,588	3,947	7 %
Realized investment gains (losses)	292	1,730	(1,438)	*	924	3,762	(2,838)	*
Other investment gains (losses)	(2,991)	(320)	(2,671)	*	(4,765)	114	(4,879)	*
Investment gains (loses)	(2,699)	1,410	(4,109)	*	(3,841)	3,876	(7,717)	*
Other, net	20,965	18,051	2,914	16 %	60,709	49,958	10,751	22 %
Total revenues	673,289	693,239	(19,950)	(3)%	2,033,194	1,985,638	47,556	2 %
Benefits and expenses:								
Benefits and claims	171,293	183,425	(12,132)	(7)%	511,619	535,561	(23,942)	(4)%
Amortization of DAC	90,925	62,214	28,711	46 %	262,367	182,604	79,763	44 %
Sales commissions	105,915	129,268	(23,353)	(18)%	359,602	382,465	(22,863)	(6)%
Insurance expenses	57,552	51,901	5,651	11 %	176,521	149,246	27,275	18 %
Insurance commissions	7,666	8,412	(746)	(9)%	22,982	25,990	(3,008)	(12)%
Contract acquisition costs	13,446	23,524	(10,078)	(43)%	53,479	23,524	29,955	127 %
Interest expense	6,802	7,529	(727)	(10)%	20,469	21,814	(1,345)	(6)%
Goodwill impairment loss	60,000	-	60,000	*	60,000	-	60,000	*
Other operating expenses	73,791	79,864	(6,073)	(8)%	239,952	219,559	20,393	9 %
Total benefits and expenses	587,390	546,137	41,253	8 %	1,706,991	1,540,763	166,228	11 %
Income before income taxes	85,899	147,102	(61,203)	(42)%	326,203	444,875	(118,672)	(27)%
Income taxes	34,092	35,663	(1,571)	(4)%	90,069	107,403	(17,334)	(16)%
Net income	51,807	111,439	(59,632)	(54)%	236,134	337,472	(101,338)	(30)%
Net income attributable to noncontrolling interests	-	(1,017)	1,017	*	(5,038)	(1,017)	(4,021)	*
Net income attributable to Primerica, Inc.	$ 51,807	$ 112,456	$ (60,649)	(54)%	$ 241,172	$ 338,489	$ (97,317)	(29)%

* Less than 1% or not meaningful.

Results for the Three Months Ended September 30, 2022

Total revenues. Total revenues decreased during the three months ended September 30, 2022 compared to the same period in 2021 primarily due to lower commissions and fees earned during the three months ended September 30, 2022. The decrease in commissions and fees was primarily due to lower sales-based revenues driven by lower demand for variable annuity and mutual funds investment products. Also contributing to the decrease in commissions and fees were lower asset-based revenues driven by unfavorable market performance during 2022. This was partially offset by an increase in Term Life net premiums earned during the three months ended September 30, 2022 compared to the same period in 2021. The increase in net premiums was driven by incremental premiums on term life insurance policies that are not subject to the IPO coinsurance transactions as well as the layering effect of life insurance sales.

Net investment income increased during the three months ended September 30, 2022 compared to the same period in 2021 due to $2.4 million from higher yields in the invested asset portfolio and $1.8 million from a larger invested asset portfolio compared to the prior year period. Investment income net of investment expenses includes interest earned on our held-to-maturity asset, which is offset by interest expense on the Surplus Note, thereby eliminating any impact on net investment income. Amounts recognized for each line item will remain offsetting and will fluctuate from period to period along with the principal amounts of the held-to-maturity asset and the Surplus Note based on the balance of reserves being contractually supported under a redundant reserve financing transaction used by Vidalia Re, Inc. For more information on the Surplus Note, see Note 3 (Investments) and Note 12 (Debt) to our unaudited condensed consolidated financial statements included elsewhere in this report.

Investment gains (losses) decreased to a loss during the three months ended September 30, 2022 compared to a gain in the same period in 2021 primarily due to a $2.9 million negative mark-to-market adjustment on equity securities held within our investment

portfolio during the three months ended September 30, 2022 as a result of market volatility compared to a $0.4 million negative mark-to-market adjustment on equity securities held within our investment portfolio in the comparable 2021 period.

Other, net revenues increased during the three months ended September 30, 2022 compared to the same period in 2021 primarily due to differences in the timing of negotiated marketing development revenue in our Senior Health segment. Also contributing to the increase in Other, net revenues was an increase in fees received for access to Primerica Online ("POL"), our primary sales force support tool, consistent with subscriber growth.

Total benefits and expenses. Total benefits and expenses increased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 largely due to a non-cash goodwill impairment charge of $60.0 million, which represents the excess of the Senior Health reporting unit's carrying value over its estimated fair value at July 1, 2022. Also contributing to the increase in benefits and expenses was growth in amortization of DAC as a result of lower year-over-year persistency in the Term Life Insurance segment's in-force book of business. These increases were partially offset by lower sales commissions in line with commissions and fees revenue decreases in our Investment and Savings Products segment as discussed above, lower COVID-19 claims experience in the Term Life Insurance segment and lower contract acquisition costs in our Senior Health segment. Other operating expenses were also lower due to non-recurring transaction-related expenses incurred in connection with the acquisition of e-TeleQuote in the 2021 period.

Income taxes. Our effective income tax rate for the three months ended September 30, 2022 was 39.7%, compared with 24.2% for the three months ended September 30, 2021. The increase in the effective tax rate in the 2022 period is driven by the non-cash goodwill impairment charge that is not deductible for income tax purposes. Excluding the non-cash goodwill impairment charge, the effective income tax rate for the three months ended September 30, 2022 was 23.4%, which was lower than the 2021 effective rate due to state income tax benefits generated by e-TeleQuote in the current year.

Results for the Nine Months Ended September 30, 2022

Total revenues. Total revenues increased during the nine months ended September 30, 2022 compared to the same period in 2021 primarily driven by growth in net premiums in the Term Life segment. The increase in Term Life net premiums was driven by incremental premiums on term life insurance policies that are not subject to the IPO coinsurance transactions as well as the layering effect of sales of life insurance. Commissions and fees earned during the nine months ended September 30, 2022 compared to the same period in 2021 decreased due to lower sales-based revenues driven by lower demand for variable annuity and mutual funds investment products.

Net investment income increased during the nine months ended September 30, 2022 compared to the same period in 2021 due to $3.5 million from higher yields in the invested asset portfolio and $4.2 million from a larger invested asset portfolio compared to the prior year period. These increases were partially offset by a lower total return on the deposit asset backing the 10% coinsurance agreement that is subject to deposit method accounting. The $3.8 million year-over-year lower total return on this deposit asset was due to a negative mark-to-market adjustment and lower book earnings on the deposit asset during the current year period compared to the prior year period.

Investment gains (losses) decreased to a loss during the nine months ended September 30, 2022 compared to a gain in the same period in 2021 primarily due to a $4.7 million negative mark-to-market adjustment on equity securities held within our investment portfolio during the nine months ended September 30, 2022 as a result of market volatility compared to a $1.1 million positive mark-to-market adjustment on equity securities held within our investment portfolio in the comparable 2021 period.

Other, net revenues increased during the nine months ended September 30, 2022 compared to the same period in 2021 primarily due to the same factors as discussed in the three month comparison above.

Total benefits and expenses. Total benefits and expenses increased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 largely due to growth in amortization of DAC as a result of lower year-over-year persistency in the Term Life Insurance segment's in-force book of business, as well as negative market performance of the funds underlying our Canadian segregated funds product in the Investment and Savings Products segment. Also contributing to the increase was a non-cash goodwill impairment charge of $60.0 million, which represents the excess of the Senior Health reporting unit's carrying value over its estimated fair value at July 1, 2022 and higher contract acquisition costs as a result of the acquisition of e-TeleQuote on July 1, 2021. Insurance and other operating expenses were higher in the nine months ended September 30, 2022 due to growth in the business and higher costs associated with sales force leadership events, which included the biennial convention held in 2022. These increases were partially offset by lower COVID-19 related claims experience in the Term Life Insurance segment and lower sales commissions in line with commissions and fees revenue decreases in our Investment and Savings Products segment as discussed above.

Income taxes. Our effective income tax rate for the nine months ended September 30, 2022 was 27.6% compared with 24.1% for the nine months ended September 30, 2021. The higher rate was primarily driven by the same factor discussed above in the three-month comparison. Excluding the non-cash goodwill impairment charge the effective income tax rate for the nine months ended September

30, 2022 was 23.3%, which was lower than the 2021 effective rate due to state income tax benefits generated by e-TeleQuote in the current year.

For additional information, see the Segment Results discussions below.

Segment Results

Term Life Insurance Segment Results. Our results for the Term Life Insurance segment were as follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2022	2021	$	%	2022	2021	$	%
	(Dollars in thousands)							
Revenues:								
Direct premiums	$ 804,586	$ 779,490	$ 25,096	3 %	$ 2,401,293	$ 2,310,504	$ 90,789	4 %
Ceded premiums	(403,416)	(399,835)	3,581	1 %	(1,219,268)	(1,206,413)	12,855	1 %
Net premiums	401,170	379,655	21,515	6 %	1,182,025	1,104,091	77,934	7 %
Allocated investment income	13,241	9,320	3,921	42 %	36,973	26,324	10,649	40 %
Other, net	13,419	12,476	943	8 %	37,969	36,601	1,368	4 %
Total revenues	427,830	401,451	26,379	7 %	1,256,967	1,167,016	89,951	8 %
Benefits and expenses:								
Benefits and claims	167,356	179,696	(12,340)	(7)%	499,237	521,148	(21,911)	(4)%
Amortization of DAC	88,275	59,287	28,988	49 %	249,826	174,106	75,720	43 %
Insurance expenses	56,471	50,534	5,937	12 %	173,072	145,160	27,912	19 %
Insurance commissions	3,964	4,345	(381)	(9)%	11,612	13,999	(2,387)	(17)%
Total benefits and expenses	316,066	293,862	22,204	8 %	933,747	854,413	79,334	9 %
Income before income taxes	$ 111,764	$ 107,589	$ 4,175	4 %	$ 323,220	$ 312,603	$ 10,617	3 %

Results for the Three Months Ended September 30, 2022

Net premiums. Direct premiums increased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 largely due to sales of new policies that contributed to growth in the in-force book of business. This was partially offset by an increase in ceded premiums, which includes $14.7 million in higher non-level YRT reinsurance ceded premiums as business not subject to the IPO coinsurance transactions ages, reduced by $11.1 million in lower coinsurance ceded premiums due to the run-off of business subject to the IPO coinsurance transactions.

Allocated investment income. Allocated investment income increased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 due to an increase in the assumed net interest accreted to the Term Life Insurance segment's future policy benefit reserve liability less deferred acquisition costs as the Term Life Insurance segment's in-force business continues to grow.

Benefits and claims. Benefits and claims decreased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 primarily due to lower excess claims experience. Total benefits and claims during the three months ended September 30, 2022 included approximately $2 million of excess claims, net of reinsurance, compared to approximately $14 million of excess claims, net of reinsurance, during the three months ended September 30, 2021 primarily due to fewer COVID-19 related claims.

Amortization of DAC. The amortization of DAC increased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 primarily due to changes in policy lapse rates. During the three months ended September 30, 2022, lapses on policies and the resulting amortization of DAC have largely normalized to pre-pandemic levels, other than policies that were issued in the first year of the COVID-19 pandemic, which continue to experience lapse rates that are higher than historical trends.

Insurance expenses. Insurance expenses increased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 due to higher costs associated with supporting growth in the sales force, growth in the business and higher employee compensation costs from annual merit increases.

Results for the Nine Months Ended September 30, 2022

Net premiums. Direct premiums increased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 largely due to sales of new policies that contributed to growth in the in-force book of business. This is partially offset by an increase in ceded premiums, which includes $44.4 million in higher non-level YRT reinsurance ceded premiums as business not subject to the IPO coinsurance transactions ages, reduced by $31.6 million in lower coinsurance ceded premiums due to the run-off of business subject to the IPO coinsurance transactions.

Allocated investment income. Allocated investment income increased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 due to the same factors as described in the three-month comparison.

Benefits and claims. Benefits and claims decreased during the nine months ended September 30, 2022 compared to the same period in 2021 primarily due to lower claims experience. Total benefits and claims during the nine months ended September 30, 2022 includes approximately $14 million of excess claims, net of reinsurance compared to approximately $43 million of excess claims, net of reinsurance, during the nine months ended September 30, 2021 primarily due to fewer COVID-19 related claims.

Amortization of DAC. The amortization of DAC increased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 due to the same factors as described in the three-month comparison.

Insurance expenses. Insurance expenses increased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 due to the same factors as discussed in the three month comparison above. Also contributing to the increase were higher costs associated with adding the previously postponed biennial convention to our normal cycle of sales force leadership events.

Insurance commissions. Insurance commissions decreased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 as a result of higher non-deferrable sales force promotional activities offered in the 2021 period to incentivize the sales force during the 2020 COVID-19 pandemic.

Investment and Savings Products Segment Results. Investment and Savings Products segment results were as follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2022	2021	$	%	2022	2021	$	%
	(Dollars in thousands)							
Revenues:								
Commissions and fees:								
Sales-based revenues	$ 67,962	$ 95,229	$ (27,267)	(29)%	$ 259,905	$ 298,057	$ (38,152)	(13)%
Asset-based revenues	107,483	113,558	(6,075)	(5)%	328,696	323,288	5,408	2 %
Account-based revenues	22,910	21,456	1,454	7 %	67,043	64,424	2,619	4 %
Other, net	3,342	3,094	248	8 %	9,508	9,001	507	6 %
Total revenues	201,697	233,337	(31,640)	(14)%	665,152	694,770	(29,618)	(4)%
Expenses:								
Amortization of DAC	2,222	2,580	(358)	(14)%	11,610	7,641	3,969	52 %
Insurance commissions	3,419	3,747	(328)	(9)%	10,514	11,065	(551)	(5)%
Sales commissions:								
Sales-based	48,775	67,745	(18,970)	(28)%	186,784	209,969	(23,185)	(11)%
Asset-based	51,549	53,233	(1,684)	(3)%	155,791	150,587	5,204	3 %
Other operating expenses	37,355	36,664	691	2 %	118,540	111,623	6,917	6 %
Total expenses	143,320	163,969	(20,649)	(13)%	483,239	490,885	(7,646)	(2)%
Income before income taxes	$ 58,377	$ 69,368	$ (10,991)	(16)%	$ 181,913	$ 203,885	$ (21,972)	(11)%

Results for the Three Months Ended September 30, 2022

Commissions and fees. Commissions and fees decreased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 driven by lower sales-based revenues as investor demand for mutual fund products and variable annuity products weakened due to continued volatility in capital markets. Also contributing to the decrease were lower asset-based revenues, driven by negative equity market performance, partially offset by positive net flows.

Amortization of DAC. Amortization of DAC was relatively consistent during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 due to similar market performance of the funds underlying our Canadian segregated funds product during both periods.

Sales commissions. The decrease in sales-based commissions for the three months ended September 30, 2022 compared to the three months ended September 30, 2021 was generally in-line with the decrease in sales-based revenue. The decrease in asset-based commissions for the three months ended September 30, 2022 compared to the three months ended September 30, 2021 was consistent with movement in asset-based revenue, excluding Canadian segregated funds revenue. Asset-based expenses for our Canadian segregated funds are reflected within insurance commissions and amortization of DAC.

Other operating expenses. Other operating expenses remained relatively consistent during the three months ended September 30, 2022 compared to the three months ended September 30, 2021.

Results for the Nine Months Ended September 30, 2022

Commissions and fees. Commissions and fees decreased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 driven by lower sales-based revenues in the 2022 period as investor demand for mutual fund products and variable annuity products weakened due to volatility in capital markets. This decrease was partially offset by higher asset-based revenues largely driven by higher average client asset values on managed accounts.

Amortization of DAC. Amortization of DAC increased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 due to unfavorable market performance of the funds underlying our Canadian segregated funds product in the first half of 2022 compared to favorable market performance of such funds in the first half of 2021.

Sales commissions. The decrease in sales-based commissions for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 was generally in-line with the decrease in sales-based revenue. The increase in asset-based commissions for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 was consistent with the increase in asset-based revenues, excluding Canadian segregated funds revenue. Asset-based expenses for our Canadian segregated funds are reflected within insurance commissions and amortization of DAC.

Other operating expenses. Other operating expenses increased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 due to higher costs associated with adding the previously postponed biennial convention to our normal cycle of sales force leadership events.

Senior Health Segment Results. Senior Health segment results were as follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2022	2021	$	%	2022	2021	$	%
	(Dollars in thousands)							
Revenues:								
Commissions and fees [1]	$ 14,601	$ 21,558	$ (6,957)	(32)%	$ 25,222	$ 21,558	*	*
Other, net	2,583	1,378	1,205	87 %	9,606	1,378	*	*
Total revenues	17,184	22,936	(5,752)	(25)%	34,828	22,936	*	*
Benefits and expenses:								
Contract acquisition costs	13,446	$ 23,524	$ (10,078)	(43)%	53,479	$ 23,524	*	*
Goodwill impairment loss	60,000	-	60,000	*	60,000	-	*	*
Other operating expenses	7,461	7,902	(441)	(6)%	24,308	7,902	*	*
Total benefits and expenses	80,907	31,426	49,481	157 %	137,787	31,426	*	*
Loss before income taxes	$ (63,723)	$ (8,490)	$ 55,233	651 %	$ (102,959)	$ (8,490)	*	*

[1] Includes a positive tail revenue adjustment of $1.7 million for the three months ended September 30, 2022 and a net negative tail adjustment of ($22.7) million for the nine months ended September 30, 2022.

* Not meaningful.

Results for the Three Months Ended September 30, 2022

Commissions and fees. Commissions and fees decreased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Contributing to the decrease were lower LTVs in 2022 as a result of lower-than-expected persistency and refined renewal estimates. In addition, lower LTVs led us to deliberately limit agent counts at e-TeleQuote in 2022, which resulted in lower sales volumes. Partially offsetting the decrease was the recognition of a $1.7 million positive tail revenue adjustment in 2022 due to renewal rate escalations communicated by health insurance carriers during the quarter. Conversely, no tail adjustment was recognized in 2021.

Other, net. Other, net increased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 primarily due to the timing of negotiated marketing development revenue with certain health insurance carriers. The agreements for marketing development revenue are generally short-term in nature and can vary from period to period.

Contract acquisition costs. Contract acquisition costs, as well as per policy contract acquisition costs, decreased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 as a result of revised lead sourcing strategies, lessened competition for leads, and lower overall sales volume in the 2022 period.

Goodwill impairment loss. Reflects the non-cash goodwill impairment charge recognized during the three months ended September 30, 2022, which represents the excess of the Senior Health reporting unit's carrying value over its estimated fair value as of July 1, 2022. Refer to Note 15 (Goodwill) to our condensed consolidated financial statements included elsewhere in this report for more information.

Results for the Nine Months Ended September 30, 2022

Commissions and fees. Commissions and fees increased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 primarily due to the timing of the acquisition of e-TeleQuote on July 1, 2021. The 2022 period includes nine months of operations compared to only three months for the 2021 period. This was largely offset by the recognition of a net $22.7 million of negative tail revenue adjustments during the nine months ended September 30, 2022 as a result of lower-than-expected renewals and refined renewal estimates on policies approved during prior periods. The negative tail adjustment offset commissions and fees revenue of $47.9 million recognized for the lifetime value of commissions for policies approved during the nine months ended September 30, 2022. No tail adjustment was recognized in 2021. The increase in commissions and fees during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 was partially offset by the volume and LTV factors described in the three-month comparison above.

Other, net. Other, net increased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 primarily due to the timing of the acquisition of e-TeleQuote on July 1, 2021. The 2022 period includes nine months of operations compared to only three months for the 2021 period.

Contract acquisition costs. Contract acquisition costs increased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 primarily due to the timing of the acquisition of e-TeleQuote on July 1, 2021. The 2022 period includes nine months of operations compared to only three months for the 2021 period. This increase was partially offset by the same factors as described in the three-month comparison above.

Goodwill impairment loss. Reflects the non-cash goodwill impairment charge recognized during the nine months ended September 30, 2022.

Other operating expenses. Other operating expenses increased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 primarily due to the timing of the acquisition of e-TeleQuote on July 1, 2021. The 2022 period includes nine months of operations compared to only three months for the 2021 period. Other operating expenses includes $8.2 million and $2.9 million of amortization expense for intangible assets and internally developed software for the nine months ended September 30, 2022 and 2021, respectively.

Corporate and Other Distributed Products Segment Results. Corporate and Other Distributed Products segment results were as follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2022	2021	$	%	2022	2021	$	%
	(Dollars in thousands)							
Revenues:								
Direct premiums	$ 5,493	$ 5,787	$ (294)	(5)%	$ 16,346	$ 17,300	$ (954)	(6)%
Ceded premiums	(1,454)	(1,460)	(6)	*	(4,536)	(4,704)	(168)	(4)%
Net premiums	4,039	4,327	(288)	(7)%	11,810	12,596	(786)	(6)%
Commissions and fees	12,512	17,995	(5,483)	(30)%	37,090	47,202	(10,112)	(21)%
Investment income net of investment expenses	27,388	26,421	967	4%	75,175	80,646	(5,471)	(7)%
Interest expense on surplus note	(16,283)	(15,741)	542	3%	(47,613)	(46,382)	1,231	3%
Net investment income	11,105	10,680	425	4%	27,562	34,264	(6,702)	(20)%
Realized investment gains (losses)	292	1,730	(1,438)	*	924	3,762	(2,838)	*
Other investment gains (losses)	(2,991)	(320)	(2,671)	*	(4,765)	114	(4,879)	*
Investment gains (losses)	(2,699)	1,410	(4,109)	*	(3,841)	3,876	(7,717)	*
Other, net	1,621	1,103	518	47%	3,626	2,978	648	22%
Total revenues	26,578	35,515	(8,937)	(25)%	76,247	100,916	(24,669)	(24)%
Benefits and expenses:								
Benefits and claims	3,937	3,729	208	6%	12,382	14,413	(2,031)	(14)%
Amortization of DAC	428	347	81	23%	931	857	74	9%
Insurance expenses	1,081	1,367	(286)	(21)%	3,449	4,086	(637)	(16)%
Insurance commissions	283	320	(37)	(12)%	856	926	(70)	(8)%
Sales commissions	5,591	8,290	(2,699)	(33)%	17,027	21,909	(4,882)	(22)%
Interest expense	6,802	7,529	(727)	(10)%	20,469	21,814	(1,345)	(6)%
Other operating expenses	28,975	35,298	(6,323)	(18)%	97,104	100,034	(2,930)	(3)%
Total benefits and expenses	47,097	56,880	(9,783)	(17)%	152,218	164,039	(11,821)	(7)%
Loss before income taxes	$ (20,519)	$ (21,365)	$ (846)	(4)%	$ (75,971)	$ (63,123)	$ 12,848	20%

* Less than 1% or not meaningful.

Results for the Three Months Ended September 30, 2022

Total revenues. Total revenues decreased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 primarily due to lower commissions and fees from our mortgage distribution business as a result of rising interest rates. Also contributing to the decrease is investment losses, which are discussed in the Primerica, Inc. and Subsidiaries Results of Operations section above.

Total benefits and expenses. Total benefits and expenses decreased during the three months ended September 30, 2022 compared to the three months ended September 30, 2021 due to lower sales commissions from our mortgage distribution business during the three months ended September 30, 2022. Other operating expenses also decreased due to the 2021 period including approximately $10 million of non-recurring transaction-related expenses incurred in connection with the acquisition of e-TeleQuote, partially offset by higher other operating expenses due to the growth of employee-related expenses.

Results for the Nine Months Ended September 30, 2022

Total revenues. Total revenues decreased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 primarily due to the same factors discussed in the three-month comparison and a decrease in net investment income as more net investment income was allocated to the Term Life Insurance segment.

Total benefits and expenses. Total benefits and expenses decreased during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 primarily due to the same factors discussed in the three-month comparison and lower benefits and claims experienced on closed blocks of non-term life insurance business underwritten by NBLIC.

Financial Condition

Investments. Our insurance business is primarily focused on selling term life insurance, which does not include an investment component for the policyholder. The invested asset portfolio funded by premiums from the term life insurance business does not involve the substantial asset accumulations and spread requirements that exist with other non-term life insurance products. As a result, the profitability of the term life insurance business is not as sensitive to the impact that interest rates have on our invested asset portfolio and investment income as the profitability of other companies that distribute non-term life insurance products.

We follow a conservative investment strategy designed to emphasize the preservation of our invested assets and provide adequate liquidity for the prompt payment of claims. To meet business needs and mitigate risks, our investment guidelines provide restrictions on our portfolio's composition, including limits on asset type, per issuer limits, credit quality limits, portfolio duration, limits on the amount of investments in approved countries and permissible security types. We also manage and monitor our allocation of investments to limit the accumulation of any disproportionate concentrations of risk among industry sectors or issuer countries outside of the U.S. and Canada. In addition, as of September 30, 2022, we did not hold any country of issuer concentrations outside of the U.S. or Canada that represented more than 5% of the fair value of our available-for-sale invested asset portfolio or any industry concentrations of corporate bonds that represented more than 10% of the fair value of our available-for-sale invested asset portfolio.

We invest a portion of our portfolio in assets denominated in Canadian dollars to support our Canadian operations. Additionally, to ensure adequate liquidity for payment of claims, we take into account the maturity and duration of our invested asset portfolio and our general liability profile.

We also hold within our invested asset portfolio a credit enhanced note ("LLC Note") issued by a limited liability company owned by a third-party service provider which is classified as a held-to-maturity security. The LLC Note, which is scheduled to mature on December 31, 2030, was obtained in exchange for the Surplus Note of equal principal amount issued by Vidalia Re. For more information on the LLC Note, see Note 3 (Investments) to our unaudited condensed consolidated financial statements included elsewhere in this report.

We have an investment committee composed of members of our senior management team that is responsible for establishing and maintaining our investment guidelines and supervising our investment activity. Our investment committee regularly monitors our overall investment results and our compliance with our investment objectives and guidelines. We use a third-party investment advisor to assist us in the management of our investing activities. Our investment advisor reports to our investment committee.

Our invested asset portfolio is subject to a variety of risks, including risks related to general economic conditions, market volatility, interest rate fluctuations, liquidity risk and credit and default risk. Investment guideline restrictions have been established to minimize the effect of these risks but may not always be effective due to factors beyond our control. Interest rates and credit spreads are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. A significant increase in interest rates or credit spreads could result in significant losses in the value of our invested asset portfolio. For example, the significant increase in interest rates during the nine months ended September 30, 2022 resulted in the invested asset portfolio having an unrealized loss of $321.0 million as of September 30, 2022 compared to an unrealized gain of $81.2 million as of December 31, 2021. We believe that fluctuations caused by movement in interest rates and

credit spreads generally have little bearing on the recoverability of our investments as we have the ability to hold these investments until maturity or a market price recovery, and we have no present intention to dispose of them.

Details on asset mix (excluding our held-to-maturity security) were as follows:

	September 30, 2022	December 31, 2021
Average rating of our fixed-maturity portfolio	A	A
Average duration of our fixed-maturity portfolio	4.8 years	4.8 years
Average book yield of our fixed-maturity portfolio	3.34%	3.12%

The distribution of fixed-maturity securities in our investment portfolio (excluding our held-to-maturity security) by rating, including those classified as trading securities, were as follows:

	September 30, 2022		December 31, 2021	
	Amortized cost [1]	%	Amortized cost [1]	%
	(Dollars in thousands)			
AAA	$ 597,966	21 %	$ 495,055	19 %
AA	308,333	11 %	312,418	12 %
A	640,533	23 %	644,775	24 %
BBB	1,116,851	40 %	1,079,123	41 %
Below investment grade	76,395	3 %	93,294	4 %
Not rated	42,655	2 %	21,078	*
Total	$ 2,782,733	100 %	$ 2,645,743	100 %

(1) Includes trading securities at fair value and available-for-sale securities at amortized cost.
* Less than 1%.

The ten largest holdings within our fixed-maturity invested asset portfolio (excluding our held-to-maturity security) were as follows:

	September 30, 2022			
Issuer	Fair value	Amortized cost [1]	Unrealized gain (loss)	Credit rating
		(Dollars in thousands)		
Government of Canada	$ 14,733	$ 15,991	$ (1,258)	AAA
Province of Quebec Canada	14,271	14,935	(664)	A+
Province of Ontario Canada	13,629	14,274	(645)	AA
Province of Alberta Canada	10,684	11,729	(1,045)	BBB+
Enbridge Inc	10,356	11,320	(964)	BBB+
Manulife Financial Corp	10,274	11,538	(1,264)	A
Province of British Columbia Canada	9,067	9,513	(446)	AA+
ConocoPhillips	8,932	10,695	(1,763)	A
TC Energy Corp	8,869	10,579	(1,710)	BBB+
Ontario Teachers' Pension Plan	8,507	10,205	(1,698)	AA+
Total – ten largest holdings	$ 109,322	$ 120,779	$ (11,457)	
Total – fixed-maturity securities	$ 2,461,707	$ 2,782,733		
Percent of total fixed-maturity securities	4 %	4 %		

(1) Includes trading securities at fair value and available-for-sale securities at amortized cost.

For additional information on our invested asset portfolio, see Note 3 (Investments) to our unaudited condensed consolidated financial statements included elsewhere in this report.

Liquidity and Capital Resources

Dividends and other payments to the Parent Company from its subsidiaries are our principal sources of cash. The amount of dividends paid by the subsidiaries is dependent on their capital needs to fund future growth and applicable regulatory restrictions. The primary uses of funds by the Parent Company include the payments of stockholder dividends, interest on notes payable, general operating expenses, and income taxes, as well as repurchases of shares of our common stock outstanding. As of September 30, 2022, the Parent Company had cash and invested assets of $239.7 million.

The Parent Company’s subsidiaries generate operating cash flows primarily from term life insurance premiums (net of premiums ceded to reinsurers), income from invested assets, commissions and fees collected from the distribution of investment and savings products, Medicare-related insurance plans as well as other financial products. The subsidiaries’ principal operating cash outflows include the payment of insurance claims and benefits (net of ceded claims recovered from reinsurers), commissions to the sales force, contract acquisition costs, insurance and other operating expenses, interest expense for future policy benefit reserves financing transactions, and income taxes.

The distribution and underwriting of term life insurance requires upfront cash outlays at the time the policy is issued as we pay a substantial majority of the sales commission during the first year following the sale of a policy and incur costs for underwriting

activities at the inception of a policy's term. During the early years of a policy's term, we generally receive level term premiums in excess of claims paid. We invest the excess cash generated during earlier policy years in fixed-maturity and equity securities held in support of future policy benefit reserves. In later policy years, cash received from the maturity or sale of invested assets is used to pay claims in excess of level term premiums received.

e-TeleQuote is a senior health insurance distributor of Medicare-related insurance plans. e-Tele-Quote collects cash receipts over a number of years after selling a plan, while the cash outflow for commission expense and other acquisition costs to sell the plans are generally recognized at the time of enrollment. Therefore, in periods of growth, net cash flows at e-TeleQuote are expected to be negative, with the Parent Company providing working capital to e-TeleQuote. During the first nine months of 2022, as a result of the Company's efforts to scale back growth in favor of developing more efficient lead procurement and limiting the agent count, the Parent Company did not provide funding to e-TeleQuote as cash tax benefits from net operating losses were sufficient to cover operating needs.

Historically, cash flows generated by our businesses, primarily from the existing block of term life policies and investment and savings products, have provided us with sufficient liquidity to meet our operating requirements. We have maintained strong cash flows despite the COVID-19 pandemic due to strong persistency and reinsurance on ceded mortality claims. We anticipate that cash flows from our businesses will continue to provide sufficient operating liquidity over the next 12 months.

If necessary, we could seek to enhance our liquidity position or capital structure through sales of our available-for-sale investment portfolio, changes in the timing or amount of share repurchases, borrowings against our revolving credit facility, sales of common stock or debt instruments in the capital markets or some combination of these sources. Additionally, we believe that cash flows from our businesses and potential sources of funding will sufficiently support our long-term liquidity needs.

Cash Flows. The components of the changes in cash and cash equivalents were as follows:

	Nine months ended September 30,		Change
	2022	2021	$
		(In thousands)	
Net cash provided by (used in) operating activities	$ 551,278	$ 435,121	$ 116,157
Net cash provided by (used in) investing activities	(96,791)	(722,557)	625,766
Net cash provided by (used in) financing activities	(405,296)	62,275	(467,571)
Effect of foreign exchange rate changes on cash	(3,667)	3,170	(6,837)
Change in cash and cash equivalents	$ 45,524	$ (221,991)	$ 267,515

Operating Activities. Cash provided by operating activities during the nine months ended September 30, 2022 increased compared to the nine months ended September 30, 2021. Although net income decreased during the nine months ended September 30, 2022, cash generated from operating activities increased as it excludes non-cash charges such as goodwill impairments, amortization of deferred policy acquisition costs and renewal commission tail adjustments. Also contributing to the year-over-year increase in cash provided by operating activities were lower deferred acquisition costs due to lower term life insurance policy sales. In addition, cash provided by operating activities was higher in 2022 compared with 2021 due to the timing of purchases and maturities of trading securities.

Investing Activities. Cash used in investing activities during the nine months ended September 30, 2022 decreased compared to the nine months ended September 30, 2021 primarily due to funding the e-TeleQuote acquisition on July 1, 2021. Also contributing to the decrease was short-term investing activity. During the nine months ended September 30, 2022, short-term investments acquired in 2021 matured, which allowed these funds to be deployed for share repurchases. These movements were partially offset by lower sales of fixed-maturity securities during the nine months ended September 30, 2022 as the sharp increase in interest rates provided less attractive selling opportunities. By comparison, during 2021 the Company had higher sales of fixed-maturity securities in anticipation of funding the e-TeleQuote acquisition on July 1, 2021.

Financing Activities. Cash flows from financing activities was a use of cash during the nine months ended September 30, 2022 compared to a source of cash in the nine months ended September 30, 2021. This movement is primarily due to cash used to fund share repurchases during the 2022 period. By comparison, the Company paused share repurchases in 2021 to accumulate cash and borrowed $125 million under the Revolving Credit Facility in anticipation of funding the e-TeleQuote acquisition on July 1, 2021.

Risk-Based Capital ("RBC"). The National Association of Insurance Commissioners ("NAIC") has established RBC standards for U.S. life insurers, as well as a risk-based capital model act (the "RBC Model Act") that has been adopted by the insurance regulatory authorities. The RBC Model Act requires that life insurers annually submit a report to state regulators regarding their RBC based upon four categories of risk: asset risk; insurance risk; interest rate risk and business risk. The capital requirement for each is determined by applying factors that vary based upon the degree of risk to various asset, premiums and policy benefit reserve items. The formula is an early warning tool to identify possible weakly capitalized companies for purposes of initiating further regulatory action.

As of September 30, 2022, our U.S. life insurance subsidiaries maintained statutory capital and surplus substantially in excess of the applicable regulatory requirements and remain well positioned to support existing operations and fund future growth.

In Canada, the Office of the Superintendent of Financial Institutions ("OSFI") requires federally-regulated life insurance companies to maintain adequate capital in accordance with regulatory Capital Guidelines. The Capital Guidelines define and establish criteria and limits for determining an insurer's required capital to support defined risks and the amount of qualifying regulatory available capital. In addition, OSFI requires companies to set internal target levels of capital sufficient to provide for all risks of the insurer, including risks specified in OSFI's Capital Guidelines. As of September 30, 2022, Primerica Life Insurance Company of Canada has satisfied its regulatory capital requirements.

Redundant Reserve Financings. The Model Regulation entitled Valuation of Life Insurance Policies, commonly known as Regulation XXX, requires insurers to carry statutory policy benefit reserves for term life insurance policies with long-term premium guarantees which are often significantly in excess of the future policy benefit reserves that insurers deem necessary to satisfy claim obligations ("redundant policy benefit reserves"). Accordingly, many insurance companies have sought ways to reduce their capital needs by financing redundant policy benefit reserves through bank financing, reinsurance arrangements and other financing transactions.

We have established Peach Re, Inc. ("Peach Re") and Vidalia Re as special purpose financial captive insurance companies and wholly owned subsidiaries of Primerica Life. Primerica Life has ceded certain term life policies issued prior to 2011 to Peach Re as part of a Regulation XXX redundant reserve financing transaction (the "Peach Re Redundant Reserve Financing Transaction") and has ceded certain term life policies issued in 2011 through 2017 to Vidalia Re as part of a Regulation XXX redundant reserve financing transaction (the "Vidalia Re Redundant Reserve Financing Transaction"). These redundant reserve financing transactions allow us to more efficiently manage and deploy our capital.

The NAIC has adopted a model regulation for determining reserves using a principle-based approach ("principle-based reserves" or "PBR"), which is designed to reflect each insurer's own experience in calculating reserves and move away from a single prescriptive reserving formula. Primerica Life adopted PBR as of January 1, 2018 and National Benefit Life Insurance Company adopted the New York amended version of PBR effective January 1, 2021. PBR significantly reduced the redundant statutory policy benefit reserve requirements while still ensuring adequate liabilities are held. The regulation only applies for business issued after the effective date. See Note 4 (Investments), Note 10 (Debt) and Note 16 (Commitments and Contingent Liabilities) to our consolidated financial statements within our 2021 Annual Report for more information on these redundant reserve financing transactions.

Notes Payable – Long term. The Company has $600.0 million of publicly-traded, Senior Notes outstanding issued at a price of 99.550% with an annual interest rate of 2.80%, payable semi-annually in arrears on May 19 and November 19. The Senior Notes mature November 19, 2031. We were in compliance with the covenants of the Senior Notes as of September 30, 2022. No events of default occurred during the three and nine months ended September 30, 2022.

Rating Agencies. There have been no changes to Primerica, Inc.'s Senior Notes ratings or Primerica Life's financial strength ratings since December 31, 2021.

Surplus Note. Vidalia Re issued the Surplus Note in exchange for the LLC Note as a part of the Vidalia Re Redundant Reserve Financing Transaction. The Surplus Note has a principal amount equal to the LLC Note and is scheduled to mature on December 31, 2030. For more information on the Surplus Note, see Note 12 (Debt) to our unaudited condensed consolidated financial statements included elsewhere in this report.

Off-Balance Sheet Arrangements. We have no transactions, agreements or other contractual arrangements to which an entity unconsolidated with the Company is a party, under which the Company maintains any off-balance sheet obligations or guarantees as of September 30, 2022.

Credit Facility Agreement. We maintain an unsecured $200.0 million Revolving Credit Facility with a syndicate of commercial banks that has a scheduled termination date of June 22, 2026. Amounts outstanding under the Revolving Credit Facility bear interest at a periodic rate equal to the London Interbank Offered Rate ("LIBOR") or the base rate, plus in either case an applicable margin. The Revolving Credit Facility contains language that allows for the Company and the lenders to agree on a comparable or successor reference rate in the event LIBOR is no longer available. The Revolving Credit Facility also permits the issuance of letters of credit. The applicable margins are based on our debt rating with such margins for LIBOR rate loans and letters of credit ranging from 1.000% to 1.625% per annum and for base rate loans ranging from 0.000% to 0.625% per annum. Under the Revolving Credit Facility, we incur a commitment fee that is payable quarterly in arrears and is determined by our debt rating. This commitment fee ranges from 0.100% to 0.225% per annum of the aggregate $200.0 million commitment of the lenders under the Revolving Credit Facility. During the three and nine months ended September 30, 2022, no amounts were drawn under the Revolving Credit Facility and we were in compliance with the covenants. Furthermore, no events of default occurred under the Revolving Credit Facility during the three and nine months ended September 30, 2022.

Contractual Obligations Update. There have been no material changes in contractual obligations from those disclosed in the 2021 Annual Report.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Investors are cautioned that certain statements contained in this report as well as some statements in periodic press releases and some oral statements made by our officials during our presentations are "forward-looking" statements. Forward-looking statements include, without limitation, any statement that may project, indicate or imply future results, events, performance or achievements, and may contain the words "expect", "intend", "plan", "anticipate", "estimate", "believe", "will be", "will continue", "will likely result", and similar expressions, or future conditional verbs such as "may", "will", "should", "would", and "could". In addition, any statement concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible actions taken by us or our subsidiaries are also forward-looking statements. These forward-looking statements involve external risks and uncertainties, including, but not limited to, those described under the section entitled "Risk Factors" included herein.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to a variety of risks and uncertainties, many of which are beyond the control of our management team. All forward-looking statements in this report and subsequent written and oral forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by these risks and uncertainties. These risks and uncertainties include, among others:

Risks Related to Our Distribution Structure

•Our failure to continue to attract new recruits, retain independent sales representatives or license or maintain the licensing of independent sales representatives would materially adversely affect our business, financial condition and results of operations.
•There are a number of laws and regulations that could apply to our independent contractor distribution model, which could require us to modify our distribution structure.
•There may be adverse tax, legal or financial consequences if the independent contractor status of independent sales representatives is overturned.
•The Company's, the independent sales representatives', or the licensed health insurance agents' violation of, or non-compliance with, laws and regulations and related claims and proceedings could expose us to material liabilities.
•Any failure to protect the confidentiality of client information could adversely affect our reputation and have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Insurance Business and Reinsurance

•Our life insurance business may face significant losses if our actual experience differs from our expectations regarding mortality or persistency.
•Our life insurance business is highly regulated, and statutory and regulatory changes may materially adversely affect our business, financial condition and results of operations.
•A decline in the regulatory capital ratios of our insurance subsidiaries could result in increased scrutiny by insurance regulators and ratings agencies and have a material adverse effect on our business, financial condition and results of operations.
•A significant ratings downgrade by a ratings organization could materially adversely affect our business, financial condition and results of operations.
•The failure by any of our reinsurers or reserve financing counterparties to perform its obligations to us could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Investments and Savings Products Business

•Our Investment and Savings Products segment is heavily dependent on mutual fund and annuity products offered by a relatively small number of companies, and, if these products fail to remain competitive with other investment options or we lose our relationship with one or more of these companies, our business, financial condition and results of operations may be materially adversely affected.
•The Company's or the securities-licensed independent sales representatives' violations of, or non-compliance with, laws and regulations could expose us to material liabilities.
•If heightened standards of conduct or more stringent licensing requirements, such as those adopted by the Securities and Exchange Commission ("SEC") and those proposed or adopted by the Department of Labor ("DOL"), state legislatures or regulators or Canadian securities and insurance regulators, are imposed on us or the independent sales representatives, or selling compensation is reduced as a result of new legislation or regulations, it could have a material adverse effect on our business, financial condition and results of operations.
•If our suitability policies and procedures, or our policies and procedures for compliance with federal, state or provincial regulations governing standards of care, were deemed inadequate, it could have a material adverse effect on our business, financial condition and results of operations.
•Non-compliance with applicable regulations could lead to revocation of our subsidiary's status as a non-bank custodian.

Risks Related to Our Mortgage Distribution Business

•Licensing requirements will impact the size of the mortgage loan sales force.

•Our mortgage distribution business is highly regulated and subject to various federal, state and provincial laws and regulations in the U.S. and Canada. Changes in, non-compliance with, or violations of, such laws and regulations could affect the cost or our ability to distribute our products and could materially adversely affect our business, financial condition and results of operations.

Risks Related to e-TeleQuote's Senior Health Insurance Distribution Business

•Due to our very limited history with e-TeleQuote Insurance, Inc. ("e-TeleQuote"), we cannot be certain that its business strategy will be successful or that we will successfully address the risks below or any other risks not now known to us that may become material.

•e-TeleQuote is highly regulated and subject to compliance requirements of the United States government's Centers for Medicare and Medicaid Services ("CMS") and those of its carrier partners. Non-compliance with, or violations of, such requirements may harm its business, which could have a material adverse effect on our business, financial condition and results of operations.

•e-TeleQuote receives leads that are externally acquired from third-party vendors and internally generated from marketing initiatives and receives referrals from Primerica independent sales representatives. e-TeleQuote's business may be harmed if it cannot continue to acquire or generate leads on commercially viable terms, if it is unable to convert leads to sales at acceptable rates, if Primerica independent sales representatives do not introduce consumers to e-TeleQuote, or if policyholder retention is lower than assumed, any of which could adversely impact our business.

•If e-TeleQuote's ability to enroll individuals during the Medicare annual election period is impeded, its business may be harmed which could adversely impact our business, financial condition and results of operations.

•e-TeleQuote's business is dependent on key carrier partners. The loss of a key carrier partner, or the modification of commission rates or underwriting practices with a key carrier partner, could harm its business which could adversely impact our business, financial condition and results of operations.

Risks Related to Economic Downcycles, Public Health Crises or Catastrophes, and Disaster

•The effects of economic down cycles, issues affecting the national and/or global economy or global geopolitical event(s) could materially adversely affect our business, financial condition and results of operations.

•Major public health pandemics, epidemics or outbreaks, such as, the COVID-19 pandemic, or other catastrophic events, could materially adversely impact our business, financial condition and results of operations.

•In the event of a disaster, our business continuity plan may not be sufficient, which could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Information Technology and Cybersecurity

•If one of our, or a third-party partner's, significant information technology systems fails, if its security is compromised, or if the Internet becomes disabled or unavailable, our business, financial condition and results of operations may be materially adversely affected.

•The current legislative and regulatory climate with regard to privacy and cybersecurity may adversely affect our business, financial condition, and results of operations.

•e-TeleQuote's security measures designed to protect against breaches of security and other interference with its systems and networks are not fully mature. If e-TeleQuote is subject to cyber-attacks or security breaches or is otherwise unable to safeguard the security and privacy of confidential data, including personal health information, e-TeleQuote's business may be harmed, which could have a material adverse effect on our business, financial condition and results of operations.

Financial Risks Affecting Our Business

•Credit deterioration in, and the effects of interest rate fluctuations on our invested asset portfolio and other assets that are subject to changes in credit quality and interest rates could materially adversely affect our business, financial condition and results of operations.

•Valuation of our investments and the determination of expected credit losses when the fair value of our available-for-sale invested assets is below amortized cost are both based on estimates that may prove to be incorrect.

•Changes in accounting standards can be difficult to predict and could adversely impact how we record and report our financial condition and results of operations.

•The inability of our subsidiaries to pay dividends or make distributions or other payments to us in sufficient amounts would impede our ability to meet our obligations and return capital to our stockholders.

Risks Related to Legislative and Regulatory Changes

•We are subject to various federal, state and provincial laws and regulations in the United States and Canada, changes in which may require us to alter our business practices and could materially adversely affect our business, financial condition and results of operations.
•The current legislative and regulatory climate with regard to financial services may adversely affect our business, financial condition, and results of operations.
•Medicare Advantage is a product legislated and regulated by the United States government. If the enabling legislation and regulation or implementing guidance issued by CMS change, e-TeleQuote's business may be harmed, which could have a material adverse effect on our business, financial condition and results of operations.

General Risk Factors
•Litigation and regulatory investigations and actions may result in financial losses and harm our reputation.
•A significant change in the competitive environment in which we operate could negatively affect our ability to maintain or increase our market share and profitability.
•The loss of key employees could negatively affect our financial results and impair our ability to implement our business strategy.
•Prohibitions on our ability to establish our own COVID-19 protocols or government imposed COVID-19 vaccine mandates could have a material adverse impact on our business and results of operations.
•We may be materially adversely affected by currency fluctuations in the United States dollar versus the Canadian dollar.
•Any acquisition of or investment in businesses that we may undertake that does not perform as we expect or that is difficult for us to integrate could materially adversely impact our business, financial condition and results of operations.
•The market price of our common stock may fluctuate.

Developments in any of these areas could cause actual results to differ materially from those anticipated or projected or cause a significant reduction in the market price of our common stock.

The foregoing list of risks and uncertainties may not contain all of the risks and uncertainties that could affect us. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this report may not in fact occur. Accordingly, undue reliance should not be placed on these statements. We undertake no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise, except as otherwise required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There have been no material changes in our exposures to market risk since December 31, 2021. For details on the Company's interest rate, foreign currency exchange, and credit risks, see "Item 7A. Quantitative and Qualitative Information About Market Risks" in our 2021 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report (the "Evaluation Date"). Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

During the quarter ended September 30, 2022 the Company established internal controls over financial reporting for e-TeleQuote's processes. In addition, the Company established internal controls over its assessment of the initial impact of adopting Accounting Standards Update ("ASU") 2018-12 Targeted Improvements to the Accounting for Long-Duration Insurance Contracts. Otherwise, there have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are involved from time to time in legal disputes, regulatory inquiries and arbitration proceedings in the normal course of business. Additional information regarding certain legal proceedings to which we are a party is described under "Contingent Liabilities" in Note 10 (Commitments and Contingent Liabilities) to our unaudited condensed consolidated financial statements included elsewhere in this report, and such information is incorporated herein by reference. As of the date of this report, we do not believe any pending legal proceeding to which Primerica or any of its subsidiaries is a party is required to be disclosed pursuant to this item.

ITEM 1A. RISK FACTORS.

The following amends the Risk Factors contained in our 2021 Annual Report that are incorporated herein by reference.

If heightened standards of conduct or more stringent licensing requirements, such as those adopted by the SEC and those proposed or adopted by the Department of Labor ("DOL"), state legislatures or regulators or Canadian securities and insurance regulators, are imposed on us or the independent sales representatives, or selling compensation is reduced as a result of new legislation or regulations, it could have a material adverse effect on our business, financial condition and results of operations.

The U.S. independent sales representatives are subject to federal and state regulation as well as state licensing requirements. PFS Investments, Inc., which is regulated as a broker-dealer and registered investment advisor, and U.S. sales representatives are currently subject to general anti-fraud limitations under the Exchange Act and SEC rules and regulations, as well as other conduct standards prescribed by the FINRA. These standards generally require that broker-dealers, investment advisors, and their sales representatives disclose conflicts of interest that might affect the advice or recommendations they provide and require them to make suitable investment recommendations to their customers. On June 5, 2019, the SEC adopted rules and interpretations addressing the standards of conduct applicable to broker-dealers and investment advisers and their associated persons (collectively, the "SEC Rulemaking"). Among other things, the SEC Rulemaking: (i) created a "best interest" standard of conduct for broker-dealers ("Reg BI"), and (ii) imposed disclosure requirements through summary forms intended to clarify relationships among brokers, advisers, and their retail customers ("Form CRS"). On December 15, 2020, the DOL published an interpretation of, and class exemption regarding, the rules governing fiduciary investment advice with respect to IRAs and other retirement accounts (the "DOL Rule"). The effective date of the DOL Rule was February 16, 2021 and the DOL extended its non-enforcement policy through January 31, 2022. The SEC Rulemaking and the DOL Rule in their current forms impose higher standards of care and enhanced obligations that increase regulatory and litigation risk to our business.

In addition to federal regulators, certain states have proposed or passed laws or proposed or issued regulations requiring investment advisers, broker-dealers, and/or insurance agents to meet fiduciary standards or standards of care that their advice be in the customer's best interest, and to mitigate and disclose conflicts of interest to consumers of investment and insurance products. The severity of the impact that such state laws or regulations could have on our business vary from state to state depending on the content of the legislation or regulation and how it would be applied by state regulators and interpreted by the courts, but such laws or regulations could disrupt our brokerage business in the relevant state. We cannot quantify the financial impact, if any, of any changes to our business that may be necessary in order to comply with such laws or regulations at this time.

The organization of provincial and territorial securities regulators (collectively referred to as the "Canadian Securities Administrators" or "CSA") published final rule amendments to prohibit upfront sales commissions by fund companies for the sale of mutual funds offered under a prospectus in Canada ("DSC Ban"). The final amendments became effective on June 1, 2022. The DSC Ban has required firms to discontinue the use of the mutual fund deferred sales charge compensation model, which is the primary model for the mutual funds we distribute in Canada. As a result, we have begun offering a broad range of funds under an agreement with two third-party mutual fund companies being sold exclusively by our independent sales representatives (the "Principal Distributor" model). While we received regulatory approval for the Principal Distributor model, the CSA has indicated that it intends to closely examine the model, including potentially through a public consultation on sales practices, and may require undertakings or consider future amendments that would require modifications to the model, including with respect to its advance and chargeback features. Such undertakings or amendments could require us to restructure our Principal Distributor model for sales mutual funds, or discontinue its use, and could have a material adverse effect on our investment and savings products business in Canada.

In an announcement February 10, 2022, and in line with the DSC Ban for the sale of mutual funds, the organization of provincial and territorial insurance regulators (collectively referred to as the "Canadian Council of Insurance Regulators") urged insurers to refrain from new deferred sale charge sales in segregated fund contracts beginning June 1, 2022, and expect a transition to a cessation of such sales by June 1, 2023. In addition, the Canadian Council of Insurance Regulators announced their intention to issue a joint consultation later this year to consider other changes to upfront compensation, including the agent advance, client chargeback compensation model. The advance/chargeback model is used in our Principal Distributor model, and any changes made by the insurance regulators will likely be adopted by the securities regulators. Such restrictions could require us to restructure our compensation model for sales of segregated funds and for the Principal Distributor model, and could have a material adverse effect on our investment and savings products business in Canada.

In Canada, on October 3, 2019, the CSA published final rule amendments intended to better align the interest of securities dealers and representatives with the interests of their clients, improve outcomes for clients, and make clearer to clients the nature and terms of their relationship with registered firms and their representatives. Collectively these amendments are referred to as the Client Focused Reforms ("CFRs"). The CFRs, among other things, require registered firms to identify and mitigate conflicts of interest between

registered firms and their representatives, on one hand, and clients, on the other, such that recommendations may be made in clients' best interest. The implementation date to address conflicts and to improve disclosure was June 30, 2021 and the implementation date to enhance overall suitability rules, know your client rules, and know your product requirements was December 31, 2021. CFRs will require changes to our sales process and back-office systems and processes and may necessitate changes in compensation arrangements with the fund companies that offer the mutual fund products we distribute in Canada. The impact of such changes could have a material adverse effect on our investment and savings products business in Canada.

Heightened standards of conduct or restrictions on compensation as a result of any of the above items or other similar proposed rules or regulations could also increase the compliance and regulatory burdens on the sales representatives and could lead to increased litigation and regulatory risks, changes to our business model, a decrease in the number of licensed sales representatives and a reduction in the products we offer to our clients, any of which could have a material adverse effect on our business, financial condition and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

During the quarter ended September 30, 2022, we repurchased shares of our common stock as follows:

Period	Total number of shares purchased [1]	Average price paid per share [1]	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs [2]
July 1 - 31, 2022	346,388	$ 121.04	346,336	$ 37,402,550
August 1- 31, 2022	264,260	130.77	263,516	52,945,198
September 1 - 30, 2022	165,959	126.53	165,959	31,946,406
Total	776,607	$ 125.52	775,811	$ 31,946,406

[1] Consists of repurchases of (a) 796 shares at an average price of $132.88 arising from share-based compensation tax withholdings and (b) open market repurchases of share under the share repurchase program approved by our Board of Directors.

[2] On November 17, 2021, our Board of Directors authorized a share repurchasing program, which was announced on November 18, 2021, for up to $275.0 million of our outstanding common stock for purchases through December 31, 2022. On February 14, 2022, our Board of Directors authorized an increase of $50.0 million to the share repurchase program authorized on November 17, 2021. On August 11, 2022, our Board authorized an additional increase of $50.0 million to the share repurchase program bringing the authorized share repurchases up to $375.0 million of our outstanding common stock through December 31, 2022.

For information regarding year-to-date share repurchases, refer to Note 7 (Stockholders' Equity) to our unaudited condensed consolidated financial statements included elsewhere in this report.

ITEM 6. EXHIBITS.

The agreements included as exhibits to this report are included to provide you with information regarding the terms of these agreements and are not intended to provide any other factual or disclosure information about the Company or its subsidiaries, our business or the other parties to these agreements. These agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to our investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time, and should not be relied upon by investors.

Exhibit Number	Description	Reference
10.1	Assignment, Transfer and Novation Agreement dated as of June 23, 2022 between Primerica Life Insurance Company, Pecan Re Inc. and Swiss Re Life and Health America Inc.	Incorporated by reference to Exhibit 10.1 to Primerica's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 (Commission File No. 001-34680).
10.2	Second Amended and Restated 80% Coinsurance Agreement dated as of June 23, 2022 between Primerica Life Insurance Company and Swiss Re Life and Health America Inc.	Incorporated by reference to Exhibit 10.2 to Primerica's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 (Commission File No. 001-34680).
10.3	Reinsurance Trust Agreement dated as of June 23, 2022 between Swiss Re Life and Health America Inc., as Grantor, and Primerica Life Insurance Company, as Beneficiary, and The Bank of New York Mellon, as Trustee	Incorporated by reference to Exhibit 10.3 to Primerica's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 (Commission File No. 001-34680).
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by Glenn J. Williams, Chief Executive Officer.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by Alison S. Rand, Executive Vice President and Chief Financial Officer.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
32.1	Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), executed by Glenn J. Williams, Chief Executive Officer, and Alison S. Rand, Executive Vice President and Chief Financial Officer.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.INS	Inline XBRL Instance Document.	The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema.	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase.	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase.	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase.	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase.	
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Primerica, Inc.

November 9, 2022

/s/ Alison S. Rand
Alison S. Rand
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 31.1

Certification of Chief Executive Officer

I, Glenn J. Williams, Chief Executive Officer of Primerica, Inc., certify that:

1.I have reviewed this quarterly report on Form 10-Q of Primerica, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2022

/s/ Glenn J. Williams

Glenn J. Williams

Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer

I, Alison S. Rand, Executive Vice President and Chief Financial Officer of Primerica, Inc., certify that:

1.I have reviewed this quarterly report on Form 10-Q of Primerica, Inc.;

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4.The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d)Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5.The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2022

/s/ Alison S. Rand
Alison S. Rand
Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report on Form 10-Q of Primerica, Inc. (the "Company") for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn J. Williams, as Chief Executive Officer of the Company, and I, Alison S. Rand, as Executive Vice President and Chief Financial Officer of the Company, each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1)To my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2)The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Glenn J. Williams

Name:	Glenn J. Williams
Title:	Chief Executive Officer
Date:	November 9, 2022

/s/ Alison S. Rand

Name:	Alison S. Rand
Title:	Executive Vice President and Chief Financial Officer
Date:	November 9, 2022