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, 2013

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®

Primerica, Inc.
(Exact name of registrant as specified in its charter)

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

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

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

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 October 31, 2013
Common Stock, $0.01 Par Value	54,829,477 shares

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

PRIMERICA, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	September 30, 2013 (unaudited)	December 31, 2012
	(In thousands)	
Assets		
Investments:		
Fixed-maturity securities available for sale, at fair value (amortized cost: $1,581,341 in 2013 and $1,711,582 in 2012)	$ 1,688,096	$ 1,887,014
Equity securities available for sale, at fair value (cost: $30,852 in 2013 and $29,955 in 2012)	37,016	37,147
Trading securities, at fair value (cost: $11,208 in 2013 and $7,740 in 2012)	11,185	7,762
Policy loans	25,795	24,613
Total investments	1,762,092	1,956,536
Cash and cash equivalents	147,468	112,216
Accrued investment income	19,595	19,540
Due from reinsurers	4,033,138	4,005,194
Deferred policy acquisition costs, net	1,179,143	1,066,422
Premiums and other receivables	182,702	170,656
Intangible assets, net (accumulated amortization: $64,173 in 2013 and $61,621 in 2012)	69,432	69,816
Income taxes	31,999	17,256
Other assets	261,225	302,126
Separate account assets	2,512,886	2,618,115
Total assets	$ 10,199,680	$ 10,337,877
Liabilities and Stockholders' Equity		
Liabilities:		
Future policy benefits	$ 5,022,048	$ 4,850,488
Unearned premiums	4,501	6,056
Policy claims and other benefits payable	248,592	254,533
Other policyholders' funds	334,553	345,721
Notes payable	374,469	374,433
Income taxes	101,708	114,611
Other liabilities	329,566	358,577
Payable under securities lending	75,852	139,927
Separate account liabilities	2,512,886	2,618,115
Commitments and contingent liabilities (see Commitments and Contingent Liabilities note)		
Total liabilities	9,004,175	9,062,461
Stockholders' equity:		
Common stock ($0.01 par value; authorized 500,000 in 2013 and 2012; and issued 54,687 shares in 2013 and 56,374 shares in 2012)	547	564
Paid-in capital	464,783	602,269
Retained earnings	609,778	503,173
Accumulated other comprehensive income (loss), net of income tax:		
Unrealized foreign currency translation gains (losses)	48,671	55,487
Net unrealized investment gains (losses):		
Net unrealized investment gains not other-than-temporarily impaired	72,773	114,958
Net unrealized investment losses other-than-temporarily impaired	(1,047)	(1,035)
Total stockholders' equity	1,195,505	1,275,416
Total liabilities and stockholders' equity	$ 10,199,680	$ 10,337,877

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(In thousands, except per-share amounts)			
Revenues:				
Direct premiums	$ 576,095	$ 567,273	$ 1,724,202	$ 1,698,383
Ceded premiums	(407,488)	(414,991)	(1,235,543)	(1,248,969)
Net premiums	168,607	152,282	488,659	449,414
Commissions and fees	118,443	104,607	347,899	315,974
Net investment income	22,103	26,881	66,345	76,583
Realized investment gains (losses), including other-than-temporary impairment losses	(407)	3,872	5,347	10,324
Other, net	10,711	11,446	31,958	33,919
Total revenues	319,457	299,088	940,208	886,214
Benefits and expenses:				
Benefits and claims	81,912	70,738	225,927	207,596
Amortization of deferred policy acquisition costs	32,192	29,234	93,556	83,970
Sales commissions	58,388	49,370	171,074	150,562
Insurance expenses	25,083	23,744	80,319	70,777
Insurance commissions	5,329	6,684	16,818	21,638
Interest expense	8,726	8,828	26,314	24,244
Other operating expenses	41,273	39,934	131,968	121,485
Total benefits and expenses	252,903	228,532	745,976	680,272
Income before income taxes	66,554	70,556	194,232	205,942
Income taxes	23,364	24,957	68,707	72,407
Net income	$ 43,190	$ 45,599	$ 125,525	$ 133,535
Earnings per share:				
Basic	$ 0.78	$ 0.74	$ 2.20	$ 2.09
Diluted	$ 0.78	$ 0.72	$ 2.16	$ 2.05
Weighted-average shares used in computing earnings per share:				
Basic	54,957	60,060	56,019	62,241
Diluted	54,958	61,563	57,069	63,519
Supplemental disclosures:				
Total impairment losses	$ (347)	$ (162)	$ (438)	$ (1,066)
Impairment losses recognized in other comprehensive income before income taxes	—	—	19	563
Net impairment losses recognized in earnings	(347)	(162)	(419)	(503)
Other net realized investment gains (losses)	(60)	4,034	5,766	10,827
Realized investment gains (losses), including other-than-temporary impairment losses	$ (407)	$ 3,872	$ 5,347	$ 10,324
Dividends declared per share	$ 0.11	$ 0.07	$ 0.33	$ 0.15

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Net income	$ 43,190	$ 45,599	$ 125,525	$ 133,535
Other comprehensive income (loss) before income taxes:				
Unrealized investment gains (losses):				
Change in unrealized holding gains (losses) on investment securities	(3,004)	24,139	(60,502)	45,584
Reclassification adjustment for realized investment (gains) losses included in net income	(184)	(3,654)	(4,416)	(10,115)
Foreign currency translation adjustments:				
Change in unrealized foreign currency translation gains (losses)	5,586	7,867	(6,907)	6,998
Total other comprehensive income (loss) before income taxes	2,398	28,352	(71,825)	42,467
Income tax expense (benefit) related to items of other comprehensive income (loss)	(1,044)	7,260	(22,812)	12,426
Other comprehensive income (loss), net of income taxes	3,442	21,092	(49,013)	30,041
Total comprehensive income (loss)	$ 46,632	$ 66,691	$ 76,512	$ 163,576

See accompanying notes to condensed consolidated financial statements.

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

	Nine months ended September 30,	
	2013	2012
	(In thousands)	
Common stock:		
Balance, beginning of period	$ 564	$ 649
Repurchases of common stock	(29)	(65)
Net issuance of common stock	12	13
Balance, end of period	547	597
Paid-in capital:		
Balance, beginning of period	602,269	835,232
Share-based compensation	31,161	24,643
Net issuance of common stock	(12)	(13)
Repurchases of common stock	(101,044)	(169,938)
Repurchases of warrants	(68,399)	—
Adjustments to paid-in capital, other	808	1,961
Balance, end of period	464,783	691,885
Retained earnings:		
Balance, beginning of period	503,173	344,104
Net income	125,525	133,535
Dividends	(18,920)	(9,416)
Balance, end of period	609,778	468,223
Accumulated other comprehensive income (loss):		
Balance, beginning of period	169,410	146,665
Change in foreign currency translation adjustment, net of income tax expense (benefit) of $(91) in 2013 and $12 in 2012	(6,816)	6,986
Change in net unrealized investment gains (losses) during the period, net of income taxes:		
Change in net unrealized investment gains (losses) not-other-than temporarily impaired, net of income tax expense (benefit) of $(22,713) in 2013 and $12,251 in 2012	(42,185)	22,754
Change in net unrealized investment losses other-than-temporarily impaired, net of income tax expense (benefit) of $(8) in 2013 and $163 in 2012	(12)	301
Balance, end of period	120,397	176,706
Total stockholders' equity	$ 1,195,505	$ 1,337,411

See accompanying notes to condensed consolidated financial statements.

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

	Nine months ended September 30, 2013	Nine months ended September 30, 2012
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 125,525	$ 133,535
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Change in future policy benefits and other policy liabilities	166,936	174,134
Deferral of policy acquisition costs	(200,082)	(204,283)
Amortization of deferred policy acquisition costs	93,556	83,970
Change in income taxes	(4,117)	2,666
Realized investment (gains) losses, including other-than-temporary impairments	(5,347)	(10,324)
Accretion and amortization of investments	(2,924)	(1,686)
Depreciation and amortization	8,182	7,555
Change in due from reinsurers	(39,379)	(125,965)
Change in premiums and other receivables	(12,627)	(11,208)
Trading securities sold, matured, or called (acquired), net	(3,448)	26,434
Share-based compensation	10,689	14,122
Change in other operating assets and liabilities, net	(46,407)	13,720
Net cash provided by (used in) operating activities	90,557	102,670
Cash flows from investing activities:		
Available-for-sale investments sold, matured or called:		
Fixed-maturity securities - sold	88,332	229,523
Fixed-maturity securities - matured or called	207,445	203,256
Equity securities	4,694	1,965
Available-for-sale investments acquired:		
Fixed-maturity securities	(156,360)	(370,141)
Equity securities	(461)	(5,632)
Purchases of property and equipment and other investing activities, net	(18,473)	(4,622)
Cash collateral received (returned) on loaned securities, net	(64,075)	28,308
Sales (purchases) of short-term investments using securities lending collateral, net	64,075	(28,308)
Net cash provided by (used in) investing activities	125,177	54,349
Cash flows from financing activities:		
Dividends paid	(18,920)	(9,416)
Common stock repurchased	(101,073)	(170,003)
Warrants repurchased	(68,399)	—
Excess tax benefits on share-based compensation	8,440	4,723
Proceeds from issuance of Senior Notes, net of discount	—	374,411
Payment of note issued to Citigroup	—	(300,000)
Payments of deferred financing costs	—	(7,729)
Net cash provided by (used in) financing activities	(179,952)	(108,014)
Effect of foreign exchange rate changes on cash	(530)	740
Change in cash and cash equivalents	35,252	49,745
Cash and cash equivalents, beginning of period	112,216	136,078
Cash and cash equivalents, end of period	$ 147,468	$ 185,823

See accompanying notes to condensed consolidated financial statements.

PRIMERICA, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements - Unaudited

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

Description of Business**.** Primerica, Inc. (the "Parent Company") together with its subsidiaries (collectively, "we", "us" or the "Company") is a leading 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, annuities and other financial products, which we distribute primarily on behalf of third parties. Our primary subsidiaries include the following entities: Primerica Financial Services, Inc. ("PFS"), a general agency and marketing company; Primerica Life Insurance Company ("Primerica Life"), our principal life insurance company; Primerica Financial Services (Canada) Ltd., a holding company for our Canadian operations, which includes Primerica Life Insurance Company of Canada ("Primerica Life Canada") and PFSL Investments Canada Ltd. ("PFSL Investments Canada"); and PFS Investments, Inc. ("PFS Investments"), an investment products company and broker-dealer. Primerica Life, domiciled in Massachusetts, owns National Benefit Life Insurance Company ("NBLIC"), a New York life insurance company.

We capitalized Peach Re, Inc. ("Peach Re"), a special purpose financial captive insurance company and wholly owned subsidiary of Primerica Life, and Primerica Life ceded to Peach Re certain level premium term life insurance policies pursuant to a coinsurance agreement (the "Peach Re Coinsurance Agreement") effective March 31, 2012.

Basis of Presentation**.** We prepare our financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). These principles are established primarily by the Financial Accounting Standards Board ("FASB"). The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect financial statement balances, revenues and expenses and cash flows, as well as the disclosure of contingent assets and liabilities. Management considers available facts and knowledge of existing circumstances when establishing the estimates included in our financial statements.

The accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of normal recurring accruals, which are necessary to fairly present the balance sheets as of September 30, 2013 and December 31, 2012, the statements of income and comprehensive income for the three and nine months ended September 30, 2013 and 2012, and the statements of stockholders' equity and cash flows for the nine months ended September 30, 2013 and 2012. Results of operations for interim periods are not necessarily indicative of results for the entire year or of the results to be expected in future periods.

These unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. These condensed consolidated financial statements should be read in conjunction with the consolidated and combined financial statements and notes thereto that are included in our Annual Report on Form 10-K for the year ended December 31, 2012 ("2012 Annual Report").

Use of Estimates. 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 U.S. GAAP. Actual results could differ from those estimates.

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

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

Subsequent Events. The Company has evaluated subsequent events for recognition and disclosure for occurrences and transactions after the date of the condensed consolidated financial statements at September 30, 2013.

Significant Accounting Policies. All significant accounting policies remain unchanged from the 2012 Annual Report.

New Accounting Principles. In February 2013, the FASB issued ASU No. 2013-02, *Comprehensive Income (Topic 220) - Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* (“ASU 2013-02”). The amendments of ASU 2013-02 require an entity to provide additional information about the amounts reclassified out of accumulated other comprehensive income. The amendments in ASU 2013-02 were applied prospectively for our fiscal year beginning January 1, 2013. The disclosures required by this update are included in this report and had no impact on our financial position, results of operations, or cash flows.

Future Application of Accounting Standards. Recently issued accounting guidance not otherwise disclosed is not applicable, is immaterial to our financial statements, or did not or will not have an impact on our business.

(2) Segment Information

We have two primary operating segments – Term Life Insurance and Investment and Savings Products. We also have a Corporate and Other Distributed Products segment. Total assets and results of operations by segment were as follows:

	September 30, 2013	December 31, 2012
	(In thousands)	
Assets:		
Term life insurance segment	$ 6,678,705	$ 6,400,126
Investment and savings products segment	2,722,684	2,810,137
Corporate and other distributed products segment	798,291	1,127,614
Total assets	$ 10,199,680	$ 10,337,877

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Revenues:				
Term life insurance segment	$ 177,811	$ 163,028	$ 514,828	$ 475,960
Investment and savings products segment	114,723	101,163	336,805	304,264
Corporate and other distributed products segment	26,923	34,897	88,575	105,990
Total revenues	$ 319,457	$ 299,088	$ 940,208	$ 886,214
Income (loss) before income taxes:				
Term life insurance segment	$ 50,136	$ 47,593	$ 147,159	$ 141,996
Investment and savings products segment	31,498	31,608	85,339	89,922
Corporate and other distributed products segment	(15,080)	(8,645)	(38,266)	(25,976)
Total income before income taxes	$ 66,554	$ 70,556	$ 194,232	$ 205,942

The Investment and Savings Products segment includes assets held in separate accounts. Excluding separate accounts, the Investment and Savings Products segment assets were approximately $210.4 million and $192.8 million as of September 30, 2013 and December 31, 2012, respectively.

In the second quarter of 2013, Primerica changed its measurement of segment information to reclassify the deposit asset underlying the 10% reinsurance agreement with Citigroup Inc. ("Citigroup"), as well as the related mark-to-market adjustments included in the calculation of its effective yield, to the Corporate and Other Distributed Products segment instead of the Term Life Insurance segment. The deposit asset reflects a unique corporate financing-related asset, changes in the market value of which are no longer viewed by management for purposes of making decisions about allocating resources to the Term Life Insurance segment and assessing its performance. All prior period information has been adjusted to consistently reflect this change in segment measurement. The change does not impact the Company's consolidated financial statements.

The change in measurement of segment information increased total assets in the Corporate and Other Distributed Products segment and decreased total assets in the Term Life Insurance segment by approximately $91.5 million as of December 31, 2012. The amount of segment revenues and segment income (loss) before income taxes reclassified from the Term Life Insurance segment to the Corporate and Other Distributed Products segment was approximately $1.0 million and $2.6 million for the three and nine months ended September 30, 2012, respectively.

Long-lived assets and results of operations by country were as follows:

	September 30, 2013	December 31, 2012
	(In thousands)	
Long-lived assets by country:		
United States	$ 95,551	$ 82,724
Canada	643	450
Total long-lived assets	$ 96,194	$ 83,174

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Revenues by country:				
United States	$ 262,925	$ 245,574	$ 767,759	$ 723,034
Canada	56,532	53,514	172,449	163,180
Total revenues	$ 319,457	$ 299,088	$ 940,208	$ 886,214
Income before income taxes by country:				
United States	$ 50,951	$ 54,587	$ 145,143	$ 156,625
Canada	15,603	15,969	49,089	49,317
Total income before income taxes	$ 66,554	$ 70,556	$ 194,232	$ 205,942

(3) Investments

The period-end cost or amortized cost, gross unrealized gains and losses, and fair value of fixed-maturity and equity securities available for sale follow:

	September 30, 2013			
	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	$ 7,370	$ 574	$ (80)	$ 7,864
Foreign government	112,041	9,697	(1,550)	120,188
States and political subdivisions	32,522	2,148	(436)	34,234
Corporates	1,187,752	91,959	(10,419)	1,269,292
Mortgage- and asset-backed securities	241,656	15,632	(770)	256,518
Total fixed-maturity securities [(1)]	1,581,341	120,010	(13,255)	1,688,096
Equity securities	30,852	6,888	(724)	37,016
Total fixed-maturity and equity securities available for sale	$ 1,612,193	$ 126,898	$ (13,979)	$ 1,725,112

(1) Includes approximately $1.6 million of other-than-temporary impairment losses related to corporates and mortgage- and asset-backed securities recognized in accumulated other comprehensive income.

	December 31, 2012			
	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	$ 6,722	$ 812	$ —	$ 7,534
Foreign government	101,171	16,238	(17)	117,392
States and political subdivisions	31,176	3,596	(19)	34,753
Corporates	1,265,179	134,710	(2,763)	1,397,126
Mortgage- and asset-backed securities	307,334	23,999	(1,124)	330,209
Total fixed-maturity securities [(1)]	1,711,582	179,355	(3,923)	1,887,014
Equity securities	29,955	7,529	(337)	37,147
Total fixed-maturity and equity securities available for sale	$ 1,741,537	$ 186,884	$ (4,260)	$ 1,924,161

(1) Includes approximately $1.6 million of other-than-temporary impairment losses related to corporates and mortgage- and asset-backed securities recognized in accumulated other comprehensive income.

The net effect on stockholders’ equity of unrealized gains and losses on available-for-sale securities was as follows:

	September 30, 2013	December 31, 2012
	(In thousands)	
Net unrealized investment gains (losses) including foreign currency translation adjustment and other-than-temporary impairments:		
Fixed-maturity and equity securities	$ 112,919	$ 182,624
Currency swaps	81	97
Foreign currency translation adjustment	(2,653)	(7,456)
Other-than-temporary impairments	1,612	1,592
Net unrealized investment gains excluding foreign currency translation adjustment and other-than-temporary impairments	111,959	176,857
Deferred income taxes	(39,186)	(61,899)
Net unrealized investment gains excluding foreign currency translation adjustment and other-than-temporary impairments, net of tax	$ 72,773	$ 114,958

We also maintain a portfolio of fixed-maturity securities that are classified as trading securities. The carrying value of the fixed-maturity securities classified as trading securities were approximately $11.2 million and $7.8 million as of September 30, 2013 and December 31, 2012, respectively.

All of our available-for-sale mortgage- and asset-backed securities represent investments 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, we have investments on deposit with governmental authorities and banks for the protection of policyholders. The fair values of investments on deposit were approximately $19.6 million and $20.5 million as of September 30, 2013 and December 31, 2012, respectively.

We participate in securities lending transactions with broker-dealers and other financial institutions to increase investment income with minimal risk. We require minimum collateral on securities loaned equal to 102% of the fair value of the loaned securities. We accept collateral in the form of securities, which we are not able to sell or encumber, and to the extent the collateral declines in value below 100%, we require additional collateral from the borrower. Any securities collateral received is not reflected on our balance sheet. We also accept collateral in the form of cash, all of which we reinvest. For loaned securities involving unrestricted cash collateral, the collateral is reported as an asset with a corresponding liability representing our obligation to return the collateral. We continue to carry the lent securities as investment assets on our balance sheet during the terms of the loans, and we do not report them as sales. Cash collateral received and reinvested was approximately $75.9 million and $139.9 million as of September 30, 2013 and December 31, 2012, respectively.

The scheduled contractual maturity distribution of the available-for-sale fixed-maturity portfolio at September 30, 2013 follows:

	September 30, 2013	
	Amortized cost	Fair value
	(In thousands)	
Due in one year or less	$ 162,789	$ 168,096
Due after one year through five years	471,070	509,900
Due after five years through 10 years	664,430	708,301
Due after 10 years	41,396	45,281
	1,339,685	1,431,578
Mortgage- and asset-backed securities	241,656	256,518
Total fixed-maturity securities	$ 1,581,341	$ 1,688,096

Actual 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.

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Fixed-maturity securities	$ 21,785	$ 26,601	$ 67,643	$ 76,160
Equity securities	277	245	841	712
Policy loans and other invested assets	325	315	972	926
Cash and cash equivalents	54	103	215	349
Market return on deposit asset underlying 10% reinsurance agreement	829	983	331	2,587
Gross investment income	23,270	28,247	70,002	80,734
Investment expenses	(1,167)	(1,366)	(3,657)	(4,151)
Net investment income	$ 22,103	$ 26,881	$ 66,345	$ 76,583

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,		Nine months ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Net realized investment gains (losses):				
Gross gains from sales	$ 1,234	$ 3,843	$ 5,989	$ 10,385
Gross losses from sales	(703)	(27)	(1,154)	(84)
Gross gains from securities transferred from available-for-sale to trading	—	—	—	323
Gross losses from securities transferred from available-for-sale to trading	—	—	—	(6)
Other-than-temporary impairment losses	(347)	(162)	(419)	(503)
Gains (losses) from bifurcated options	(591)	218	931	209
Net realized investment gains (losses)	$ (407)	$ 3,872	$ 5,347	$ 10,324
Supplemental information:				
Gross realized investment gains (losses) reclassified from accumulated other comprehensive income into earnings	$ 184	$ 3,654	$ 4,416	$ 10,115
Tax expense (benefit) associated with realized investment gains (losses) reclassified from accumulated other comprehensive income into earnings	$ 64	$ 1,279	$ 1,546	$ 3,540
Proceeds from sales or other redemptions	$ 79,864	$ 95,861	$ 300,471	$ 434,744

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 issue, 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. For additional information, see Note 3 (Investments) to the consolidated and combined financial statements in our 2012 Annual Report.

Investments in fixed-maturity and equity securities with a cost basis in excess of their fair values were approximately $331.3 million and $111.9 million as of September 30, 2013 and December 31, 2012, respectively.

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, 2013					
	Less than 12 months			12 months or longer		
	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
	(Dollars in thousands)					
Fixed-maturity securities:						
U.S. government and agencies	$ 3,122	$ (69)	3	$ 244	$ (11)	1
Foreign government	33,360	(1,312)	45	3,483	(238)	8
States and political subdivisions	10,673	(384)	14	164	(52)	1
Corporates	213,962	(8,885)	243	11,170	(1,534)	13
Mortgage- and asset-backed securities	27,057	(363)	31	7,640	(407)	7
Total fixed-maturity securities	288,174	(11,013)		22,701	(2,242)	
Equity securities	6,469	(724)	10	—	—	—
Total fixed-maturity and equity securities	$ 294,643	$ (11,737)		$ 22,701	$ (2,242)	

	December 31, 2012					
	Less than 12 months			12 months or longer		
	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
	(Dollars in thousands)					
Fixed-maturity securities:						
Foreign government	$ 5,146	$ (17)	12	$ —	$ —	—
States and political subdivisions	1,498	(19)	3	—	—	—
Corporates	70,176	(1,189)	58	7,055	(1,574)	11
Mortgage- and asset-backed securities	15,367	(22)	18	6,409	(1,102)	10
Total fixed-maturity securities	92,187	(1,247)		13,464	(2,676)	
Equity securities	1,461	(147)	6	522	(190)	1
Total fixed-maturity and equity securities	$ 93,648	$ (1,394)		$ 13,986	$ (2,866)	

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

	September 30, 2013		December 31, 2012	
	Amortized cost	Fair value	Amortized cost	Fair value
	(In thousands)			
Fixed-maturity securities in default	$ 63	$ 338	$ 165	$ 712

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Impairments on fixed-maturity securities not in default	$ 347	$ 3	$ 419	$ 343
Impairments on equity securities	—	159	—	160
Total impairment charges	$ 347	$ 162	$ 419	$ 503

The securities 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; or analyses of rating agency information for issuances with severe ratings downgrades that indicated a significant increase in the possibility of default.

As of September 30, 2013, the unrealized losses on our invested asset portfolio were largely caused by interest rate sensitivity and, to a lesser extent, changes in credit spreads. We believe that fluctuations caused by interest rate movement have little bearing on the recoverability of our investments. The overall increase in interest rates during the nine months ended September 30, 2013 contributed to the declines in fair value of our invested asset portfolio. Because we have the ability to hold these investments until a market price recovery or maturity and we have no present intention to dispose of them, we do not consider these investments to be other-than-temporarily impaired.

Net impairment losses recognized in earnings were as follows:

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
	(In thousands)			
Impairment losses related to securities which the Company does not intend to sell or more-likely-than-not will not be required to sell:				
Total OTTI losses recognized	$ 345	$ 4	$ 365	$ 855
Less portion of OTTI loss recognized in accumulated other comprehensive income (loss)	—	—	(19)	(563)
Net impairment losses recognized in earnings for securities which the Company does not intend to sell or more-likely-than-not will not be required to sell before recovery	345	4	346	292
OTTI losses recognized in earnings for securities which the Company intends to sell or more-likely-than-not will be required to sell before recovery	2	158	73	211
Net impairment losses recognized in earnings	$ 347	$ 162	$ 419	$ 503

The roll-forward of the credit-related losses recognized in income for all fixed-maturity securities still held follows:

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
	(In thousands)			
Cumulative OTTI credit losses recognized for securities still held, beginning of period	$ 14,243	$ 15,970	$ 14,171	$ 17,403
Additions for OTTI securities where no credit losses were recognized prior to the beginning of the period	345	—	416	10
Additions for OTTI securities where credit losses have been recognized prior to the beginning of the period	2	3	3	333
Reductions due to sales, maturities or calls of credit impaired securities	(264)	(938)	(264)	(2,711)
Cumulative OTTI credit losses recognized for securities still held, end of period	$ 14,326	$ 15,035	$ 14,326	$ 15,035

Derivatives. We use foreign currency swaps to reduce our foreign exchange risk attributable to investments held by our subsidiaries in debt securities that are denominated in a currency other than its functional currency. The aggregate notional balance and fair value of these currency swaps follow:

	September 30, 2013	December 31, 2012
	(In thousands)	
Aggregate notional balance of currency swaps	$ 5,878	$ 5,878
Aggregate fair value of currency swaps	(2,031)	(2,048)

The change in fair value of these currency swaps is reflected in other comprehensive income as they effectively hedge the variability in cash flows from these foreign currency-denominated debt securities.

The embedded conversion options associated with fixed-maturity securities are bifurcated from the fixed-maturity security host contracts and separately recognized as equity securities. The change in fair value of these bifurcated conversion options is reflected in realized investment gains (losses), including OTTI losses. As of September 30, 2013 and December 31, 2012, the fair value of these bifurcated options was approximately $4.1 million and $10.2 million, respectively.

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 approximately $26.4 million as of September 30, 2013 and December 31, 2012. While we have no current intention to do so, these deferred losses will not be recognized until such time as we sell or substantially liquidate our Canadian operations.

(4) Fair Value of Financial Instruments

Fair value is the price that would be received upon the sale of 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. We classify and disclose all invested assets carried at fair value 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; and
- Level 3. Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Level 3 consists of financial instruments whose fair value is estimated based on industry-standard pricing methodologies and models using significant inputs not based on, nor corroborated by, readily available market information. Valuations for this category primarily consist of non-binding broker quotes. Financial instruments in this category primarily include less liquid corporate, mortgage-backed, and asset-backed fixed-maturity securities.

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

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

	September 30, 2013			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Fair value assets:				
Available-for-sale fixed-maturity securities:				
U.S. government and agencies	$ —	$ 7,864	$ —	$ 7,864
Foreign government	—	120,188	—	120,188
States and political subdivisions	—	34,234	—	34,234
Corporates	1,299	1,265,498	2,495	1,269,292
Mortgage- and asset-backed securities	—	254,905	1,613	256,518
Total available-for-sale fixed-maturity securities	1,299	1,682,689	4,108	1,688,096
Available-for-sale equity securities	32,562	4,381	73	37,016
Trading securities	—	11,185	—	11,185
Separate accounts	—	2,512,886	—	2,512,886
Total fair value assets	$ 33,861	$ 4,211,141	$ 4,181	$ 4,249,183
Fair value liabilities:				
Currency swaps	$ —	$ 2,031	$ —	$ 2,031
Separate accounts	—	2,512,886	—	2,512,886
Total fair value liabilities	$ —	$ 2,514,917	$ —	$ 2,514,917

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Fair value assets:				
Available-for-sale fixed-maturity securities:				
U.S. government and agencies	$ —	$ 7,534	$ —	$ 7,534
Foreign government	—	117,392	—	117,392
States and political subdivisions	—	34,753	—	34,753
Corporates	1,301	1,392,446	3,379	1,397,126
Mortgage- and asset-backed securities	—	328,415	1,794	330,209
Total available-for-sale fixed-maturity securities	1,301	1,880,540	5,173	1,887,014
Available-for-sale equity securities	26,608	10,491	48	37,147
Trading securities	—	7,762	—	7,762
Separate accounts	—	2,618,115	—	2,618,115
Total fair value assets	$ 27,909	$ 4,516,908	$ 5,221	$ 4,550,038
Fair value liabilities:				
Currency swaps	$ —	$ 2,048	$ —	$ 2,048
Separate accounts	—	2,618,115	—	2,618,115
Total fair value liabilities	$ —	$ 2,620,163	$ —	$ 2,620,163

In assessing fair value of our investments, we use a third-party pricing service for approximately 94% of our securities. The remaining securities are primarily thinly traded 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 observable data inputs are 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 as we are unable to evaluate the valuation technique(s) or significant inputs used to develop the quotes. Therefore, we do not internally develop the quantitative unobservable inputs used in measuring the fair value of Level 3 investments. However, we do corroborate pricing information provided by our third-party pricing service by performing a review of selected securities. Our review activities include obtaining detailed information about the assumptions, inputs and methodologies used in pricing the security;

documenting this information; and corroborating it by comparison to independently obtained prices and or independently developed pricing methodologies.

Furthermore, we perform internal reasonableness assessments on fair value determinations within our portfolio throughout the quarter and at quarter-end, including pricing variance analyses and comparisons to alternative pricing sources and benchmark returns. If a fair value appears unusual relative to these assessments, we will re-examine the inputs and may challenge a fair value assessment made by the pricing service. If there is a known pricing error, we will request a reassessment by the pricing service. If the pricing service is unable to perform the reassessment on a timely basis, we will determine the appropriate price by requesting a reassessment from an alternative pricing service or other qualified source as necessary. We do not adjust quotes or prices except in a rare circumstance to resolve a known error.

Because many fixed-maturity securities do not trade on a daily basis, 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 or compared to actual transactions, if available, 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 unpriced securities are valued using an estimate of fair value based on indicative market prices that include significant unobservable inputs not based on, nor corroborated by, market information, including the utilization of non-binding broker quotes.

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Level 3 assets, beginning of period	$ 8,433	$ 10,131	$ 5,221	$ 6,937
Net unrealized gains (losses) included in other comprehensive income	(122)	206	(288)	(130)
Net realized gains (losses) included in realized investment gains (losses), including other-than-temporary impairment losses	171	50	301	10
Purchases	—	757	4,383	3,173
Sales	(10)	—	(25)	—
Settlements	(1,163)	(3,162)	(1,862)	(3,900)
Transfers into Level 3	371	—	1,357	2,951
Transfers out of Level 3	(3,499)	(1,140)	(4,906)	(2,199)
Level 3 assets, end of period	$ 4,181	$ 6,842	$ 4,181	$ 6,842

We obtain independent pricing quotes based on observable inputs as of the end of the reporting period for all securities in Level 2. Those inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, market bids/offers, quoted prices for similar instruments in markets that are not active, and other relevant data. We monitor these inputs for market indicators, industry and economic events. 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. There were no transfers between Level 1 and Level 2 during the three and nine months ended September 30, 2013 and 2012. In addition, there were no transfers between Level 1 and Level 3 during the three and nine months ended September 30, 2013 and 2012.

Invested assets included in the transfer from Level 3 to Level 2 during the three and nine months ended September 30, 2013 and 2012 primarily were fixed-maturity investments for which we were able to obtain independent pricing quotes based on observable inputs. Invested assets included in the transfer from Level 2 to Level 3 during the three months ended September 30, 2013 and the nine months ended September 30, 2013 and 2012 primarily were fixed-maturity investments for which we were unable to corroborate independent broker quotes with observable market data.

The table below is a summary of the estimated fair value for financial instruments.

	September 30, 2013		December 31, 2012	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
	(In thousands)			
Assets:				
Fixed-maturity securities available for sale	$ 1,688,096	$ 1,688,096	$ 1,887,014	$ 1,887,014
Equity securities available for sale	37,016	37,016	37,147	37,147
Trading securities	11,185	11,185	7,762	7,762
Policy loans	25,795	25,795	24,613	24,613
Deposit asset underlying 10% reinsurance agreement	112,279	112,279	91,524	91,524
Separate accounts	2,512,886	2,512,886	2,618,115	2,618,115
Liabilities:				
Notes payable	$ 374,469	$ 392,319	$ 374,433	$ 418,777
Currency swaps	2,031	2,031	2,048	2,048
Separate accounts	2,512,886	2,512,886	2,618,115	2,618,115

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.

Recurring fair value measurements. Estimated fair values of investments in available-for-sale fixed-maturity securities are principally a function of current spreads and interest rates that are corroborated by independent third-party data. Therefore, the fair values presented are indicative of amounts we could realize or settle at the respective balance sheet date. We do not necessarily intend to dispose of or liquidate such instruments prior to maturity. Trading securities, which primarily consist of fixed-maturity securities, are carried at fair value. Equity securities, including common and non-redeemable preferred stocks, are carried at fair value. Currency swaps are stated at fair value. Segregated funds in separate accounts are carried at the underlying value of the variable insurance contracts, which is fair value.

Nonrecurring fair value measurements. Policy loans, which are categorized as Level 3 fair value measurements, are carried at the unpaid principal balances. The fair value of policy loans approximate the unpaid principal balances as the timing of repayment is uncertain and the loans are collateralized by the amount of the policy. The deposit asset underlying the 10% reinsurance agreement represents the value of the assets necessary to back the economic reserves held in support of the reinsurance agreement. The carrying value of this deposit asset approximates fair value, which is categorized as Level 3 in the fair value hierarchy. Notes payable represent our publicly-traded senior notes and are valued as a Level 2 fair value measurement using the quoted market price for our notes.

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

(5) Reinsurance

On March 31, 2010, we entered into certain reinsurance transactions with affiliates of Citigroup and ceded between 80% and 90% of the risks and rewards of our term life insurance policies that were in force at year-end 2009.

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, 2013	December 31, 2012
	(Dollars in thousands)	
Direct life insurance in force	$ 680,980,955	$ 675,164,992
Amounts ceded to other companies	(602,857,339)	(599,133,626)
Net life insurance in force	$ 78,123,616	$ 76,031,366
Percentage of reinsured life insurance in force	89 %	89 %

Due from reinsurers includes ceded reserve balances and ceded claim liabilities. Reinsurance receivable and financial strength ratings by reinsurer were as follows:

	September 30, 2013		December 31, 2012	
	Reinsurance receivable	A.M. Best rating	Reinsurance receivable	A.M. Best rating
	(In thousands)			
Prime Reinsurance Company [(1)]	$ 2,557,492	NR	$ 2,505,157	NR
Financial Reassurance Company 2010, Ltd. [(1)]	350,337	NR	352,073	NR
American Health and Life Insurance Company [(1)]	174,502	A-	174,905	A-
Swiss Re Life & Health America Inc. [(2)]	254,179	A+	266,841	A+
SCOR Global Life Reinsurance Companies [(3)]	151,231	A	161,876	A
Generali USA Life Reassurance Company [(3)]	117,997	A-	117,284	A-
Transamerica Reinsurance Companies	101,323	A+	108,237	A+
Munich American Reassurance Company	99,065	A+	101,349	A+
Korean Reinsurance Company	87,995	A	86,287	A
RGA Reinsurance Company	75,669	A+	72,230	A+
All other reinsurers	63,348	-	58,955	-
Due from reinsurers	$ 4,033,138		$ 4,005,194	

NR – not rated

(1) Reinsurers are affiliates of Citigroup. Amounts shown are net of their share of the reinsurance receivable from other reinsurers.

(2) Includes amounts ceded to Lincoln National Life Insurance and 100% retroceded to Swiss Re Life & Health America Inc.

(3) Reinsurers are commonly owned entities due to the purchase of Generali USA Life Reassurance Company by the parent company of SCOR Global Life Reinsurance Companies in October 2013.

(6) Notes Payable

Notes payable consisted of the following:

	September 30, 2013		December 31, 2012	
	Amount	Rate	Amount	Rate
	(Dollars in thousands)			
Senior notes payable, due July 15, 2022	$ 375,000	4.75%	$ 375,000	4.75%
Original issuance discount remaining on notes payable	(531)		(567)	
Total notes payable	$ 374,469		$ 374,433	

On July 16, 2012, we issued $375.0 million in principal amount of senior unsecured notes in a public offering (the "Senior Notes"), and used a portion of the net cash proceeds to repay a $300.0 million note to Citigroup in whole at a redemption price equal to 100% of the outstanding principal amount. We were in compliance with the covenants of the Senior Notes at September 30, 2013. No events of default occurred on the Senior Notes during the nine months ended September 30, 2013.

Further discussion on the Company's notes payable is included in Note 9 (Notes Payable) to our consolidated and combined financial statements within our 2012 Annual Report.

(7) Stockholders' Equity

A reconciliation of the number of shares of our common stock follows.

	Nine months ended September 30,	
	2013	2012
	(In thousands)	
Common stock, beginning of period	56,374	64,883
Shares of restricted common stock issued	289	438
Shares of common stock issued upon lapse of restricted stock units ("RSUs")	975	878
Common stock retired	(2,951)	(6,476)
Common stock, end of period	54,687	59,723

The above reconciliation excludes RSUs issued to our sales force, our Canadian subsidiaries' employees, and our non-employee directors, which do not have voting rights. As the restrictions on the RSUs lapse, we issue common shares with voting rights. As of September 30, 2013, we had a total of approximately 1.1 million RSUs outstanding.

On June 3, 2013, we repurchased 2,488,621 shares of our common stock and warrants to purchase 4,103,110 shares of our common stock beneficially owned by certain private equity funds managed by Warburg Pincus LLC ("Warburg Pincus") at a purchase price of $34.67 per outstanding common share and at a purchase price for the warrants equal to $16.67 per underlying share. The per-share purchase price was determined based on the closing price of our common stock on May 28, 2013, which was the execution date of the agreement to repurchase the shares, and the purchase price per warrant was equal to the per-share purchase price less the warrant exercise price of $18.00 per underlying share. The aggregate purchase price for the shares and warrants was approximately $154.7 million. Warburg Pincus no longer owns an equity interest in the Company. Proceeds from the ordinary dividend of $150.0 million paid on May 7, 2013 from Primerica Life to the Parent Company were used to fund the repurchase transaction.

(8) Earnings Per Share

The Company has outstanding common stock and equity awards that consist of restricted stock, RSUs and stock options. In addition, warrants to purchase 4,103,110 shares of our common stock at an exercise price of $18.00 per underlying share were outstanding until we repurchased and retired these warrants on June 3, 2013. The restricted stock and outstanding RSUs maintain non-forfeitable dividend rights that result in dividend payment obligations on a one-to-one ratio with common shares for any future dividend declarations. These restricted stock and outstanding RSUs are deemed participating securities for purposes of calculating earnings per share ("EPS").

As a result of issuing restricted stock and outstanding RSUs that are deemed participating securities, we calculate EPS using the two-class method. Under the two-class method, we allocate earnings to common shares (excluding unvested restricted stock) and vested RSUs outstanding for the period. Earnings attributable to unvested participating securities, along with the corresponding share counts, are excluded from EPS as reflected in our condensed consolidated statements of income.

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

We determine the potential dilutive effect of warrants and stock options outstanding on EPS using the treasury-stock method. Under this method, we determine the proceeds that would be received from the exercise of the warrants and stock options outstanding, which includes cash received for the exercise price, the remaining unrecognized stock option compensation expense and the resulting effect on the income tax deduction from the exercise of stock options. We then use the average market price of our common shares during the period the warrants and stock options were outstanding to determine how many shares we could repurchase with the proceeds raised from the exercise of the warrants and stock options outstanding. The net incremental share count issued represents the potential dilutive securities. We then reallocate earnings to common shares, fully vested restricted stock and fully vested RSUs outstanding by incorporating the increased fully diluted share count to determine diluted EPS.

The calculation of basic and diluted EPS follows.

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(In thousands, except per-share amounts)			
Basic EPS				
Numerator:				
Net income	$ 43,190	$ 45,599	$ 125,525	$ 133,535
Income attributable to unvested participating securities	(557)	(1,116)	(2,173)	(3,624)
Net income used in calculating basic EPS	$ 42,633	$ 44,483	$ 123,352	$ 129,911
Denominator:				
Weighted-average vested shares	54,957	60,060	56,019	62,241
Basic EPS	$ 0.78	$ 0.74	$ 2.20	$ 2.09
Diluted EPS				
Numerator:				
Net income	$ 43,190	$ 45,599	$ 125,525	$ 133,535
Income attributable to unvested participating securities	(557)	(1,092)	(2,140)	(3,558)
Net income used in calculating diluted EPS	$ 42,633	$ 44,507	$ 123,385	$ 129,977
Denominator:				
Weighted-average vested shares	54,957	60,060	56,019	62,241
Dilutive effect of incremental shares if issued for warrants outstanding	—	1,503	1,050	1,278
Dilutive effect of incremental shares to be issued for options outstanding	1	—	—	—
Weighted-average shares used in calculating diluted EPS	54,958	61,563	57,069	63,519
Diluted EPS	$ 0.78	$ 0.72	$ 2.16	$ 2.05

(9) Share-Based Compensation

The Company has outstanding equity awards under its Omnibus Incentive Plan ("OIP"). The OIP provides for the issuance of equity awards, including stock options, stock appreciation rights, restricted stock, deferred stock, RSUs, unrestricted stock, as well as cash-based awards. In addition to time-based vesting requirements, awards granted under the OIP also may be subject to specified performance criteria. Since 2010, the Company has issued equity awards to our management (officers and other key employees), non-employee directors, and sales force leaders under the OIP. As of September 30, 2013, we had approximately 2.9 million shares available for future grants under this plan.

Employee and Director Share-Based Compensation

Restricted Stock and RSUs. The Company has granted shares of restricted stock to management of its U.S. based subsidiaries and RSUs to management of its Canadian subsidiaries (collectively, "management restricted stock awards"). Members of the Board of Directors were granted shares of restricted stock prior to 2013 and were granted RSUs on May 22, 2013 (collectively, "director restricted stock awards"). All of our outstanding management restricted stock awards and the director restricted stock awards granted prior to 2013 have time-based vesting requirements, with equal and annual graded vesting over three years. RSUs granted to members of the Board of Directors in 2013 have time-based vesting requirements that lapse on May 21, 2014 and contain post-vesting sale restrictions until the director no longer serves on our Board. All of our outstanding management and director restricted stock awards are eligible for dividends or dividend equivalents regardless of vesting status. During the nine months ended September 30, 2013, we granted annual equity compensation of approximately 322,000 management and director restricted stock awards under the OIP with a weighted-average grant date fair value of $32.78 per share.

In connection with our granting of management and director restricted stock awards, we recognized expense and tax benefit offsets as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Expense for management and director restricted stock awards granted in 2010	$ —	$ 3,104	$ 3,200	$ 9,371
Expense for management and director restricted stock awards granted in 2011	817	753	2,316	2,294
Expense for management and director restricted stock awards granted in 2012	928	954	2,811	2,457
Expense for management and director restricted stock awards granted in 2013	898	—	2,134	—
Total management and director restricted stock awards expense	$ 2,643	$ 4,811	$ 10,461	$ 14,122
Tax benefit associated with total management and director restricted stock awards expense	$ 885	$ 1,167	$ 3,052	$ 3,396

As of September 30, 2013, total compensation cost not yet recognized in our financial statements related to management and director restricted stock awards with time-based vesting conditions yet to be reached was approximately $14.7 million, and the weighted-average period over which cost will be recognized was approximately two years.

Stock Options. On February 20, 2013, the Company granted stock options under the OIP to certain of its executive officers with a fair market value equal to approximately one-third of the executive officer's total annual equity compensation. The remaining annual equity compensation for these executive officers were granted in the form of management restricted stock awards discussed above. A total of 134,222 stock options was granted with an exercise price of $32.63, which was equal to the fair market value of our common stock on that date, and they expire 10 years from the date of grant. These options have time-based restrictions with equal and annual graded vesting over a three-year period. The fair market value of the options on the grant date and the compensation expense that will be recognized over the vesting period was approximately $1.1 million. For the three months ended September 30, 2013, compensation expense and related tax benefits recognized for these stock option awards were approximately $94,000 and $33,000, respectively. For the nine months ended September 30, 2013, compensation expense and related tax benefits recognized for these stock option awards were approximately $228,000 and $80,000, respectively.

No options were exercised during the three and nine months ended September 30, 2013, and no options are expected to be exercised earlier than the first scheduled vesting date of March 1, 2014.

Non-Employee Share-Based Compensation

Restricted Stock Units. Quarterly incentive awards to our sales force leaders ("agent equity awards") have performance-based vesting requirements for which the grant and the service period occur within the same calendar quarter. These awards are granted in the form of RSUs that vest upon the conclusion of short-term quarterly contests and are subject to sale restrictions expiring over the three years subsequent to vesting. Because the awards are subject to sale restrictions following their vesting, their fair value is discounted to reflect a corresponding illiquidity discount. These awards are an incremental direct cost of successful acquisitions or renewals of life insurance policies that result directly from and are essential to the policy acquisition(s) and would not have been incurred had the policy acquisition(s) not occurred, and therefore are deferred and amortized in the same manner as other deferred policy acquisition costs.

In connection with these awards, we recognized and deferred expense as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(In thousands)			
Quarterly incentive awards expense recognized currently	$ —	$ —	$ —	$ —
Quarterly incentive awards expense deferred	3,893	1,915	12,034	5,340
Concurrent tax benefit of deferred expense	1,249	592	3,855	1,622

As of September 30, 2013, all agent equity awards were fully vested with the exception of quarterly incentive awards granted during the third quarter of 2013 that vested on October 1, 2013. As such, any related compensation cost not recognized as either expense or deferred acquisition costs in our financial statements as of and through September 30, 2013 is immaterial.

(10) Commitments and Contingent Liabilities

Effective March 31, 2012, Peach Re entered into a Credit Facility Agreement with Deutsche Bank (the "Credit Facility Agreement") to support certain obligations for a portion of the statutory accounting-based reserves (commonly referred to as Regulation XXX reserves) related to level premium term life insurance policies ceded to Peach Re from Primerica Life under the Peach Re Coinsurance Agreement.

Under the Credit Facility Agreement, Deutsche Bank issued a letter of credit in the initial amount of $450.0 million with a term of approximately fourteen years (the "LOC") for the benefit of Primerica Life, the direct parent of Peach Re. Subject to certain conditions, the amount of the LOC will be periodically increased up to a maximum amount of $510.0 million in 2014. Pursuant to the terms of the Credit Facility Agreement, in the event amounts are drawn under the LOC by Primerica Life, Peach Re will be obligated, subject to certain limited conditions, to reimburse Deutsche Bank for the amount of any draws and interest thereon. Peach Re has collateralized its obligations to Deutsche Bank by granting it a security interest in all of its assets with the exception of amounts held in a special account established to meet minimum asset thresholds required by state regulatory authorities. As of September 30, 2013, the Company was in compliance with all financial covenants under the Credit Facility Agreement.

Further discussion on the Company's letter of credit is included Note 15 (Commitments and Contingent Liabilities) to our consolidated and combined financial statements within our 2012 Annual Report.

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

Beginning in late 2011, numerous arbitration claims were filed with the Financial Industry Regulatory Association ("FINRA") against our subsidiary, PFS Investments, and certain of its registered representatives seeking unspecified damages arising from the allegation that the representatives improperly recommended that the claimants transfer their retirement benefits from the Florida Retirement System's defined benefit plan to its defined contribution plan. The arbitrations have been brought by a law firm in Miami, Florida, that engaged in efforts to solicit public employees to bring these claims against us.

Currently, there are 23 pending arbitrations. We have completed three arbitrations. In two arbitrations, the public employee received no monetary award. In a third arbitration, the panel dismissed the claims against our representative but awarded a monetary judgment that was individually immaterial to the Company and considerably less than the amount sought by the claimant. We filed a motion to vacate the award, which was granted in October 2013.

In addition to the arbitrations, there are a number of pending lawsuits in state trial courts brought by this same law firm alleging the same claims against PFS Investments and certain of its registered representatives. Most of the claims arose between 2002 and 2008, and remain susceptible to statute of limitations defenses. Where appropriate, we are asking the trial courts to dismiss the cases based on statute of limitations defenses. These motions have been granted, but the courts have allowed the plaintiffs to re-plead some of their claims. At our initiative, a court also has separated cases with multiple plaintiffs into individual actions. Currently, there are 32 lawsuits pending in trial courts. While the number of cases has increased (due largely to the cases with multiple plaintiffs being re-filed as individual actions), the aggregate number of plaintiffs has decreased.

In addition to the 32 cases pending in state trial courts, there is one case in a state appellate court (following a ruling in our favor on the statute of limitations) and a Federal Court case in the Middle District of Florida (which also is on appeal, though, in that case, the appeal will determine whether the claim is subject to arbitration).

Although some new court cases have been filed, the total number of claimants in all the various legal proceedings (arbitrations and lawsuits) is 81, down from 91 last quarter. The lower figure is due in part because some claimants have not re-filed following dismissal of their cases and some others have voluntarily removed themselves from the proceedings.

We believe we have meritorious defenses to the claims, and we intend to vigorously defend against them. Despite our defenses, we will incur significant costs, and possibly liabilities, defending and/or resolving these claims. At this time, we are unable to reasonably estimate a range of potential losses.

Since 2011, Primerica Life, a Massachusetts domestic insurer, has regularly consulted the Social Security Administration's Death Master File ("Death Master File") in accordance with Massachusetts Division of Insurance best practices, and NBLIC, a New York domestic insurer, has regularly consulted the Death Master File in accordance with New York State insurance requirements, to identify potential deceased policyholders for whom claims have not been presented to us in the normal course of business. If unreported deaths are identified, Primerica Life and NBLIC attempt to determine if a valid claim exists, to locate beneficiaries, and to pay benefits accordingly. Prior to 2011, the Company did not use the Death Master File in any aspect of its business.

The Company is currently undergoing targeted multi-state treasurer audits by 30 jurisdictions with respect to unclaimed property laws, and Primerica Life and NBLIC are engaged in targeted multi-state market conduct examinations by six jurisdictions with respect to their claims-paying practices. Additionally, Primerica Life is one of many defendants to a suit by the Treasurer of the State of West Virginia alleging violations of the West Virginia unclaimed property act. Other jurisdictions may pursue similar audits, examinations and litigation. The audits, examinations and litigation are expected to take significant time to complete, and it is unclear whether the Company will be required to compare the Death Master File to its records for periods prior to 2011, including with respect to policies which have lapsed, to determine whether benefits are owed in instances where an insured appears to have died but no claim for death benefits has been made. The potential outcome of such actions is difficult to predict but could subject the Company to adverse consequences, including, but not limited to, settlement payments, additional payments to beneficiaries and additional escheatment of funds deemed abandoned under state laws. At this time, the Company cannot reasonably estimate the likelihood or the impact of additional costs or liabilities that could result from the resolution of these matters. These actions may also result in changes to the Company's procedures for the identification and escheatment of abandoned property and other financial liability.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to inform the reader about matters affecting the financial condition and results of operations of Primerica, Inc. (the "Parent Company") and its subsidiaries (collectively, "we", "us" or the "Company") for the period from December 31, 2012 to September 30, 2013. As a result, the following discussion should be read in conjunction with MD&A and the consolidated and combined financial statements and notes thereto that are included in our Annual Report on Form 10-K for the year ended December 31, 2012 ("2012 Annual Report"). This discussion contains forward-looking statements that constitute our plans, estimates and beliefs. These forward-looking statements involve numerous risks and uncertainties, including, but not limited to, those discussed under the heading "Risk Factors" in the 2012 Annual Report. Actual results may differ materially from those contained in any forward-looking statements.

This MD&A is divided into the following sections:

- Business Overview
- Critical Accounting Estimates
- Factors Affecting Our Results
- Results of Operations

- Financial Condition
- Liquidity and Capital Resources

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, 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 issuing life insurance company subsidiaries: Primerica Life Insurance Company (“Primerica Life”); National Benefit Life Insurance Company (“NBLIC”); and Primerica Life Insurance Company of Canada (“Primerica Life Canada”). Our in force term insurance policies have level premiums for the stated term period. As such, the policyholder pays the same amount each year. Initial policy term periods are between 10 and 35 years. While premiums are guaranteed to remain level during the initial term period (up to a maximum of 20 years in the United States), our claim obligations generally increase as our policyholders age. In addition, we incur significant upfront costs in acquiring new insurance business. Our deferral and amortization of policy acquisition costs and reserving methodology are designed to match the recognition of premium revenues with the timing of policy lapses and the payment of expected claims obligations.

Our Term Life Insurance segment results are primarily driven by sales and policies in force, accuracy of our pricing assumptions, terms and use of reinsurance, investment income, and expenses. On March 31, 2010, we entered into certain reinsurance transactions with affiliates of Citigroup Inc. ("Citigroup") (collectively, the "Citigroup reinsurers") and ceded between 80% and 90% of the risks and rewards of our term life insurance policies that were in force at year-end 2009 (the "Citigroup reinsurance transactions"). We continue to administer all policies subject to these coinsurance agreements. Subsequent to the Citigroup reinsurance transactions, 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 that we ceded to the Citigroup reinsurers. As we have added new in force business, our revenues and earnings have grown from these initial levels. With each successive period, we expect revenue and earnings growth to continue to decelerate as the size of our in force book grows and 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, managed accounts, annuities and segregated funds. In the United States, we distribute mutual fund and managed accounts products and variable and fixed annuity products of several third-party companies. In Canada, we offer our own Primerica-branded mutual funds, as well as mutual funds of other companies, and segregated funds, which are underwritten by Primerica Life Canada.

Results in our Investment and Savings Products segment are driven by sales of mutual funds and annuities, the value of assets in client accounts for which we earn ongoing service, distribution and advisory fees and the number of fee generating accounts for which we provide administration functions or retirement plan custodial services. 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 various insurance products, prepaid legal services as well as credit information and debt referral services. These products are distributed pursuant to distribution arrangements with third parties, except for certain life and disability insurance products underwritten by NBLIC, our New York life insurance subsidiary, that are not distributed through our independent agent 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 our notes payable and realized gains and losses on our invested asset portfolio.

Critical Accounting Estimates

We prepare our financial statements in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). These principles are established primarily by the Financial Accounting Standards Board ("FASB"). The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions based on currently available information when recording transactions resulting from business operations. Our significant accounting policies are described in Note 1 (Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies) to our consolidated and combined financial statements included in our 2012 Annual Report. 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 ("DAC"), future policy benefit reserves and corresponding amounts due from reinsurers, litigation, 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.

Accounting Policy Change. During the nine months ended September 30, 2013, there have been no changes in the accounting methodology for items that we have identified as critical accounting estimates. For additional information regarding critical accounting estimates, see the Critical Accounting Estimates section of MD&A included in our 2012 Annual Report.

Factors Affecting Our Results

Economic Environment. The relative strength and stability of financial markets and economies in the United States and Canada affect our growth and profitability. Our business is, and we expect will continue to be, influenced by a number of industry-wide and product-specific trends and conditions.

Economic conditions, including unemployment levels and 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 affect how consumers evaluate their savings and debt management plans. In addition, interest rates and equity market returns impact consumer demand for the savings and investment products we distribute. The effects of these trends and conditions are discussed in the Results of Operations section below.

Independent Sales Force. 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 and licensing levels are important to sales force trends, and growth in recruiting and licensing is usually indicative of future growth in the overall size of the sales force. Recruiting results do not always result in commensurate changes in the size of our licensed sales force because new recruits may obtain the requisite licenses at rates above or below historical levels.

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
New recruits	51,523	47,639	148,229	155,166
New life-licensed sales representatives	9,630	8,613	25,670	26,049

Higher recruiting experienced following our biennial convention coupled with the pull-through of licensed sales representatives due to licensing initiatives taken in previous periods contributed to the increase in new recruits and representatives for the third quarter of 2013. For the nine months ended September 30, 2013, both recruiting and licensing lagged prior period activity due to the positive impact of special incentive programs and competitions during the first quarter of 2012.

The size of our life-licensed insurance sales force was as follows:

	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012
Life-licensed insurance sales representatives	94,529	92,227	90,917	92,373

The life-licensed sales force increased during the third quarter primarily due to the positive effect of licensing initiatives taken in previous periods, as well as lower non-renewals and terminations.

Term Life Insurance Segment. Our Term Life Insurance segment results are primarily driven by sales volumes, the accuracy of our pricing assumptions, terms and use of 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 eligible acquisition expenses are deferred and amortized ratably with the level premiums of the underlying policies. However, because we incur significant cash outflows at or about the time policies are issued, including the payment of sales commissions and underwriting costs, changes in life insurance sales volume will have a more immediate effect on our cash flows.

Historically, we have found that, while sales volume of term life insurance products between fiscal periods may vary based on a variety of factors, the productivity of 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 life-licensed sales representatives and the number of term life insurance policies issued, as well as the average monthly rate of new policies issued per life-licensed sales representative, were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Average number of life-licensed sales representatives	93,507	91,229	92,339	90,635
Number of new policies issued	53,997	53,506	161,975	170,234
Average monthly rate of new policies issued per life-licensed sales representative	.19x	.20x	.19x	.21x

The average monthly rate of new policies issued per life-licensed sales representative remained relatively consistent with historical experience during the three months ended September 30, 2013. The average monthly rate of new policies issued per life-licensed sales representative declined slightly during the nine months ended September 30, 2013 as 2012 life insurance policy sales benefited from warm market leads generated from strong recruiting, particularly in the first quarter of 2012.

Pricing assumptions. Our pricing methodology is intended to provide us with appropriate profit margins for the risks we assume. We determine pricing classifications based on the coverage sought, such as the size and term of the policy, and certain policyholder attributes, such as age and health. In addition, we utilize unisex rates for our term life insurance policies. The pricing assumptions that underlie our rates are based upon our best estimates of mortality, persistency and investment yields at the time of issuance, 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*. 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 resultant increase in amortization expense is offset by a corresponding release of reserves associated with lapsed policies, which causes a reduction in benefits and claims expense. The 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 and rise steadily to a peak before declining to zero at the expiration of the policy term. Accordingly, depending on when the lapse occurs in relation to the overall policy term, the reduction in benefits and claims expense may be greater or less than the increase in amortization expense, and, consequently, the effects on earnings for a given period could be positive or negative. Persistency levels will impact results to the extent actual experience deviates from the persistency assumptions used to price our products.
- *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.
- *Investment Yields.* We use investment yield rates based on yields available at the time a policy is issued. For policies issued in 2010 and after, we have been using an increasing interest rate assumption to reflect the historically low interest rate environment. Both DAC and the reserve liability increase with the assumed investment yield rate. Since DAC is higher than the reserve liability in the early years of a policy, a lower assumed investment yield generally will result in lower profits. In the later years, when the reserve liability is

higher than DAC, a lower assumed investment yield generally will result in higher profits. These assumed investment yields, which like other pricing assumptions are locked in at issue, impact the timing but not the aggregate amount of DAC and reserve changes. Actual investment yields will impact net investment income allocated to the Term Life Insurance segment, but will not impact DAC or the reserve liability.

Reinsurance. We use reinsurance extensively, which has a significant effect on our results of operations. 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 quota share yearly renewable term ("YRT") basis. In Canada, we previously utilized reinsurance arrangements similar to the U.S. in certain years and reinsured only face amounts above $500,000 in other years. However, in the first quarter of 2012, we entered into a YRT reinsurance arrangement in Canada similar to our U.S. program that reinsures 80% of the face amount for every policy sold. YRT reinsurance permits us to set future mortality 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.

The effect of our reinsurance arrangements on ceded premiums and benefits and expenses 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 over the period that the policy has been in force. Accordingly, ceded YRT premiums generally constitute an increasing percentage of direct premiums over the policy term.
- *Benefits and claims.* Benefits and claims include incurred claim amounts and changes in future policy benefit reserves. Reinsurance reduces incurred claims in direct proportion to the percentage ceded. Coinsurance also reduces the change in future policy benefit reserves in direct proportion to the percentage ceded while YRT reinsurance does not significantly impact benefit reserves.
- *Amortization of DAC.* DAC, and therefore amortization of DAC, is reduced on a pro-rata basis for the coinsured business, including the business reinsured with Citigroup. There is no impact on amortization of DAC associated with our YRT contracts.
- *Insurance expenses.* Insurance expenses are reduced by the allowances received from coinsurance, including the business reinsured with Citigroup. There is no impact on insurance expenses associated with our YRT contracts.

We may alter our reinsurance practices at any time due to the unavailability of YRT reinsurance at attractive rates or the availability of alternatives to reduce our risk exposure. We presently intend to continue ceding approximately 90% of our U.S. mortality risk on new business and approximately 80% of our Canadian mortality risk on new business.

Net investment income. Net investment income is allocated to the Term Life segment based on the book value of the invested assets necessary to meet statutory reserve requirements and our targeted capital objectives. Net investment income is impacted by the performance of our invested asset portfolio, which can be affected by interest rates, credit spreads and the mix of invested assets.

Expenses. 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 management, service and distribution fees and the number of fee generating accounts we administer.

Sales. We earn commissions and fees, such as dealer re-allowances, and marketing and support fees, based on sales of mutual fund and managed account products and annuities. Sales of investment and savings products are influenced by the overall demand for investment products in the United States and Canada, as well as by the size and productivity of our sales force. We generally experience 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 our clients' 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, which may have a significantly greater effect on sales volume in any given fiscal period.

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

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

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

- sales of annuity products in the United States will generate higher revenues in the period such sales occur than sales of other investment products that either generate lower upfront revenues or, in the case of managed accounts and segregated funds, no upfront revenues;
- sales of a higher proportion of managed accounts and segregated funds products will generally extend the time over which revenues can be earned because we are entitled to higher revenues based on assets under management for these accounts in lieu of upfront revenues; and
- sales of a higher proportion of mutual fund products and the composition of the fund families sold will impact the timing and amount of revenue we earn given the marketing, support, recordkeeping and custodial services we perform for the various mutual fund products we distribute.

Corporate and Other Distributed Products Segment. We earn revenues and pay commissions and referral fees for various other insurance products, prepaid legal services and other financial products, all of which are originated by third parties. 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 has in force policies from several discontinued lines of insurance. Corporate and Other Distributed Products segment net investment income is composed of two elements: the remainder of net investment income not allocated to our Term Life Insurance segment and the market return associated with the deposit asset underlying the 10% reinsurance agreement with the Citigroup reinsurers ("10% Reinsurance Agreement").

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), general and administrative expenses (other than expenses that are allocated to our Term Life Insurance or Investment and Savings Products segments), equity awards granted to management and our sales force leaders at the time of our initial public offering, interest expense on notes payable and realized gains and losses on our invested asset portfolio.

Capital Structure. Our financial results have also been affected by changes in our capital structure, including the issuance of $375.0 million in principal amount of senior unsecured notes issued in 2012 (the "Senior Notes") and the concurrent repayment of a $300.0 million note payable issued to Citigroup, as well as repurchases of shares and warrants and other financing arrangements during 2012 and 2013. For additional information regarding factors affecting our results, see Factors Affecting Our Results in our 2012 Annual Report.

Results of Operations

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

	Three months ended September 30, 2013	Three months ended September 30, 2012	Change $	Change %	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Change $	Change %
	(Dollars in thousands)							
Revenues:								
Direct premiums	$ 576,095	$ 567,273	$ 8,822	2 %	$ 1,724,202	$ 1,698,383	$ 25,819	2 %
Ceded premiums	(407,488)	(414,991)	(7,503)	(2)%	(1,235,543)	(1,248,969)	(13,426)	(1)%
Net premiums	168,607	152,282	16,325	11 %	488,659	449,414	39,245	9 %
Commissions and fees	118,443	104,607	13,836	13 %	347,899	315,974	31,925	10 %
Net investment income	22,103	26,881	(4,778)	(18)%	66,345	76,583	(10,238)	(13)%
Realized investment gains (losses), including other-than-temporary impairment losses	(407)	3,872	(4,279)	*	5,347	10,324	(4,977)	(48)%
Other, net	10,711	11,446	(735)	(6)%	31,958	33,919	(1,961)	(6)%
Total revenues	319,457	299,088	20,369	7 %	940,208	886,214	53,994	6 %
Benefits and expenses:								
Benefits and claims	81,912	70,738	11,174	16 %	225,927	207,596	18,331	9 %
Amortization of DAC	32,192	29,234	2,958	10 %	93,556	83,970	9,586	11 %
Sales commissions	58,388	49,370	9,018	18 %	171,074	150,562	20,512	14 %
Insurance expenses	25,083	23,744	1,339	6 %	80,319	70,777	9,542	13 %
Insurance commissions	5,329	6,684	(1,355)	(20)%	16,818	21,638	(4,820)	(22)%
Interest expense	8,726	8,828	(102)	(1)%	26,314	24,244	2,070	9 %
Other operating expenses	41,273	39,934	1,339	3 %	131,968	121,485	10,483	9 %
Total benefits and expenses	252,903	228,532	24,371	11 %	745,976	680,272	65,704	10 %
Income before income taxes	66,554	70,556	(4,002)	(6)%	194,232	205,942	(11,710)	(6)%
Income taxes	23,364	24,957	(1,593)	(6)%	68,707	72,407	(3,700)	(5)%
Net income	$ 43,190	$ 45,599	$ (2,409)	(5)%	$ 125,525	$ 133,535	$ (8,010)	(6)%

* Less than 1% or not meaningful

Results for the Three and Nine Months Ended September 30, 2013 and 2012

Total revenues. Total revenues for the three and nine months ended September 30, 2013 compared to the three and nine months ended September 30, 2012 increased in our primary operating segments (Term Life Insurance and Investment and Savings Products) largely driven by incremental premiums on new term life insurance policies issued subsequent to the Citigroup reinsurance transactions ("New Term"), increased sales of investment products, and higher client asset values. The decrease in net investment income and realized investment gains (losses) was largely related to our lower portfolio of invested assets as described in our Corporate and Other Distributed Products segment below.

Total benefits and expenses. Total benefits and expenses for the three and nine months ended September 30, 2013 increased primarily as a result of the growth in revenue-related costs, which include benefits and claims, sales commissions, amortization of DAC, and certain insurance expenses. Additionally, other operating expenses increased primarily due to higher legal fees and expenses and higher employee compensation costs. To a lesser extent, charges related to the relocation to our new corporate headquarters contributed to the increase in other operating expenses for the nine months ended September 30, 2013. Higher interest expense for the nine months ended September 30, 2013 was driven mostly by the redundant reserve financing executed in March 2012. These higher benefits and expenses were partially offset by declines in insurance commissions reflecting a higher portion of commissions being deferred for our agent incentive programs.

Income taxes. Our effective income tax rate of 35.1% during the three months ended September 30, 2013, remained consistent with our effective income tax rate of 35.4% during the three months ended September 30, 2012. For the nine months ended September 30, 2013 and 2012, our effective income tax rate was essentially unchanged at 35.4% and 35.2%, respectively.

For additional information, see the Segment Results discussions below.

Segment Results

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

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2013	2012	$	%	2013	2012	$	%
				(Dollars in thousands)				
Revenues:								
Direct premiums	$ 557,486	$ 549,068	$ 8,418	2 %	$ 1,668,555	$ 1,641,555	$ 27,000	2 %
Ceded premiums	(404,459)	(411,240)	(6,781)	(2)%	(1,226,535)	(1,237,837)	(11,302)	(1)%
Net premiums	153,027	137,828	15,199	11 %	442,020	403,718	38,302	9 %
Allocated net investment income	17,385	17,410	(25)	*	50,989	49,152	1,837	4 %
Other, net	7,399	7,790	(391)	(5)%	21,819	23,090	(1,271)	(6)%
Total revenues	177,811	163,028	14,783	9 %	514,828	475,960	38,868	8 %
Benefits and expenses:								
Benefits and claims	67,788	60,733	7,055	12 %	195,023	178,226	16,797	9 %
Amortization of DAC	29,679	27,645	2,034	7 %	83,320	74,125	9,195	12 %
Insurance commissions	901	2,169	(1,268)	(58)%	3,162	8,060	(4,898)	(61)%
Insurance expenses	25,125	20,531	4,594	22 %	73,479	62,030	11,449	18 %
Interest expense	4,182	4,357	(175)	(4)%	12,685	11,523	1,162	10 %
Total benefits and expenses	127,675	115,435	12,240	11 %	367,669	333,964	33,705	10 %
Income before income taxes	$ 50,136	$ 47,593	$ 2,543	5 %	$ 147,159	$ 141,996	$ 5,163	4 %

* Less than 1% or not meaningful

Results for the Three Months Ended September 30, 2013 and 2012

Net premiums. The increase in net premiums is primarily due to the continued addition of New Term in force business, partially offset by the run off of business subject to the Citigroup reinsurance transactions. While ceded premiums supporting YRT reinsurance programs for New Term are less than 20% of direct premiums, ceded premiums for the block of business coinsured by Citigroup are more than 80% of direct premiums. As a result, as we continue to build New Term and the block coinsured by Citigroup continues to run off, net premiums will continue to grow faster than direct premiums, albeit at a declining rate of growth.

Allocated net investment income. Allocated net investment income remained flat year-over-year. The amount of net investment income allocated grew with required assets but was offset by a higher volume of called securities and the recovery of interest on a previously defaulted bond in the prior year period.

Benefits and claims. Benefits and claims increased primarily due to the growth in New Term business. Third quarter 2013 claims were in line with historical experience.

Amortization of DAC. The increase in amortization of DAC was mostly attributable to growth in New Term business and was lower than growth in net premiums due to improved persistency.

Insurance commissions. The decrease in insurance commissions was driven largely by a higher rate of commission deferrals consistent with agent incentive program changes.

Insurance expenses. The increase in insurance expenses is mainly due to higher employee compensation costs, the run-off of expense allowances received under the Citigroup reinsurance agreements, and higher premium-related taxes, licenses and fees.

Results for the Nine Months Ended September 30, 2013 and 2012

Net premiums. Net premium growth was primarily driven by the factors impacting net premiums as discussed above in the three-month comparison. The increase in net premiums was partially offset by reprocessed reinsurance transactions of approximately $6.7 million during the second quarter of 2012, which decreased ceded premiums and contributed to an increase in net premiums for the nine months ended September 30, 2012.

Allocated net investment income. The increase in allocated net investment income was primarily a result of the growth in required assets, partially offset by prior year items as discussed in the three-month comparison.

Benefits and claims. Benefits and claims increased primarily due to the growth in net premiums consistent with discussion in the three-month comparison. In addition, the effect of reprocessed reinsurance transactions during the second quarter of 2012 increased benefits and claims by approximately $6.0 million for the nine months ended September 30, 2012 and did not reoccur during 2013.

Amortization of DAC. The increase in amortization of DAC was primarily attributable to the items discussed above in the three-month comparison. Also, during the nine months ended September 30, 2012, amortization of DAC included a reduction of approximately $2.0 million for commission payments previously incurred but not billed on in force business ceded to the Citigroup reinsurers, which did not reoccur in 2013.

Insurance commissions. The decrease in insurance commissions was consistent with the decrease discussed in the three-month comparison.

Insurance expenses. The increase in insurance expenses is mainly due to the factors discussed in the three-month comparison.

Interest expense. Interest expense was higher for the nine months ended September 30, 2013 primarily due to the redundant reserve financing executed in March 2012.

Product Sales and Face Amount In Force. We issued 53,997 new policies during the three months ended September 30, 2013 compared to 53,506 new policies for the same period in 2012. We issued 161,975 and 170,234 new policies during the nine months ended September 30, 2013 and 2012, respectively. Sales of our term life insurance products were higher during the nine months ended September 30, 2012 primarily due to the impact of strong recruiting in the early part of 2012.

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

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2013	2012	$	%	2013	2012	$	%
	(Dollars in millions)							
Face amount in force, beginning of period	$ 674,355	$ 668,024	$ 6,331	1 %	$ 670,412	$ 664,955	$ 5,457	1 %
Issued face amount	17,056	16,345	711	4 %	50,563	51,635	(1,072)	(2)%
Terminations	(14,346)	(15,566)	(1,220)	(8)%	(42,402)	(46,196)	(3,794)	(8)%
Foreign currency	(705)	328	(1,033)	*	(2,213)	(1,263)	(950)	*
Face amount in force, end of period	$ 676,360	$ 669,131	$ 7,229	1 %	$ 676,360	$ 669,131	$ 7,229	1 %

* Less than 1% or not meaningful

For the three months ended September 30, 2013, issued face amount increased due to the slightly higher number of new policies issued coupled with the larger average size of policies underwritten. For the nine months ended September 30, 2013, issued face amount declined due to the decline in the number of policies issued, partially offset by the larger average size of policies underwritten. Terminations decreased in both the third quarter and first nine months of 2013 compared to the prior year periods as a result of better persistency.

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

	Three months ended September 30, 2013	Three months ended September 30, 2012	Change $	Change %	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Change $	Change %
	(Dollars in thousands)							
Revenues:								
Commissions and fees:								
Sales-based revenues	$ 51,991	$ 43,390	$ 8,601	20 %	$ 153,872	$ 135,827	$ 18,045	13 %
Asset-based revenues	50,981	45,627	5,354	12 %	147,845	133,099	14,746	11 %
Account-based revenues	9,812	9,826	(14)	*	28,856	28,693	163	1 %
Other, net	1,939	2,320	(381)	(16)%	6,232	6,645	(413)	(6)%
Total revenues	114,723	101,163	13,560	13 %	336,805	304,264	32,541	11 %
Expenses:								
Amortization of DAC	2,542	1,411	1,131	80 %	9,310	7,514	1,796	24 %
Insurance commissions	2,249	2,322	(73)	(3)%	6,853	6,723	130	2 %
Sales commissions:								
Sales-based	36,296	30,521	5,775	19 %	108,430	95,406	13,024	14 %
Asset-based	18,775	15,557	3,218	21 %	53,191	45,334	7,857	17 %
Other operating expenses	23,363	19,744	3,619	18 %	73,682	59,365	14,317	24 %
Total expenses	83,225	69,555	13,670	20 %	251,466	214,342	37,124	17 %
Income before income taxes	$ 31,498	$ 31,608	$ (110)	*	$ 85,339	$ 89,922	$ (4,583)	(5)%

* Less than 1% or not meaningful

Supplemental information on the underlying metrics that drove results follows.

	Three months ended September 30, 2013	Three months ended September 30, 2012	Change $	Change %	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Change $	Change %
	(Dollars in millions and accounts in thousands)							
Product sales:								
Retail mutual funds	$ 648	$ 546	$ 102	19 %	$ 2,083	$ 1,747	$ 336	19 %
Annuities and other	493	445	48	11 %	1,447	1,374	73	5 %
Total sales-based revenue generating product sales	1,141	991	150	15 %	3,530	3,121	409	13 %
Managed accounts	57	37	20	54 %	171	100	71	71 %
Segregated funds and other	51	64	(13)	(20)%	231	252	(21)	(8)%
Total product sales	$ 1,249	$ 1,092	$ 157	14 %	$ 3,932	$ 3,473	$ 459	13 %
Average client asset values:								
Retail mutual funds	$ 26,478	$ 23,750	$ 2,728	11 %	$ 25,896	$ 23,723	$ 2,173	9 %
Annuities and other	11,336	9,245	2,091	23 %	10,847	8,978	1,869	21 %
Managed accounts	882	425	457	*	774	321	453	*
Segregated funds	2,529	2,542	(13)	(1)%	2,585	2,523	62	2 %
Total average client asset values	$ 41,225	$ 35,962	$ 5,263	15 %	$ 40,102	$ 35,545	$ 4,557	13 %
Average number of fee-generating accounts:								
Recordkeeping accounts	2,537	2,552	(15)	(1)%	2,532	2,573	(41)	(2)%
Custodial accounts	1,955	1,945	10	1 %	1,947	1,946	1	*

* Less than 1% or not meaningful

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Results for the Three Months Ended September 30, 2013 and 2012

Total revenues. The increase in commissions and fees was largely attributable to higher sales of mutual funds and annuities. In addition, favorable mix of variable annuity products sold due to lower internal exchanges contributed to higher commissions during the third quarter of 2013. The rise in average client asset values, which was indicative of favorable market performance during the third quarter of 2013, also contributed to the increase in commissions and fees in the form of higher asset-based revenues.

Amortization of DAC. Canadian segregated fund redemptions and market performance were in line with DAC amortization assumptions for the three months ended September 30, 2013, whereas the prior year period benefited from lower amortization expense.

Sales commissions. Higher sales-based commissions in the three months ended September 30, 2013 were primarily the result of the increase in product sales discussed above. The increase in asset-based commissions during the three months ended September 30, 2013 was consistent with the increase in asset-based revenues when excluding segregated funds. The relevant costs associated with asset-based revenue from segregated funds are recorded within insurance commissions and amortization of DAC.

Other operating expenses. Other operating expenses increased primarily due to increased legal fees and expenses. The increase in legal fees and expenses was primarily due to approximately $2.1 million of expenses recorded in the third quarter of 2013 attributable to defending claims alleged by certain participants in the Florida Retirement System's defined benefit plan. See Note 10 (Commitments and Contingent Liabilities) to our condensed consolidated financial statements for more information. Also, higher employee compensation costs and costs in support of our independent sales force contributed to the increase in other operating expenses during the quarter.

Results for the Nine Months Ended September 30, 2013 and 2012

Total revenues. The increase in commissions and fees during the first nine months of 2013 was driven mostly by the factors described in the three-month comparison.

Amortization of DAC. During the nine months ended September 30, 2013, amortization of DAC increased partially due to higher amortization in the first half of 2013, which was attributable to lower market performance compared with DAC amortization assumptions on Canadian segregated funds. The factors discussed above in the three-month comparison also contributed to the rise in DAC amortization for the nine-month period.

Sales commissions. Higher sales commissions in the nine months ended September 30, 2013 resulted primarily from the items discussed in the three-month comparison.

Other operating expenses. Other operating expenses increased due to the same factors discussed in the three-month comparison. The increase in legal fees and expenses was mainly due to approximately $9.3 million of expenses recorded during the first three quarters of 2013 attributable to defending claims alleged by certain participants in the Florida Retirement System's defined benefit plan. See Note 10 (Commitments and Contingent Liabilities) to our condensed consolidated financial statements for more information.

Asset Values in Client Accounts

Changes in asset values in client accounts were as follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2013	2012	$	%	2013	2012	$	%
	(Dollars in millions)							
Asset values, beginning of period	$ 40,166	$ 35,286	$ 4,880	14%	$ 37,386	$ 33,664	$ 3,722	11%
Inflows	1,249	1,092	157	14%	3,932	3,473	459	13%
Redemptions	(1,163)	(1,014)	149	15%	(3,656)	(3,391)	265	8%
Change in market value, net and other	1,925	1,540	385	25%	4,515	3,158	1,357	43%
Asset values, end of period	$ 42,177	$ 36,904	$ 5,273	14%	$ 42,177	$ 36,904	$ 5,273	14%

The increase in asset values for three and nine months ended September 30, 2013 was primarily attributable to favorable market performance. The growth in inflows was consistent with the increase in sales volume for the quarter-to-date and year-to-date periods. The rate of redemptions relative to average client asset values for the three and nine months ended September 30, 2013 remained consistent with the prior year period.

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

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2013	2012	$	%	2013	2012	$	%
	(Dollars in thousands)							
Revenues:								
Direct premiums	$ 18,609	$ 18,205	$ 404	2 %	$ 55,647	$ 56,828	$ (1,181)	(2)%
Ceded premiums	(3,029)	(3,751)	(722)	(19)%	(9,008)	(11,132)	(2,124)	(19)%
Net premiums	15,580	14,454	1,126	8 %	46,639	45,696	943	2 %
Commissions and fees	5,659	5,764	(105)	(2)%	17,326	18,355	(1,029)	(6)%
Allocated net investment income	4,718	9,471	(4,753)	(50)%	15,356	27,431	(12,075)	(44)%
Realized investment gains (losses), including other-than-temporary impairment losses	(407)	3,872	(4,279)	*	5,347	10,324	(4,977)	(48)%
Other, net	1,373	1,336	37	3 %	3,907	4,184	(277)	(7)%
Total revenues	26,923	34,897	(7,974)	(23)%	88,575	105,990	(17,415)	(16)%
Benefits and expenses:								
Benefits and claims	14,124	10,005	4,119	41 %	30,904	29,370	1,534	5 %
Amortization of DAC	(29)	178	(207)	*	926	2,331	(1,405)	(60)%
Insurance commissions	2,179	2,193	(14)	(1)%	6,803	6,855	(52)	(1)%
Insurance expenses	(42)	3,213	(3,255)	*	6,840	8,747	(1,907)	(22)%
Sales commissions	3,317	3,292	25	1 %	9,453	9,822	(369)	(4)%
Interest expense	4,544	4,471	73	2 %	13,629	12,721	908	7 %
Other operating expenses	17,910	20,190	(2,280)	(11)%	58,286	62,120	(3,834)	(6)%
Total benefits and expenses	42,003	43,542	(1,539)	(4)%	126,841	131,966	(5,125)	(4)%
Loss before income taxes	$ (15,080)	$ (8,645)	$ 6,435	74 %	$ (38,266)	$ (25,976)	$ 12,290	47 %

* Less than 1% or not meaningful

Results for the Three Months Ended September 30, 2013 and 2012

Total revenues. Total revenues decreased for the three months ended September 30, 2013 primarily due to lower net investment income and lower realized investment gains (losses). The decline in net investment income was attributable to lower invested assets following capital deployment and higher allocation to the Term Life segment, as well as the impact of higher volume of called bonds and interest recoveries on a previously defaulted security during the third quarter of 2012. Realized investment gains (losses) decreased year-over-year mostly due to higher income received from certain fixed income securities that were tendered during the prior year period.

Total benefits and expenses. Total benefits and expenses declined for the three months ended September 30, 2013 due to lower insurance expenses and other operating expenses, partially offset by an increase in benefits and claims. Insurance expenses decreased for the third quarter of 2013 primarily due to the release of certain state assessment accruals. In addition, the decrease in other operating expenses was attributable to lower stock compensation costs related to the completion of the vesting of restricted stock granted in connection with our April 2010 initial public offering, partially offset by higher other compensation costs. The increase in benefits and claims is primarily due to increases in policy reserves for the non-term life block of business underwritten by our New York subsidiary.

Results for the Nine Months Ended September 30, 2013 and 2012

Total revenues. Total revenues decreased for the nine months ended September 30, 2013 primarily due to the factors noted in the three-month comparison. In addition, the decline in net investment income for the nine months ended September 30, 2013 can be attributed to lower yield on invested assets and a decline in market value of the deposit asset underlying our 10% Reinsurance Agreement driven by the overall rise in interest rates.

Total benefits and expenses. The decrease in benefits and expenses is primarily due to the same factors discussed in the three-month comparison, as well as lower claims on non-term life insurance policies underwritten by our New York subsidiary during the nine months ended September 30, 2013. Also contributing to the year-over-year decrease was lower DAC amortization related to estimate adjustments on the student life block of insurance products recognized in the prior year period, which increased DAC amortization for the nine months ended September 30, 2012.

Financial Condition

Investments. We have an investment committee composed of members of our senior management team that is responsible for establishing and maintaining our investment guidelines and supervising our investment activity. We follow a conservative investment strategy designed to emphasize the preservation of our invested assets and provide adequate liquidity for the prompt payment of claims. To meet business needs and mitigate risks, our investment guidelines provide restrictions on our portfolio's composition, including limits on asset type, sector limits, credit quality limits, portfolio duration, limits on the amount of investments in approved countries and permissible security types. Additionally, to ensure adequate liquidity for payment of claims, we take into account the maturity and duration of our invested asset portfolio and our general liability profile.

Our invested asset portfolio is subject to a variety of risks, including risks related to general economic conditions, market volatility, interest rate fluctuations, liquidity risk and credit and default risk. Investment guideline restrictions have been established to minimize the effect of these risks but may not always be effective due to factors beyond our control. Interest rates 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.

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 average rating and average approximate duration of our fixed-maturity portfolio were as follows:

	September 30, 2013	December 31, 2012
Average rating of our fixed-maturity portfolio	A	A
Average duration of our fixed-maturity portfolio	4.0 years	3.9 years
Average book yield of our fixed-maturity portfolio	5.19%	5.32%

The distribution of our investments in fixed-maturity securities by rating follows:

	September 30, 2013		December 31, 2012	
	Amortized cost	%	Amortized cost	%
	(Dollars in thousands)			
AAA	$ 262,727	17%	$ 317,104	18%
AA	127,798	8%	132,021	8%
A	371,723	23%	403,029	24%
BBB	743,265	47%	777,719	45%
Below investment grade	85,574	5%	88,422	5%
Not rated	1,439	*	1,049	*
Total	$ 1,592,526	100%	$ 1,719,344	100%

* Less than 1%

The ten largest holdings within our invested asset portfolio were as follows:

	September 30, 2013			
Issuer	Fair value	Cost or amortized cost	Unrealized gain	Credit rating
	(Dollars in thousands)			
Government of Canada	$ 27,607	$ 26,706	$ 901	AAA
General Electric Co	26,327	23,495	2,832	AA-
International Business Machines Corp	12,980	12,597	383	AA-
Province of Ontario Canada	11,276	9,981	1,295	AA-
Iberdrola SA	10,515	9,457	1,058	BBB
National Rural Utilities Cooperative	10,305	7,691	2,614	A+
Verizon Communications Inc.	9,334	8,589	745	BBB+
Province of Quebec Canada	8,250	7,235	1,015	A+
Vale SA	7,818	7,098	720	A-
Phillips 66	7,642	6,691	951	BBB
Total – ten largest holdings	$ 132,054	$ 119,540	$ 12,514	
Total – fixed-maturity and equity securities	$ 1,736,297	$ 1,623,401		
Percent of total fixed-maturity and equity securities	8%	7%		

For additional information on our invested asset portfolio, see Note 3 (Investments) to our condensed consolidated financial statements.

Liquidity and Capital Resources

Dividends and other payments to us from our subsidiaries are our principal sources of cash. The amount of dividends paid by our subsidiaries is dependent on their capital needs to fund future growth and applicable regulatory restrictions. The primary uses of funds by the Parent Company include the payment of general operating expenses, the payment of dividends, and the payment of interest on outstanding debt. At September 30, 2013, the Parent Company had cash and invested assets of approximately $53.8 million.

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, ceded claim recoveries and allowances, 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 claims and ceded premiums. 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 operations, and invest any excess cash.

Our distribution and underwriting of term life insurance place 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. However, we anticipate that cash flows from our businesses, including our existing block of term life policies and our investment and savings products, will continue to provide us with sufficient liquidity to meet our operating requirements over the next 12 months.

We may seek to enhance our liquidity position or capital structure through borrowings from third-party sources, sales of debt or equity securities, reserve financings or some combination of these sources. Additionally, we believe that cash flows from our businesses and potential sources of funding, as described above, will sufficiently support the long-term liquidity needs of the Company.

Significant Transactions. On April 18, 2013, Primerica Life declared an ordinary dividend of $150.0 million to the Parent Company, which was paid in cash on May 7, 2013. Following the dividend payment, Primerica Life had ordinary dividend capacity of approximately $81.3 million for the remainder of 2013.

On June 3, 2013, we used funds from the ordinary dividend from Primerica Life, as well as other funds, to repurchase 2,488,621 shares of our common stock and warrants to purchase 4,103,110 shares of our common stock beneficially owned by certain private equity funds managed by Warburg Pincus LLC ("Warburg Pincus") at a purchase price of $34.67 per outstanding share and at a purchase price for the warrants equal to $16.67 per underlying share. The per-share purchase price was determined based on the closing price of our common stock on May 28, 2013, which was the execution date of the agreement to repurchase the shares, and the purchase price per warrant was equal to the per-share purchase price less the warrant exercise price of $18.00 per underlying share. The aggregate purchase price for the shares and warrants was approximately $154.7 million. Warburg Pincus no longer owns an equity interest in the Company.

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.

We typically generate positive cash flows from operating activities, as premiums, net investment income, commissions and fees collected from our insurance and investment and savings products exceed benefits, commissions and operating expenses paid, and we invest the excess.

The components of the change in cash and cash equivalents were as follows:

	Nine months ended September 30,		Change
	2013	2012	$
	(In thousands)		
Net cash provided by (used in) operating activities	$ 90,557	$ 102,670	$ (12,113)
Net cash provided by (used in) investing activities	125,177	54,349	70,828
Net cash provided by (used in) financing activities	(179,952)	(108,014)	71,938
Effect of foreign exchange rate changes on cash	(530)	740	(1,270)
Change in cash and cash equivalents	$ 35,252	$ 49,745	$ (14,493)

Operating Activities. The decrease in operating cash flows was largely driven by timing differences in payments of operating expenses in the nine months ended September 30, 2013 and net proceeds from sales and maturities of trading securities in the prior year period. Partially offsetting this decrease is the impact of timing of payments with reinsurers in our Term Life business.

Investing Activities. The increase in investing cash inflows as compared to the same period a year ago was primarily driven by lower purchases of fixed-maturity securities to accumulate cash to fund 2013 share repurchases. The increase was partially offset by purchases of property and equipment related to the move of our corporate headquarters in 2013.

Financing Activities. The increase in net cash used in financing activities was primarily due to the net proceeds from refinancing our notes payable in the third quarter of 2012. Additionally, quarterly shareholder dividends were higher for the nine months ended September 30, 2013 compared to the prior year period.

Notes Payable. On July 16, 2012, we publicly issued $375.0 million in principal amount of Senior Notes and used a portion of the net cash proceeds to repay a $300.0 million note to Citigroup in whole at a redemption price equal to 100% of the outstanding principal amount. We issued the Senior Notes at a price of 99.843% and an annual rate of 4.75%, payable semi-annually in arrears on January 15 and July 15. The Senior Notes mature July 15, 2022.

We were in compliance with the covenants of the Senior Notes at September 30, 2013. No events of default occurred during the nine months ended September 30, 2013.

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, 2013, our debt-to-capital ratio was 23.9%.

Rating Agencies. There have been no changes to Primerica, Inc.'s senior debt ratings or Primerica Life's financial strength ratings since December 31, 2012.

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.

As of September 30, 2013, 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.

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 in compliance with Canada's minimum capital requirements as of September 30, 2013, as determined by OSFI.

Short-term Borrowings. We had no short-term borrowings as of or during the nine months ended September 30, 2013.

Off-Balance Sheet Arrangements. See Note 10 (Commitments and Contingent Liabilities) to our condensed consolidated financial statements for information regarding our letter of credit.

Contractual Obligations Update. There have been no material changes in contractual obligations from those disclosed in the 2012 Annual Report.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

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

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

- our failure to continue to attract and license new recruits, retain sales representatives, or license or maintain the licensing of our sales representatives;
- changes to the independent contractor status of our sales representatives;
- our or our sales representatives' violation of, or non-compliance with, laws and regulations;
- our or our sales representatives' failure to protect the confidentiality of client information;
- differences between our actual experience and our expectations regarding mortality, persistency, expenses and investment yields 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;
- changes in federal and state legislation and regulation, including other legislation or regulation that affects our insurance and investment product businesses;
- our failure to meet risk-based capital standards or other minimum capital or surplus requirements;
- a downgrade or potential downgrade in our insurance subsidiaries' financial strength ratings or in the investment grade credit ratings for our senior unsecured debt;
- 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 to perform their obligations;
- the failure of, or legal challenges to, the support tools we provide to our sales force;
- heightened standards of conduct or more stringent licensing requirements for our sales representatives;
- inadequate policies and procedures regarding suitability review of client transactions;
- the inability of our subsidiaries to pay dividends or make distributions;
- our ability to generate and maintain a sufficient amount of working capital;
- our non-compliance with the covenants of our senior unsecured debt;
- legal and regulatory investigations and actions concerning us or our sales representatives;
- the loss of key personnel;
- the failure of our information technology systems, breach of our information security or failure of our business continuity plan; and
- fluctuations in Canadian currency exchange rates.

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 and debt securities.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There have been no material changes in our exposures to market risk since December 31, 2012. For details on the Company's interest rate, foreign currency exchange, and credit risks, see "Item 7A. Quantitative and Qualitative Information About Market Risks" in our 2012 Annual 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 quarter of 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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

ITEM 1A. RISK FACTORS.

The following supplements and amends the Risk Factors contained in our Annual Report on Form 10-K for the year ended December 31, 2012 ("2012 Annual Report"), which are incorporated herein by reference.

Our failure to continue to attract new recruits, retain sales representatives or license or maintain the licensing of our sales representatives would materially adversely affect our business.

New sales representatives provide us with access to new clients, enable us to increase sales and provide the next generation of successful sales representatives. As is typical with distribution businesses, we experience a high rate of turnover among our part-time sales representatives, which requires us to attract, retain and motivate a large number of sales representatives. Recruiting is performed by our current sales representatives, and the effectiveness of our recruiting is generally dependent upon our reputation as a provider of a rewarding and potentially lucrative income opportunity, as well as the general competitive and economic environment. Whether recruits are motivated to complete their training and licensing requirements and to commit to selling our products is largely dependent upon the effectiveness of our compensation and promotional programs and the competitiveness of such programs compared with other companies, including other part-time business opportunities.

If our new business opportunities and products do not generate sufficient interest to attract new recruits, motivate them to become licensed sales representatives and maintain their licenses and incentivize them to sell our products and recruit other new sales representatives, our business would be materially adversely affected.

Furthermore, if we or any other businesses with a similar distribution structure engage in practices resulting in increased negative public attention for our business, the resulting reputational challenges could adversely affect our ability to attract new recruits. Companies such as ours that use independent agents to sell directly to customers can be the subject of negative commentary on website postings, social media and other non-traditional media. This negative commentary can spread inaccurate or incomplete information about distribution companies in general or our company in particular, which can make our recruiting more difficult.

From time to time, various jurisdictions make changes to the state or provincial licensing examination process that may make it more difficult for our sales representatives to obtain their life insurance licenses. The Canadian Insurance Services Regulatory Organizations (“CISRO”) is developing a new harmonized provincial life insurance licensing examination program to be implemented in early 2016 that could significantly increase the cost, time and difficulty for our agents to obtain their life insurance licenses in Canada. If CISRO’s new licensing system is implemented as currently planned, it could ultimately result in a decline in the number of our licensed representatives in Canada and our business could be materially adversely affected.

Certain of our key RVPs have large sales organizations that include thousands of downline sales representatives. These key RVPs are responsible for attracting, motivating, supporting and assisting the sales representatives in their sales organizations. The loss of one or more key RVPs together with a substantial number of their sales representatives for any reason could materially adversely affect our financial results and could impair our ability to attract new sales representatives.

Our insurance business is highly regulated, and statutory and regulatory changes may materially adversely affect our business, financial condition and results of operations.

Life insurance statutes and regulations are generally designed to protect the interests of the public and policyholders. Those interests may conflict with the interests of our stockholders. Currently, in the United States, the power to regulate insurance resides almost exclusively with the states. The laws of the various U.S. jurisdictions grant state insurance regulators broad powers to regulate almost all aspects of our insurance business. Much of this state regulation follows model statutes or regulations developed or amended by the NAIC, which is composed of the insurance commissioners of each U.S. jurisdiction. The NAIC re-examines and amends existing model laws and regulations (including holding company regulations) in addition to determining whether new ones are needed.

The U.S. Congress continues to examine the current condition of U.S. state-based insurance regulation to determine whether to impose federal regulation and to allow optional federal insurance company incorporation. The Dodd-Frank Act created an Office of Federal Insurance Reform that was authorized to, among other things, study methods to modernize and improve insurance regulation, including uniformity and the feasibility of federal regulation. We cannot predict with certainty whether, or in what form, reforms will be enacted and, if so, whether the enacted reforms will materially affect our business. Changes in federal statutes, including the Gramm-Leach-Bliley Act and the McCarran-Ferguson Act, financial services regulation and federal taxation, in addition to changes to state statutes and regulations, may be more restrictive than current requirements or may result in higher costs, and could materially adversely affect our business, financial condition and results of operations.

The Company is currently undergoing targeted multi-state treasurer audits by 30 jurisdictions with respect to unclaimed property laws, and Primerica Life and NBLIC are engaged in targeted multi-state market conduct examinations by six jurisdictions with respect to their claims-paying practices. Additionally, Primerica Life is one of many defendants to a suit by the Treasurer of the State of West Virginia alleging violations of the West Virginia unclaimed property act. Other jurisdictions may pursue similar audits examinations and litigation. The potential outcome of such actions is difficult to predict but could subject the Company to adverse consequences, including, but not limited to, settlement payments, additional payments to beneficiaries and additional escheatment of funds deemed abandoned under state laws. We cannot predict with certainty the effect these proceedings may have on the conduct of our business, financial condition and results of operations.

Provincial and federal insurance laws regulate all aspects of our Canadian insurance business. Changes to provincial or federal statutes and regulations may be more restrictive than current requirements or may result in higher costs, which could materially adversely affect our business, financial condition and results of operations. If OSFI determines that our corporate actions do not comply with applicable Canadian law, Primerica Life Canada could face sanctions or fines, and Primerica Life Canada could be subject to increased capital requirements or other requirements deemed appropriate by OSFI.

We received approval from the Minister of Finance (Canada) under the Insurance Companies Act (Canada) in connection with our indirect acquisition of Primerica Life Canada. The Minister expects that a person controlling a federal insurance company will provide ongoing financial, managerial or operational support to its subsidiary should such support prove necessary, and has required us to sign a support principle letter to that effect. This ongoing support may take the form of additional capital, the provision of managerial expertise or the provision of support in such areas as risk management, internal control systems and training. However, the letter does not create a legal obligation on the part of the person to provide the support. In the event that OSFI determines Primerica Life Canada is not receiving adequate support from us under applicable Canadian law, Primerica Life Canada may be subject to increased capital requirements or other requirements deemed appropriate by OSFI.

If there were to be extraordinary changes to statutory or regulatory requirements in the United States or Canada, we may be unable to fully comply with or maintain all required insurance licenses and approvals. Regulatory authorities have relatively broad discretion to grant, renew and revoke licenses and approvals. If we do not have all requisite licenses and approvals, or do not comply with applicable statutory and regulatory requirements, the regulatory authorities could preclude or temporarily suspend us from carrying on some or all of our insurance activities or impose fines or penalties on us, which could materially adversely affect our business, financial condition and results of operations. We cannot predict with certainty the effect any proposed or future legislation or regulatory initiatives may have on the conduct of our business.

ITEM 6. EXHIBITS.

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

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

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

Exhibit Number	Description	Reference
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	Incorporated by reference to Exhibit 3.1 to Primerica's Current Report on Form 8-K dated May 22, 2013 (Commission File No. 001-34680).
3.2	Amended and Restated Bylaws of the Registrant.	Incorporated by reference to Exhibit 3.2 to Primerica's Current Report on Form 8-K dated May 22, 2013 (Commission File No. 001-34680).
4.1	Indenture, dated as of July 16, 2012, between Primerica, Inc. and Wells Fargo Bank, National Association, as trustee.	Incorporated by reference to Exhibit 4.1 to Primerica's Current Report on Form 8-K dated July 11, 2012 (Commission File No. 001-34680).
4.2	First Supplemental Indenture, dated as of July 16, 2012, between Primerica, Inc. and Wells Fargo Bank, National Association, as trustee.	Incorporated by reference to Exhibit 4.2 to Primerica's Current Report on Form 8-K dated July 11, 2012 (Commission File No. 001-34680).
4.3	Form of 4.750% Senior Notes due 2022.	Incorporated by reference to Exhibit 4.3 (included in Exhibit 4.2 filed herewith) to Primerica's Current Report on Form 8-K dated July 11, 2012 (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.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by John A. Addison, Chairman of Primerica Distribution and Co-Chief Executive Officer.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
31.3	Rule 13a-14(a)/15d-14(a) Certification, executed by Alison S. Rand, Executive Vice President and Chief Financial Officer.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
32.1	Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), executed by 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.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.INS	XBRL Instance Document[(1)]	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.SCH	XBRL Taxonomy Extension Schema	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed with the Securities and Exchange Commission as part of this Quarterly Report.

(1) Includes the following materials contained in this Quarterly Report on Form 10-Q for the period ended September 30, 2013, formatted in XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements.

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 7, 2013

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

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

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

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

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

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

Date: November 7, 2013

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

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

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

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

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

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

Date: November 7, 2013

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

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

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

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

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

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

Date: November 7, 2013

/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, 2013, 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 7, 2013

/s/ John A. Addison, Jr.

Name:	John A. Addison, Jr.
Title:	Chairman of Primerica Distribution and Co-Chief Executive Officer
Date:	November 7, 2013

/s/ Alison S. Rand

Name:	Alison S. Rand
Title:	Executive Vice President and Chief Financial Officer
Date:	November 7, 2013