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, 2010

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 (State or other jurisdiction of incorporation or organization)	27-1204330 (I.R.S. Employer Identification No.)
3120 Breckinridge Boulevard Duluth, Georgia (Address of principal executive offices)	30099 (ZIP Code)

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

(Former name, former address and former fiscal year, if changed since last report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). ☐ Yes ☐ No

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

Large accelerated filer	☐		Accelerated filer	☐
Non-accelerated filer	☒	(Do not check if a smaller reporting company)	Smaller reporting company	☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	As of November 4, 2010
Common Stock, $.01 Par Value	72,841,978 shares

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Part I – FINANCIAL INFORMATION

Item 1. Financial Statements.

PRIMERICA, INC.
Balance Sheets

	September 30, 2010 (unaudited)	December 31, 2009
	(In thousands)	
Assets		
Investments:		
Fixed-maturity securities available for sale, at fair value (amortized cost: $1,953,907 in 2010 and $6,138,058 in 2009)	$ 2,137,762	$ 6,378,179
Equity securities available for sale, at fair value (cost: $16,460 in 2010 and $45,937 in 2009)	21,483	49,326
Trading securities, at fair value (cost: $23,729 in 2010 and $18,387 in 2009)	24,002	16,996
Policy loans and other invested assets	26,122	26,947
Total investments	2,209,369	6,471,448
Cash and cash equivalents	74,759	625,260
Accrued investment income	24,033	71,382
Premiums and other receivables	194,937	169,225
Due from reinsurers	3,668,585	867,242
Due from affiliates	—	1,915
Deferred policy acquisition costs	798,335	2,789,905
Intangible assets	76,241	78,895
Other assets	106,541	59,167
Separate account assets	2,301,896	2,093,342
Total assets	$ 9,454,696	$ 13,227,781
Liabilities and Stockholders' Equity		
Liabilities:		
Future policy benefits	$ 4,349,375	$ 4,197,454
Unearned premiums	4,765	3,185
Policy claims and other benefits payable	235,897	218,390
Other policyholders' funds	368,385	382,768
Note payable	300,000	—
Income taxes	127,732	890,617
Due to affiliates	—	202,507
Other liabilities	370,332	295,745
Separate account liabilities	2,301,896	2,093,342
Total liabilities	8,058,382	8,284,008
Stockholders' equity:		
Common stock of $.01 par value. Authorized 500,000 in 2010 and issued 72,727 in 2010	727	—
Paid-in capital	882,676	1,124,096
Retained earnings	342,920	3,648,801
Accumulated other comprehensive income, net of income tax expense of $(93,137) in 2010 and $(94,043) in 2009	169,991	170,876
Total stockholders' equity	1,396,314	4,943,773
Total liabilities and stockholders' equity	$ 9,454,696	$ 13,227,781

See accompanying notes to financial statements.

PRIMERICA, INC.

Statements of Income - Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(In thousands)			
Revenues:				
Direct premiums	$ 547,444	$ 531,713	$ 1,632,744	$1,577,364
Ceded premiums	(437,054)	(154,725)	(1,032,386)	(450,736)
Net premiums	110,390	376,988	600,358	1,126,628
Net investment income	27,855	88,736	138,423	260,876
Commissions and fees	89,737	84,279	274,652	246,685
Realized investment gains (losses), including other-than-temporary impairment losses	1,015	(11,212)	32,445	(31,473)
Other, net	12,239	12,585	36,598	39,083
Total revenues	241,236	551,376	1,082,476	1,641,799
Benefits and expenses:				
Benefits and claims	49,811	154,631	265,670	451,825
Amortization of deferred policy acquisition costs	23,844	88,736	138,499	269,785
Insurance commissions	5,099	6,384	15,701	27,399
Insurance expenses	11,999	39,480	59,616	115,771
Sales commissions	42,264	40,177	129,657	120,755
Interest expense	6,968	—	13,896	—
Other operating expenses	39,372	34,093	140,817	95,280
Total benefits and expenses	179,357	363,501	763,856	1,080,815
Income before income taxes	61,879	187,875	318,620	560,984
Income taxes	22,284	64,044	113,731	192,476
Net income	$ 39,595	$ 123,831	$ 204,889	$ 368,508
Earnings per share:				
Basic	$ .53		$ 2.73 (1)	
Diluted	$ .52		$ 2.70 (1)	
Weighted-average shares used in computing earnings per share:				
Basic	72,259		72,052 (1)	
Diluted	72,919		72,833 (1)	

(1)Pro forma basis using weighted-average shares during the period following our corporate reorganization on April 1, 2010

Supplemental disclosures:				
Total impairment losses	$ (268)	$ (21,087)	$ (12,637)	$ (81,355)
Impairment losses recognized in other comprehensive income before income taxes	—	2,223	553	27,640
Net impairment losses recognized in earnings	(268)	(18,864)	(12,084)	(53,715)
Other net realized investment gains	1,283	7,652	44,529	22,242
Realized investment gains (losses), including other-than-temporary impairment losses	$ 1,015	$ (11,212)	$ 32,445	$ (31,473)

See accompanying notes to financial statements.

PRIMERICA, INC.

Statements of Stockholders' Equity - Unaudited

	Nine months ended September 30,	
	2010	2009
	(In thousands)	
Common stock:		
Balance, beginning of period	$ —	$ —
Issuance of common stock to Citigroup Inc.	750	—
Treasury stock retired	(23)	—
Balance, end of period	727	—
Paid-in capital:		
Balance, beginning of period	1,124,096	1,095,062
Net capital contributed from Citigroup Inc.	172,806	10,347
Net issuance of common stock to Citigroup Inc.	(727)	—
Issuance of warrants to Citigroup Inc.	18,464	—
Issuance of note payable to Citigroup Inc.	(300,000)	—
Tax election under Section 338(h)(10) of the Internal Revenue Code	(171,339)	—
Share-based compensation	39,376	(7,566)
Balance, end of period	882,676	1,097,843
Retained earnings:		
Balance, beginning of period	3,648,801	3,340,841
Adoption of FSP SFAS No. 115-2 (included in ASC 320), net of income tax expense of $(3,929)	—	7,298
Net income	204,889	368,508
Distribution of warrants to Citigroup Inc.	(18,464)	—
Distributions to Citigroup Inc.	(3,491,556)	(32,950)
Dividends to stockholders	(750)	—
Balance, end of period	342,920	3,683,697
Treasury stock:		
Balance, beginning of period	—	—
Treasury stock acquired	(75,400)	—
Treasury stock issued, at cost	41,056	—
Treasury stock retired	34,344	—
Balance, end of period	—	—
Accumulated other comprehensive income:		
Balance, beginning of period	170,876	(323,917)
Adoption of FSP SFAS No. 115-2 (included in ASC 320), net of income tax benefit of $3,929	—	(7,298)
Change in foreign currency translation adjustment, net of income tax expense of $(4,630) in 2010 and $(20,967) in 2009	11,034	41,840
Change in net unrealized investment gains (losses) during the period, net of income taxes:		
Change in net unrealized investment (losses) gains not other-than-temporarily impaired, net of income tax benefit (expense) of $12,510 in 2010 and $(233,024) in 2009	(25,156)	449,809
Change in net unrealized investment gains (losses) other-than-temporarily impaired, net of income tax (expense) benefit of $(6,973) in 2010 and $5,745 in 2009	13,237	(10,668)
Balance, end of period	169,991	149,766
Total stockholders' equity	$ 1,396,314	$4,931,306

See accompanying notes to financial statements.

PRIMERICA, INC.

Statements of Other Comprehensive Income - Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(In thousands)			
Net income	$ 39,595	$ 123,831	$ 204,889	$ 368,508
Other comprehensive income (loss) before income taxes:				
Unrealized investment gains (losses):				
Change in unrealized holding gains on investment securities	39,371	299,427	147,239	628,302
Reclassification adjustment for unrealized holding (gains) on investment securities transferred (see Note 2)	—	—	(132,688)	—
Reclassification adjustment for realized investment (gains) losses included in net income	(911)	9,715	(32,009)	30,820
Foreign currency translation adjustments:				
Change in unrealized foreign currency translation gains	3,640	37,027	15,665	62,807
Total other comprehensive income (loss) before income taxes	42,100	346,169	(1,793)	721,929
Income tax (expense) benefit related to items of other comprehensive income (loss)	(14,196)	(121,158)	908	(248,247)
Other comprehensive income (loss), net of income tax (expense) benefit	27,904	225,011	(885)	473,682
Total comprehensive income	$ 67,499	$ 348,842	$ 204,004	$ 842,190

See accompanying notes to financial statements.

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PRIMERICA, INC.

Statements of Cash Flows - Unaudited

	Nine months ended September 30, 2010	Nine months ended September 30, 2009
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 204,889	$ 368,508
Adjustments to reconcile net income to cash (used in) provided by operating activities:		
Increase in future policy benefits	67,438	77,297
Increase in other policy benefits	4,704	44,776
Deferral of policy acquisition costs	(228,620)	(295,057)
Amortization of deferred policy acquisition costs	138,499	269,785
Change in income taxes	(22,795)	57,903
Realized investment (gains) losses, including other-than-temporary impairments	(32,445)	31,473
Accretion and amortization of investments, net	(1,735)	(6,568)
Income recognized on equity method investments	(545)	(3,021)
Depreciation and amortization	7,411	7,910
Change in due from reinsurers	(26,617)	6,828
Change in due to/from affiliates	(44,012)	19,733
Increase in premiums and other receivables	(33,010)	(14,808)
Trading securities sold	14,507	10,973
Trading securities acquired	(21,537)	(18,471)
Share-based compensation	30,214	(7,566)
Other, net	(57,598)	(11,342)
Net cash (used in) provided by operating activities	(1,252)	538,353
Cash flows from investing activities:		
Available-for sale investments sold, matured or called:		
Fixed-maturity securities - sold	979,710	591,132
Fixed-maturity securities - matured or called	414,262	740,198
Equity securities	35,471	1
Available-for-sale investments acquired:		
Fixed-maturity securities	(702,460)	(1,543,368)
Equity securities	(5,525)	(886)
Change in policy loans and other invested assets	826	(61)
Purchases of furniture and equipment, net	(6,577)	(3,313)
Net cash provided by (used in) investing activities	715,707	(216,297)
Cash flows from financing activities:		
Net distributions to Citigroup Inc.	(1,288,391)	(38,450)
Dividends to stockholders	(750)	—
Net cash used in financing activities	(1,289,141)	(38,450)
Effect of foreign exchange rate changes on cash	24,185	(5,844)
(Decrease) increase in cash	(550,501)	277,762
Cash and cash equivalents, beginning of period	625,260	302,354
Cash and cash equivalents, end of period	$ 74,759	$ 580,116
Supplemental disclosures of cash flow information:		
Income taxes paid	$ 223,983	$ 164,014
Interest paid	10,850	(12)
Impairment losses included in realized gains (losses) on sale of investments	12,084	53,715
Non-cash financing activities:		
Share-based compensation	$ 39,376	$ (7,566)
Net (distributions to) contributions from Citigroup Inc.	(2,030,359)	15,847

See accompanying notes to financial statements.

PRIMERICA, INC.

Notes to Financial Statements—Unaudited

(1) Summary of Significant Accounting Policies

Description of Business: Primerica, Inc. (the Parent Company) together with its subsidiaries (collectively, the Company) is a leading distributor of financial products to middle income households in North America. The Company assists its clients in meeting their needs for term life insurance, which it underwrites, and mutual funds, variable annuities and other financial products, which it distributes primarily on behalf of third parties. Our primary subsidiaries include the following entities: Primerica Financial Services, Inc., 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 PFS Investments, Inc., an investment products company and broker-dealer. Primerica Life, domiciled in Massachusetts, owns a New York life insurance company, National Benefit Life Insurance Company (NBLIC). Each of these entities was indirectly wholly owned by Citigroup Inc. (together with its non-Primerica affiliates, Citi) through March 31, 2010.

On March 31, 2010, Primerica Life, Primerica Life Canada and NBLIC entered into significant coinsurance transactions with Prime Reinsurance Company (Prime Re) and two affiliates of Citi (collectively, the Citi reinsurers). In April 2010, Citi transferred the legal entities that comprise our business to us and we completed a series of transactions including the distribution of Prime Re to Citi and an initial public offering of our common stock by Citi pursuant to the Securities Act of 1933 (the Offering).

Basis of Presentation: We prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP). These principles are established primarily by the Financial Accounting Standards Board (FASB). The preparation of financial statements in conformity with 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), and liabilities for future policy benefits and unpaid policy claims. Estimates for these and other items are subject to change and are reassessed by management in accordance with GAAP. Actual results could differ from those estimates.

The accompanying unaudited consolidated financial statements include the accounts of the Company and those entities required to be consolidated under applicable accounting standards. All material intercompany profits, transactions, and balances among the consolidated entities have been eliminated. Financial statements for dates and periods ending prior to April 1, 2010 have been combined and include those assets, liabilities, revenues, and expenses directly attributable to the Company's operations; all material intercompany profits, transactions, and balances among the consolidated entities have been eliminated.

The accompanying unaudited financial statements contain all adjustments, consisting of normal recurring accruals, which are necessary to fairly present the balance sheets as of September 30, 2010 and December 31, 2009, and the statements of income and other comprehensive income for the three and nine months ended September 30, 2010 and 2009, and the statements of stockholders' equity and cash flows for the nine months ended September 30, 2010, and 2009. Results of operations for interim periods are not necessarily indicative of results for the entire year and, due to the transactions effected in connection with the Offering, are not necessarily indicative of the results to be expected in future periods.

These financial statements should be read in conjunction with the historical and pro forma financial statements and notes thereto included in our Registration Statement on Form S-1, originally filed with the U.S. Securities and Exchange Commission (SEC) on November 5, 2009, as amended through March 31, 2010.

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.

Share-based Compensation: For employee share-based compensation, we determine a grant date fair value and recognize the related compensation expense, adjusted for expected forfeitures, in the statement of income over the vesting period of the respective awards. For non-employee share-based compensation, we recognize the impact throughout the vesting period and the fair value of the award is based on the vesting date. To the extent that a share-based award contains sale restrictions extending beyond the vesting date, we reduce the recognized fair value of the award to reflect the corresponding liquidity discount. Certain non-employee share-based compensation varies with and

primarily relates to the acquisition or renewal of life insurance policies. We defer these expenses and amortize the impact over the life of the underlying life insurance policies acquired.

Earnings Per Share (EPS): Primerica has outstanding common stock, warrants, and equity awards. Both the vested and unvested equity awards 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. These equity awards are deemed participating securities for purposes of calculating EPS.

As a result of issuing equity awards that are deemed participating securities, we calculate EPS using the two-class method. Under the two-class method, we allocate earnings to common shares and to fully vested equity awards. Earnings attributable to unvested equity awards, along with the corresponding share counts, are excluded from EPS as reflected in our consolidated statements of income.

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

We determine the potential dilutive effect of warrants on EPS using the treasury-stock method. Under this method, we utilize the exercise price to determine the amount of cash that would be available to repurchase shares if the warrants were exercised. We then use the average market price of our common shares during the reporting period to determine how many shares we could repurchase with the cash raised from the exercise. The net incremental share count issued represents the potential dilutive securities. We then reallocate earnings to common shares and fully vested equity awards 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, 2010	Nine months ended September 30, 2010 (1)
	(In thousands, except per-share amounts)	
Basic EPS:		
Numerator:		
Net income	$ 39,595	$ 204,889
Income attributable to unvested participating securities	(1,540)	(8,305)
Net income used in calculating basic EPS	$ 38,055	$ 196,584
Denominator:		
Weighted-average shares	72,259	72,052
Basic EPS	$ .53	$ 2.73
Diluted EPS:		
Numerator:		
Net income	$ 39,595	$ 204,889
Income attributable to unvested participating securities	(1,527)	(8,219)
Net income used in calculating diluted EPS	$ 38,068	$ 196,670
Denominator:		
Weighted-average shares	72,919	72,833
Diluted EPS	$ .52	$ 2.70

(1) Pro forma basis using weighted-average shares during the period following our corporate reorganization on April 1, 2010

New Accounting Principles

Scope Exception Related to Embedded Credit Derivatives

In March 2010, the FASB issued ASU 2010-11, *Scope Exception Related to Embedded Credit Derivatives* . The update clarifies guidance on accounting for embedded derivatives to reduce the breadth of the scope exception for bifurcating and separately accounting for certain embedded credit derivative features related to the transfer of credit risk in the form of subordination of one financial instrument to another. We adopted the update as of July 2010. The update did not impact our financial position or results of operations.

Subsequent Event Disclosure

In February 2010, the FASB issued ASU 2010-9, *Amendments to Certain Recognition and Disclosure Requirements* . The update requires public companies to assess subsequent events through the date of issuing its financial statements but does not require disclosure of the date through which we have assessed subsequent events. We adopted ASU 2010-9 as of January 2010. The update did not impact our financial position or results of operations.

Additional Fair Value Measurement Disclosure

In January 2010, the FASB issued ASU 2010-6, *Improving Disclosures About Fair Value Measurements*. The update requires additional disclosure for significant transfers into and out of level 1 and level 2 instruments for reporting periods beginning after December 15, 2009. Additionally, separate presentation of purchases, sales, issuances, and settlements will be required for activity in level 3 instruments for reporting periods beginning after December 15, 2010. This new guidance did not impact our financial position or results of operations.

Elimination of QSPEs and Changes in the Consolidation Model for Variable Interest Entities

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140,* now authoritative under ASC 860 (ASC 860) and SFAS No. 167, *Amendments to FASB Interpretation No. 46(R),* now authoritative under ASC 810 (ASC 810). ASC 860 eliminates the concept of Qualifying Special Purpose Entities (QSPEs), changes the requirements for the derecognition of financial assets, and calls upon sellers of the assets to make additional disclosures about them. ASC 810 details three key changes to the consolidation model. First, former QSPEs are now included in the scope of ASC 810. In addition, the FASB has changed the method of analyzing which party to a variable interest entity (VIE) should consolidate the VIE (known as the primary beneficiary) to a qualitative determination of which party to the VIE has "power" combined with potentially significant benefits or losses, instead of the previous quantitative risks and rewards model. The entity that has power has the ability to direct the activities of the VIE that most significantly impact the VIE's economic performance. Finally, the new standard requires that the primary beneficiary analysis be re-evaluated whenever circumstances change. The previous rules required reconsideration of the primary beneficiary only when specified reconsideration events occurred. We adopted both standards on January 1, 2010. The adoption of this guidance has not required consolidation of any variable interest entities and did not impact our financial position or results of operations.

Recent accounting guidance not discussed above is not applicable, is immaterial to our financial statements, or did not have an impact on our business. For additional information on new accounting principles and their impact, if any, on our financial position or results of operations, see Note 1 to our Combined Financial Statements for the year ended December 31, 2009 included in our Registration Statement on Form S-1, originally filed with the SEC on November 5, 2009, as amended through March 31, 2010.

Future Application of Accounting Principles

Accounting for Deferred Policy Acquisition Costs

In October 2010, the FASB issued ASU 2010-26, *Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts* (ASU 2010-26). The update revises the definition of deferred policy acquisition costs to reflect incremental costs directly related to the successful acquisition of new and renewed insurance contracts. The update creates a more limited definition than the current guidance, which defines deferred policy acquisition costs as those that vary with, and primarily relate to, the acquisition of insurance contracts. The revised definition increases the portion of acquisition costs being expensed as incurred rather than deferred and amortized over the lives of the underlying policies. The update allows either prospective or retrospective adoption and is required to be adopted for our fiscal year beginning January 1, 2012. We expect implementation of this update to accelerate the recognition of expenses associated with acquiring new and renewed life insurance policies.

Consolidation Analysis of Investments Held through Separate Accounts

In April 2010, the FASB issued ASU 2010-15, *How Investments Held through Separate Accounts Affect an Insurer's Consolidation Analysis of Those Investments*. The update requires that an insurance entity not consider any separate account interests held for the benefit of policy holders in an investment to be the insurer's interests and that an insurance entity not combine those interests with its general account interest in the same investment when assessing the investment for consolidation, unless the separate account interests are held for the benefit of a related party policyholder. Additionally, in evaluating whether the retention of specialized accounting for investments in consolidation is appropriate, a separate account arrangement should be considered a subsidiary. The update requires that an insurer not consolidate an investment in which a separate account holds a controlling financial interest if the investment is not or would not be consolidated in the standalone financial statements of the separate account. This update will be effective for periods beginning after December 15, 2010. We do not expect the update to materially impact our financial position or results of operations.

(2) Corporate Reorganization

We were incorporated in Delaware in October 2009 by Citi to serve as a holding company for the life insurance and financial product distribution businesses that we have operated for more than 30 years. At such time, we issued 100 shares of common stock to Citi. These businesses, which prior to April 1, 2010 were wholly owned indirect subsidiaries of Citi, were transferred to us on April 1, 2010. In conjunction with our reorganization, we issued to a wholly owned subsidiary of Citi (i) 74,999,900 shares of our common stock (of which 24,564,000 shares of common stock were subsequently sold by Citi in the Offering completed in April 2010; 16,412,440 shares of common stock were subsequently sold by Citi in April 2010 to certain private equity funds managed by Warburg Pincus LLC (Warburg Pincus) (the private sale); and 5,021,412 shares of common stock were immediately contributed back to us for equity awards granted to our employees and sales force leaders in connection with the Offering), (ii) warrants to purchase from us an aggregate of 4,103,110 shares of our common stock (which were subsequently transferred by Citi to Warburg Pincus pursuant to the private sale), and (iii) a $300.0 million note payable due on March 31, 2015 bearing interest at an annual rate of 5.5% (the Citi note). Prior to our corporate reorganization, we had no material assets or liabilities. Upon completion of the corporate reorganization, we became a holding company with our primary asset being the capital stock of our operating subsidiaries and our primary liability being the Citi note.

Reinsurance Transactions

As part of the corporate reorganization and prior to completion of the Offering, we formed a new subsidiary, Prime Re, to which we made an initial capital contribution. On March 31, 2010, we entered into a series of coinsurance agreements with the Citi reinsurers. Under these agreements, we ceded between 80% and 90% of the risks and rewards of our term life insurance policies in force at year-end 2009. Because these agreements were part of a business reorganization among entities under common control, they did not generate any deferred gain or loss upon their execution. Concurrent with signing these agreements, we transferred the corresponding account balances in respect of the coinsured policies along with the assets to support the statutory liabilities assumed by the Citi reinsurers. On April 1, 2010, as part of our corporate reorganization, we transferred all of the issued and outstanding capital stock of Prime Re to Citi. Each of the transferred account balances, including the invested assets and the distribution of Prime Re, were transferred at book value with no gain or loss recorded in net income.

Three of the Citi coinsurance agreements satisfy GAAP risk transfer rules. Under these agreements, we ceded between 80% and 90% of our term life future policy benefit reserves, and we transferred a corresponding amount of assets to the Citi reinsurers. These transactions did not impact our future policy benefit reserves. As such, we have recorded an asset for the same amount of risk transferred in due from reinsurers. We also reduced DAC by a corresponding amount, which will reduce future amortization expenses. In addition, we will transfer between 80% and 90% of all future premiums and benefits and claims associated with these policies to the corresponding reinsurance entities. We will receive ongoing ceding allowances, which will be reflected as a reduction to insurance expenses, to cover policy and claims administration expenses under each of these reinsurance contracts.

A fourth coinsurance agreement relates to a 10% reinsurance transaction that includes an experience refund provision. This agreement does not satisfy GAAP risk transfer rules. As a result, we have accounted for this contract using deposit method accounting and have recognized a deposit asset in other assets on our balance sheet for assets backing the economic reserves. The deposit assets held in support of this agreement were $50.7 million at September 30, 2010, with no associated liability. We will make contributions to the deposit asset during the life of the agreement to fulfill our

responsibility of funding the economic reserve. The effective yield, which represents the market return on these deposit assets, is reflected in net investment income in our statement of income during the life of the agreement. Prime Re is responsible for ensuring that there are sufficient assets to meet all statutory requirements. We will pay Prime Re a 3% finance charge for any statutory reserves required above the economic reserves. This finance charge is reflected in interest expense in our statements of income.

The net impact of these transactions was reflected as an increase in paid-in capital. Because the agreements were executed on March 31, 2010, but transferred the economic impact of the agreements retroactive to January 1, 2010, we recognized the earnings attributable to the underlying policies through March 31, 2010 in our statement of income. The corresponding impact on retained earnings was equally offset by a return of capital to Citi.

Tax Separation Agreement

During the first quarter of 2010, our federal income tax return was included as part of Citi's consolidated federal income tax return. On March 30, 2010, in anticipation of our corporate reorganization, we entered into a tax separation agreement with Citi. In accordance with the tax separation agreement, Citi will be responsible for and shall indemnify and hold the Company harmless from and against any consolidated, combined, affiliated, unitary or similar federal, state or local income tax liability with respect to the Company for any taxable period ending on or before April 7, 2010, the closing date of the Offering. After the closing date, the Company was no longer part of Citi's consolidated federal income tax return.

(3) Segment Information

We have two primary operating segments — Term Life Insurance and Investment and Savings Products. The Term Life Insurance segment includes underwriting profits on our in-force book of term life insurance policies, net of reinsurance, which are underwritten by our life insurance company subsidiaries. The Investment and Savings Products segment includes mutual funds and variable annuities distributed through licensed broker-dealer subsidiaries and includes segregated funds, an individual annuity savings product that we underwrite in Canada through Primerica Life Canada. In the United States, we distribute mutual fund products of several third-party companies and variable annuity products of MetLife, Inc., and its affiliates. We also earn fees for account servicing on a subset of the mutual funds we distribute. In Canada, we offer a Primerica-branded fund-of-funds mutual fund product, as well as mutual funds of well known mutual fund companies. These two operating segments are managed separately because their products serve different needs – term life insurance protection versus wealth-building savings products.

We also have a Corporate and Other Distributed Products segment, which consists primarily of revenues and expenses related to the distribution of non-core products, including loans, various insurance products other than core term life insurance products, and prepaid legal services. With the exception of certain life and disability insurance products, which we underwrite, these products are distributed pursuant to distribution arrangements with third parties.

Assets specifically related to a segment are held in that segment. We allocate invested assets to the Term Life Insurance segment based on the book value of invested assets necessary to meet statutory reserve requirements and our targeted capital objectives. Remaining invested assets and all unrealized gains and losses are allocated to the Corporate and Other Distributed Products segment. On March 31, 2010, we signed a reinsurance agreement subject to deposit accounting (the 10% reinsurance agreement) and have recognized the deposit asset in the Term Life Insurance segment. DAC is recognized in each of the segments depending on the product to which it relates. Separate account assets supporting the segregated funds product in Canada are held in the Investment and Savings Products segment. Any remaining unallocated assets are reported in the Corporate and Other Distributed Products segment. Information regarding assets by segment follows:

	September 30, 2010	December 31, 2009
	(In thousands)	
Assets:		
Term life insurance segment	$ 5,665,961	$ 9,016,674
Investment and savings products segment	2,459,057	2,192,583
Corporate and other distributed products segment	1,329,678	2,018,524
Total assets	$ 9,454,696	$ 13,227,781

The significant decline in assets held in the Term Life Insurance and Corporate and Other Distributed Products segments was primarily driven by the reinsurance and reorganization transactions discussed in Note 2.

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The Investment and Savings Products segment also includes assets held in separate accounts. Excluding separate accounts, the Investment and Savings Product segment assets were as follows:

	September 30, 2010	December 31, 2009
	(In thousands)	
Investment and savings products segment, excluding separate accounts	$ 158,506	$ 100,618

Although we do not view our business in terms of geographic segmentation, details on our Canadian businesses' percentage of total assets were as follows:

	September 30, 2010	December 31, 2009
Canadian assets as a percent of total assets	31%	23%
Canadian assets as a percent of total assets, excluding separate accounts	9%	9%

Beginning with the three months ended June 30, 2010, we revised our segment allocation method for allocating net investment income. The deposit asset recognized in connection with the 10% reinsurance agreement generates an effective yield, which is reported in the Term Life Insurance segment and reflected in net investment income in our statement of income. We then allocate the remaining net investment income based on the book value of the invested assets allocated to the Term Life Insurance segment compared to the book value of the Company's total invested assets. The revised Term Life Insurance segment net investment income allocation methodology allows for analysis of the yields generated by the invested asset portfolio and change in the size of the portfolio, along with the impact of the reinsurance deposit asset, without being impacted by changes in market value. All prior periods presented have been adjusted to consistently reflect this revised segment allocation methodology.

Realized investment gains and losses are reported in the Corporate and Other Distributed Products segment. We allocate certain operating expenses associated with our sales representatives, including supervision, training and legal support, to our two primary operating segments based on the average number of licensed representatives in each segment for a given period. We also allocate technology and occupancy costs based on usage. Any remaining unallocated revenue and expense items are reported in the Corporate and Other Distributed Products segment. We measure income and loss for the segments on an income before income taxes basis. Information regarding operations by segment follows:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(In thousands)			
Revenues:				
Term life insurance segment	$115,933	$437,112	$ 671,500	$1,304,889
Investment and savings products segment	83,874	75,412	258,785	217,186
Corporate and other distributed products segment	41,429	38,852	152,191	119,724
Total revenues	$241,236	$551,376	$1,082,476	$1,641,799
Income (loss) before income taxes:				
Term life insurance segment	$ 42,582	$168,605	$ 247,044	$ 502,620
Investment and savings products segment	26,578	26,221	78,760	67,309
Corporate and other distributed products segment	(7,281)	(6,951)	(7,184)	(8,945)
Total income before income taxes	$ 61,879	$187,875	$ 318,620	$ 560,984

Details on the contribution to results of operations by our Canadian businesses were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Canadian revenues as a percent of total revenues	17%	14%	16%	13%
Canadian income before income taxes as a percent of total income before income taxes	26%	16%	22%	16%

The increase in the percentages of Canadian income before income taxes for the three months ended September 30, 2010 was primarily a result of lower U.S. income before income taxes due to amortization of the IPO-related equity awards, interest expense on the Citi note and 401(k) expense. The increase in the percentages of Canadian income

before income taxes for the nine months ended September 30, 2010 was primarily a result of lower U.S. income before income taxes due to the expense associated with the IPO-related equity awards, interest expense on the Citi note and 401(k) expense.

(4) Investments

On March 31, 2010, we transferred a significant portion of our invested asset portfolio to the Citi reinsurers in connection with our corporate reorganization discussed in Note 2. As such, comparisons of cost, fair value, and unrealized gains and losses, among other items, to December 31, 2009 as well as comparisons of net investment income to prior year will reflect the effects of these transfers and result in significant variances. The period-end cost or amortized cost, gross unrealized gains and losses, and fair value of fixed-maturity and equity securities follow:

	September 30, 2010			
	Cost or 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	$ 21,619	$ 949	$ (9)	$ 22,559
Foreign government	81,459	13,583	—	95,042
States and political subdivisions	14,884	1,263	—	16,147
Corporates	1,270,408	139,129	(1,754)	1,407,783
Mortgage- and asset-backed securities	565,537	34,631	(3,937)	596,231
Total fixed-maturity securities	1,953,907	189,555	(5,700)	2,137,762
Equity securities	16,460	5,076	(53)	21,483
Total fixed-maturity and equity securities	$1,970,367	$194,631	$ (5,753)	$2,159,245

	December 31, 2009			
	Cost or 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	$ 18,452	$ 397	$ (362)	$ 18,487
Foreign government	351,167	39,868	(604)	390,431
States and political subdivisions	35,591	1,044	(597)	36,038
Corporates	3,913,566	247,933	(43,852)	4,117,647
Mortgage- and asset-backed securities	1,819,282	65,675	(69,381)	1,815,576
Total fixed-maturity securities	6,138,058	354,917	(114,796)	6,378,179
Equity securities	45,937	4,111	(722)	49,326
Total fixed-maturity and equity securities	$6,183,995	$359,028	$(115,518)	$6,427,505

All of our 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.

As required by law, the Company has investments on deposit with governmental authorities and banks for the protection of policyholders. The fair values of investments on deposit were as follows:

	September 30, 2010	December 31, 2009
	(In thousands)	
Fair value of investments on deposit with governmental authorities	$ 19,234	$ 18,573

The Company participates in securities lending with broker-dealers and other financial institutions. The Company requires, at the initiation of the agreement, minimum collateral on securities loaned equal to 102% of the fair value of the loaned securities. The Company does not have the right to sell or pledge this collateral and it is not recorded on the

accompanying balance sheets. Investments held as collateral with a third party were as follows:

	September 30, 2010	December 31, 2009
	(In thousands)	
Securities lending collateral, at fair value	$ 208,838	$ 511,820

We also maintain a portfolio of fixed-maturity securities that are classified as trading securities. The carrying value of these securities was as follows:

	September 30, 2010	December 31, 2009
	(In thousands)	
Fixed-maturity securities classified as trading, carried at fair value	$ 24,002	$ 16,996

Investments in fixed-maturity and equity securities with a cost basis in excess of their fair values were as follows:

	September 30, 2010	December 31, 2009
	(In thousands)	
Fixed-maturity and equity security investments with cost basis in excess of fair value	$ 155,730	$1,522,454

The following tables summarize, for all securities in an unrealized loss position, the aggregate fair value and the gross unrealized loss by length of time such securities have continuously been in an unrealized loss position:

	September 30, 2010					
	Less than 12 months			12 months or longer		
	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
	(In thousands, except number of securities)					
Fixed-maturity securities:						
U.S. government and agencies	$ 2,642	$ (9)	1	$ —	$ —	—
Corporates	58,805	(861)	54	17,368	(893)	35
Mortgage- and asset-backed securities	34,985	(1,709)	26	35,932	(2,228)	30
Total fixed-maturity securities	96,432	(2,579)		53,300	(3,121)	
Equity securities	214	(47)	11	30	(7)	2
Total fixed-maturity and equity securities	$96,646	$ (2,626)		$53,330	$ (3,128)	

	December 31, 2009					
	Less than 12 months			12 months or longer		
	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
	(In thousands, except number of securities)					
Fixed-maturity securities:						
U.S. government and agencies	$ 7,612	$ (104)	3	$ 4,844	$ (258)	2
Foreign government	30,441	(341)	30	7,156	(263)	4
States and political subdivisions	15,668	(579)	7	548	(18)	1
Corporates	347,007	(6,340)	185	471,130	(37,512)	298
Mortgage- and asset-backed securities	132,369	(1,735)	50	377,035	(67,646)	199
Total fixed-maturity securities	533,097	(9,099)		860,713	(105,697)	
Equity securities	10,947	(492)	18	2,179	(230)	17
Total fixed-maturity and equity securities	$544,044	$ (9,591)		$862,892	$(105,927)	

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Gross unrealized losses as a percentage of the fair value of total invested assets were less than 1% at September 30, 2010, compared with approximately 2% at December 31, 2009. The decline in the percentage from year-end 2009 was primarily a result of the strong market value gains that our invested asset portfolio has experienced in 2010 as interest rates and spreads continue to decline.

The percentages of fixed-maturity securities in a gross unrealized loss position that are investment grade, by length of time, were as follows:

	September 30, 2010	December 31, 2009
Fixed-maturity securities in a gross unrealized loss position for less than 12 months that are investment grade	84%	94%
Fixed-maturity securities in a gross unrealized loss position for 12 months or longer that are investment grade	64%	83%

The decline in the percentages of investment-grade fixed-maturity securities in an unrealized loss position was primarily a result of the change in the composition of our invested asset portfolio as a result of our corporate reorganization as well as increased market values as interest rates and spreads declined during 2010.

The scheduled maturity distribution of the available-for-sale fixed-maturity portfolio at September 30, 2010 follows.

	Cost or amortized cost	Fair value
	(In thousands)	
Due in one year or less	$ 176,852	$ 180,797
Due after one year through five years	669,103	731,795
Due after five years through 10 years	496,075	577,230
Due after 10 years	46,340	51,709
	1,388,370	1,541,531
Mortgage- and asset-backed securities	565,537	596,231
Total fixed-maturity securities	$ 1,953,907	$2,137,762

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.

The net effect on stockholders' equity of unrealized gains and losses from investment securities was as follows:

	September 30, 2010	December 31, 2009
	(In thousands)	
Net unrealized investment gains including foreign currency translation adjustment and other-than-temporary impairments	$ 188,878	$ 243,510
Less foreign currency translation adjustment	(6,119)	(43,533)
Other-than-temporary impairments	4,435	24,800
Net unrealized investment gains excluding foreign currency translation adjustment and other-than-temporary impairments	187,194	224,777
Less deferred income taxes	(66,245)	(78,672)
Net unrealized investment gains excluding foreign currency translation adjustment and other-than-temporary impairments, net of tax	$ 120,949	$ 146,105

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Investment Income

The components of net investment income were as follows:

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
	(In thousands)			
Fixed-maturity securities	$ 28,350	$ 89,374	$ 139,960	$ 261,968
Equity securities	189	1,779	1,591	4,865
Policy loans and other invested assets	326	86	1,041	907
Cash and cash equivalents	103	625	489	2,494
Effective yield on deposit asset underlying 10% reinsurance agreement	624	—	2,175	—
Gross investment income	29,592	91,864	145,256	270,234
Investment expenses	(1,737)	(3,128)	(6,833)	(9,358)
Net investment income	$ 27,855	$ 88,736	$ 138,423	$ 260,876

Trading portfolio gains included in net investment income were as follows:

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
	(In thousands)			
Trading portfolio gains included in net investment income	$ 127	$ 583	$ 403	$ 1,432

Trading portfolio gains included in net investment income from fixed-maturity securities still owned were as follows:

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
	(In thousands)			
Trading portfolio gains from fixed-maturity securities still owned	$ 50	$ 442	$ 84	$ 1,018

We use the specific-identification method to determine the realized gains or losses from securities transactions. The components of net realized investment gains (losses) as well as details on gross realized investment gains and losses and proceeds from sales or other redemptions were as follows:

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
	(In thousands)			
Gross realized investment gains (losses):				
Gains from sales	$ 1,486	$ 9,464	$ 46,312	$ 26,402
Losses from sales	(307)	(315)	(2,219)	(3,507)
Other-than-temporary impairments	(268)	(18,864)	(12,084)	(53,715)
Gains (losses) from derivatives	104	(1,497)	436	(653)
Net realized investment gains (losses)	$ 1,015	$ (11,212)	$ 32,445	$ (31,473)
Gross realized investment gains (losses) reclassified from accumulated other comprehensive income	$ 911	$ (9,715)	$ 32,009	$ (30,820)
Proceeds from sales or other redemptions	$ 150,427	$ 417,996	$ 1,429,443	$ 1,331,331

Other-Than-Temporary Impairment

We conduct a review each quarter to identify and evaluate impaired investments that have indications of possible other-than-temporary impairment (OTTI). An investment in a debt or equity security is impaired if its fair value falls below its cost. Factors considered in determining whether an unrealized loss is temporary include the length of time and extent to

which fair value has been below cost, the financial condition and near-term prospects for the issuer, and our ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery, which may be maturity.

Our review for other-than-temporary impairment generally entails:

- Analysis of individual investments that have fair values less than a pre-defined percentage of amortized cost, including consideration of the length of time the investment has been in an unrealized loss position;
- Analysis of corporate bonds by reviewing the issuer's most recent performance to date, including analyst reviews, analyst outlooks and rating agency information;
- Analysis of commercial mortgage-backed bonds based on the risk assessment of each security including performance to date, credit enhancement, risk analytics and outlook, underlying collateral, loss projections, rating agency information and available third-party reviews and analytics;
- Analysis of residential mortgage-backed bonds based on loss projections provided by models compared to current credit enhancement levels;
- Analysis of our other investments, as required based on the type of investment; and
- Analysis of downward credit migrations that occurred during the quarter.

The amortized cost and fair value of available-for-sale fixed-maturity securities in default were as follows:

	September 30, 2010		December 31, 2009	
	Amortized cost	Fair value	Amortized cost	Fair value
	(In thousands)			
Fixed-maturity securities in default	$ 872	$2,182	$ 5,807	$9,807

Impairment charges recognized in earnings on available-for-sale securities were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(In thousands)			
Impairments on fixed-maturity securities in default	$ 21	$ 10,036	$ 21	$ 15,280
Impairments on fixed-maturity securities not in default	136	8,828	11,799	37,081
Impairments on equity securities	111	—	264	1,354
Net impairment losses recognized in earnings	$ 268	$ 18,864	$ 12,084	$ 53,715

The bonds noted above were considered to be other-than-temporarily impaired due to adverse credit events, such as news of an impending filing for bankruptcy; analyses of the issuer's most recent financial statements or other information in which liquidity deficiencies, significant losses and large declines in capitalization were evident; and analyses of rating agency information for issuances with severe ratings downgrades that indicated a significant increase in the possibility of default.

Additionally, various mortgage- and asset-backed securities were impaired due to changes in expected cash flows for the underlying collateral loans. The changes were driven primarily by revised forecasts using updated assumptions for delinquency rates, default rates, prepayment rates, loss severities and remaining credit subordination. These revisions were factored into updated cash flow projections where applicable using either publicly available or proprietary models. Regardless of their default status, individual securities were impaired if updated cash flow projections indicated an adverse change. Due to deterioration across the forecasted assumptions for these securities, we recognized a charge against net income for impairments on mortgage- and asset-backed securities. These impairment charges are included in the losses discussed above and were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(In thousands)			
Impairments on mortgage- and asset-backed securities	$ 20	$ 446	$ 5,866	$ 6,257

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As of September 30, 2010, the unrealized losses on our invested asset portfolio were largely caused by interest rate sensitivity and changes in credit spreads. We believe that fluctuations caused by interest rate movement have little bearing on the recoverability of our investment. Because the decline in fair value is attributable to changes in interest rates and not credit quality, and because we have the ability to hold these investments until a market price recovery or maturity as well as no present intention to dispose of them, we do not consider these investments to be other-than-temporarily impaired.

The year-to-date roll-forward of the credit-related losses recognized in income for all securities still held at September 30, 2010 follows:

	Cumulative OTTI credit-related losses recognized in income for available-for-sale securities				
	January 1, 2010 cumulative OTTI credit losses recognized for securities still held	Additions for OTTI securities where no credit losses were recognized prior to January 1, 2010	Additions for OTTI securities where credit losses have been recognized prior to January 1, 2010	Reductions due to sales of credit impaired securities (1)	September 30, 2010 cumulative OTTI credit losses recognized for securities still held
			(In thousands)		
Corporates	$ 82,413	$ 4,429	$ 656	$ (59,107)	$ 28,391
Mortgage- and asset-backed securities	16,115	5,415	1,322	(9,824)	13,028
Total	$ 98,528	$ 9,844	$ 1,978	$ (68,931)	$ 41,419

(1) Included in these reductions are transfers of securities effected in conjunction with our corporate reorganization.

Fair Value

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements are based upon 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. All invested assets carried at fair value are classified and disclosed in one of the following three categories:

•*Level 1.* Quoted prices for *identical* instruments in active markets. Level 1 primarily consists of financial instruments whose value is based on quoted market prices in active markets, such as 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 and significant value drivers 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, 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: certain public and private corporate fixed-maturity and equity securities; government or agency securities; certain mortgage- and asset-backed securities and certain non-exchange-traded derivatives, such as currency swaps and forwards.

•*Level 3.* Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Level 3 is comprised 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 fixed-maturity corporate 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 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.

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The estimated fair value and hierarchy classifications were as follows:

	September 30, 2010			
	Level 1	Level 2	Level 3	Fair value
	(In thousands)			
Fair value assets:				
Fixed-maturity securities:				
U.S. government and agencies	$ —	$ 22,559	$ —	$ 22,559
Foreign government	—	95,042	—	95,042
States and political subdivisions	—	16,147	—	16,147
Corporates	—	1,389,751	18,032	1,407,783
Mortgage- and asset-backed securities	—	592,869	3,362	596,231
Total fixed-maturity securities	—	2,116,368	21,394	2,137,762
Equity securities	16,794	2,025	2,664	21,483
Trading securities	—	24,002	—	24,002
Separate accounts	—	2,301,896	—	2,301,896
Total fair value assets	$16,794	$4,444,291	$24,058	$4,485,143
Fair value liabilities:				
Currency swaps and forwards	$ —	$ 2,730	$ —	$ 2,730
Separate accounts	—	2,301,896	—	2,301,896
Total fair value liabilities	$ —	$2,304,626	$ —	$2,304,626

	December 31, 2009			
	Level 1	Level 2	Level 3	Fair value
	(In thousands)			
Fair value assets:				
Fixed-maturity securities:				
U.S. government and agencies	$ —	$ 18,487	$ —	$ 18,487
Foreign government	—	390,431	—	390,431
States and political subdivisions	—	36,038	—	36,038
Corporates	—	4,097,202	20,445	4,117,647
Mortgage- and asset-backed securities	—	1,066,966	748,610	1,815,576
Total fixed-maturity securities	—	5,609,124	769,055	6,378,179
Equity securities	15,575	31,535	2,216	49,326
Trading securities	—	16,996	—	16,996
Separate accounts	—	2,093,342	—	2,093,342
Total fair value assets	$15,575	$7,750,997	$771,271	$8,537,843
Fair value liabilities:				
Currency swaps and forwards	$ —	$ 2,707	$ —	$ 2,707
Separate accounts	—	2,093,342	—	2,093,342
Total fair value liabilities	$ —	$2,096,049	$ —	$2,096,049

In assessing fair value of our investments, we use a third-party pricing service for approximately 95% of our securities. The remaining securities are primarily private securities valued using models based on observable inputs on public corporate spreads having similar tenors (e.g., sector, average life and quality rating) and liquidity and yield based on quality rating, average life and treasury yields. All data inputs come from observable data corroborated by independent third-party data. In the absence of sufficient observable inputs, we utilize non-binding broker quotes, which are reflected in our Level 3 classification.

We perform internal reasonableness assessments on fair value determinations within our portfolio. If a fair value appears unusual, 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 corroborating with 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, fair value is determined using industry-standard methodologies by applying available market information through processes such as U.S. Treasury curves, benchmarking of similar securities, 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 with limited trading activity, industry-standard pricing methodologies use adjusted market information, such as index prices or discounting expected future cash flows, to estimate fair value. If these 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 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 un-priced 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 year-to-date roll forward of the Level 3 asset category was as follows:

	Nine months ended September 30,	
	2010	2009
	(In thousands)	
Level 3 assets, beginning of period	$ 771,271	$ 739,409
Net unrealized (losses) gains through other comprehensive income	(1,891)	19,613
Net realized losses through realized investment gains (losses), including OTTI	(145)	—
Purchases	7,573	7,726
Sales	(36,932)	(2,115)
Transfers into level 3	41,518	2,207
Transfers out of level 3	(234,964)	—
Transfers due to funding of reinsurance transactions	(522,372)	—
Level 3 assets, end of period	$ 24,058	$ 766,840

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, and other relevant data. We monitor these inputs for market indicators, industry and economic events. We recognize transfers into new levels and out of previous levels as of the end of the reporting period, including interim reporting periods, as applicable. Invested assets included in the transfer from Level 3 to Level 2 were primarily non-agency mortgage-backed securities. Invested assets included in the transfer from Level 2 to Level 3 primarily were fixed-maturity investments for which we were unable to corroborate independent broker quotes with observable market data. There were no significant transfers between Level 1 and Level 2 or between Level 1 and Level 3 as of September 30, 2010.

Fair Value Option

The fair value of equity securities selected for fair value accounting was as follows:

	Nine months ended September 30,	
	2010	2009
	(In thousands)	
Fair value, beginning of period	$7,693	$4,579
Fair value, end of period	—	6,508

In connection with our corporate reorganization, in the first quarter of 2010 we transferred to Citi or sold to third parties all of the securities that had previously been accounted for using the fair value option. Fair value gains included in net investment income were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(In thousands)			
Fair value gain included in net investment income	$ —	$ 704	$ 667	$ 1,923

Derivatives

We use foreign currency swaps to reduce our foreign exchange risk due to exposure to foreign exchange rates that results from direct foreign currency investments. We also use forward contracts on an ongoing basis to reduce our exposure to foreign exchange rates that result from direct foreign currency investments.

	September 30, 2010	December 31, 2009
	(In thousands)	
Aggregate notional balance of derivatives	$ 5,878	$ 21,689
Aggregate fair value of derivatives	2,730	2,707

The change in fair value of these derivatives, as included in realized investment gains (losses) was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(In thousands)			
Change in fair value of derivatives	$ 104	$ (1,497)	$ 436	$ (653)

We have a deferred loss related to closed forward contracts 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 as follows:

	September 30, 2010	December 31, 2009
	(In thousands)	
Deferred loss related to closed forward contracts	$ 26,385	$ 26,385

(5) Financial Instruments

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

	September 30, 2010		December 31, 2009	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
	(In thousands)			
Assets:				
Fixed-maturity securities	$2,137,762	$2,137,762	$6,378,179	$6,378,179
Equity securities	21,483	21,483	49,326	49,326
Trading securities	24,002	24,002	16,996	16,996
Policy loans and other invested assets	26,122	26,122	26,947	26,947
Deposit asset underlying 10% reinsurance agreement	50,727	50,727	—	—
Separate accounts	2,301,896	2,301,896	2,093,342	2,093,342
Liabilities:				
Note payable	$ 300,000	$ 323,357	$ —	$ —
Currency swaps and forwards	2,730	2,730	2,707	2,707
Separate accounts	2,301,896	2,301,896	2,093,342	2,093,342

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.

The carrying amounts for cash and cash equivalents, receivables, accrued investment income, accounts payable, cash collateral and payables for security transactions approximated their fair values due to the short-term nature of these instruments. Consequently, such instruments are not included in the above table. The preceding table also excludes future policy benefits and unpaid policy claims as these items are not subject to financial instrument disclosures.

Estimated fair values of investments in fixed-maturity securities are principally a function of current spreads and interest rates that are primarily provided by a third-party vendor. 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, which primarily consist of bonds, are carried at fair value. Equity securities, including common and non-redeemable preferred stocks, are carried at fair value. The carrying value of policy loans and other invested assets approximates fair value. The fair value of our note payable is based on prevailing interest rates and an estimated spread based on notes of comparable issuers and maturity. Derivative instruments are stated at fair value based on market prices. Segregated funds in separate accounts are carried at the underlying value of the variable annuity contracts, which is fair value.

(6) Reinsurance

Reinsurance ceded arrangements do not relieve the Company of its primary obligation to the policyholder. We monitor the concentration of credit risk we have with any reinsurer, as well as the financial condition of the reinsurers. Details on in-force life insurance follow:

	September 30, 2010	December 31, 2009
	(Dollars in millions)	
Direct life insurance in force	$ 659,981	$ 654,153
Amounts ceded to other companies	(600,778)	(421,603)
Net life insurance in force	$ 59,203	$ 232,550
Percentage of reinsured life insurance in force	91.0%	64.5%

The significant increase in amounts ceded to other companies resulted from the Citi reinsurance transactions we executed in connection with our corporate reorganization (see Note 2). Three of the Citi coinsurance agreements satisfy GAAP risk transfer rules. Under these agreements, we ceded between 80% and 90% of our term life future policy benefit reserves, and we transferred a corresponding amount of assets to the Citi reinsurers. These transactions did not impact our future policy benefit reserves. As such, we recorded an asset in due from reinsurers for the same amount of risk transferred. Due from reinsurers includes ceded reserve balances and ceded claim liabilities. Reinsurance receivable and ratings by reinsurer were as follows:

	September 30, 2010		December 31, 2009	
	Reinsurance receivable	A.M. Best rating	Reinsurance receivable	A.M. Best rating
		(In millions)		
Prime Reinsurance Company (1)	$ 2,317.1	NR	$ —	—
Financial Reassurance Company 2010, Ltd. (1)	312.9	NR	—	—
Swiss Re Life & Health America Inc.	168.6	A	182.8	A
American Health and Life Insurance Company (1)	154.3	A	—	—
SCOR Global Life Reinsurance Companies	152.4	A	149.8	A-
Generali USA Life Reassurance Company	116.2	A	117.1	A
Transamerica Reinsurance Companies	107.4	A+	100.9	A
Munich American Reassurance Company	88.6	A+	84.3	A+
RGA Reinsurance Company	82.3	A+	73.4	A+
Scottish Re Companies	53.9	E	51.2	E
All other reinsurers	114.9	—	107.7	—
Due from reinsurers	$ 3,668.6		$ 867.2	

(1) Amounts shown are net of their share of the reinsurance recoverable from other reinsurers.
NR – not rated

As Prime Re and Financial Reassurance Company 2010, Ltd. (FRAC) do not have financial strength ratings, we required various safeguards prior to executing the coinsurance agreements. Both coinsurance agreements include provisions to ensure that Primerica Life and Primerica Life Canada receive full regulatory credit for the reinsurance treaties. Under these agreements, Primerica Life and Primerica Life Canada will be able to recapture the ceded business with no fee in the event Prime Re or FRAC do not comply with the various safeguard provisions in their respective coinsurance agreements. Prime Re also has entered into a capital maintenance agreement requiring Citi to provide additional funding, if needed, at any point during the term of the agreement up to the maximum as described in the capital maintenance agreement.

A fourth coinsurance agreement relates to a 10% reinsurance transaction that includes an experience refund provision. This agreement does not satisfy GAAP risk transfer rules. As a result, we have accounted for this contract using deposit method accounting and have recognized a deposit asset in other assets on our balance sheet for assets backing the economic reserves. The deposit assets held in support of this agreement were $50.7 million at September 30, 2010, with no associated liability. We will make contributions to the deposit asset during the life of the agreement to fulfill our responsibility of funding the economic reserve. The effective yield, which represents the market return on these deposit assets, is reflected in net investment income in our statement of income during the life of the agreement. Prime Re is responsible for ensuring that there are sufficient assets to meet all statutory requirements. We will pay Prime Re a 3% finance charge for any statutory reserves required above the economic reserves. This finance charge is reflected in interest expense in our statements of income.

We had a $53.9 million reinsurance receivable due from Scottish Re Companies (Scottish Re) as of September 30, 2010. Of this amount, $51.8 million was recognized in our Term Life Insurance segment, with the balance recognized in the Corporate and Other Distributed Products segment. Should Scottish Re fail to pay on any of its obligations, the Citi reinsurers will assume their appropriate share for the amounts ceded to them. During the three months ended September 30, 2010, we entered into a letter of intent with Scottish Re and Korean Reinsurance Company (Korean Re) to novate the reinsurance agreement on the Term Life Insurance portion to Korean Re. The novation, which is actively being negotiated, is not expected to have an impact on our consolidated balance sheet or statement of income. As of September 30, 2010, Korean Re had an A.M. Best rating of A-.

In October 2010, a routine reinsurance audit identified potential payments to reinsurers that may have exceeded our obligations under our reinsurance agreements. While we are unable to define a clear range of expected outcomes, we have begun communicating with our reinsurance partners on this matter.

(7) Income Taxes

In conjunction with the Offering and the private sale, we made elections under Section 338(h)(10) of the Internal Revenue Code, which resulted in changes to our deferred tax balances and reduced stockholders’ equity by $171.3 million.

Prior to April 8, 2010, our federal income tax return was included as part of Citi’s consolidated federal income tax return. On March 30, 2010, in anticipation of our corporate reorganization, we entered into a tax separation agreement with Citi and prepaid our estimated tax liability through March 31, 2010. In accordance with the tax separation agreement, Citi will indemnify the Company and its subsidiaries against any consolidated, combined, affiliated, unitary or similar federal, state or local income tax liability for any taxable period ending on or before April 7, 2010, the closing date of the Offering. Our advance tax payments paid to Citi exceeded our actual tax liabilities. As a result, we recorded the $14.9 million overpayment as a return of capital resulting in a reduction of tax assets and a reduction of stockholders’ equity.

Our effective income tax rates for the three months and nine months ended September 30, 2010 were 36.0% and 35.7%, respectively.

(8) Note Payable

In April 2010, we issued to Citi a $300.0 million note as part of our corporate reorganization in which Citi transferred to us the businesses that comprise our operations. Prior to the issuance of the Citi note, we had no outstanding debt. The Citi note bears interest at an annual rate of 5.5%, payable semi-annually in arrears on January 15 and July 15, and matures March 31, 2015. Citi may participate out, assign or sell all or any portion of the note at any time.

We have the option to redeem the Citi note in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest to the date of redemption. In the event of a change in control, the holder of the Citi note has the right to require us to repurchase it at a price equal to 101% of the outstanding principal amount plus accrued and unpaid interest.

The Citi note also requires us to use our commercially reasonable efforts to arrange and consummate an offering of investment-grade debt securities, trust preferred securities, surplus notes, hybrid securities or convertible debt that generates sufficient net cash proceeds (after deducting fees and expenses) to repay the note in full at certain mutually agreeable dates, based on certain conditions.

We were in compliance with all of the covenants of the Citi note at September 30, 2010. No events of default or defaults occurred during the six months ended September 30, 2010.

(9) Stockholders' Equity and Share-based Transactions

Prior to April 1, 2010, we had 100 shares of outstanding common stock. In the second quarter of 2010, we issued common stock as part of our corporate reorganization (see Note 2). A reconciliation of the number of shares of our common stock as of September 30, 2010 follows.

	Nine months ended September 30, 2010
	(Shares in thousands)
Common stock – issued:	
Balance, beginning of period	—
Shares issued to Citi in connection with the Offering (1)	75,000
Shares of restricted common stock issued post Offering	9
Common shares issued upon lapse of restricted stock units (RSUs)	8
Treasury stock retired (2)	(2,290)
Balance, end of period	72,727
Treasury stock:	
Balance, beginning of period	—
Treasury stock contributed from Citi	(5,021)
Treasury stock acquired	(6)
Treasury stock reissued as restricted common stock	2,737
Treasury stock retired (2)	2,290
Balance, end of period	—
Common shares outstanding, end of period	72,727

(1) Includes shares that were contributed back to us and issued to employees and sales force leaders as restricted common stock and RSUs
(2) Reflects RSUs that are excluded from common shares outstanding but will be issued as common shares when their restrictions expire

As of September 30, 2010, Citi owned less than 40% of our outstanding common stock, while Warburg Pincus had an ownership stake of approximately 23%.

Share-based Transactions

As of September 30, 2010, the Company has outstanding equity awards under its Omnibus Incentive Plan (OIP). We adopted the OIP on March 31, 2010. Prior to April 1, 2010, we had no outstanding share-based awards. The OIP provides for the issuance of equity awards, including stock options, stock appreciation rights, restricted common stock, deferred stock, RSUs, unrestricted common stock 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. As of September 30, 2010, we had 3.6 million shares available for future grants under this plan. All outstanding management awards have time-based vesting requirements, vesting over three years. Quarterly incentive contests among our sales force leaders have performance-based vesting requirements.

For the three months ended September 30, 2010, we recognized approximately $3.2 million of expense in connection with equity awards. This expense was partially offset by a tax benefit of approximately $1.2 million.

As of September 30, 2010, total compensation cost not yet recognized in our financial statements related to equity awards was $32.4 million, all of which was related to equity awards with time-based vesting conditions yet to be reached. We expect to recognize these amounts over a weighted-average period of approximately 2.5 years. For the three months ended September 30, 2010, we also deferred $2.9 million, thereby increasing DAC on our balance sheet, relating to awards granted to our sales force leaders which were earned based on performance criteria. This amount will be amortized over the terms of the underlying policies acquired.

(10) Commitments and 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 and, as such, the Company is unable to estimate the possible loss or range of loss that may result from these matters. While it is possible that an adverse outcome in certain cases could have a material adverse effect upon the Company's financial position, based on information currently known by the Company's management, in its opinion, the outcomes of such pending investigations and legal proceedings are not likely to have such an effect. However, given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

In February 2009, PFS Investments Inc. ("PFSI") was served with a FINRA Statement of Claim alleging that a PFSI representative's recommendation to claimant's father caused him to surrender a life insurance policy and to transfer a variable annuity. The claimant's father subsequently died, and the claimant is asking for the value of the surrendered death benefits and other damages under various theories of liability, including suitability. The FINRA final hearing began on September 28, 2010 and is ongoing. After consultation with its trial counsel, the Company believes that the evidence and law favor the Company's position that the asserted claims are without merit. However, a proceeding of this nature is inherently unpredictable and, therefore, the proceeding could result in an adverse judgment with a material effect on the Company's financial position or results of operations. The amount of any award in this matter is not reasonably estimable.

As part of our corporate reorganization discussed in Note 2, we no longer have an investment in mezzanine debt securities, nor the capital contribution commitment related to these securities. At December 31, 2009, we had commitments, which did not expire until 2012, to provide additional capital contributions to invest in mezzanine debt securities of $11.9 million.

(11) Related Party Transactions

In September 2010, the Company forgave an expense reimbursement receivable of approximately $0.7 million due from Warburg Pincus, a 23% stockholder with two representatives on our Board of Directors at the time of the forgiveness. The receivable arose out of an agreement between Citi and Warburg Pincus pursuant to which Warburg Pincus agreed to reimburse the Company for a specified portion of certain costs expected to be incurred by the Company for a business event to be held in connection with the closing of the Offering. The agreement was signed prior to our corporate reorganization, when the Company was wholly owned by Citi. Warburg Pincus requested a waiver of the obligation in August 2010, and the Audit Committee approved the waiver in September 2010.

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, the "Company") for the period from December 31, 2009 to September 30, 2010. As a result, the following discussion should be read in conjunction with the financial statements and notes that are included in our Registration Statement on Form S-1, originally filed with the U.S. Securities and Exchange Commission (the "SEC") on November 5, 2009, as amended through March 31, 2010. This discussion contains forward-looking statements that constitute our plans, estimates and beliefs. These forward-looking statements involve numerous risks and uncertainties, including those discussed below in the section entitled "Risk Factors." Actual results may differ materially from those contained in any forward-looking statements.

This MD&A is divided into the following sections:

- The Transactions
- Business Overview
- Business Trends and Conditions
- Factors Affecting Our Results
- Critical Accounting Policies
- Results of Operations
- Segment Results
- Financial Condition
- Liquidity and Capital Resources
- Quantitative and Qualitative Disclosures about Market Risk
- Cautionary Statement Concerning Forward-Looking Statements

The Transactions

We refer to the corporate reorganization, the reinsurance transactions, the concurrent transactions and the private sale described below collectively as the "Transactions." We believe these Transactions have favorably positioned our company with the growth profile of a newly formed life insurance holding company combined with a proven track record and infrastructure developed over more than 30 years.

The corporate reorganization. We were incorporated in Delaware in October 2009 by Citigroup Inc. ("Citi") to serve as a holding company for the life insurance and financial product distribution businesses that we have operated for more than 30 years. At such time, we issued 100 shares of common stock to Citi. These businesses, which prior to April 1, 2010, were wholly owned indirect subsidiaries of Citi, were transferred to us in a reorganization pursuant to which we issued to a wholly owned subsidiary of Citi (i) 74,999,900 shares of our common stock (of which 24,564,000 shares of common stock were subsequently sold by Citi in our initial public offering completed in April 2010; 16,412,440 shares of common stock were subsequently sold by Citi in mid-April 2010 to private equity funds managed by Warburg Pincus LLC ("Warburg Pincus") for a purchase price of $230.0 million (the "private sale"); and 5,021,412 shares of common stock were immediately contributed back to us for equity awards granted to our employees and sales force leaders in connection with our initial public offering), (ii) warrants to purchase from us an aggregate of 4,103,110 shares of our common stock (which were transferred by Citi to Warburg Pincus pursuant to the private sale), and (iii) a $300.0 million note payable due on March 31, 2015 bearing interest at an annual rate of 5.5% (the "Citi note"). Prior to April 1, 2010, we had no material assets or liabilities. As of April 1, 2010, our primary asset is the capital stock of our operating subsidiaries and our primary liability is the Citi note.

The reinsurance transactions. In March 2010, we entered into coinsurance agreements (the "Citi reinsurance agreements") with two affiliates of Citi and Prime Reinsurance Company ("Prime Re"), then a wholly owned subsidiary of Primerica Life, (collectively the "Citi reinsurers"). We refer to the execution of these agreements as the "Citi reinsurance transactions." Under these agreements, we ceded between 80% and 90% of the risks and rewards of our term life

insurance policies that were in force at year-end 2009. We also transferred to the Citi reinsurers the account balances in respect of the coinsured policies and approximately $4.0 billion of assets to support the statutory liabilities assumed by the Citi reinsurers, and we distributed to Citi all of the issued and outstanding common stock of Prime Re. As a result, the Citi reinsurance transactions reduced the amount of our capital and substantially reduced our insurance exposure. We retained our operating platform and infrastructure and continue to administer all policies subject to these coinsurance agreements.

The concurrent transactions. During the first quarter of 2010, we declared distributions to Citi of approximately $703 million. We also recognized the income attributable to the policies underlying the Citi reinsurance transactions as well as the income earned on the invested assets backing the reinsurance balances and the extraordinary dividends declared in the first quarter. These items were reflected in the statement of income for the three months ended March 31, 2010. Furthermore, because the Citi reinsurance transactions were given retroactive effect back to January 1, 2010, we recognized a return of capital on our balance sheet for the income earned on the reinsured policies during the three months ended March 31, 2010.

In April 2010, we completed the following additional concurrent transactions:

- we completed an initial public offering of our common stock by Citi (the "Offering") pursuant to the Securities Act of 1933 and our stock began trading under the ticker symbol "PRI" on the New York Stock Exchange;
- we issued equity awards for 5,021,412 shares of our common stock to certain of our employees, including our officers, and certain of our sales force leaders, including 221,412 shares which were issued upon conversion of existing equity awards in Citi shares that had not yet fully vested; and
- Citi accelerated vesting of certain existing Citi equity awards triggered by the Offering and the private sale.

Additionally, we made elections with an effective date of April 1, 2010 under Section 338(h)(10) of the Internal Revenue Code (the "Section 338(h)(10) elections"), which resulted in reductions to stockholders' equity of $171.3 million and corresponding adjustments to deferred tax balances.

Prior to April 8, 2010, our federal income tax return was consolidated into Citi's federal income tax return. In anticipation of our corporate reorganization, we entered into a tax separation agreement with Citi and prepaid our estimated tax liability through March 31, 2010. These payments exceeded our actual tax liability. As a result, we recorded the overpayment as a return of capital resulting in a reduction of tax assets and a $14.9 million reduction to stockholders' equity in the second quarter of 2010.

The private sale. In February 2010, Citi entered into a securities purchase agreement with Warburg Pincus and us pursuant to which, in mid-April 2010, Citi sold to Warburg Pincus 16,412,440 shares of our common stock and warrants to purchase from us 4,103,110 additional shares of our common stock. The warrants have a seven-year term and an exercise price of $18.00 per share.

Period-over-period comparability. Due to the timing of these transactions and their impact on our financial position and results of operations, period-over-period comparisons of our financial position and results of operations will reflect significant non-comparable accounting transactions and account balances. The most significant accounting transaction was the reinsurance transactions described above, which affected both the size and composition of our balance sheet and statement of income. Additionally, the corporate reorganization and the concurrent transactions had a significant impact on the composition of our balance sheet. As a result, our September 30, 2010 balance sheet was significantly smaller than our December 31, 2009 balance sheet and our statements of income for the three-month and nine-month periods ended September 30, 2010 present income that is significantly lower than the comparable periods in 2009.

From a balance sheet perspective, the Transactions impacted investments, cash and cash equivalents, accrued investment income, premiums and other receivables, due from reinsurers, due from affiliates, deferred policy acquisition costs (DAC), deferred tax assets, note payable, deferred tax liabilities, other liabilities, common stock, paid-in capital, retained earnings and accumulated other comprehensive income.

From a statement of income perspective, the Transactions impacted ceded premiums, net premiums, net investment income, benefits and claims, amortization of DAC, insurance commissions, insurance expenses, interest expense and income taxes. Actual results for periods ended prior to April 1, 2010 will not be indicative of or comparable to future actual results. Furthermore, actual results for the first nine months of 2010 may not be comparable to results in future periods as they are affected by the inclusion of three months of operations prior to the reinsurance and reorganization transactions, while all periods in 2009 reflect operations prior to the reinsurance and reorganization transactions.

Business Overview

We are a leading distributor of financial products to middle income households in the United States and Canada. We assist our clients in meeting their needs for term life insurance, which we underwrite, and mutual funds, variable annuities and other financial products, which we distribute primarily on behalf of third parties. We have two primary operating segments, Term Life Insurance and Investment and Savings Products, and a third segment, Corporate and Other Distributed Products.

Term Life Insurance. We distribute the term life insurance products that we originate through our three 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"). Our in-force term insurance policies have level premiums for the stated term period, which means the policyholder pays the same amount each year. Initial policy term periods are between 10 and 35 years. Policies with 20-year terms or more accounted for approximately 83% of the face amount of the policies we issued in the first nine months of 2010. The average face amount of our in-force policies issued during the nine months ended September 30, 2010 was approximately $269,600. Premiums are guaranteed to remain level during the initial term period, up to a maximum of 20 years in the United States. While premiums remain level over 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 timing of acquisition costs and claim payments with the recognition of premium revenues such that profits are realized ratably with the level premiums of the underlying policies.

Our Term Life Insurance segment results are primarily driven by the following factors:

- *Sales and policies in force.* Sales affect the size and characteristics of the in-force book of policies on which we earn premium revenues. The size of the in-force book is a function of the sale of new coverages and the number and size of policies that lapse or terminate. Characteristics of the in-force book include the amount and type of applicable coverage and pricing terms (which are influenced by the average policy size, average issue age of policyholders and underwriting class).
- *Accuracy of our pricing assumptions.* The profitability of our life insurance operations is dependent upon our ability to price policies appropriately for the levels of risk we assume and to recover our client acquisition and administration costs. Our pricing decisions are based on policy characteristics and historical experience regarding persistency and mortality.
- *Reinsurance.* We use a combination of coinsurance and yearly renewable term ("YRT") reinsurance to manage our risk profile. Accordingly, our results for any given fiscal period are significantly influenced by the level, mix and cost of reinsurance employed by us.
- *Investment income.* We allocate investment income to our Term Life Insurance segment each fiscal period in the same manner as invested assets which are allocated based on book value of the invested asset portfolio used to meet our required statutory reserves and targeted capital for such period.
- *Expenses.* Term Life Insurance segment results are also affected by variances in client acquisition, maintenance and administration expense levels.

As a result of the Citi reinsurance transactions, beginning in the second quarter of 2010 the revenues and earnings of our Term Life Insurance segment initially declined in proportion to the amount of revenues and earnings historically associated with the book of term life insurance policies in force at year-end 2009 that we ceded to the Citi reinsurers. As we add new in-force business, we expect revenues and earnings of our Term Life Insurance segment to grow from these initial levels. We expect the rate of revenue and earnings growth in periods following the Citi reinsurance transactions to decelerate with each successive financial period as the size of our in-force book grows and the incremental sales have a reduced marginal effect on the size of the then existing in-force book.

Investment and Savings Products. We distribute mutual funds, variable annuities and segregated funds. In the United States, we distribute mutual fund products of several third-party companies and variable annuity products of MetLife, Inc., and its affiliates. In Canada, we offer our own Primerica-branded mutual funds, funds of well-known mutual fund companies and segregated funds underwritten by Primerica Life Canada. Revenues associated with these products are comprised of commissions and fees earned at the time of sale, fees based on the asset values of client accounts and recordkeeping and custodial fees charged on a per-account basis.

Results in our Investment and Savings Products segment are driven by sales of mutual funds and variable annuities, the value of assets in client accounts for which we earn ongoing service and distribution fees and the number of fee generating accounts we administer. While our investment and savings products all have similar long-term earnings characteristics, our results in a given fiscal period are affected by changes in the overall mix of products within these broad categories.

Corporate and Other Distributed Products. Our Corporate and Other Distributed Products segment consists primarily of revenues and expenses related to other distributed products, including loans, various insurance products, prepaid legal services and a credit information product. These products are distributed pursuant to distribution arrangements with third parties, except for certain life and disability insurance products underwritten by us that are not distributed through our sales force. In addition, our Corporate and Other Distributed Products segment includes corporate income, including net investment income, and expenses not allocated to other segments, interest expense on the Citi note and realized gains and losses on our invested asset portfolio.

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 high unemployment levels and low levels of consumer confidence, influence investment and spending decisions by middle income consumers, who are generally our primary clients. These conditions and factors also impact prospective recruits' perceptions of the business opportunity that becoming a Primerica sales representative offers, which can drive or dampen recruiting. Consumer spending and borrowing levels remain under pressure, as consumers take a more conservative financial posture including reevaluating their savings and debt management plans. As overall market and economic conditions have improved from the lows experienced during the recent economic downturn, sales and the value of consumer investment products across a wide spectrum of asset classes have improved. The effects of these trends and conditions on our year-to-date 2010 operations are summarized below.

Recruiting and sales representatives. For the nine months ended September 30, 2010, recruiting increased to 181,508 new recruits from 173,730 in the first nine months of 2009, largely due to the recruiting boost we experienced in the second quarter of 2010 as a result of enthusiasm generated by our initial public offering. The size of our life-licensed sales force declined to 96,872 sales representatives as of September 30, 2010 from 101,095 sales representatives as of September 30, 2009 primarily as a result of the combined impact of lower first quarter 2010 new life licenses and higher second quarter 2010 non-renewals and terminations.

Term life insurance product sales. Sales of our term life insurance products have declined modestly, in line with term life insurance industry trends and with the year-over-year decline in the size of our sales force noted above. For the nine months ended September 30, 2010, we issued 167,224 new policies, compared with 173,295 new policies for the same period in 2009.

Term life insurance face amount in force. Total face amount in force increased modestly to $654.63 billion as of September 30, 2010, compared with $646.34 billion a year ago, largely as a result of the stronger Canadian dollar and slightly improved persistency. These drivers were partially offset by a slight decline in the average face amount of our newly issued policies.

Investment and savings product sales. Investment and savings products sales were significantly higher in the first nine months of 2010, than the comparable period in 2009. Sales of investment and savings products totaled $2.72 billion for the nine months ended September 30, 2010, compared with $2.18 billion during the same period a year ago. We believe the increase in sales reflects the focus by middle income consumers on savings and debt management.

Asset values in client accounts. The assets in our clients' accounts are invested in diversified funds comprised mainly of U.S. and Canadian equity and fixed-income securities. The year-to-date average value of assets in client accounts increased to $31.34 billion at September 30, 2010, from $25.67 billion at September 30, 2009 primarily as a result of general market conditions, which have continued to improve since the second half of 2009, and client demand for our products during the first nine months of 2010. Because a large portion of the revenues in our Investment and Savings Products segment are derived from commission and fee revenues that are based on the asset values in clients' accounts, we have also seen an increase in our asset-based commission and fee revenues and expenses.

Invested asset portfolio size and yields. Our portfolio continues to experience strong market value gains as interest rates and spreads continue to decline. As of September 30, 2010, our invested assets, excluding policy loans and cash, had a cost or amortized cost basis of $1.99 billion and a net unrealized gain of $188.9 million, compared with $6.20 billion at cost or amortized cost and a net unrealized gain of $243.5 million at December 31, 2009. Our September 30, 2010 portfolio was substantially smaller than our December 31, 2009 portfolio and was comprised of a different mix of invested assets primarily due to our corporate reorganization (see Note 4 to our unaudited financial statements and the Investments section included in the Financial Condition discussion below). For the nine months ended September 30, 2010, net investment income was $138.4 million, compared with $260.9 million in the same period a year ago. On a pro forma basis, after giving effect to the Transactions, net investment income declined to $83.7 million for the nine months ended September 30, 2010 from $87.9 million during the same period a year ago largely due to the low interest rate environment noted above (see the Pro Forma Results section in the Results of Operations discussion below).

Reinsurance. Due to our extensive use of reinsurance, a departure from the reinsurance market or failure to pay by any of our reinsurers could have a material adverse effect on our business, financial condition and results of operations. As of September 30, 2010, the percentage of reinsured life insurance in force was 91.0%, compared with 64.5% as of December 31, 2009. The significant increase in reinsured life insurance was primarily a result of the Citi reinsurance transactions. We presently intend to continue ceding approximately 90% of our U.S. mortality risk.

Factors Affecting Our Results

Term Life Insurance Segment

Our Term Life Insurance segment results are primarily driven by sales, accuracy of our pricing assumptions, reinsurance, investment income and expenses.

Sales and policies in force. Sales of new 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 acquisition expenses are generally 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 will have a more immediate effect on our cash flows.

Historically, we have found that while sales volume of term life insurance products between any given fiscal periods may vary based on a variety of factors, the productivity of our individual sales representatives remains within a relatively narrow range and, consequently, our sales volume over the longer term generally correlates to the size of our sales force.

The average number of licensed term life insurance sales representatives and the number of term life insurance policies issued, as well as the average monthly rate of new policies issued per licensed sales representative were as follows:

	Nine months ended September 30,	
	2010	2009
Average number of life-licensed insurance sales representatives	97,221	100,682
Number of new policies issued	167,224	173,295
Average monthly rate of new policies issued per licensed sales representative	.19x	.19x

Our ability to increase the size of our sales force is largely based on the success of our recruiting efforts and our ability to train and motivate recruits to obtain licenses to sell life insurance. We believe that recruitment levels are an important advance indicator of sales force trends, and growth in recruiting is usually indicative of future growth in the overall size of the sales force. However, recruiting results do not always result in proportionate increases in the size of our licensed sales force. For example, in the past, spikes in recruitment levels at times have been followed by declines in the percentage of recruits obtaining licenses. In addition, the average time period it takes for a recruit to obtain a license is approximately three months; accordingly, there is a time lag between successful recruiting efforts and consequent increases in the number of licensed sales representatives.

Accuracy of our 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. Because we offer unisex rates for our term life insurance policies, our prices do not vary by gender. The pricing assumptions that underlie our rates are based upon our best estimates of mortality and persistency rates at the time of issuance and expected investment yields, sales force

commission rates, issue and underwriting expenses, operating expenses and the characteristics of the insureds, including 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.* We use historical experience to estimate pricing assumptions for persistency rates. 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 persistency is lower than our pricing assumptions, we must accelerate the amortization of DAC. The disproportionate increase in amortization expense is offset by a release of reserves associated with lapsed policies, which causes a reduction in benefits and claims expense. The reserves associated with any given policy will change over the term of such policy. As a general matter, reserves are lowest at the inception of a policy term (when claims experience is the lowest) 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 are meaningful to our results to the extent actual experience deviates from the persistency assumptions used to price our products.
- *Mortality.* We use historical experience to estimate pricing assumptions for mortality. Our profitability is affected to the extent actual mortality rates differ from those used in our pricing assumptions. We mitigate a significant portion of our mortality exposure through reinsurance, including the Citi reinsurance agreements. Variances between actual mortality experience and the assumptions and estimates used by our reinsurers affect the cost and potentially the availability of reinsurance.

Reinsurance. We use reinsurance extensively, which has a significant effect on our results of operations. In evaluating our comparative results, it is important to understand and consider the relative levels and mix of reinsurance treaties in effect during each of the comparative periods. Prior to 1990, we primarily reinsured on a coinsurance basis. Coinsurance is a form of reinsurance under which the reinsurer receives a specified percentage of the direct premiums, pays a specified percentage of claims and benefits, shares in the initial and ongoing maintenance expenses and maintains a proportionate share of the future policy benefit reserves and related assets. In a coinsurance type of reinsurance arrangement, the reinsurer assumes substantially all of the risks and rewards associated with the percentage of the reinsured block of policies subject to the reinsurance treaty, although the primary insurer, or ceding insurer, remains ultimately liable to policyholders in the event the reinsurer fails to perform its obligations. Accordingly, coinsurance effectively reduces the size of the ceding insurer's in-force book in proportion to the percentage of the in-force book subject to coinsurance.

We retained 100% of the risks and rewards of policies issued between January 1992 and June 1994, other than for a small number of policies with a face amount exceeding $1,000,000, for which we reinsured the coverage in excess of such amount.

Since the mid-1990s, we have reinsured between 60% and 90% of the mortality risk on our U.S. term life insurance policies on a YRT basis. We have not generally reinsured the mortality risk on Canadian term life insurance polices. YRT reinsurance permits us to fix future mortality exposure at contractual rates by policy class. 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.

On March 31, 2010, we entered into various reinsurance agreements with the Citi reinsurers as part of our corporate reorganization. We expect to continue to use YRT reinsurance at or near historical levels. 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.

The effect of our reinsurance arrangements on ceded premiums and benefits and claims on our statement 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 with increases in the period that the policy has been in force. Accordingly, ceded YRT premiums 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. Both coinsurance and YRT reinsurance reduce incurred claims in direct proportion to the percentage ceded. Coinsurance reduces the change in reserves in direct proportion to the ceding percentage. YRT reduces the change in reserves in an increasing amount over time with increases in the period that the policy has been in force.
- *Amortization of DAC.* Amortization of DAC is reduced on a pro-rata basis for the business coinsured with Citi. There is no impact on amortization of DAC associated with our YRT contracts.
- *Acquisition and operating expenses.* Acquisition and operating expenses are reduced by the allowances received from coinsurance, including the business reinsured with Citi.

Net Investment income. The deposit asset recognized in connection with the 10% reinsurance agreement generates an effective yield, which is reported in Term Life Insurance segment net investment income. We allocate the remaining net investment income based on the book value of the invested assets allocated to the Term Life Insurance segment compared to the book value of the Company’s total invested assets.

Expenses. Term Life Insurance segment results are also affected by variances in client acquisition, maintenance and administration expense levels.

Investment and Savings Products Segment

Our Investment and Savings Products segment results are primarily driven by sales, the value of assets in client accounts for which we earn ongoing service and distribution fees and the number of fee generating accounts we administer. While our investment and savings products all have similar long-term earnings characteristics, our results in a given fiscal period are affected by changes in the overall mix of products within these broad categories. Examples of changes in the sales mix that influence our periodic results include the following:

- sales of a higher proportion of mutual fund products of the several mutual fund families for which we act as recordkeeper will generally increase our earnings because we are entitled to recordkeeping fees on these accounts;
- sales of variable 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 segregated funds, no upfront revenues;
- sales and administration of a higher proportion of mutual funds that enable us to earn marketing and support fees will increase our revenues and profitability; and
- sales of a higher proportion of retirement products of several mutual fund families will tend to result in higher revenue generation due to our ability to earn custodial fees on these accounts.

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The following table sets forth the product sales that generate sales-based revenues, average account values of accounts that generate account-based revenue and the average number of fee-generating accounts that generate account-based revenues.

	Nine months ended September 30,	
	2010	2009
	(Dollars in millions and accounts in thousands)	
Product sales:		
Mutual funds	$ 1,620.5	$ 1,316.9
Variable annuities/401(k)	863.2	673.7
Total sales-based revenue generating product sales	2,483.7	1,990.6
Segregated funds	237.0	190.6
Total product sales	$ 2,720.7	$ 2,181.2
Average asset values in client accounts:		
Mutual funds	$ 22,266	$ 18,507
Variable annuities	6,918	5,456
Segregated funds	2,157	1,706
Total average asset values in client accounts	$ 31,341	$ 25,669
Average number of fee-generating accounts:		
Recordkeeping accounts	2,739	2,854
Custodial accounts	1,996	2,067

Sales. We earn commissions and fees, such as dealer re-allowances, and marketing and support fees, based on sales of mutual fund products and variable annuities. Sales of investment and savings products are influenced by the overall demand for investment products in North America, as well as by the size and productivity of our sales force. We generally experience a slight degree of seasonality in our 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 the tax return preparation season. While we believe the size of our 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 that 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, variable annuity and segregated funds products based on asset values in client accounts. Our investment and savings products primarily consist of funds comprised of equity securities. Asset values are influenced by new product sales, ongoing contributions to existing accounts, redemptions and changes in equity markets, net of expenses.

Accounts. We earn recordkeeping fees for administrative functions we perform on behalf of several of our mutual fund providers and custodial fees for services as a non-bank custodian for certain of our mutual fund clients’ retirement plan accounts.

Corporate and Other Distributed Products Segment

We earn revenues and pay commissions and referral fees from the distribution of loan products, various other insurance products, prepaid legal services and other products, all of which are originated by third parties. Our New York life insurance subsidiary, NBLIC, also underwrites a mail-order student life policy and a short-term disability benefit policy, neither of which is distributed by our sales force, and also has in-force policies from several discontinued lines of insurance.

The Corporate and Other Distributed Products segment is affected by corporate income and expenses not allocated to our other segments, net investment income (other than net investment income allocated to our Term Life Insurance segment), administrative expenses (other than expenses that are allocated to our Term Life Insurance or Investment and Savings Products segments), management equity awards, equity awards granted to our sales force leaders at the time of the Offering, interest expense on the Citi note and realized gains and losses on our invested asset portfolio.

Critical Accounting Policies

We prepare our financial statements in accordance with U.S. generally accepted accounting principles ("GAAP"). These principles are established primarily by the Financial Accounting Standards Board. The preparation of financial statements in conformity with 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 to our financial statements. The most significant items on the balance sheet are based on fair value determinations, accounting estimates and actuarial determinations which are susceptible to changes in future periods and which 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 the valuation of investments, deferred policy acquisition costs, future policy benefit reserves, reinsurance and income taxes. 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.

On April 1, 2010, we granted 1,865,000 RSUs to certain of our sales force leaders. These RSUs vested immediately but were subject to sales restrictions that expire annually over the subsequent three years. The IPO price of our shares was $15.00. However because of the RSUs' exposure to downside risk extending beyond the vesting date of the awards, we recognized a discounted fair value of the awards of $12.00 per RSU. To quantify this discount, we used a series of Black-Scholes models with one, two and three year tenors to estimate put option costs less a nominal transaction cost as a methodology for quantifying the cost of eliminating the downside risk associated with the sale restrictions. The most significant assumptions in the Black-Scholes models were the volatility assumptions. Because our common stock did not have an active trading history, we derived volatility assumptions by analyzing other public insurance companies' historical and implied volatilities over terms comparable to the sale restriction terms. Our volatility assumptions ranged from 39 to 45. We also utilized dividend assumptions ranging from zero dividends to $0.01 per quarter and risk-free rates less than 2%.

During the nine months ended September 30, 2010, there have been no changes in the items that we have identified as critical accounting estimates, except as noted above. For additional information, see the Critical Accounting Policies section of MD&A included in our Registration Statement on Form S-1, originally filed with the U.S. Securities and Exchange Commission ("SEC") on November 5, 2009, as amended through March 31, 2010.

Results of Operations

Revenues. Our revenues consist of the following:

- *Net premiums.* Reflects direct premiums payable by our policyholders on our in-force insurance policies, primarily term life insurance, net of reinsurance premiums that we pay to third-party reinsurers.
- *Net investment income.* Represents income generated by our invested asset portfolio, which consists primarily of interest income earned on fixed-maturity investments. Investment income earned on assets supporting our statutory reserves and targeted capital is allocated to our Term Life Insurance segment, with the balance included in our Corporate and Other Distributed Products segment.
- *Commissions and fees.* Consists primarily of dealer re-allowances earned on the sales of investment and savings products, trail commissions based on the asset values of client accounts, marketing and support fees from product originators, custodial fees for services rendered in our capacity as nominee on client retirement accounts funded by mutual funds on our servicing platform, recordkeeping fees for mutual funds on our servicing platform and fees associated with the sale of other distributed products.
- *Realized investment gains (losses), including other-than-temporary impairments ("OTTI").* Reflects the difference between amortized cost and amounts realized on the sale of investment securities, as well as OTTI charges.
- *Other, net.* Reflects revenues generated from the fees charged for access to our sales force website, printing revenues from the sale of printed materials to sales representatives, incentive fees and reimbursements from product originators, Canadian licensing fees, sales of merchandise to sales representatives, mutual fund customer service fees, fees charged to sales representatives related to life insurance processing responsibilities, and interest charges received from or paid to reinsurers on late payments.

Benefits and Expenses. Our operating expenses consist of the following:

- *Benefits and claims.* Reflects the benefits and claims payable on insurance policies, as well as changes in our reserves for future policy claims and reserves for other benefits payable, net of reinsurance.
- *Amortization of DAC.* Represents the amortization of capitalized costs associated with the sale of an insurance policy, including sales commissions, medical examination and other underwriting costs, and other acquisition-related costs, over the initial level premium period of the policy.
- *Insurance commissions.* Reflects sales commissions in respect of insurance products that are not eligible for deferral.
- *Insurance expenses.* Reflects non-capitalized insurance expenses, including staff compensation, technology and communications, insurance sales force-related costs, printing, postage and distribution of insurance sales materials, outsourcing and professional fees, premium taxes, amortization of certain intangibles and other corporate and administrative fees and expenses related to our insurance operations.
- *Sales commissions.* Represents commissions to our sales representatives in connection with the sale of investment and savings products and products other than insurance products.
- *Interest expense.* Reflects interest on the Citi note as well as interest incurred in connection with the Citi reinsurance transactions.
- *Other operating expenses.* Consists primarily of expenses that are unrelated to the distribution of insurance products, including staff compensation, technology and communications, various sales force-related costs, printing, postage and distribution of sales materials, outsourcing and professional fees, amortization of certain intangibles and other corporate and administrative fees and expenses.

We allocate certain operating expenses associated with our sales representatives, including supervision, training and legal, to our two primary operating segments generally based on the average number of licensed representatives in each segment for a given period. We also allocate technology and occupancy costs based on usage. Costs that are not allocated to our two primary segments are included in our Corporate and Other Distributed Products segment.

Primerica, Inc. Actual Results

Our statements of income for the three and nine months ended September 30 were as follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2010	2009	$	%	2010	2009	$	%
				(In thousands)				
Revenues:								
Direct premiums	$ 547,444	$ 531,713	$ 15,731	3%	$ 1,632,744	$1,577,364	$ 55,380	4%
Ceded premiums	(437,054)	(154,725)	(282,329)	*	(1,032,386)	(450,736)	(581,650)	129%
Net premiums	110,390	376,988	(266,598)	-71%	600,358	1,126,628	(526,270)	-47%
Net investment income	27,855	88,736	(60,881)	-69%	138,423	260,876	(122,453)	-47%
Commissions and fees	89,737	84,279	5,458	6%	274,652	246,685	27,967	11%
Realized investment gains (losses), including OTTI	1,015	(11,212)	12,227	-109%	32,445	(31,473)	63,918	*
Other, net	12,239	12,585	(346)	-3%	36,598	39,083	(2,485)	-6%
Total revenues	241,236	551,376	(310,140)	-56%	1,082,476	1,641,799	(559,323)	-34%
Benefits and expenses:								
Benefits and claims	49,811	154,631	(104,820)	-68%	265,670	451,825	(186,155)	-41%
Amortization of DAC	23,844	88,736	(64,892)	-73%	138,499	269,785	(131,286)	-49%
Insurance commissions	5,099	6,384	(1,285)	-20%	15,701	27,399	(11,698)	-43%
Insurance expenses	11,999	39,480	(27,481)	-70%	59,616	115,771	(56,155)	-49%
Sales commissions	42,264	40,177	2,087	5%	129,657	120,755	8,902	7%
Interest expense	6,968	—	6,968	*	13,896	—	13,896	*
Other operating expenses	39,372	34,093	5,279	15%	140,817	95,280	45,537	48%
Total benefits and expenses	179,357	363,501	(184,144)	-51%	763,856	1,080,815	(316,959)	-29%
Income before income taxes	61,879	187,875	(125,996)	-67%	318,620	560,984	(242,364)	-43%
Income taxes	22,284	64,044	(41,760)	-65%	113,731	192,476	(78,745)	-41%
Net income	$ 39,595	$ 123,831	$ (84,236)	-68%	$ 204,889	$ 368,508	$(163,619)	-44%

* Not meaningful

Net premiums. Net premiums were lower for the three and nine months ended September 30, 2010 primarily due to the significant increase in ceded premiums associated with the Citi reinsurance agreements executed on March 31, 2010. The effect of these agreements on net premiums impacted the Term Life Insurance segment.

Net investment income. Net investment income declined in the three and nine months ended September 30, 2010 primarily as a result of lower yields on invested assets and the impact on our invested asset base of the asset transfers that we executed in connection with our corporate reorganization. On March 31, 2010, we transferred approximately $4.0 billion of assets to support the statutory liabilities assumed by the Citi reinsurers and in April 2010, we paid dividends to Citi of approximately $675.7 million and made payments related to business ceded under the terms of the Citi reinsurance agreements of approximately $125.5 million.

Commissions and fees. The increase in commissions and fees for the three and nine months ended September 30, 2010 was primarily driven by activity in our Investment and Savings Product segment as a result of improved market conditions and the increased demand for our products, partially offset by declines in our lending business in our Corporate and Other Distributed Products segment.

Total benefits and expenses. The decrease in total benefits and expenses for the three and nine months ended September 30, 2010 primarily reflects lower benefits and claims, lower amortization of DAC and lower insurance expenses primarily as a result of the Citi reinsurance agreements. These declines were partially offset by an increase in

interest expense as a result of the Transactions and other operating expenses as a result of initial and one-time expenses incurred in connection with the Offering, including, in the nine-month period only, equity award expenses. The changes associated with the Citi reinsurance agreements impacted the Term Life Insurance segment, while the changes in interest and other operating expenses primarily impacted the Corporate and Other Distributed Products segment.

Income taxes. Our effective income tax rates for the three months and nine months ended September 30, 2010 were 36.0% and 35.7%, respectively.

Primerica, Inc. Pro Forma Results

The following pro forma financial statements are intended to provide information about how the Transactions would have affected our financial statements if they had been consummated at an earlier time. Because the Transactions were concluded during the first half of 2010, pro forma adjustment to our balance sheet was not necessary as of September 30, 2010. Our pro forma statements of income for the nine months ended September 30, 2010 and 2009 are presented as if the Transactions had occurred on January 1 of the respective year and are set forth below. Based on the timing of the Transactions, pro forma adjustments to our statements of income were necessary for the first three months of 2010 and for the year-to-date period in 2009. The pro forma statements of income do not necessarily reflect the results of operations that would have resulted had the Transactions occurred as of the dates indicated, nor should they be taken as necessarily indicative of our future results of operations.

Pro Forma Statement of Income

Nine Months Ended September 30, 2010
(Unaudited)

	Actual(1)	Adjustments for the Citi reinsurance transactions(2)	Adjustment for the reorganization and other concurrent transactions(3)	Pro forma
		(In thousands, except for per-share amounts)		
Revenues:				
Direct premiums	$ 1,632,744	$ —	$ —	$ 1,632,744
Ceded premiums	(1,032,386)	(296,328)	—	(1,328,714)
Net premiums	600,358	(296,328)	—	304,030
Net investment income	138,423	(47,566)	(7,169)	83,688
Commissions and fees	274,652	—	—	274,652
Realized investment gains, including OTTI	32,445	—	—	32,445
Other, net	36,598	—	—	36,598
Total revenues	1,082,476	(343,894)	(7,169)	731,413
Benefits and Expenses:				
Benefits and claims	265,670	(128,204)	—	137,466
Amortization of DAC	138,499	(71,389)	—	67,110
Insurance commissions	15,701	(1,669)	—	14,032
Insurance expenses	59,616	(26,083)	—	33,533
Sales commissions	129,657	—	—	129,657
Interest expense	13,896	2,812	4,125	20,833
Other operating expenses	140,817	—	3,076	143,893
Total benefits and expenses	763,856	(224,533)	7,201	546,524
Income before income taxes	318,620	(119,361)	(14,370)	184,889
Income taxes	113,731	(42,606)	(5,129)	65,996
Net income	$ 204,889	$ (76,755)	$ (9,241)	$ 118,893
Earnings per share:				
Basic	$ 2.73			$ 1.58
Diluted	$ 2.70			$ 1.57
Weighted-average shares:				
Basic	72,052			72,052
Diluted	72,833			72,833

See accompanying notes to the pro forma financial statements.

Pro Forma Statement of Income

Nine Months Ended September 30, 2009
(Unaudited)

	Actual(1)	Adjustments for the Citi reinsurance transactions(2)	Adjustment for the reorganization and other concurrent transactions(3)	Pro forma
		(In thousands)		
Revenues:				
Direct premiums	$1,577,364	$ —	$ —	$ 1,577,364
Ceded premiums	(450,736)	(825,004)	—	(1,275,740)
Net premiums	1,126,628	(825,004)	—	301,624
Net investment income	260,876	(150,371)	(22,647)	87,858
Commissions and fees	246,685	—	—	246,685
Realized investment losses, including OTTI	(31,473)	—	—	(31,473)
Other, net	39,083	—	—	39,083
Total revenues	1,641,799	(975,375)	(22,647)	643,777
Benefits and Expenses:				
Benefits and claims	451,825	(324,661)	—	127,164
Amortization of DAC	269,785	(200,564)	—	69,221
Insurance commissions	27,399	(4,039)	—	23,360
Insurance expenses	115,771	(72,482)	—	43,289
Sales commissions	120,755	—	—	120,755
Interest expense	—	7,829	12,375	20,204
Other operating expenses	95,280	—	31,609	126,889
Total benefits and expenses	1,080,815	(593,917)	43,984	530,882
Income before income taxes	560,984	(381,458)	(66,631)	112,895
Income taxes	192,476	(130,880)	(22,861)	38,735
Net income	$ 368,508	$ (250,578)	$ (43,770)	$ 74,160

See accompanying notes to the pro forma financial statements.

Notes to the Pro Forma Financial Statements - Unaudited

(1) Actual statements of income.

The actual statement of income included income attributable to the underlying policies that were reinsured to Citi on March 31, 2010 as well as net investment income earned on the invested assets backing the reinsurance balances and the distributions to Citi made as part of our corporate reorganization.

(2) Adjustments for the Citi reinsurance transactions.

Adjustments to our statements of income as part of the Citi reinsurance transactions reflect premiums, benefits and claims, and deferred policy acquisition costs (“DAC”) ceded as well as the expense allowance received from Citi on policies in force as of the opening balance sheet date. Adjustments also reflect a finance charge associated with one of the Citi reinsurance agreements accounted for under the deposit method and pro rata allocations of net investment income earned on invested assets transferred to the Citi reinsurers. These adjustments impact the Term Life Insurance segment only.

(3) Adjustments for the reorganization and other concurrent transactions.

Net investment income was adjusted to reflect the pro rata share of income on invested assets distributed to Citi as part of our reorganization. Interest expense reflects the amount of interest that would have been accrued on the Citi note had it been in place as of January 1 of the respective year. Other operating expense adjustments reflect $22.4 million of expense associated with equity awards granted April 1, 2010, vesting or partially vesting through September 30, 2010, and for sales force leader awards, delivered over three years. The ongoing expense of equity awards is estimated to be approximately $3.1 million per quarter, representing estimated ongoing expense as awards vest, plus the vesting of any future equity awards granted to management after 2010. The adjustment to net investment income is allocated between

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the Term Life Insurance and Corporate and Other Distributed Products segments. The adjustments to interest expense and other operating expenses impact the Corporate and Other Distributed Products segment only.

For more detailed commentary on the drivers of our revenues and expenses, see the discussion of results of operations by segment below.

Segment Results

Term Life Insurance Segment Actual Results

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2010	2009	$	%	2010	2009	$	%
				(Dollars in thousands)				
Revenues:								
Direct premiums	$ 525,644	$ 510,695	$ 14,949	3%	$ 1,571,368	$1,514,754	$ 56,614	4%
Ceded premiums	(433,234)	(151,226)	(282,008)	*	(1,021,612)	(440,560)	(581,052)	132%
Net premiums	92,410	359,469	(267,059)	-74%	549,756	1,074,194	(524,438)	-49%
Allocated net investment income	15,595	68,704	(53,109)	-77%	96,391	205,529	(109,138)	-53%
Other, net	7,928	8,939	(1,011)	-11%	25,353	25,166	187	*
Total revenues	115,933	437,112	(321,179)	-73%	671,500	1,304,889	(633,389)	-49%
Benefits and expenses:								
Benefits and claims	39,084	144,198	(105,114)	-73%	235,327	419,744	(184,417)	-44%
Amortization of DAC	21,900	86,635	(64,735)	-75%	129,835	263,512	(133,677)	-51%
Insurance commissions	330	1,785	(1,455)	-82%	2,858	13,910	(11,052)	-79%
Insurance expenses	9,194	35,889	(26,695)	-74%	50,790	105,103	(54,313)	-52%
Interest expense	2,843	—	2,843	*	5,646	—	5,646	*
Total benefits and expenses	73,351	268,507	(195,156)	-73%	424,456	802,269	(377,813)	-47%
Income before income taxes	$ 42,582	$ 168,605	$(126,023)	-75%	$ 247,044	$ 502,620	$(255,576)	-51%

* Less than 1%, or not meaningful

We believe that the pro forma results presented below provide meaningful additional information necessary to evaluate our segment financial results.

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Term Life Insurance Segment Pro Forma Results

Term Life Insurance segment pro forma results give effect to the Citi reinsurance transactions, which are described more fully in Note 2 to our pro forma financial statements. On a pro forma basis, Term Life Insurance segment results were as follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2010 (1)	2009	$	%	2010	2009	$	%
				(Dollars in thousands)				
Pro forma revenues:								
Direct premiums	$ 525,644	$ 510,695	$ 14,949	3%	$ 1,571,368	$ 1,514,754	$ 56,614	4%
Ceded premiums	(433,234)	(418,216)	(15,018)	4%	(1,317,940)	(1,265,564)	(52,376)	4%
Net premiums	92,410	92,479	(69)	*	253,428	249,190	4,238	2%
Allocated net investment income	15,595	16,673	(1,078)	-6%	48,052	52,634	(4,582)	-9%
Other, net	7,928	8,939	(1,011)	-11%	25,353	25,166	187	*
Total pro forma revenues	115,933	118,091	(2,158)	-2%	326,833	326,990	(157)	*
Pro forma benefits and expenses:								
Benefits and claims	39,084	37,032	2,052	6%	107,123	95,083	12,040	13%
Amortization of DAC	21,900	23,004	(1,104)	-5%	58,446	62,948	(4,502)	-7%
Insurance commissions	330	335	(5)	-1%	1,189	9,871	(8,682)	-88%
Insurance expenses	9,194	12,133	(2,939)	-24%	24,707	32,621	(7,914)	-24%
Interest expense	2,843	2,532	311	12%	8,458	7,829	629	8%
Total pro forma benefits and expenses	73,351	75,036	(1,685)	-2%	199,923	208,352	(8,429)	-4%
Pro forma income before income taxes	$ 42,582	$ 43,055	$ (473)	-1%	$ 126,910	$ 118,638	$ 8,272	7%

* Less than 1%, or not meaningful

(1) For the three months ended September 30, 2010, actual results reflect the effect of all transactions associated with our corporate reorganization. Therefore, there are no pro forma results for that period.

Net premiums. Direct premiums for the three and nine month periods ended September 30, 2010, increased at a slightly higher pace than the growth in the in-force book due to premium increases for policies reaching the end of their initial level premium period. Ceded premiums, which are heavily influenced by the business reinsured with Citi, grew consistent with direct premiums.

Allocated net investment income. Allocated net investment income decreased in both the three and nine months ended September 30, 2010, primarily due to lower yield on invested assets and slightly lower average invested assets, partially offset by lower investment-related expenses.

Benefits and claims. The increase in benefits and claims for the three months ended September 30, 2010 was primarily due to reserve increases as a result of modest improvements in policy persistency. For the nine months ended September 30, 2010, the increase in benefits and claims was primarily due to improvements in policy persistency and premium growth. Claims were slightly lower for the three months ended September 30, 2010 relative to the prior year period. Claims were slightly higher for the nine months ended September 30, 2010, compared with the prior year period due to the favorable claims trend experienced in the first quarter of 2009.

Amortization of DAC. For the three and nine months ended September 30, 2010, amortization of DAC decreased largely due to improved policy persistency. During the third quarter of 2010, we lowered our DAC interest rate assumptions for new business to reflect rates available in the current interest rate environment. This assumption change increased the DAC amortization for new business and offset the decrease caused by improved persistency. The new lower DAC interest rate assumptions will continue to increase DAC amortization going forward.

Insurance commissions. For the nine months ended September 30, 2010, insurance commissions decreased primarily as a result of the $8.2 million special sales force payment made in the first quarter of 2009.

Insurance expenses. Insurance expenses for the three and nine months ended September 30, 2009 include $1.8 million of expenses classified in the Term Life Insurance segment that were allocated to the Investment and Savings Product segment for the same periods in 2010. Excluding this impact, insurance expenses decreased in the three months ended September 30, 2010 largely as a result of the timing of certain expenses. For the nine months ended September 30, 2010, insurance expenses decreased primarily due to the 2009 expense associated with cancelling our biennial sales force convention in the prior year period.

Term Life Insurance Face Amount In Force

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

	Nine months ended September 30,		Change	
	2010	2009	$	%
	(Dollars in millions)			
Face amount in force, beginning of period	$650,195	$633,467	$16,728	3%
Issued face amount	56,152	59,639	(3,487)	-6%
Terminations	(52,859)	(54,956)	2,097	-4%
Foreign currency	1,145	8,191	(7,046)	-86%
Face amount in force, end of period	$654,633	$646,341	$ 8,292	1%

Issued face amount decreased primarily due to lower policy sales and lower average size of policies issued. The decrease in terminations resulted from persistency that, while remaining below historical norms, has continued to improve. The U.S. dollar/Canadian dollar exchange rate effect on changes in our in-force block of business was $1.15 billion for the nine months ended September 30, 2010. The U.S. dollar/Canadian dollar exchange rate began strengthening significantly in the second and third quarters of 2009. As a result, the effect of foreign currency exchange rates on our in-force block of business was $8.19 billion for the nine months ended September 30, 2009.

Investment and Savings Product Segment Actual Results

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2010	2009	$	%	2010	2009	$	%
	(Dollars in thousands)							
Revenues:								
Commissions and fees:								
Sales-based revenues	$32,941	$28,672	$4,269	15%	$105,605	$ 86,327	$19,278	22%
Asset-based revenues	37,602	33,341	4,261	13%	115,061	90,614	24,447	27%
Account-based revenues	10,620	10,717	(97)	*	31,145	32,590	(1,445)	-4%
Other, net	2,711	2,682	29	1%	6,974	7,655	(681)	-9%
Total revenues	83,874	75,412	8,462	11%	258,785	217,186	41,599	19%
Expenses:								
Amortization of DAC	1,361	1,304	57	4%	6,938	4,748	2,190	46%
Insurance commissions	1,963	1,763	200	11%	5,763	4,982	781	16%
Sales commissions:								
Sales-based	23,474	20,780	2,694	13%	75,674	63,442	12,232	19%
Asset-based	12,232	10,883	1,349	12%	37,858	29,846	8,012	27%
Other operating expenses	18,266	14,461	3,805	26%	53,792	46,859	6,933	15%
Total expenses	57,296	49,191	8,105	16%	180,025	149,877	30,148	20%
Income before income taxes	$26,578	$26,221	$ 357	1%	$ 78,760	$ 67,309	$11,451	17%

* Less than 1%

The Transactions had no pro forma effect on the Investment and Savings Products segment.

Supplemental information on the underlying metrics that drove results follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2010	2009	$	%	2010	2009	$	%
	(Dollars in millions and accounts in thousands)							
Revenue metric:								
Product sales	$ 823.9	$ 721.6	$102.3	14%	$2,720.7	$2,181.2	$539.5	25%
Average account values	$31,056	$28,413	$2,643	9%	$ 31,341	$ 25,669	$5,672	22%
Average number of fee-generating accounts	2,715	2,813	(98)	-3%	2,739	2,854	(115)	-4%

Commissions and fees. For the three and nine months ended September 30, 2010, commissions and fees increased primarily as a result of improving economic and market trends and client demand. Sales-based revenues primarily grew as a result of demand, while asset-based revenues were driven by demand and improved equity valuations.

Amortization of DAC. The increase in DAC amortization for the nine months ended September 30, 2010 was largely associated with our Canadian Segregated Funds products in the second quarter of 2010 as a result of fluctuations in asset values which lowered 2009 amortization and increased 2010 amortization.

Sales commissions. The increase in sales- and asset-based commissions for the three and nine months ended September 30, 2010 was primarily driven by the increases in sales and assets noted above.

Other operating expenses. For the three and nine months ended September 30, 2009, other operating expenses exclude $1.8 million of expenses classified in the Term Life Insurance segment that were allocated to the Investment and Savings Product segment for the same periods in 2010. Including this impact, the increase in insurance expenses for the three and nine month periods ended September 30, 2010 were substantially in line with the growth in revenues.

Asset Values in Client Accounts

Changes in asset values in client accounts were as follows:

	Nine months ended September 30,		Change	
	2010	2009	$	%
	(Dollars in millions)			
Asset values, beginning of period	$31,303	$24,677	$ 6,626	27%
Inflows	2,721	2,181	540	25%
Redemptions	(2,735)	(2,239)	(496)	22%
Change in market value, net and other	1,311	5,494	(4,183)	-76%
Asset values, end of period	$32,600	$30,113	$ 2,487	8%

Inflows increased consistent with the increase in sales volume. The amount of redemptions also increased reflecting the year-over-year increase in assets under management, even though actual redemption rates were level as a percent of average assets under management for both the first nine months of 2010 and 2009. The market return on assets under management in 2010 and 2009 reflected general market value trends.

Corporate and Other Distributed Products Segment Actual Results

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2010	2009	$	%	2010	2009	$	%
				(Dollars in thousands)				
Revenues:								
Direct premiums	$21,800	$ 21,018	$ 782	4%	$ 61,376	$ 62,610	$ (1,234)	-2%
Ceded premiums	(3,820)	(3,499)	(321)	9%	(10,774)	(10,176)	(598)	6%
Net premiums	17,980	17,519	461	3%	50,602	52,434	(1,832)	-3%
Allocated net investment income	12,260	20,032	(7,772)	-39%	42,031	55,347	(13,316)	-24%
Commissions and fees	8,574	11,549	(2,975)	-26%	22,841	37,154	(14,313)	-39%
Realized investment gains (losses), including OTTI	1,015	(11,212)	12,227	-109%	32,446	(31,473)	63,919	*
Other, net	1,600	964	636	66%	4,271	6,262	(1,991)	-32%
Total revenues	41,429	38,852	2,577	7%	152,191	119,724	32,467	27%
Benefits and expenses:								
Benefits and claims	10,727	10,433	294	3%	30,344	32,081	(1,737)	-5%
Amortization of DAC	583	798	(215)	-27%	1,725	1,525	200	13%
Insurance commissions	2,807	2,835	(28)	*	7,083	8,505	(1,422)	-17%
Insurance expenses	2,805	3,591	(786)	-22%	8,823	10,669	(1,846)	-17%
Sales commissions	6,558	8,510	(1,952)	-23%	16,124	27,466	(11,342)	-41%
Interest expense	4,125	—	4,125	*	8,250	—	8,250	*
Other operating expenses	21,105	19,636	1,469	7%	87,026	48,423	38,603	80%
Total benefits and expenses	48,710	45,803	2,907	6%	159,375	128,669	30,706	24%
(Loss) income before income taxes	$ (7,281)	$ (6,951)	$ (330)	5%	$ (7,184)	$ (8,945)	$ 1,761	-20%

* Less than 1%, or not meaningful

We believe that the pro forma results presented below provide meaningful additional information necessary to evaluate our segment financial results.

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Corporate and Other Distributed Products Segment Pro Forma Results

Corporate and Other Distributed Products segment pro forma results give effect to the reorganization transactions, which are described more fully in Note 3 to our pro forma statements of income. On a pro forma basis, Corporate and Other Distributed Products segment results were as follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2010 (1)	2009	$	%	2010	2009	$	%
	(Dollars in thousands)							
Revenues:								
Direct premiums	$21,800	$ 21,018	$ 782	4%	$ 61,376	$ 62,610	$ (1,234)	-2%
Ceded premiums	(3,820)	(3,499)	(321)	9%	(10,774)	(10,176)	(598)	-6%
Net premiums	17,980	17,519	461	3%	50,602	52,434	(1,832)	-3%
Allocated net investment income	12,260	13,199	(939)	-7%	35,635	35,224	409	1%
Commissions and fees	8,574	11,549	(2,975)	-26%	22,841	37,154	(14,313)	-39%
Realized investment gains (losses), including OTTI	1,015	(11,212)	12,227	-109%	32,446	(31,473)	63,919	*
Other, net	1,600	964	636	66%	4,271	6,262	(1,991)	-32%
Total revenues	41,429	32,019	9,410	29%	145,795	99,601	46,194	46%
Benefits and expenses:								
Benefits and claims	10,727	10,433	294	3%	30,344	32,081	(1,737)	-5%
Amortization of DAC	583	798	(215)	-27%	1,725	1,525	200	13%
Insurance commissions	2,807	2,835	(28)	*	7,083	8,505	(1,422)	-17%
Insurance expenses	2,805	3,591	(786)	-22%	8,823	10,669	(1,597)	-17%
Sales commissions	6,558	8,510	(1,954)	-23%	16,124	27,466	(11,342)	-41%
Interest expense	4,125	4,125	—	*	12,375	12,375	—	*
Other operating expenses	21,105	22,712	(1,607)	-7%	90,102	80,032	10,070	13%
Total benefits and expenses	48,710	53,004	(4,294)	-8%	166,576	172,653	(6,077)	-4%
Loss before income taxes	$ (7,281)	$(20,985)	$13,704	-65%	$ (20,781)	$ (73,052)	$ 52,271	-72%

* Less than 1%, or not meaningful

(1) For the three months ended September 30, 2010, actual results reflect the effect of all transactions associated with our corporate reorganization. Therefore, there are no pro forma results for that period.

Revenues. Total revenues were higher in the third quarter of 2010 than in the third quarter of 2009 primarily as a result of recognizing realized investment gains in 2010 versus impairment losses in 2009. This impact was partially offset by lower commissions and fees as a result of the continuing decline in our lending business. The increase in total revenues was partially offset by the impact of lower invested asset portfolio yields on net investment income. The increase in total revenues for the nine months ended September 30, 2010, primarily reflects the impact of recognizing realized investment gains in 2010 versus impairment losses in 2009. This impact was partially offset by the impact of the decline in our lending business and lower disability premium rates in 2010. Realized investment gains (losses) included $0.3 million of OTTI in the third quarter of 2010, compared with $18.9 million of OTTI in the third quarter of 2009. For the nine months ended September 30, 2010, realized investment gains (losses) included $12.1 million of OTTI, compared with $53.8 million of OTTI for the same period a year ago.

Benefits and expenses. For the three and nine months ended September 30, 2010, sales commissions were lower consistent with the decline in commissions and fees revenue noted above. For the three months ended September 30, 2010, other operating expenses were lower primarily due to a 2009 corporate expense allocation adjustment of

$2.7 million. Additionally, we had lower incentive compensation expenses in the third quarter of 2010 as a result of fully amortizing previous Citi equity awards in conjunction with our initial public offering. Other operating expenses were higher in the nine months ended September 30, 2010 primarily as a result of non-recurring public company launch expenses, the continuing emergence of new public company expenses and an increase in compensation expenses.

Financial Condition

Investments

We have an investment committee composed of members of our senior management team. Our investment committee 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 follow a conservative investment strategy designed to emphasize the preservation of our invested assets and provide adequate liquidity for the prompt payment of claims. In an effort to meet business needs and mitigate risks, our investment guidelines provide restrictions on our portfolio's composition, including limits on asset type, sector limits, credit quality limits, portfolio duration, limits on the amount of investments in approved countries and permissible security types. We may also direct our investment managers to invest some of our invested asset portfolio in currencies other than the U.S. dollar. For example, a portion of our portfolio is invested in assets denominated in Canadian dollars which, at minimum, would equal our reserves for policies denominated in Canadian dollars. Additionally, to help 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.

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 in an effort to minimize the effect of these risks but may not always be effective due to factors beyond our control. Interest rates 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 could result in significant losses, realized or unrealized, in the value of our invested asset portfolio. Additionally, with respect to some of our investments, we are subject to prepayment and, therefore, reinvestment risk.

The composition of our invested asset portfolio was as follows:

	September 30, 2010		December 31, 2009	
	$	%	$	%
	(Dollars in thousands)			
Fixed-maturity securities, at fair value	$2,137,762	97%	$6,378,179	99%
Equity securities, at fair value	21,483	*	49,326	*
Trading securities, at fair value	24,002	1%	16,996	*
Policy loans and other invested assets	26,122	1%	26,947	*
Total investments	$2,209,369	100%	$6,471,448	100%

* Less than 1%

The significant decline in the fixed-maturity and equity securities portfolios primarily reflects the asset transfers we executed in connection with the Citi reinsurance transactions and our corporate reorganization.

The average rating of our fixed-maturity portfolio is single A, with an average duration of approximately 3.4 years. The composition and duration of our portfolio will vary depending on several factors, including the yield curve and our opinion of the relative value among various asset classes. The distribution of our investments in fixed-maturity securities by rating follows:

	As of September 30, 2010	As of December 31, 2009
AAA	28%	28%
AA	8	10
A	22	23
BBB	35	32
Below investment grade	7	7
Not rated	*	*
Total fixed-maturity securities	100%	100%

* Less than 1%

Fixed-Maturity Securities and Equity Securities Available for Sale

The types of assets in our portfolio are influenced by various state and Canadian laws that prescribe qualified invested assets. We invest in assets giving consideration to such factors as liquidity and capital needs, investment quality, investment return, matching of assets and liabilities, and the overall composition of the invested asset portfolio by asset type and credit exposure. The cost or amortized cost, gross unrealized gains and losses and estimated fair value of our fixed-maturity and equity securities available for sale were as follows:

	September 30, 2010			
	Cost or 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	$ 21,619	$ 949	$ (9)	$ 22,559
Foreign government	81,459	13,583	—	95,042
States and political subdivisions	14,884	1,263	—	16,147
Corporates	1,270,408	139,129	(1,754)	1,407,783
Mortgage- and asset-backed securities	565,537	34,631	(3,937)	596,231
Total fixed-maturity securities	1,953,907	189,555	(5,700)	2,137,762
Equity securities	16,460	5,076	(53)	21,483
Total fixed-maturity and equity securities	$1,970,367	$194,631	$ (5,753)	$2,159,245

	December 31, 2009			
	Cost or 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	$ 18,452	$ 397	$ (362)	$ 18,487
Foreign government	351,167	39,868	(604)	390,431
States and political subdivisions	35,591	1,044	(597)	36,038
Corporates	3,913,566	247,933	(43,852)	4,117,647
Mortgage- and asset-backed securities	1,819,282	65,675	(69,381)	1,815,576
Total fixed-maturity securities	6,138,058	354,917	(114,796)	6,378,179
Equity securities	45,937	4,111	(722)	49,326
Total fixed-maturity and equity securities	$6,183,995	$359,028	$(115,518)	$6,427,505

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The fair value of invested assets, and therefore the unrealized gains and losses of the assets, are subject to rapidly changing conditions, including volatility of financial markets and changes in interest rates. Management considers a number of factors in determining if an unrealized loss is other-than-temporary, including our intent to sell or whether it is more-likely-than-not we would be required to sell the investment before the expected recovery of the cost or amortized cost basis. Net unrealized gains were $188.9 million as of September 30, 2010, compared with $243.5 million as of December 31, 2009. The decline in net unrealized gains was primarily due to the smaller invested asset portfolio resulting from the Citi reinsurance transactions and our corporate reorganization.

As of September 30, 2010, the ten largest holdings within our invested asset portfolio were as follows:

Issuer	Amortized cost	Fair value	Unrealized gain
		(Dollars in thousands)	
Government of Canada	$ 33,413	$ 37,408	$ 3,995
Verizon Communications Inc	13,513	15,780	2,267
General Electric Co.	13,693	15,615	1,922
National Rural Utilities Cooperative	11,949	15,465	3,516
Bank of America Corporation	12,703	14,076	1,373
ConocoPhillips	9,495	11,312	1,817
Enel SpA	10,539	11,170	631
Edison International	11,170	11,170	—
Medtronic Inc.	10,426	10,800	374
AT&T Inc.	8,767	10,341	1,574
Total	$135,668	$153,137	$ 17,469
Percent of total fixed-maturity and equity securities	7%	7%	

For additional information, see Note 4 to the notes to our financial statements.

Due from reinsurers

	September 30, 2010	December 31, 2009	Change
		(In thousands)	
Due from reinsurers—total	$ 3,668,585	$ 867,242	$2,801,343
Due from reinsurers—Canada	323,194	10,672	312,522

Due from reinsurers reflects future policy benefit reserves due from third-party reinsurers, including the Citi reinsurers. Such amounts are reported as due from reinsurers rather than offsetting future policy benefits. As a result, the effect of coinsuring 80% or 90% of our 2009 year-end in-force book significantly increased our due from reinsurers balance at September 30, 2010. The effect of foreign currency increased Canadian due from reinsurers by $6.9 million as of September 30, 2010.

Deferred policy acquisition costs

	September 30, 2010	December 31, 2009	Change
		(In thousands)	
Deferred policy acquisition costs—total	$ 798,335	$2,789,905	$(1,991,570)
Deferred policy acquisition costs—Canada	141,670	356,122	(214,452)

The significant reduction in deferred policy acquisition costs is primarily a result of the term life DAC balances transferred to the Citi reinsurers based on their percentage of DAC on the specific policies covered under the applicable coinsurance agreements. The effect of foreign currency increased Canadian DAC by $3.0 million as of September 30, 2010.

Future policy benefits

	September 30, 2010	December 31, 2009	Change
		(In thousands)	
Future policy benefits—total	$ 4,349,375	$4,197,454	$151,921
Future policy benefits—Canada	382,822	359,223	23,599

Consistent with other reinsurance transactions, the Citi reinsurance transactions did not relieve us of our direct liability to our policyholders even when the reinsurer is liable to us. As a result, these transactions had no impact on the balance of future policy benefits at September 30, 2010. The slight increase in future policy benefits relative to year-end 2009 was primarily a result of the aging of and growth in our in-force book of business. The effect of foreign currency increased Canadian future policy benefits by $8.2 million as of September 30, 2010.

Income taxes

	September 30, 2010	December 31, 2009	Change
		(In thousands)	
Income taxes	$ 127,732	$ 890,617	$(762,885)

The decrease in income taxes from December 31, 2009, was largely due to recognizing the tax effects of the transactions we executed in connection with our corporate reorganization. Income taxes were also impacted by elections we made under Section 338(h)(10) of the Internal Revenue Code which reduced our deferred tax balances. Additionally, as a result of being consolidated in Citi's federal income tax return, prior to the closing of and in accordance with our tax separation agreement, we prepaid our estimated tax liability through March 31, 2010. The advance tax payments we made to Citi exceeded our actual tax liabilities. As a result, we reduced tax assets and recorded the excess payment as a return of capital.

Off-balance sheet arrangements

We have no off-balance sheet arrangements, as defined in the rules and regulations of the SEC, that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Liquidity and Capital Resources

Dividends and other payments to us from our subsidiaries are our principal sources of cash. Our primary uses of funds at our holding company level are expected to include the payment of general operating expenses, the payment of dividends and the payment of principal and interest to Citi under the Citi note. In November 2010, our board of directors declared a dividend of $0.01 per share payable on December 10, 2010 to all holders of record of common stock, deferred shares, restricted common stock and RSUs as of November 24, 2010.

The liquidity requirements of our subsidiaries principally relate to the liabilities associated with their distribution and underwriting of insurance products (including the payment of claims), distribution of investment and savings products, operating expenses, income taxes and the payment of dividends. Historically, our insurance subsidiaries have used cash flow from operations associated with our in-force book of term life insurance to fund their liquidity requirements. Our insurance subsidiaries' principal cash inflows from operating activities are derived from policyholder premiums and investment income earned on invested assets that support our statutory capital and reserves. We also derive cash inflows from the distribution of investment and savings products and other products. Our principal outflows relate to payments for ceded premiums and benefits and claims. The principal cash inflows from investment activities result from repayments of principal and investment income, while the principal outflows relate to purchases of fixed-maturity securities. We typically hold cash sufficient to fund operating flows, and invest any excess cash. At September 30, 2010, our cash balance was $74.8 million and was significantly lower than at year-end 2009, primarily as a result of the cash distributions to Citi and other payables that were settled in April 2010.

Our distribution and underwriting of term life insurance places significant demands on our liquidity, particularly when we experience growth. We pay a substantial majority of the sales commission during the first year following the sale of a policy. Our underwriting activities also require significant cash outflows at the inception of a policy's term. Following and as a result of the Citi reinsurance transactions (without giving effect to any other factors), the cash flows from our retained in-force book of term life insurance policies were significantly lower. This has reduced our operating cash flows for the near to intermediate term; however, we anticipate that cash flows from our businesses, including our existing block of policies and our investment and savings products, will continue to provide us with sufficient liquidity to meet our operating requirements. Over the next few years, we expect our growing premium revenue base from policies issued after the Citi reinsurance transactions to increase operating cash flows.

We may seek to enhance our liquidity position through borrowings from third-party sources, sales of debt or equity securities, reserve financing or some combination of these sources. The Model Regulation entitled "Valuation of Life Insurance Policies," commonly known as "Regulation XXX," requires insurers to carry statutory reserves for term life insurance policies with long-term premium guarantees which are often significantly in excess of the reserves that insurers deem necessary to satisfy claim obligations. Accordingly, many insurance companies have sought ways to reduce their capital needs by financing these excess reserves through bank financing, reinsurance arrangements or other financing transactions. Although we have not used reserve financing in the past, we may desire to enter into these types of arrangements in future periods.

Cash Flows

Cash flows from operating activities are affected primarily by the timing of premiums received, commissions and fees received, benefits paid, commissions paid to sales representatives, administrative and selling expenses, investment income, and cash taxes. Our principal source of cash historically has been premiums received on term life insurance policies in force.

We typically generate positive cash flows from operating activities, as premiums, commissions and fees collected from our insurance and investment and savings products exceed benefits, commissions and operating expenses paid, and we invest the excess. Net cash used in financing activities primarily represents dividends paid to Citi. The components of the change in cash were as follows:

	Nine months ended September 30,		
	2010	2009	Change
		(In thousands)	
Net cash (used in) provided by operating activities	$ (1,252)	$ 538,353	$ (539,605)
Net cash provided by (used in) investing activities	715,707	(216,297)	932,004
Net cash used in financing activities	(1,289,141)	(38,450)	(1,250,691)
Effect of foreign exchange rate changes on cash	24,185	(5,844)	30,029
(Decrease) increase in cash	$ (550,501)	$ 277,762	$ (828,263)

The decrease in cash provided by operating activities for the nine months ended September 30, 2010, compared with the nine months ended September 30, 2009 was primarily the result of lower net cash flows on our term life insurance business and lower net investment income, both of which were substantially impacted by the Citi reinsurance transactions and our corporate reorganization. Additionally, there was an increase in income taxes paid in connection with the Citi reinsurance transactions. These cash outflows were partially offset by an increase in cash provided by our investment and savings products due to improved sales and higher values of client accounts on which we earn fees.

The increase in cash provided by investing activities for the nine months ended September 30, 2010, compared with the same period a year ago was primarily the result of significant securities sales activity and lower securities purchases as we increased our cash position in anticipation of the Transactions, partially offset by higher net purchases subsequent to the Transactions as we invested excess cash.

The increase in cash used in financing activities represents the cash payment of dividends paid to Citi as part of the Transactions, the cash portion of the Citi dividend declared in December 2009 and paid in January 2010, and the dividend to stockholders declared and paid in the third quarter of 2010.

Note Payable

In April 2010, we issued a $300.0 million note to Citi as part of our corporate reorganization in which Citi transferred to us the businesses that comprise our operations. Prior to the issuance of the Citi note, we had no outstanding debt. The Citi note bears interest at an annual rate of 5.5%, payable semi-annually in arrears on January 15 and July 15, and matures March 31, 2015. Citi may participate out, assign or sell all or any portion of the note at any time.

We have the option to redeem the Citi note in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest to the date of redemption. In the event of a change in control, the holder of the Citi note has the right to require us to repurchase it at a price equal to 101% of the outstanding principal amount plus accrued and unpaid interest.

The Citi note also requires us to use our commercially reasonable efforts to arrange and consummate an offering of investment-grade debt securities, trust preferred securities, surplus notes, hybrid securities or convertible debt that generates sufficient net cash proceeds (after deducting fees and expenses) to repay the note in full at certain mutually agreeable dates, based on certain conditions.

We were in compliance with all of the covenants of the Citi note at September 30, 2010. No events of default or defaults occurred during the six months ended September 30, 2010.

We calculate our debt-to-capital ratio by dividing total long-term debt by the sum of stockholders' equity and total long-term debt. As of September 30, 2010, our debt-to-capital ratio was 17.7%.

Short-term Borrowings

We had no short-term borrowings as of or during the nine months ended September 30, 2010.

Rating Agencies

Primerica Life's financial strength rating is AA- by Standard & Poor's; A+ (Superior) by A.M. Best and A+ by Fitch.

Risk-Based Capital

The NAIC has established risk-based capital (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 reserve items. The formula is an early warning tool to identify possible weakly capitalized companies for purposes of initiating further regulatory action.

Prior to and after the reinsurance and reorganization transactions, our U.S. life insurance subsidiaries had statutory capital substantially in excess of the applicable statutory requirements to support existing operations and to fund future growth. We intend to take a conservative approach toward RBC levels, particularly in light of our anticipated growth. Over time, our management may opt to change RBC levels to levels that are more consistent with companies whose business is similar to ours.

In Canada, an insurer's minimum capital requirement is overseen by the Office of the Superintendent of Financial Institutions Canada ("OSFI") and determined as the sum of the capital requirements for five categories of risk: asset default risk; mortality/morbidity/lapse risks; changes in interest rate environment risk; segregated funds risk and foreign exchange risk. Primerica Life Canada is currently in compliance with Canada's minimum capital requirements, as determined by OSFI.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of the loss of fair value resulting from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying financial instruments are traded. Sensitivity analysis measures the impact of hypothetical changes in interest rates, foreign exchange rates and other market rates or prices on the profitability of market-sensitive financial instruments.

The following discussion about the potential effects of changes in interest rates and Canadian currency exchange rates is based on so-called “shock-tests,” which model the effects of interest rate and Canadian exchange rate shifts on our financial condition and results of operations. Although we believe shock tests provide the most meaningful analysis permitted by the rules and regulations of the SEC, they are constrained by several factors, including the necessity to conduct the analysis based on a single point in time and by their inability to include the extraordinarily complex market reactions that normally would arise from the market shifts modeled. Although the following results of shock tests for changes in interest rates and Canadian currency exchange rates may have some limited use as benchmarks, they should not be viewed as forecasts. These disclosures also are selective in nature and address, in the case of interest rates, only the potential direct impact on our financial instruments, and in the case of Canadian currency exchange rates, the potential translation impact on net income from our Canadian subsidiaries. They do not include a variety of other potential factors that could affect our business as a result of these changes in interest rates and Canadian currency exchange rates.

Interest rate risk

The carrying value of our invested asset portfolio, excluding policy loans and cash, as of September 30, 2010 was $2.18 billion and 99% of these investments were fixed-maturity securities. The primary market risk to our invested asset portfolio is interest rate risk associated with investments in fixed-maturity securities.

One means of assessing exposure of our fixed-maturity securities portfolio to interest rate changes is a duration-based analysis that measures the potential changes in market value resulting from a hypothetical change in interest rates of 100 basis points across all maturities. This is sometimes referred to as a parallel shift in the yield curve. Under this model, with all other factors constant and assuming no offsetting change in the value of our liabilities, we estimated that such an increase in interest rates would cause the market value of our fixed-maturity securities portfolio to decline by approximately $66.0 million, or 3.1%, based on our actual securities positions as of September 30, 2010.

Canadian currency risk

We also have exposure to foreign currency exchange risk to the extent we conduct business in Canada. For the nine months ended September 30, 2010, 16% of our revenues from operations, excluding realized investment gains, were generated by our Canadian operations. A strong Canadian dollar relative to the U.S. dollar results in higher levels of reported revenues, expenses, net income, assets, liabilities and accumulated other comprehensive income (loss) in our U.S. dollar financial statements and a weaker Canadian dollar has the opposite effect. Historically, we have not hedged this exposure, although we may elect to do so in future periods.

One means of assessing exposure to changes in Canadian currency exchange rates is to model effects on reported income using a sensitivity analysis. We analyzed our Canadian currency exposure for the nine months ended September 30, 2010 and 2009. Net exposure was measured assuming a 10% decrease in Canadian currency exchange rates compared to the U.S. dollar. We estimated that such a decrease would decrease our income before income taxes for the nine months ended September 30, 2010 by approximately $6.9 million.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Investors are cautioned that certain statements contained in this document as well as some statements in periodic press releases and some oral statements made by our officials and their respective subsidiaries 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,” “may increase,” “may fluctuate” and similar expressions, or future conditional verbs such as “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, which may be provided by our management teams, 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” in our Registration Statement on Form S-1 originally filed with the SEC on November 5, 2009, as amended through March 31, 2010.

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. These risks and uncertainties include, among others:

- our failure to continue to attract new recruits, retain sales representatives and maintain the licensing of our sales representatives;
- our or our sales representatives' violation of or non-compliance with laws and regulations;
- changes to the independent contractor status of our sales representatives;
- our failure to protect the confidentiality of client information;
- differences between our actual experience and our expectations regarding mortality, deferred policy acquisition costs (DAC) or persistency as reflected in the pricing for our insurance policies;
- the occurrence of a catastrophic event that causes a large number of premature deaths of our insureds;
- the failure of our investment and savings products to remain competitive with other investment options or the loss of our relationship with companies whose mutual fund and variable annuity products we offer;
- changes in, or non-compliance with, federal and state legislation and regulation, including the Dodd-Frank Act and other legislation or regulation that affects our insurance, investment and savings products and loan businesses;
- failure to meet risk-based capital (RBC) standards or other minimum capital and surplus requirements;
- a downgrade or potential downgrade in our insurance subsidiaries' financial strength ratings;
- the effects of credit deterioration and interest rate fluctuations on our invested asset portfolio;
- incorrectly valuing our investments;
- inadequate or unaffordable reinsurance or the failure of our reinsurers, including Citi, to perform their obligations;
- recent changes in accounting for DAC of insurance entities;
- the continuing effects of the recent economic downturn and stringent lending credit policies;
- changes in licensing requirements for our sales representatives;
- a loss of our custodial or recordkeeping business arrangements;
- inadequate policies and procedures regarding suitability review of client transactions;
- the failure of, or legal challenges to, the support tools we provide to our sales force;
- the inability of our subsidiaries to pay dividends or make distributions;
- our ability to generate a sufficient amount of capital;
- fluctuations in Canadian currency exchange rates;
- our non-compliance with the covenants of the Citi note;
- legal and regulatory investigations and actions concerning us or our sales representatives;
- the competitive environment;
- the loss of key personnel;
- the failure of our information technology systems, breach of our security or failure of our business continuity plan;
- conflicts of interests due to Citi's significant interest in us, Warburg Pincus' significant interest in us and the limited liability of Citi's directors and officers for breach of fiduciary duty;
- engagement by Citi in the same type of businesses that we conduct;

- arrangements with Citi that may not be sustained at the same level as when we were controlled by Citi;
- historical and pro forma financial data may not be a reliable indicator of future results;
- incremental costs as a stand-alone public company;
- substantial fluctuation in the price of our common stock; and
- the future sale of our common stock or the perception that such a sale could occur.

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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The information required by Item 3 is incorporated by reference from the Quantitative and Qualitative Disclosures about Market Risk section in Part I, Item 2 of this report.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures.

The Company’s management, with the participation of the Company’s Co-Chief Executive Officers 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 quarterly report (the “Evaluation Date”). Based on such evaluation, the Company’s Co-Chief Executive Officers 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.

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 third fiscal quarter of 2010 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

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 and, as such, the Company is unable to estimate the possible loss or range of loss that may result from these matters. While it is possible that an adverse outcome in certain cases could have a material adverse effect upon the Company's financial position, based on information currently known by the Company's management, in its opinion, the outcomes of such pending investigations and legal proceedings are not likely to have such an effect. However, given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

In February 2009, PFS Investments Inc. ("PFSI") was served with a FINRA Statement of Claim alleging that a PFSI representative's recommendation to claimant's father caused him to surrender a life insurance policy and to transfer a variable annuity. The claimant's father subsequently died, and the claimant is asking for the value of the surrendered death benefits and other damages under various theories of liability, including suitability. The FINRA final hearing began on September 28, 2010 and is ongoing. After consultation with its trial counsel, the Company believes that the evidence and law favor the Company's position that the asserted claims are without merit. However, a proceeding of this nature is inherently unpredictable and, therefore, the proceeding could result in an adverse judgment with a material effect on the Company's financial position or results of operations. The amount of any award in this matter is not reasonably estimable.

Item 1A. Risk Factors.

The Risk Factors contained in the Registration Statement on Form S-1, originally filed with the SEC on November 5, 2009, as amended through March 31, 2010, are incorporated herein by reference except to the extent they address risks arising from or relating to the failure of events described therein to occur, which events have since occurred. Risk Factors that have changed materially are set forth below.

Changes in accounting for DAC of insurance entities could significantly impact our accounting for certain of our direct and indirect costs and for our costs associated with unsuccessful contract acquisitions.

In October 2010, the Financial Accounting Standards Board, or FASB, issued ASU 2010-26, *Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts* (ASU 2010-26). The update revises the definition of deferred policy acquisition costs to reflect incremental costs directly related to the successful acquisition of new and renewed insurance contracts. The update creates a more limited definition than the prior guidance, which defines deferred policy acquisition costs as those that vary with, and primarily relate to, the acquisition of insurance contracts. The revised definition materially increases the portion of acquisition costs being expensed as incurred rather than deferred and amortized over the lives of the underlying policies. The update allows either prospective or retrospective adoption and is required to be adopted for our fiscal year beginning January 1, 2012. Implementation of this update could have a material adverse effect on our results of operations in the near term, as we would be required to accelerate the recognition of expenses associated with acquiring life insurance business.

If heightened standards of conduct or licensing requirements are imposed on us or our 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.

Our sales representatives are subject to federal and state regulation as well as state licensing requirements. PFS Investments, which is regulated as a broker-dealer, and our U.S. sales representatives are currently subject to general anti-fraud limitations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Securities and Exchange Commission ("SEC") rules and regulations, as well as other conduct standards prescribed by Financial Industry Regulatory Authority ("FINRA"). These standards generally require that broker-dealers 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. The Dodd-Frank Wall Street Reform and

Consumer Protection Act (the “Dodd-Frank Act”), which was recently signed into law, directs the SEC to conduct a study to evaluate the effectiveness of legal standards of care for those that provide personalized investment advice regarding securities to retail customers and gives the SEC the power to impose on broker-dealers a standard of care (fiduciary duty) that is currently applicable only to investment advisers. The Dodd-Frank Act also permits the SEC to prohibit or impose limitations on the use of mandatory pre-dispute arbitration provisions in customer agreements. Additionally, the SEC recently introduced a proposal to restructure and limit the payment of 12b-1 (distribution) fees by mutual fund and variable annuity issuers to selling broker-dealers. If our broker-dealer or our sales representatives become subject to new requirements or regulations, it could result in increased litigation, regulatory risks, changes to our business model, a decrease in the number of our securities-licensed representatives or a reduction in the products we offer to our clients or the profits we earn, which could have a material adverse effect on our business, financial condition and results of operations.

Item 5. Other Information.

The Board of Directors of Primerica, Inc. has determined that the 2011 Annual Meeting of Stockholders will be held at the Company’s headquarters in Duluth, Georgia, on Wednesday, May 18, 2011 at 10:00 a.m. EDT. Stockholders of record on March 21, 2011, will be notified of the meeting and will be eligible to vote.

Item 6. Exhibits.

Exhibits and Financial Statements Schedules

(a) 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 application 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 you or other 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
2.1	Securities Purchase Agreement dated February 8, 2010, by and among Citigroup Insurance Holding Corporation, Primerica, Inc., Warburg Pincus Private Equity X, L.P. and Warburg Pincus X Partners, L.P. (Incorporated by reference to Exhibit 2.1 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680)).
3.1	Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680)).
3.2	Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibit 3.2 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680)).
4.1	Warrant to purchase 3,975,914 shares of common stock dated as of April 15, 2010 (Incorporated by reference to Exhibit 4.1 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680)).
4.2	Warrant to purchase 127,196 shares of common stock dated as of April 15, 2010 (Incorporated by reference to Exhibit 4.2 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680)).
4.3	Note Agreement dated April 1, 2010 between the Registrant, the Guarantors named therein and Citigroup Insurance Holding Corporation (Incorporated by reference to Exhibit 4.3 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680)).
4.4	Note of the Registrant in favor of Citigroup Insurance Holding Company dated as of April 1, 2010 (Incorporated by reference to Exhibit 4.4 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680)).
10.1	Intercompany Agreement dated as of April 7, 2010 by and between the Registrant and Citigroup Inc. (Incorporated by reference to Exhibit 10.1 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680)).
10.2	Transition Services Agreement dated as of April 7, 2010 by and between the Registrant and Citigroup Inc. (Incorporated by reference to Exhibit 10.2 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680)).
10.3	Long-Term Services Agreement dated as of April 7, 2010 by and between CitiLife Financial Limited and Primerica Life Insurance Company (Incorporated by reference to Exhibit 10.4 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680)).
10.4	Common Stock Exchange Agreement dated as of April 15, 2010 among the Registrant, Warburg Pincus LLC and Warburg Pincus & Co. (Incorporated by reference to Exhibit 10.39 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680)).
10.5	Registration Rights Agreement dated as of April 7, 2010 by and among Citigroup Insurance Holding Corporation, Warburg Pincus Private Equity X, L.P., Warburg Pincus X Partners, L.P. and the Registrant (Incorporated by reference to Exhibit 10.40 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680)).
10.6	Employment Agreement, dated as of August 19, 2010, between the Registrant and Mr. D. Richard Williams (Incorporated by reference to Exhibit 99.1 to Primerica's Current Report on Form 8-K dated August 19, 2010 (Commission File No. 001-34680)

Exhibit Number	Description
10.7	Employment Agreement, dated as of August 19, 2010, between the Registrant and Mr. John A. Addison, Jr. (Incorporated by reference to Exhibit 99.2 to Primerica's Current Report on Form 8-K dated August 19, 2010 (Commission File No. 001-34680)
10.8	Employment Agreement, dated as of August 19, 2010, between the Registrant and Mr. Peter W. Schneider (Incorporated by reference to Exhibit 99.3 to Primerica's Current Report on Form 8-K dated August 19, 2010 (Commission File No. 001-34680)
10.9	Employment Agreement, dated as of August 19, 2010, between the Registrant and Mr. Glenn J. Williams (Incorporated by reference to Exhibit 99.4 to Primerica's Current Report on Form 8-K dated August 19, 2010 (Commission File No. 001-34680)
10.10	Employment Agreement, dated as of August 19, 2010, between the Registrant and Ms. Alison S. Rand (Incorporated by reference to Exhibit 99.5 to Primerica's Current Report on Form 8-K dated August 19, 2010 (Commission File No. 001-34680)
10.11	Employment Agreement, dated as of August 19, 2010, between the Registrant and Mr. Gregory C. Pitts (Incorporated by reference to Exhibit 99.6 to Primerica's Current Report on Form 8-K dated August 19, 2010 (Commission File No. 001-34680)
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by D. Richard Williams, Chairman of the Board and Co-Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by John A. Addison Jr., Chairman of Primerica Distribution and Co-Chief Executive Officer
31.3	Rule 13a-14(a)/15d-14(a) Certification, executed by Alison S. Rand, Executive Vice President and Chief Financial Officer
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 D. Richard Williams, Chairman of the Board and Co-Chief Executive Officer, John A. Addison, Chairman of Primerica Distribution and Co-Chief Executive Officer, and Alison S. Rand, Executive Vice President and Chief Financial Officer

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 11, 2010

/s/ Alison S. Rand

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

EXHIBIT 31.1

Certification of Co-Chief Executive Officer

I, D. Richard Williams, Chairman of the Board of Directors and Co-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) [reserved]

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 11, 2010

/s/ D. Richard Williams
D. Richard Williams
Chairman of the Board of Directors and Co-Chief Executive Officer

EXHIBIT 31.2

Certification of Co-Chief Executive Officer

I, John A. Addison Jr., Chairman of Primerica Distribution and Co-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) [reserved]

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 11, 2010

/s/ John A. Addison Jr.
John A. Addison Jr.
Chairman of Primerica Distribution and Co-Chief Executive Officer

EXHIBIT 31.3

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) [reserved]

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 11, 2010

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

EXHIBIT 32.1

**Certification of Co-CEOs 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, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, D. Richard Williams, as Chairman of the Board of Directors and Co-Chief Executive Officer of the Company, I, John A. Addison Jr., as Chairman of Primerica Distribution and Co-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/ D. Richard Williams

Name: D. Richard Williams
Title: Chairman of the Board of Directors and Co-Chief Executive Officer
Date: November 11, 2010

/s/ John A. Addison Jr.

Name: John A. Addison Jr.
Title: Chairman of Primerica Distribution and Co-Chief Executive Officer
Date: November 11, 2010

/s/ Alison S. Rand

Name: Alison S. Rand
Title: Executive Vice President and Chief Financial Officer
Date: November 11, 2010