

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2016

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

(State or other jurisdiction of
incorporation or organization)

27-1204330

(I.R.S. Employer
Identification No.)

1 Primerica Parkway
Duluth, Georgia

(Address of principal executive offices)

30099

(ZIP Code)

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

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

Title of each class

Common Stock, \$0.01 Par Value

Name of each exchange on which registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

The aggregate market value of the voting common equity held by non-affiliates of the registrant as of June 30, 2016, was \$2,645,868,915. The number of shares of the registrant's Common Stock outstanding at January 31, 2017, with \$0.01 par value, was 45,700,523.

Documents Incorporated By Reference

Certain information contained in the Proxy Statement for the Company's Annual Meeting of Stockholders to be held on May 17, 2017 is incorporated by reference into Part III hereof.

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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 new recruits, retain sales representatives or license or maintain the licensing of our sales representatives would materially adversely affect our business, financial condition and results of operations;
- there are a number of laws and regulations that could apply to our distribution model, which could require us to modify our distribution structure;
- there may be adverse tax, legal or financial consequences if the independent contractor status of our sales representatives is overturned;
- the Company’s or its independent sales representatives’ violation of, or non-compliance with, laws and regulations and related claims and proceedings could expose us to material liabilities;
- any failure to protect the confidentiality of client information could adversely affect our reputation and have a material adverse effect on our business, financial condition and results of operations;
- we may face significant losses if our actual experience differs from our expectations regarding mortality or persistency;
- the occurrence of a catastrophic event could materially adversely affect our business, financial condition and results of operations;
- our insurance business is highly regulated, and statutory and regulatory changes may materially adversely affect our business, financial condition and results of operations;
- a decline in the regulatory capital ratios of our insurance subsidiaries could result in increased scrutiny by insurance regulators and ratings agencies and have a material adverse effect on our business, financial condition and results of operations;
- a significant ratings downgrade by a ratings organization could materially adversely affect our business, financial condition and results of operations;
- the failure by any of our reinsurers or reserve financing counterparties to perform its obligations to us could have a material adverse effect on our business, financial condition and results of operations;
- our Investment and Savings Products segment is heavily dependent on mutual fund and annuity products offered by a relatively small number of companies, and, if these products fail to remain competitive with other investment options or we lose our relationship with one or more of these companies, our business, financial condition and results of operations may be materially adversely affected;
- the Company’s or its securities-licensed sales representatives’ violations of, or non-compliance with, laws and regulations could expose us to material liabilities;
- if heightened standards of conduct or more stringent licensing requirements, such as those proposed by the Securities and Exchange Commission and those adopted by the Department of Labor, are imposed on us or our sales representatives, or selling compensation is reduced as a result of new legislation or regulations, it could have a material adverse effect on our business, financial condition and results of operations;
- if our suitability policies and procedures were deemed inadequate, it could have a material adverse effect on our business, financial condition and results of operations;
- our sales force support tools may fail to appropriately identify financial needs or suitable investment products;
- non-compliance with applicable regulations could lead to revocation of our subsidiary’s status as a non-bank custodian;
- as our securities sales increase, we become more sensitive to performance of the equity markets;
- credit deterioration in, and the effects of interest rate fluctuations on, our invested asset portfolio and other assets that are subject to changes in credit quality and interest rates could materially adversely affect our business, financial condition and results of operations;
- valuation of our investments and the determination of whether a decline in the fair value of our invested assets is other-than-temporary are based on estimates that may prove to be incorrect;
- changes in accounting standards can be difficult to predict and could adversely impact how we record and report our financial condition and results of operations;
- the effects of economic down cycles in the United States and Canada could materially adversely affect our business, financial condition and results of operations;
- we are subject to various federal, state and provincial laws and regulations in the United States and Canada, changes in which or violations of which may require us to alter our business practices and could materially adversely affect our business, financial condition and results of operations;

- litigation and regulatory investigations and actions may result in financial losses and harm our reputation;
- the current legislative and regulatory climate with regard to financial services may adversely affect our business, financial condition, and results of operations;
- the inability of our subsidiaries to pay dividends or make distributions or other payments to us in sufficient amounts would impede our ability to meet our obligations and return capital to our stockholders;
- a significant change in the competitive environment in which we operate could negatively affect our ability to maintain or increase our market share and profitability;
- the loss of key employees and sales force leaders could negatively affect our financial results and impair our ability to implement our business strategy;
- if one of our significant information technology systems fails, if its security is compromised, or if the Internet becomes disabled or unavailable, our business, financial condition and results of operations may be materially adversely affected;
- the current legislative and regulatory climate with regard to cybersecurity may adversely affect our business, financial condition, and results of operations;
- in the event of a disaster, our business continuity plan may not be sufficient, which could have a material adverse effect on our business, financial condition and results of operations;
- we may be materially adversely affected by currency fluctuations in the United States dollar versus the Canadian dollar; and
- the market price of our common stock may fluctuate.

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

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

ITEM 1. BUSINESS.

Primerica, Inc. (“Primerica”, “we”, “us” or the “Parent Company”) is a leading distributor of financial products to middle-income households in the United States and Canada with 116,827 licensed sales representatives at December 31, 2016. We assist our clients in meeting their needs for term life insurance, which we underwrite, and mutual funds, annuities, managed investments and other financial products, which we distribute primarily on behalf of third parties. We insured approximately five million lives and have over two million client investment accounts at December 31, 2016. Our distribution model uniquely positions us to reach underserved middle-income consumers in a cost effective manner and has proven itself in both favorable and challenging economic environments.

Our mission is to serve middle-income families by helping them make informed financial decisions and providing them with a strategy and means to gain financial independence. Our distribution model is designed to:

- *Address our clients’ financial needs.* Our licensed sales representatives primarily use our proprietary financial needs analysis tool (“FNA”) and an educational approach to demonstrate how our product offerings can assist clients to provide financial protection for their families, save for their retirement and other needs, and manage their debt. Typically, our clients are the friends, family members and personal acquaintances of our sales representatives. Meetings are generally held in informal, face-to-face settings, usually in the clients’ homes.
- *Provide a business opportunity.* We provide an entrepreneurial business opportunity for individuals to distribute financial products. Low entry fees as well as the ability to select their own schedules and time commitments allow our sales representatives to supplement their income by starting their own independent businesses without leaving their current jobs. Our unique compensation structure, technology, sales support and back-office processing are designed to enable our sales representatives to successfully grow their independent businesses.

Corporate Structure

We conduct our core business activities in the United States through three principal entities, all of which are direct or indirect wholly owned subsidiaries of the Parent Company:

- Primerica Financial Services, Inc. (“PFS”), our general agency and marketing company;
- Primerica Life Insurance Company (“Primerica Life”), our principal life insurance underwriting company; and
- PFS Investments Inc. (“PFS Investments”), our investment and savings products company, broker-dealer and registered investment advisor.

Primerica Life is domiciled in Massachusetts, and its wholly owned subsidiary, National Benefit Life Insurance Company (“NBLIC”), is a New York-domiciled life insurance underwriting company.

We conduct our core business activities in Canada through three principal entities, all of which are indirect wholly owned subsidiaries of the Parent Company:

- Primerica Life Insurance Company of Canada (“Primerica Life Canada”), our Canadian life insurance underwriting company;
- PFS Investments Canada Ltd. (“PFS Investments Canada”), our Canadian licensed mutual fund dealer; and
- PFS Fund Management Ltd. (“PFS Fund Management”), our Canadian investment funds manager.

Primerica was incorporated in the United States as a Delaware corporation in October 2009 to serve as a holding company for the Primerica businesses (collectively, the “Company”). Our businesses, which prior to April 1, 2010, were wholly owned indirect subsidiaries of Citigroup Inc. (“Citigroup”), were transferred to us by Citigroup on April 1, 2010 in a reorganization pursuant to which we completed an initial public offering in April 2010 (the “IPO”). On March 31, 2010, we entered into certain coinsurance transactions with entities then affiliated with 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. We continue to administer all policies subject to these coinsurance agreements.

Our Clients

Our clients are generally middle-income consumers, which we define as households with \$30,000 to \$100,000 of annual income. According to the 2015 U.S. Census Bureau Current Population Survey, the latest period for which data is available, almost 50% of U.S. households fall in this range. We believe that we understand the financial needs of the middle-income segment which include:

- *Many have inadequate or no life insurance coverage.* Individual life insurance sales in the United States declined from 12.5 million policy sales in 1975 to 9.9 million policy sales in 2015, the latest period for which data is available, according to the Life Insurance Marketing and Research Association International, Inc. (“LIMRA”), a worldwide association of insurance and financial services companies. We believe that term life insurance, which we have provided to middle-income clients for many years, is generally the best option for them to meet their life insurance needs.
- *Many need help saving for retirement and other personal goals.* Many middle-income families continually find it challenging to save for retirement and other goals. By developing personalized savings programs for our clients using our proprietary FNA and offering a wide range of mutual funds, annuities, managed investments and segregated fund products sponsored and managed by

established firms, our sales representatives are well equipped to help clients develop long-term savings plans to address their financial needs.

- *Many need to reduce their consumer debt.* Many middle-income families have numerous debt obligations from credit cards, auto loans, and home mortgages. We help our clients address these financial burdens by providing personalized and client-driven debt resolution techniques.
- *Many prefer to meet face-to-face when considering financial products.* Historically, many middle-income consumers have indicated a preference to meet face-to-face when considering financial products or services. As such, we have designed our business model to address this preference in a cost-effective manner.

Our Distribution Model

Our distribution model, which is based on a traditional insurance agency model and borrows aspects from franchising and direct sales, is designed to reach and serve middle-income consumers efficiently by selling to customers through our sales representatives. Key characteristics of our unique distribution model include:

- *Independent entrepreneurs:* Our sales representatives are independent contractors building and operating their own businesses. This business-within-a-business approach means that our sales representatives are entrepreneurs who take responsibility for selling products, recruiting and developing sales representatives, setting their own schedules and managing and paying the administrative expenses associated with their sales activities.
- *Flexible time commitment:* By offering a flexible time commitment opportunity, we are able to attract a significant number of recruits who desire to earn supplemental income and generally concentrate on smaller-sized transactions typical of middle-income consumers. Our sales representatives are able to start their independent businesses for low entry fees, for which they receive technological support, pre-licensing training and access to licensing examination preparation programs. Our sales representatives sell or refer products directly to consumers, and therefore our business opportunity does not require recruits to purchase and resell our products. Most of our sales representatives begin selling products on a part-time basis, which enables them to hold jobs while exploring an entrepreneurial business opportunity with us.
- *Incentive to build distribution:* When a sale is made, the selling representative receives a commission, as does the licensed representative who recruited him or her in most cases. Sales commissions are paid through several levels of the selling representative's recruitment organization. This structure motivates existing sales representatives to grow our sales force and provides them with commission income from the sales completed by representatives in their sales organization.
- *Sales force leadership:* A sales representative who has built a successful organization and has obtained his or her life insurance and securities licenses can achieve the sales designation of Regional Vice President ("RVP"), which qualifies him or her to a higher commission schedule. RVPs are independent contractors who open and operate offices for their sales organizations and devote their full-time attention to their businesses. RVPs also support and monitor the sales representatives, on whose sales they earn commissions, in achieving compliance with applicable regulatory requirements. RVPs' efforts to expand their businesses are a primary driver of our success.
- *Innovative commission structure:* We have developed an innovative system for compensating our independent sales force that is contingent upon product sales. We advance to our sales representatives a significant portion of their insurance commissions upon their submission of an insurance application and the first month's premium payment. In addition to being a source of motivation, this advance provides our sales representatives with immediate cash flow to offset costs associated with originating the business. In addition, monthly production bonuses are paid to RVPs whose sales organizations meet certain sales levels. With compensation tied to sales activity, our compensation approach accommodates varying degrees of individual productivity, which allows us to effectively use a large group of part-time sales representatives while providing a variable cost structure. In addition, we incentivize our RVPs with equity compensation in the form of quarterly restricted stock units ("equity-based compensation"), which aligns their interests with those of our stockholders.
- *Large, dynamic sales force:* Members of our sales force primarily serve their friends, family members and personal acquaintances through individually driven networking activities. We believe that this warm market approach is an effective way to distribute our product offerings because it facilitates face-to-face interaction initiated by a trusted acquaintance of the prospective client, which is difficult to replicate using other distribution approaches. Due to the large size of our sales force and their active recruiting of new sales representatives, our sales force is able to continually access an expanding base of prospective clients without engaging costly media channels.
- *Motivational culture:* In addition to the motivation for our sales representatives to achieve financial success, we seek to create a culture that inspires and rewards our sales representatives for their personal successes and those of their sales organizations through sales force recognition events and contests. We also use Intranet-streamed broadcasts and local, regional and national meetings to inform and teach our sales representatives, as well as facilitate camaraderie and the exchange of ideas across the sales force organization. These initiatives encourage and empower our sales representatives to develop their own successful sales organizations.
- *Inclusive culture:* Building and maintaining an ethnically and demographically diverse sales force is important to us, as we believe our sales force reflects the middle market communities we serve. As the communities we serve become more diverse, our sales force does as well.

Structure and Scalability of Our Sales Force

New sales representatives are recruited by existing sales representatives. When these new recruits join our sales force, they become part of the sales organization of the sales representative who recruited them as well as the sales organizations to which the recruiting sales representative belongs. As new sales representatives are successful in recruiting other sales representatives, they begin to build their own organization of sales representatives. We encourage our sales representatives to bring in new recruits to build their own sales organizations, enabling them to earn commissions on sales made by members of their sales organizations.

RVPs establish and maintain their own offices, which we refer to as field offices. Additionally, they are responsible for funding the costs of their administrative staff, marketing materials, travel and training and certain recognition events for the sales representatives in their respective sales organizations. Field offices provide a location for our representatives to conduct recruiting meetings, training events and sales-related meetings, disseminate our Intranet-streamed broadcasts, conduct compliance functions, and house field office business records. Some business locations contain more than one onsite field office. At December 31, 2016, approximately 4,840 field offices in approximately 2,749 locations were managed by sales representatives that served as full-time RVPs.

RVPs play a major role in training, motivating and monitoring their sales representatives. Because the sales representative's compensation grows with the productivity of his or her sales organization, our distribution model provides financial rewards to sales representatives who successfully develop, support and monitor productive sales representatives. In addition to our commission structure, we offer the Primerica Ownership Program. This program provides qualifying RVPs a contractual right, upon meeting certain criteria, to transfer their Primerica businesses to another RVP or a qualifying family member at such time as they desire. Furthermore, we have developed proprietary tools and technology to enable our RVPs to reduce the time spent on administrative responsibilities associated with their sales organizations so they can devote more time to the sales and recruiting activities that drive our growth. We believe that our tools and technology, coupled with our sales compensation programs, further incentivize our sales representatives to become RVPs.

Both the structure of our sales force and the capacity of our support capabilities provide us with a high degree of scalability as we grow our business. Our support systems and technology are capable of supporting a large sales force and a high volume of transactions. In addition, by sharing training and compliance activities with our RVPs, we are able to grow without incurring proportionate overhead expenses.

Recruitment of Sales Representatives

The recruitment of sales representatives is undertaken by our existing sales representatives, who identify prospects and share with them the benefits of associating with our organization. Our sales representatives showcase our organization as dynamic and capable of improving lives of middle-income families.

After the initial contact, prospective recruits typically are invited to an opportunity meeting, which is conducted by an RVP. The objective of an opportunity meeting is to inform prospective recruits about our mission and their opportunity to start their own business by becoming sales representatives. At the conclusion of each opportunity meeting, prospective recruits are asked to complete an application and pay a nominal entry fee to commence their pre-licensing training and licensing examination preparation programs and, depending on the state or province, to cover their licensing exam registration costs, which are provided by the Company generally at no additional charge. Recruits are not obligated to purchase any of the products we offer in order to become sales representatives, though they may elect to make such purchases.

Recruits may become our clients or provide us with access to their friends, family members and personal acquaintances. As a result, we continually work to improve our systematic approach to recruiting and training new sales representatives.

Similar to other distribution systems that rely upon part-time sales representatives and typical of the life insurance industry in general, we experience wide disparities in the productivity of individual sales representatives. Many new recruits do not get licensed, often due to the time commitment required to obtain licenses and various regulatory and licensing hurdles. Many of our licensed sales representatives are only marginally active, as there are no minimum life insurance production requirements. As a result, we plan for this disparate level of productivity and view a continuous recruiting cycle as a key component of our distribution model. Our distribution model is designed to address the varying productivity associated with our sales representatives by paying production-based compensation, emphasizing recruiting, and developing initiatives to address barriers to licensing new recruits. By providing commissions to sales representatives on the sales generated by their sales organization, our compensation structure aligns the interests of our sales representatives with our interests in recruiting new representatives and creating sustainable sales production.

The following table provides information on new recruits and life insurance-licensed sales representatives:

	Year ended December 31,		
	2016	2015	2014
Number of new recruits	262,732	228,115	190,439
Number of newly life insurance-licensed sales representatives	44,724	39,632	33,832
Number of life insurance-licensed sales representatives, at period end	116,827	106,710	98,358
Average number of life insurance-licensed sales representatives during period	111,843	101,660	96,780

We define new recruits as individuals who have submitted an application to join our sales force together with payment of the nominal entry fee to commence their pre-licensing training. Certain recruits may not meet the compliance standards to join our sales force, and others elect to withdraw prior to becoming active in our business.

On average, it requires approximately three months for our sales representatives to complete the necessary applications and pre-licensing coursework and to pass the applicable state or provincial examinations to obtain a license to sell our term life insurance products. As a result, individuals recruited to join our sales force within a given fiscal period may not become licensed sales representatives or meet compliance standards until a subsequent period.

Sales Force Motivation, Training and Communication

Motivating, training and communicating with our sales force are critical to our success and that of our sales force.

Motivation. Through our proven system of sales force recognition events, contests and communications, we provide incentives that drive our results. Motivation is driven in part by our sales representatives' desire to achieve higher levels of financial success by building their own businesses as Primerica sales representatives. The opportunity to help underserved middle-income households address financial challenges is also a significant source of motivation for many of our sales representatives, as well as for our management and home office employees.

We motivate our sales representatives to succeed in their businesses by:

- compensating our sales representatives for product sales made by them and their sales organizations;
- helping our sales representatives learn financial fundamentals so they can confidently and effectively assist our clients;
- reducing the administrative burden on our sales force, which allows them to devote more of their time to building a sales organization and selling products; and
- creating a culture in which sales representatives are encouraged to achieve goals through the recognition of their sales and recruiting achievements, as well as those of their sales organizations.

We conduct numerous local, regional and national meetings to help inform and motivate our sales force. In June 2017, we are scheduled to hold our biennial international convention and associated meetings at the Indianapolis Convention Center and Lucas Oil Stadium in Indianapolis, Indiana. In previous years, tens of thousands of our new recruits and sales representatives have attended our conventions and associated meetings at their own expense, which we believe further demonstrates their commitment to our organization and mission.

Licensing Support and Training. Our sales representatives must hold licenses to sell most of our product offerings. Our in-house life insurance licensing program offers a significant number of classroom, online and self-study life insurance pre-licensing courses to meet applicable state and provincial licensing requirements and prepare recruits to pass applicable licensing exams. For those representatives who wish to sell investment and savings products, we contract with third-party training firms to conduct exam preparation and also offer supplemental training tools.

As part of the entry fee, new recruits receive a personalized study plan, a variety of review classes, exam review videos and audios, and exam and license registration. Additionally, many RVPs conduct training either on nights or weekends, providing new recruits a convenient opportunity to attend training outside of weekday jobs or family commitments.

Communication and Training. We communicate with our sales force and provide training through multiple channels, including:

- Primerica Online ("POL"), which is our secure Intranet website designed to be a support system for our sales force. POL provides sales representatives with access to their Primerica e-mail, bulletins and alerts, business tracking and management tools, pre-licensing study materials and exam registration, product-specific training, sales procedures and tools, point-of-sale application tools, forms and brochures, contact lists, and real-time updates on their pending life insurance applications and new recruits. Additionally, POL provides access to internal training programs including online exam simulators and videos covering sales, management skills, business ownership, products and compliance. We also use POL to provide real-time recognition of sales representatives' successes and scoreboards for sales force production, contests and trips. In addition, POL is a gateway to our product providers and product support. Subscribers generally pay a small monthly fee to subscribe to POL, which helps cover the cost of maintaining this support system. A limited version of POL that provides access to Primerica e-mail, compliance and compensation information, newsletters and bulletins is available at no cost.
- our in-house broadcasts, which are delivered by Intranet-streaming video. We create original broadcasts and videos that enable senior management to update our sales force and provide training and motivational presentations. We broadcast live programs hosted by home office management and selected RVPs that focus on new developments and provide motivational messages to our sales force. We also broadcast a training-oriented program to our sales force on a weekly basis and profile successful sales representatives, allowing these individuals to educate and train other sales representatives by sharing their methods for success.
- our publications department, which produces materials to support, motivate and inform our sales force. We sell recruiting materials, sales brochures, business cards and stationery and provide total communications services, including web design, print presentations, graphic design and script writing. We also produce a weekly mailing that includes materials promoting our current incentives, as well as the latest news about our product offerings.

Sales Force Support and Tools

Our information systems and technology are designed to support a sales and distribution model that relies on a large group of predominantly part-time sales representatives and assist them in building their own businesses. We provide our sales representatives with sales tools that allow both new and experienced sales representatives to offer financial information and products to their clients. The most significant of these tools are:

- *Our Financial Needs Analysis:* Our FNA is a proprietary, needs-based analysis tool. The FNA gives our sales representatives the ability to collect and synthesize client financial data and develop a financial analysis for the client that is easily understood. The FNA, while not a financial plan, helps our clients understand their financial needs in the areas of debt, financial protection, and savings as well as introduces prudent financial concepts, such as regular saving and accelerating the repayment of high cost credit card debt to help them reach their financial goals. The FNA provides clients with a snapshot of their current financial position and identifies their life insurance, savings and debt resolution needs.
- *Our Point-of-Sale Application Tool:* Our point-of-sale technology, TurboApps, is an internally developed system that streamlines the application process for our insurance products. This application populates client information from the FNA to eliminate redundant data collection and provides real-time feedback to eliminate incomplete and illegible applications. Integrated with our paperless field office management system described below, and with our home office systems, TurboApps allows our RVPs and us to realize the efficiencies of straight-through-processing of application data and other information collected on our sales representatives' mobile devices, which results in expedited processing of our life insurance product sales. In addition, we leverage similar technology as TurboApps with our investment partners to process mutual fund and annuity product sales.
- *Virtual Base Shop:* In an effort to ease the administrative burden on RVPs and simplify sales force operations, we make available to RVPs a secure Intranet-based paperless field office management system as part of the POL subscription. This virtual office is designed to automate the RVP's administrative responsibilities and can be accessed by subscribing sales representatives in an RVP's immediate sales organization, which we refer to as his or her base shop.
- *Primerica Mobile Application ("Primerica App"):* The Primerica App is a cross-platform companion application to POL that includes various tools and information to help sales representatives build their business, including: current company news; training and development content; company approved marketing and motivational materials; business intelligence including on-demand mobile reports; rewards and recognition tracking; contact management tools; and point-of-sale tools for generating proposals, completing product applications, and receiving real-time notifications. We continue to add new features and functionality to the Primerica App as the use of mobile devices becomes more ubiquitous.

We also make available other technology to assist our sales force in selling and referring products and serving our clients, including:

- toll-free sales support call centers to answer inquiries and assist with paperwork, underwriting and licensing;
- a tele-underwriting process used to obtain detailed medical information from clients without it being disclosed to our sales representatives;
- POL for tracking the status of pending life insurance applications and the progress of new recruits in their training and licensing efforts; and
- Shareholder Account Manager, which is a web-based tool that allows our investment-licensed representatives to service client investments in mutual funds accessed through our transfer agent platform.

Performance-Based Compensation Structure

Our commission structure is rooted in our origin as an insurance agency. Our sales representatives can receive commissions in multiple ways, including:

- sales commissions and fees based on their personal sales, referrals, and client assets under management;
- sales commissions based on sales and referrals by sales representatives in their sales organizations and fees based on client assets under management in their sales organizations;
- bonuses and other compensation, including equity-based compensation, generated by their own sales performance, the aggregate sales performance of their sales organizations and other criteria; and
- participation in our contests and other incentive programs.

Our compensation structure pays a commission to the sales representative who sells the product and to several representatives above the selling representative within their sales organization. With respect to term life insurance sales, commissions are calculated based on the total first-year premium (excluding policy fee) for all policies and riders up to a maximum premium. To motivate our sales force, we compensate sales representatives for term life insurance product sales as quickly as possible. We advance a majority of the insurance commission upon the submission of a completed application and the first month's premium payment. As the client makes his or her premium payments, the commission is earned by the sales representative and the commission advance is recovered by the Company. If premium payments are not made by the client and the policy terminates, any outstanding advance commission is charged back to the sales representative. The chargeback, which only occurs in the first year of a policy, would equal that portion of the advance that was made, but not earned, by the sales representative because the client did not pay the full premium for the period of

time for which the advance was made to the sales representative. Chargebacks, which occur in the normal course of business, may be recovered by reducing any cash amounts otherwise payable to the sales representative.

Sales representatives and representatives above them in their sales organizations are contractually obligated to repay us any commission advances that are ultimately not earned due to the underlying policy lapsing prior to the full commission being earned. Additionally, we hold back a portion of the commissions earned by our sales representatives as a reserve out of which we may recover chargebacks. The amounts held back are referred to as deferred compensation account commissions (“DCA commissions”). DCA commissions are available to reduce amounts owed to the Company by sales representatives. DCA commissions also provide a sales representative with a cushion against the chargeback obligations of representatives in their sales organization. DCA commissions, unless applied to amounts owed, are ultimately released to sales representatives.

We pay most term life insurance commissions during the first policy year. One of our term riders provides for coverage increases after the first year. For such riders, we pay first year and renewal commissions only for premium increases related to the increased coverage. Additionally, we pay renewal commissions on some older in-force policies. At the end of the policy durations, we pay compensation on policy continuations and exchanges.

For most mutual funds (non-managed investments) and annuity products, commissions are paid both on the sale and on the value of assets under management and are calculated based on the dealer reallowance and trail compensation actually paid to us. For managed investment mutual fund products, fees earned are primarily based on the total of assets under management and represent the annual fee we receive as compensation for as long as we retain the account. We pay our sales representatives in Canada a sales commission on segregated fund investments and a monthly fee based on clients’ asset values.

We also pay compensation to our sales force with respect to sales of prepaid legal services subscriptions, referrals for customers purchasing auto and home insurance, and other financial products. Prepaid legal services commissions are paid in fixed amounts on the sale of the respective subscription. For auto and homeowners’ insurance products, fees are paid for referrals that result in completed applications. Commissions related to other financial products are calculated based on the type of product sold or referred.

We pay bonuses and other incentive compensation for the sale of certain products. Bonuses are paid to the sales representatives and RVPs for achieving specified production levels for the sale of term life insurance, investment and savings products and other distributed products.

In addition to these methods of compensation, we use a quarterly compensation program under which RVPs can earn equity-based compensation based on various production criteria.

Sales Force Licensing

The states, provinces and territories in which our sales representatives operate generally require our sales representatives to obtain and maintain licenses to sell our insurance and securities products, requiring our sales representatives to pass applicable examinations. Our sales representatives may also be required to maintain licenses to sell certain of our other financial products. To encourage new recruits to obtain their life insurance licenses, we either pay directly or reimburse the sales representative for certain licensing-related fees and expenses once he or she passes the applicable exam and obtains the applicable life insurance license.

To sell insurance products, our sales representatives must be licensed by their resident state, province or territory and by any other state, province or territory in which they do business. In most states, our sales representatives must be appointed by our applicable insurance subsidiary.

To sell mutual funds and variable annuity products, our U.S. sales representatives must be registered with the Financial Industry Regulatory Authority (“FINRA”) and hold the appropriate license(s) designated by each state in which they sell securities products, as well as be appointed by the annuity underwriter in the states in which they market annuity products. Our sales representatives must meet all state and regulatory requirements and be designated as an investment advisor representative in order to sell our managed investment products.

Our Canadian sales representatives selling mutual fund products are required to be licensed by the securities regulators in the provinces and territories in which they sell mutual fund products. Our Canadian sales representatives who are licensed to sell our insurance products do not need any further licensing to sell our segregated funds products.

For sales of our supplemental products, appropriate state, provincial and territorial licensing may be required.

Supervision and Compliance

To ensure compliance with various federal, state, provincial and territorial legal requirements, we along with the RVPs share responsibility for maintaining an overall compliance program that involves compliance training and supporting as well as monitoring the activities of our sales representatives. We work with the RVPs to develop and maintain appropriate compliance procedures and systems.

Generally, all RVPs must obtain a principal license (FINRA Series 26 in the United States and Branch Manager license in Canada), and, as a result, they assume responsibility over the activities of their sales organizations. Additional supervision is provided by

approximately 503 Offices of Supervisory Jurisdiction (“OSJs”), which are run by select RVPs who receive additional compensation for assuming responsibility for supervision and compliance monitoring across all product lines. OSJs are required to periodically inspect sales force field offices and report to us any compliance issues they observe. Our Field Supervision Department regularly assists the OSJs and communicates compliance requirements to them to ensure they properly discharge their responsibilities. In addition, our Compliance Department regularly runs surveillance reports designed to monitor the activity of our sales force and investigates any unusual or suspicious activity identified during these reviews or during periodic inspections of RVP offices.

All of our sales representatives are required to participate in our annual regulatory-required compliance meeting, a program administered by our senior management and our legal and compliance staff at which we provide a compliance training overview across all product lines and require the completion of compliance checklists by each of our licensed sales representatives for each product he or she offers. Additionally, our sales representatives receive periodic compliance communications regarding new compliance developments and issues of special significance. Furthermore, the OSJs are required to complete an annual training program that focuses on securities compliance and field supervision.

Our Field Audit Department regularly conducts audits of all sales representative offices, including scheduled and no-notice audits. The Field Audit Department reviews all regulatory-required records that are not maintained at our home office. Any compliance deficiencies noted in the audit must be corrected, and we carefully monitor all corrective action. Field offices that fail an audit are subject to a follow-up audit in 150 days. Audit deficiencies are addressed through fines, reprimands, probations and contract terminations.

Our Product Offerings

Reflecting our philosophy of helping middle-income clients with their financial product needs and ensuring compatibility with our distribution model, our product offerings generally meet the following criteria:

- *Consistent with sound individual finance principles:* Products must be consistent with good personal finance principles for middle-income consumers, such as financial protection, minimizing expenses, encouraging long-term savings and reducing debt.
- *Designed to support multiple client goals:* Products are designed to address and support a broad range of financial goals rather than compete with or cannibalize each other. For example, term life insurance does not compete with mutual funds because term life has no cash value or investment element.
- *Ongoing needs based:* Products are designed to meet the ongoing financial needs of many middle-income consumers. This long-term approach bolsters our relationship with our clients by allowing us to continue to serve them as their financial needs evolve.
- *Easily understood and sold:* Products must be appropriate for distribution by our sales force, which requires that the application and approval process must be simple to understand and explain, and the likelihood of approval must be sufficiently high to justify the investment of time by our sales representatives.

We use three operating segments to organize, evaluate and manage our business: Term Life Insurance, Investment and Savings Products, and Corporate and Other Distributed Products. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations” and Note 3 (Segment and Geographical Information) to our consolidated financial statements included elsewhere in this report for certain financial information regarding our operating segments and the geographic areas in which we operate.

The following table provides information on our principal product offerings and the principal sources thereof by operating segment as of December 31, 2016.

Operating Segment	Principal Product Offerings	Principal Sources of Products (Applicable Geographic Territory)
Term Life Insurance	<i>Term Life Insurance</i>	Primerica Life (U.S. (except New York), the District of Columbia and certain territories)
		NBLIC (New York)
Investment and Savings Products	<i>Mutual Funds and Certain Retirement Plans</i>	Primerica Life Canada (Canada)
		American Century Investments (U.S.)
		American Funds (U.S.)
		AXA Distributors, LLC (U.S.)
		Franklin Templeton (U.S.)
		VOYA Financial, Inc. (U.S.)
		Invesco (U.S.)
		Legg Mason Global Asset Management (U.S.)
		Pioneer Investments (U.S.)
		AGF Investments (Canada)
		PFS Funds Management Ltd. (Canada)
		Mackenzie Investments (Canada)
		Fidelity Investments (Canada)
		Lockwood Advisors and PFS Investments (U.S.)
		American General Life Insurance Company and its affiliates (U.S.)
		AXA Distributors, LLC (U.S.)
		Lincoln National Life Insurance Company and its affiliates (U.S.)
		MetLife Investors and its affiliates (U.S.)
		American General Life Insurance Company and its affiliates (U.S.)
		Lincoln National Life Insurance Company and its affiliates (U.S.)
		Universal Life Insurance Company (Puerto Rico)
	<i>Fixed Annuities</i>	MetLife Investors USA Life Insurance Company and its affiliates (U.S.)
	<i>Segregated Funds</i>	Universal Life Insurance Company (Puerto Rico)
		Primerica Life Canada (Canada)
Corporate and Other Distributed Products	<i>Credit Information Services</i>	Equifax Consumer Services LLC (U.S. and Canada)
	<i>Long-Term Care Insurance</i>	Genworth Life Insurance Company and its affiliates (U.S.)
		John Hancock Life Insurance Company and its affiliates (U.S.)
		Various insurance companies, as offered through LTCI Partners, LLC (U.S.)
	<i>Prepaid Legal Services</i>	LegalShield (U.S. and Canada)
	<i>Supplemental Health and Accidental Death & Disability Insurance</i>	The Edge Benefits Inc. and its affiliates (Canada)
	<i>Health Insurance</i>	GoHealth, LLC (U.S.)
	<i>Auto and Homeowners' Insurance⁽¹⁾</i>	Various insurance companies, as offered through Answer Financial, Inc. (U.S.)
	<i>Mortgage Loan Referrals⁽¹⁾</i>	B2B Bank (Canada)

(1) Referrals only.

Term Life Insurance

Through our three life insurance subsidiaries – Primerica Life, NBLIC and Primerica Life Canada – we offer term life insurance to clients in the United States, its territories, the District of Columbia and Canada. In 2015, the latest period for which data is available, we ranked as a leading provider of individual term life insurance in the United States in an annual study published by LIMRA.

We believe that term life insurance is generally a better alternative for middle-income clients than cash value life insurance. Term life insurance provides a guaranteed death benefit if the insured dies during the fixed coverage period of an in-force policy, thereby providing financial protection for his or her named beneficiaries in return for the periodic payment of premiums. Term insurance products, which are sometimes referred to as pure protection products, have no savings or investment features. By buying term life insurance rather than cash value life insurance, a policyholder initially pays a lower premium and, as a result, would have funds

available to invest for retirement and other needs. We also believe that a person's need for life insurance is inversely proportional to that person's need for retirement savings, a concept we refer to as the theory of decreasing responsibility. Young adults with children, new mortgages and other obligations need to buy higher amounts of insurance to protect their family from the loss of future income resulting from the death of a primary bread winner. With its lower initial premium, term life insurance lets young families buy more coverage for their premium dollar when their needs are greatest and still have the ability to have funds for their retirement and other savings goals.

We design our term life insurance products to be easily understood by, and meet the needs of, our clients. Clients purchasing our term life insurance products generally seek stable, longer-term income protection products for themselves and their families. In response to this demand, we offer term life insurance products with level-premium coverage periods that range from 10 to 35 years and a wide range of coverage face amounts. Additionally, certain term life insurance policies may be customized through the addition of riders to provide coverage for specific protection needs, such as mortgage and college expense protection. Policies remain in force until the expiration of the coverage period or until the policyholder ceases to make premium payments and terminates the policy. Premiums are guaranteed for policies issued in the United States for the initial term period, up to a maximum of 20 years. After 20 years, we have the right to raise the premium, subject to limits provided for in the applicable policy. In Canada, the amount of the premium is guaranteed for the entire term of the policy.

One of the innovative term life insurance products that we offer is TermNow, our rapid issue term life product that provides for face amounts of \$300,000 (local currency) and below. TermNow allows a sales representative to accept an application online or through the Primerica App and, with the client's permission, allows the Company to access databases, including Medical Information Bureau ("MIB") data in the United States and Canada and prescription drug and motor vehicle records in the United States, as part of the underwriting process. The Company uses this data and the client's responses to application questions to determine any additional underwriting requirements. Results of these processes are reported in real time to our underwriting system, which then decides whether or not to rapidly issue a policy.

The average face amount of our in-force policies issued in 2016 was approximately \$241,500. The following table sets forth selected information regarding our term life insurance product portfolio:

	Year ended December 31,		
	2016	2015	2014
Life insurance issued:			
Number of policies issued	298,244	260,059	220,984
Face amount issued (<i>in millions</i>)	\$ 89,869	\$ 79,111	\$ 69,574
	December 31,		
	2016	2015	2014
Life insurance in force:			
Number of policies in force	2,489,493	2,403,713	2,341,670
Face amount in force (<i>in millions</i>)	\$ 728,385	\$ 693,194	\$ 681,927

Pricing and Underwriting. We believe that effective pricing and underwriting are significant drivers of the profitability of our life insurance business and we have established our pricing assumptions to be consistent with our underwriting practices. We set pricing assumptions for expected claims, lapses and expenses based on our experience and other factors while also considering the competitive environment. These other factors include:

- expected changes from relevant experience due to changes in circumstances, such as (i) revised underwriting procedures affecting future mortality and reinsurance rates, (ii) new product features, and (iii) revised administrative programs affecting sales levels, expenses, and client continuation or termination of policies; and
- observed trends in experience that we expect to continue, such as general mortality improvement in the general population and better or worse policy persistency (the period over which a policy remains in force) due to changing economic conditions.

Under our current underwriting guidelines, we individually assess each insurable adult applicant and place each applicant into a risk classification based on current health, medical history and other factors. Each classification (generally preferred plus, preferred, non-tobacco and tobacco) has specific health criteria. We may decline an applicant's request for coverage if his or her health or activities create unacceptable risks for us.

Our sales representatives ask applicants a series of yes or no questions regarding the applicant's medical history. We may also consider information about the applicant from third-party sources, such as MIB, prescription drug databases, motor vehicle records and physician statements. If we believe that follow up regarding an applicant's medical history is warranted, we use a third-party provider and its trained personnel to contact the applicant by telephone to obtain a more detailed medical history. Additionally, we may require copies of applicants' medical information from their attending physicians. The report resulting from this process is electronically transmitted to us and is evaluated in our underwriting process. For higher issued face amount applications, paramedical requirements are also needed.

To accommodate the significant volume of insurance business that we process, we and our sales force use technology to make our operations more efficient. We provide an electronic life insurance application that supports TermNow and other term life insurance

products. Approximately 93% of the life insurance applications we received in 2016 were submitted electronically. Our electronic life insurance application ensures that the application is submitted error-free, collects the applicant's electronic signatures and populates the RVP's sales log. For paper applications, we use our proprietary review and screening system to automatically screen that an application meets regulatory and other requirements, as well as alert our application processing staff to any deficiencies with the application. If any deficiencies are noted, our application processing staff contacts the sales representative to obtain the necessary information. Once an application is complete, the pertinent application data is uploaded to our life insurance administrative systems, which manage the underwriting process by electronically analyzing data, recommending underwriting decisions, requirements for higher face amounts or older ages and communicating with the sales representative and third-party service providers.

Claims Management. Our insurance subsidiaries processed over 14,600 life insurance benefit claims in 2016 on policies underwritten by us and sold by our sales representatives. These claims fall into three categories: death, waiver of premium (applicable to disabled policyholders who purchased a rider pursuant to which Primerica agrees to waive remaining life insurance premiums during a qualifying disability), or terminal illness. The claim may be reported by our sales representative, a beneficiary or, in the case of qualifying disability or terminal illness, the policyholder. Following are the benefits paid by us for each category of claim:

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Death	\$ 1,238,393	\$ 1,204,629	\$ 1,176,450
Waiver of premium	43,168	40,528	36,215
Terminal illness ⁽¹⁾	14,232	13,716	13,976

(1) We consider claims paid for terminal illness to be loans made to the beneficiary that are repaid to us upon death of the beneficiary from the death benefit.

In the United States, after coverage has been in force for two years, we may not contest the policy for misrepresentations in the application or the suicide of the insured. In Canada, we have a similar two-year contestability period, but we are permitted to contest insurance fraud at any time. As a matter of policy, we do not contest any coverage issued by us to replace the face amount of another insurance company's individual coverage to the extent the replaced coverage would not be contestable by the replaced company. We believe this approach helps our sales representatives sell replacement policies, as it reassures clients that claims made under their replacement policies are not more likely to be contested as to the face amount replaced. Through our claims administration system, we record, process and pay the appropriate benefit for any reported claim. Our claims system is used by our home office investigators to order medical and investigative reports from third-party providers, calculate amounts due to the beneficiary (including interest), and report payments to the appropriate reinsurance providers.

Primerica Life, a Massachusetts domestic insurer, regularly consults the Social Security Administration's Death Master File ("Death Master File") in accordance with applicable state requirements. NBLIC, a New York domestic insurer, regularly consults the Death Master File in accordance with New York state insurance requirements. These processes help identify potential deceased policyholders for whom claims have not been presented 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.

Reinsurance. We use reinsurance primarily to reduce the volatility risk with respect to mortality. Since 1994, we have reinsured death benefits in the United States on a first dollar quota share yearly renewable term ("YRT") basis. We pay premiums to each reinsurer based on rates in the applicable agreement.

We generally reinsure 90% of all term life insurance policies sold in the United States, excluding coverage under certain riders. For policies sold in Canada, we now utilize a YRT reinsurance arrangement similar to our U.S. program. Prior to 2012, we reinsured a smaller proportion of the face amount for policies sold in Canada. We also reinsure substandard cases on a facultative basis to capitalize on the extensive experience some of our reinsurers have with substandard cases. A substandard case has a level of risk that is acceptable to us, but at higher premium rates than a standard case because of the health, habits or occupation of the applicant.

While our reinsurance agreements have indefinite terms, both we and our reinsurers are entitled to discontinue any reinsurance agreement as to future policies by giving advance notice of 90 days to the other. Each reinsurer's ability to terminate coverage for existing policies is limited to circumstances such as a material breach of contract or nonpayment of premiums by us. Each reinsurer has the right to increase rates with certain restrictions. If a reinsurer increases rates, we have the right to immediately recapture the business. Either party may offset any balance due from the other party. For additional information on our reinsurance, see Note 1 (Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies) and Note 6 (Reinsurance) to our consolidated financial statements included elsewhere in this report.

Financial Strength Ratings. Ratings with respect to financial strength are an important factor in establishing our competitive position and maintaining public confidence in us and our ability to market products. Ratings organizations review the financial performance and condition of most insurers and provide opinions regarding financial strength, operating performance and ability to meet obligations to policyholders. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Financial Ratings."

Investment and Savings Products

We believe that many middle-income families have significant unmet retirement and savings needs. Using our FNA tool, our sales representatives help our clients understand their current financial situation and how they can use time-tested financial principles, such as prioritizing personal savings, to reach their savings goals. Our product offerings comprise basic saving and investment vehicles that seek to meet the needs of clients in all stages of life.

Through PFS, PFS Investments, Primerica Life Canada, PFS Investments Canada, and our licensed sales representatives, we distribute and sell to our clients mutual funds, managed investments, variable and fixed annuities, fixed indexed annuities and segregated funds. As of December 31, 2016, approximately 23,750 of our sales representatives were licensed to distribute mutual funds in the United States (including Puerto Rico) and Canada. As of December 31, 2016, approximately 13,600 of our sales representatives were licensed and appointed to distribute annuities in the United States and approximately 10,400 of our sales representatives were licensed to sell segregated funds in Canada.

In the United States, clients acquire securities products from PFS Investments in either a brokerage or an advisory relationship. In a brokerage relationship, a PFS Investments registered representative, pursuant to FINRA rules, is required to make a recommendation that is suitable for the client, but provides no ongoing monitoring of the client's investments. For its services, PFS Investments receives an upfront commission in connection with the sale, and a smaller, annual trail commission or 12b-1 fee for the continued servicing of the account. PFS Investments markets mutual funds and variable annuities on a brokerage basis. In an advisory relationship, PFS Investments and its investment advisory representative have a fiduciary obligation to the client that arises under the Investment Advisers Act of 1940 and related case law. Our current managed investment offering is a mutual fund wrap fee program in which our co-sponsor has discretionary authority over the client's account and provides ongoing investment advice. As a co-sponsor of the program, PFS Investments and its investment advisory representatives provide the initial investment advice and receive part of the annual advisory fee, which is assessed as a percentage of the value of the assets in the account.

Mutual Funds. In the United States, our licensed sales representatives primarily distribute mutual funds from the following select asset management firms: American Century Investments, American Funds, Franklin Templeton, Invesco, Legg Mason and Pioneer. These firms have diversified product offerings, including domestic and international equity, fixed-income and money market funds. Each firm continually evaluates its fund offerings and adds new funds on a regular basis. Additionally, their product offerings reflect diversified asset classes and varied investment styles. We have selling agreements with a number of other fund companies and we believe that collectively, these asset management firms provide funds that meet the investment needs of our clients.

During 2016, four of these fund families (Legg Mason, Invesco, American Funds and Franklin Templeton) accounted for approximately 92% of our mutual fund sales in the United States. Legg Mason and Invesco each have large wholesaling teams that support our sales force in distributing their mutual fund products. Our selling agreements with these firms all have indefinite terms and provide for termination at will.

An affiliate of PFS Investments, Primerica Shareholder Services, Inc. ("PSS"), provides transfer agent services to investors who purchase shares of mutual funds offered by American Century Investments, Franklin Templeton, Invesco, or Pioneer Investments through PFS Investments. In exchange for these services, PSS receives recordkeeping and account maintenance fees from the applicable fund company. PSS has retained BNY Mellon Asset Servicing ("BNYMAS") to perform the necessary transfer agent services for these accounts on its proprietary *SuRPASS* system. Also, BNYMAS provides transfer agent services to investors who purchase shares of Legg Mason funds through PFS Investments. By agreement with Legg Mason, such positions are included on a consolidated account statement prepared by PSS for PFS Investments clients. PFS Investments serves as the IRS approved non-bank custodian for customers that open individual retirement accounts ("IRA") (or certain other retirement accounts) with PFS Investments and invest in shares of mutual funds offered by American Century Investments, Franklin Templeton, Invesco, Legg Mason or Pioneer Investments. For these services, PFS Investments receives an annual custodian fee.

In Canada, our sales representatives offer Primerica-branded Concert™ Series funds, which accounted for approximately 37% of our Canadian mutual fund product sales in 2016. Our Concert™ Series of funds consist of six different asset allocation funds with varying investment objectives ranging from fixed income to aggressive growth. Each Concert™ Series fund is a fund of funds that allocates fund assets among equity and income mutual funds of AGF Investments, a leading asset management firm in Canada. The asset allocation within each Concert™ Series fund is determined on an advisory contract basis by Morneau Shepell Asset and Risk Management Ltd. The principal non-proprietary funds that we offer our clients in Canada are funds of AGF Investments, Mackenzie Investments, and Fidelity Investments. Sales of these non-proprietary funds accounted for approximately 50% of mutual fund product sales in Canada in 2016. Like our U.S. fund family list, the asset management partners we have chosen in Canada have a diversified offering of equity, fixed-income and money market funds, including domestic and international funds with a variety of investment styles.

A key part of our investment philosophy for our clients is the long-term benefits of dollar cost averaging through systematic investing. To accomplish this, we assist our clients by facilitating monthly contributions to their investment account by bank draft against their checking accounts. During the year ended December 31, 2016, average client assets held in individual retirement accounts in the United States and Canada accounted for an estimated 74% and 73% of total average client account assets, respectively. Our individual retirement accounts in Canada are considered registered retirement savings plans ("RRSP"). An RRSP is similar to a traditional IRA, in the United States in that contributions are made to the RRSP on a pre-tax basis and income is earned on a tax-deferred basis. Our

high concentration of retirement plan accounts and our systematic savings philosophy are beneficial to us as these accounts tend to have lower redemption rates than the industry and, therefore, generate more recurring asset-based revenues.

Managed Investments. PFS Investments is a registered investment advisor in the United States, and it offers a managed investments program under a contract with Lockwood Advisors, a registered investment advisor and unit of Bank of New York Mellon. The offering consists of a mutual fund advisory program with a \$25,000 minimum initial investment. Lockwood Advisors is a co-sponsor of the program, and acts as the discretionary portfolio manager of the asset allocation models offered. In contrast to our mutual fund and annuity business, clients do not pay an upfront commission in an advisory fee program; rather, they pay an annual fee based on the value of the assets in their account. In 2017, PFS Investments will launch a separate, expanded managed investments platform. This platform will also have an annual fee based on the value of assets in the account rather than an upfront commission and will provide our customers access to mutual fund and exchange-traded fund investment models designed and managed by several unaffiliated investment advisers. PFS Investments will provide transfer agent and custodial services for the expanded managed investments platform through a subservice agreement with TD Ameritrade Institutional.

Variable Annuities. Our U.S. licensed sales representatives also distribute variable annuities underwritten and provided by American General Life Insurance Company and its affiliates ("AIG"), AXA Distributors, LLC, Lincoln National Life Insurance Company and its affiliates ("Lincoln National"), and MetLife Investors and its affiliates. Variable annuities are insurance products that enable our clients to invest in accounts with attributes similar to mutual funds, but also have benefits not found in mutual funds, including death benefits that protect beneficiaries from losses due to a market downturn and income benefits that guarantee future income payments for the life of the policyholder(s). Each of these companies bears the insurance risk on its variable annuities that we distribute.

Segregated Funds. In Canada, we offer segregated fund products, which are branded as our Common Sense Funds™, that have some of the characteristics of our variable annuity products distributed in the United States. Our Common Sense Funds™ are underwritten by Primerica Life Canada and offer our clients the ability to participate in a diversified managed investments program that can be opened for as little as \$25. While the assets and corresponding liability (reserves) are recognized on our consolidated balance sheets, the assets are held in trust for the benefit of the segregated fund contract owners and are not commingled with the general assets of the Company.

There are two fund products within our segregated funds offerings: the Asset Builder Funds and the Strategic Retirement Income Funds ("SRIF"). The investment objective of Asset Builder Funds is long-term capital appreciation combined with some guarantee of principal. Unlike mutual funds, our Asset Builder Funds product guarantees clients at least 75% of their net contributions (net of withdrawals) at the earlier of the date of their death or at the Asset Builder Funds' maturity date, which is selected by the client. The portfolio consists of both equities and fixed income with the equity component consisting of a pool of large cap Canadian equities and the fixed-income component consisting of Canadian federal government zero coupon treasuries and government-backed floating rate notes. The portion of the Asset Builder Funds' portfolio allocated to zero coupon treasuries are held in sufficient quantity to satisfy the guarantees payable at the maturity date of each Asset Builder Fund. As a result, our potential loss exposure is very low as it comes from the guarantees payable upon the death of the client prior to the maturity date.

The investment objective of the SRIF is to provide income during retirement plus the opportunity for modest capital appreciation. The SRIF invests in a maximum of 25% equities with the balance in fixed-income securities. The product guarantees at least 75% of the clients net contributions (net of withdrawals) at the earlier of the date of their death or when the client attains age 100. All accounts in the SRIF are held as Registered Retirement Income Funds which carry government mandated minimum annual withdrawals. Similar to the Asset Builder Funds, our potential exposure for loss associated with the SRIF is very low as its investment allocations are conservatively aligned with the risks of the client contracts.

With the guarantee level at 75% and in light of the time until the scheduled maturity of our segregated funds contracts, we currently do not believe it is necessary to allocate any corporate capital as reserves for segregated fund contract benefits.

Many of our Canadian clients invest in segregated funds through a RRSP. Our Common Sense Funds™ are also managed by AGF Investments.

Fixed Indexed Annuities. We offer fixed indexed annuity products in the U.S. through Lincoln National, AIG, and Universal Life Insurance Company ("Universal Life") (Puerto Rico). These products combine safety of principal and guaranteed rates of return with additional investment options tied to equity market indices that allow for returns that move based on the performance of an index. We believe these and other fixed annuity products give both our life and securities representatives more ways to assist our clients with their retirement planning needs.

Fixed Annuities. We sell fixed annuities underwritten by MetLife Investors USA Life Insurance Company and its affiliates in the U.S. Our current offering includes a fixed premium deferred annuity and a single premium immediate annuity. The fixed premium deferred annuity allows our clients to accumulate savings on a tax deferred basis with safety of principal and a guaranteed rate of return. The single premium immediate annuity provides clients with an immediate income alternative. In Puerto Rico, we currently offer two annuity products: a fixed annuity and a fixed bonus annuity underwritten by Universal Life. These products provide guarantees against loss with several income options.

Investment and Savings Products Revenue. In the United States, we earn revenue from our investment and savings products business in three ways: commissions and payments earned on the sale of such products; fees and payments earned based upon client asset values; and account-based revenue. On the sale of mutual funds (not including managed investments) and annuities, we earn a dealer allowance or commission on new purchases as well as trail commissions on the assets held in our clients' accounts. We also receive marketing and support fees from most of our mutual fund and annuity providers. These payments are typically a percentage of sales or a percentage of the clients' total asset values, or a combination of both. For managed investments, we receive an asset-based fee as compensation for advisory services, as well as recordkeeping and account maintenance fees, and marketing and support fees from the mutual funds involved in the program.

As the IRS approved non-bank custodian for the funds noted above, PFS Investments receives annual fees on a per-account basis for as long as it services the account. As explained above, PSS receives recordkeeping and account maintenance fees for the transfer agent services it provides to the four fund families noted in the "Mutual Funds" section above. An individual client account may include multiple fund positions for which we earn recordkeeping fees.

Because the total amount of these fees fluctuates with the number of such accounts and positions within those accounts, the opening or closing of accounts has a direct impact on our revenues. From time to time, the fund companies for whom we provide these services request that accounts or positions with small balances be closed.

In Canada, we earn revenue from the sales of our investment and savings products in two ways: commissions (or dealer allowance) on mutual fund sales and fees paid based upon clients' asset values (mutual fund trail commissions and advisory fees from segregated funds and Concert™ Series funds). On segregated funds, we also earn deferred sales charges for early withdrawals at an annual declining rate within seven years of an investor's original contribution.

Other Distributed Products

We distribute other products, including prepaid legal services, auto and homeowners' insurance referrals, credit information services, long-term care insurance, and health insurance. In Canada, we also offer mortgage loan referrals and insurance offerings for small businesses. While many of these products are Primerica-branded, all of them are underwritten or otherwise provided by a third party.

We offer our U.S. and Canadian clients a Primerica-branded prepaid legal services program on a subscription basis that is underwritten and provided by LegalShield. The prepaid legal services program offers a network of attorneys in each state, province or territory to assist subscribers with legal matters such as drafting wills, living wills and powers of attorney, trial defense and motor vehicle-related matters. We receive a commission based on our sales of these subscriptions.

We have an arrangement with Answer Financial, Inc. ("Answer Financial"), an independent insurance agency, whereby our U.S. sales representatives refer clients to Answer Financial to receive multiple, competitive auto and homeowners' insurance quotes. Answer Financial's comparative quote process allows clients to easily identify the underwriter that is most competitively priced for their type of risk. We receive commissions based on completed auto and homeowners' insurance applications and pay our sales representatives a flat referral fee for each completed application.

We offer credit information services in the United States and Canada. Credit information products allow clients to access their credit score and other personal credit information. Clients also have the capability of creating a simple-to-understand plan for paying off their debts with information from their credit file. Our credit information products are co-branded with and supported by a subsidiary of Equifax Inc.

We have an arrangement with LTCI Partners, LLC ("LTCI Partners"), an independent brokerage general agency specializing in long-term care insurance, whereby our U.S. sales representatives refer clients to LTCI Partners to receive a long-term care insurance quote. Many of these policies are underwritten and provided by Genworth Life Insurance Company and its affiliates and some by various other insurance providers. We receive commissions based on the annualized premium of placed and taken policies.

We have a distribution agreement with GoHealth, LLC ("GoHealth"), an operator of a private health insurance marketplace that allows U.S. consumers to enroll in health insurance compliant with the Affordable Care Act. Our representatives with health insurance licenses in a limited number of states can sell clients a health insurance policy provided by a number of major carriers on GoHealth's private exchange platform. We receive commissions from health insurance carriers for policies issued to clients we enroll. These payments, which vary by health insurance carrier and by state, are typically a percentage of the policy premium or a flat amount based on the number of members on a policy.

In Canada, we have a referral program for mortgage loan products offered by a third-party lender, B2B Bank. Due to regulatory requirements, our sales representatives in Canada only refer clients to the lender and are not involved in the loan application and closing process.

In Canada, we offer insurance products, including supplemental medical and dental, accidental death, and disability, to small businesses. These insurance products are underwritten and provided by The Edge Benefits Inc. and its affiliates. We receive a commission based on our sales of these policies and any subsequent renewals.

Prior to 2015, we offered student life insurance and short-term disability benefit insurance, which were underwritten through NBLIC. These products were distributed solely by outside third parties. In 2014, NBLIC sold its short-term disability benefit business and novated all policies in force to AmTrust North America, Inc. and ceased the marketing and underwriting of new student life insurance policies. NBLIC continues to administer the existing block of student life business, as well as other closed blocks of insurance that were discontinued several years ago.

Regulation

Our business is subject to extensive laws and governmental regulations, including administrative determinations, court decisions and similar constraints. The purpose of the laws and regulations affecting our business is primarily to protect our clients and other consumers. Many of the laws and regulations to which we are subject are regularly re-examined, and existing or future laws and regulations may become more restrictive or otherwise adversely affect our operations.

Insurance and securities regulatory authorities periodically make inquiries regarding compliance by us and our subsidiaries with insurance, securities and other laws and regulations regarding the conduct of our insurance and securities businesses. At any given time, a number of financial or market conduct examinations of our subsidiaries may be ongoing. We cooperate with such inquiries and take corrective action when warranted.

Regulation of Our Insurance Business. Primerica Life, as a Massachusetts domestic insurer, is regulated by the Massachusetts Division of Insurance and is licensed to transact business in the United States (except New York), the District of Columbia and certain U.S. territories. NBLIC, as a New York domestic insurer and a wholly owned subsidiary of Primerica Life, is regulated by the New York State Department of Financial Services and is licensed to transact business in all 50 U.S. states, the District of Columbia and the U.S. Virgin Islands.

State insurance laws and regulations regulate all aspects of our U.S. insurance business. Such regulation is vested in state agencies having broad administrative and, in some instances, discretionary power dealing with many aspects of our business, which may include, among other things, premium rates and increases thereto, reserve requirements, marketing practices, advertising, privacy, policy forms, reinsurance reserve requirements, acquisitions, mergers, and capital adequacy.

Our U.S. insurance subsidiaries are required to file certain annual, quarterly and periodic reports with the supervisory agencies in the jurisdictions in which they do business, and their business and accounts are subject to examination by such agencies at any time. These examinations generally are conducted under National Association of Insurance Commissioners (“NAIC”) guidelines. Under the rules of these jurisdictions, insurance companies are examined periodically (generally every three to five years) by one or more of the supervisory agencies on behalf of the states in which they do business. Our most recent examinations of the financial condition and affairs of Primerica Life, NBLIC, Peach Re, Inc. (“Peach Re”) and Vidalia Re, Inc. (“Vidalia Re”) performed by the respective domiciliary state insurance departments were completed during 2016 with no findings or recommendations noted.

Primerica Life Canada is federally incorporated and provincially licensed and is required to file periodic reports with Canadian regulatory agencies. It transacts business in all Canadian provinces and territories. Primerica Life Canada is regulated federally by the Office of the Superintendent of Financial Institutions Canada (“OSFI”) and provincially by the Superintendents of Insurance for each province and territory. Canadian federal and provincial insurance laws regulate all aspects of our Canadian insurance business. OSFI regulates insurers’ corporate governance, financial and prudential oversight, and regulatory compliance, while provincial and territorial regulators oversee insurers’ market conduct practices and related compliance.

Our Canadian insurance subsidiary files quarterly and annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and other locally accepted standards with OSFI in compliance with legal and regulatory requirements. OSFI conducts periodic detailed examinations of insurers’ business and financial practices, including the control environment, internal and external auditing and minimum capital adequacy, surpluses and related testing, legislative compliance and appointed actuary requirements. These examinations also address regulatory compliance with anti-money laundering practices, outsourcing, related-party transactions, privacy and corporate governance. Provincial regulators conduct periodic market conduct examinations of insurers doing business in their jurisdiction.

In addition to federal and provincial oversight, Primerica Life Canada is also subject to the guidelines set out by the Canadian Life and Health Insurance Association (“CLHIA”). CLHIA is an industry association that works closely with federal and provincial regulators to establish market conduct guidelines and sound business and financial practices addressing matters such as sales representative suitability and screening, insurance illustrations and partially guaranteed savings products.

The laws and regulations governing our U.S. and Canadian insurance businesses include numerous provisions governing the marketplace activities of insurers, including policy filings, payment of insurance commissions, disclosures, advertising, product replacement, sales and underwriting practices and complaints and claims handling. The state insurance regulatory authorities in the United States and the federal and provincial regulators in Canada generally enforce these provisions through periodic market conduct examinations.

In addition, most U.S. states and Canadian provinces and territories, as well as the Canadian federal government, have laws and regulations governing the financial condition of insurers, including standards of solvency, types and concentration of investments,

establishment and maintenance of reserves, reinsurance and requirements of capital adequacy. As discussed previously, U.S. state insurance law and Canadian provincial insurance law also require certain licensing of insurers and their agents.

Insurance Holding Company Regulation: Limitations on Dividends. The states in which our U.S. insurance subsidiaries are domiciled have enacted legislation and adopted regulations regarding insurance holding company systems. These laws require registration of, and periodic reporting by, insurance companies domiciled within the jurisdiction that control, or are controlled by, other corporations or persons so as to constitute an insurance holding company system. These laws also affect the acquisition of control of insurance companies as well as transactions between insurance companies and companies controlling them.

The Parent Company is a holding company that has no significant operations. Our primary asset is the capital stock of our subsidiaries, and our primary liability is \$375.0 million in principal amount of senior unsecured notes (the “Senior Notes”). As a result, we depend on dividends or other distributions from our insurance and other subsidiaries as the principal source of cash to meet our obligations, including the payment of interest on, and repayment of, principal of any debt obligations.

The states in which our U.S. insurance subsidiaries are domiciled impose certain restrictions on our insurance subsidiaries’ ability to pay dividends to us. In Canada, dividends can be paid subject to the paying insurance company’s continuing compliance with regulatory requirements and upon notice to OSFI. We determine the dividend capacity of our insurance subsidiaries using statutory accounting principles (“SAP”) promulgated by the NAIC in the United States and using IFRS in Canada.

The following table sets forth the statutory value of cash and securities dividends paid or payable by our insurance subsidiaries:

	Year ended December 31,			
	2016	2015	2014	
	<i>(In thousands)</i>			
Primerica Life	\$ 94,700	\$ 45,600	\$ 235,000	
Primerica Life Canada	22,342	16,950	13,434	

For additional information on dividend capacity and restrictions, see Note 15 (Statutory Accounting and Dividend Restrictions) to our consolidated financial statements included elsewhere in this report.

Policy and Contract Reserve Sufficiency Analysis. Under the laws and regulations of their jurisdictions of domicile, our U.S. insurance subsidiaries are required to conduct annual analyses of the sufficiency of their life insurance statutory reserves. In addition, other U.S. jurisdictions in which our U.S. subsidiaries are licensed may have certain reserve requirements that differ from those of their domiciliary jurisdictions. In each case, a qualified actuary must submit an opinion that states that the aggregate statutory reserves, when considered in light of the assets held with respect to such reserves, make good and sufficient provision for the associated contractual obligations and related expenses of the insurer. If such an opinion cannot be provided, then the affected insurer must set up additional reserves by moving funds from surplus. Our U.S. insurance subsidiaries most recently submitted these opinions without qualification as of December 31, 2016 to applicable insurance regulatory authorities.

Primerica Life Canada also is required to conduct regular analyses of the sufficiency of its life insurance statutory reserves. Life insurance reserving and reporting requirements are completed by Primerica Life Canada’s appointed actuary. Materials provided by the appointed actuary are filed with OSFI as part of our annual filing and are subject to OSFI’s review. Based upon this review, OSFI may institute remedial action against Primerica Life Canada as OSFI deems necessary. Primerica Life Canada has not been subject to any such remediation or enforcement by OSFI.

Surplus and Capital Requirements. U.S. insurance regulators have the discretionary authority, in connection with the ongoing licensing of our U.S. insurance subsidiaries, to limit or prohibit the ability of an insurer to issue new policies if, in the regulators’ judgment, the insurer is not maintaining a minimum amount of surplus or is in hazardous financial condition. Insurance regulators may also limit the ability of an insurer to issue new life insurance policies and annuity contracts above an amount based upon the face amount and premiums of policies of a similar type issued in the prior year. We do not believe that the current or anticipated levels of statutory surplus of our U.S. insurance subsidiaries present a material risk that any such regulator would limit the amount of new policies that our U.S. insurance subsidiaries may issue.

The NAIC has established risk-based capital (“RBC”) standards for U.S. life insurance companies, as well as a model act to be applied at the state level. The model act provides that life insurance companies must submit an annual RBC report to state regulators reporting their RBC based upon four categories of risk: asset risk, insurance risk, interest rate risk and business risk. For each category, the capital requirement is determined by applying factors to various asset, premium and reserve items, with the factor being higher for those items with greater underlying risk and lower for less risky items. The formula is intended to be used by insurance regulators as an early warning tool to identify possible weakly capitalized companies for purposes of initiating further regulatory action. If an insurer’s RBC falls below specified levels, then the insurer would be subject to different degrees of regulatory action depending upon the level. These actions range from requiring the insurer to propose actions to correct the capital deficiency to placing the insurer under regulatory control.

In Canada, OSFI has authority to request an insurer to enter into a prudential agreement implementing measures to maintain or improve the insurer’s safety and soundness. OSFI also may issue orders to an insurer directing it to refrain from unsafe or unsound

practices or to take action to remedy financial concerns. OSFI has neither requested that Primerica Life Canada enter into any prudential agreement nor has OSFI issued any order against Primerica Life Canada.

In Canada, OSFI oversees an insurer's minimum capital requirement and determines the sum of 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.

NAIC Pronouncements and Reviews. The NAIC promulgates model insurance laws and regulations for adoption by the states in order to standardize insurance industry accounting and reporting guidance. Although many state regulations emanate from NAIC model statutes and pronouncements, SAPs continue to be established by individual state laws, regulations and permitted practices. Certain changes to NAIC model statutes and pronouncements, particularly as they affect accounting issues, may take effect automatically without affirmative action by a given state. With respect to some financial regulations and guidelines, non-domiciliary states sometimes defer to the interpretation of the insurance department of the state of domicile. However, neither the action of the domiciliary state nor the action of the NAIC is binding on a non-domiciliary state. Accordingly, a non-domiciliary state could choose to follow a different interpretation.

The NAIC has established guidelines to assess the financial strength of insurance companies for U.S. state regulatory purposes. The NAIC conducts annual reviews of the financial data of insurance companies primarily through the application of 12 financial ratios prepared on a statutory basis. The annual statements are submitted to state insurance departments to assist them in monitoring insurance companies in their state.

Statutory Accounting Principles. SAP is a basis of accounting developed by U.S. insurance regulators to monitor and regulate the solvency of insurance companies. In developing SAP, insurance regulators were primarily concerned with evaluating an insurer's ability to pay all of its current and future obligations to policyholders. As a result, statutory accounting focuses on conservatively valuing the assets and liabilities of insurers, generally in accordance with standards specified by the insurer's domiciliary jurisdiction. Uniform statutory accounting practices are established by the NAIC and generally adopted by regulators in the various U.S. jurisdictions. These accounting principles and related regulations determine, among other things, the amounts our insurance subsidiaries may ultimately pay to us as dividends, and they differ in many instances from U.S. generally accepted accounting principles ("U.S. GAAP"), which are designed to measure a business on a going-concern basis. Under U.S. GAAP, certain expenses are capitalized when incurred and then amortized over the life of the associated policies. The valuation of assets and liabilities under U.S. GAAP is based in part upon best estimate assumptions made by the insurer. U.S. GAAP-basis stockholders' equity represents the ownership interest in the U.S. GAAP-measured net assets held by stockholders. As a result, the values for assets, liabilities and equity reflected in financial statements prepared in accordance with U.S. GAAP will be different from those reflected in financial statements prepared under SAP.

State Insurance Guaranty Funds Laws. Under most state insurance guaranty fund laws, insurance companies doing business therein can be assessed up to prescribed limits for policyholder losses incurred by insolvent companies. Most insurance guaranty fund laws currently provide that an assessment may be excused or deferred if it would threaten an insurer's own financial strength. In addition, assessments may be partially offset by credits against future state premium taxes.

Additional Oversight in Canada. In Canada, the Minister of Finance under the Insurance Companies Act approved our indirect acquisition of Primerica Life Canada in April 2010. 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. The Minister required us to sign a support principle letter, which provides, without limiting the scope of the support principle letter, that 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. The provision of the support principle letter is intended to ensure that the person controlling the federal insurance company is aware of the importance and relevance of the support principle in the consideration of the application. However, the letter does not create a legal obligation on our part to provide the support. Primerica Life Canada is currently in compliance with the terms of the support principle letter.

Other Regulatory Changes. 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. For example, the insurance regulators in the Canadian provinces and territories implemented a new life insurance licensing examination program across Canada in January 2016. Changes such as these could decrease the ability of applicants to obtain their life insurance licenses. Likewise, FINRA has announced a restructuring of its representative-level qualification examination program that marks a conceptual change from FINRA's current securities examination program. FINRA has not announced a specific timeframe for the implementation of the new exam structure, but has targeted an effective date of January 2018. While the objective of the new program is to improve efficiencies, if the changes create barriers to entry that are not relevant to assessing an applicant's competence, the costs significantly increase, or the program is implemented without adequate transitions, the restructured program could result in a decrease in the number of registrants obtaining their securities licenses in the United States. For more information, see "Risk Factors" and "ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Regulation of Our Investment and Savings Products Business. PFS Investments is registered with, and regulated by, FINRA and the Securities and Exchange Commission ("SEC"). It is subject to regulation by the Municipal Securities Rulemaking Board (the

“MSRB”) with respect to 529 plans, by the Department of Labor (“DOL”) with respect to certain retirement plans, and by state securities agencies. PFS Investments operates as an introducing broker-dealer and is registered in all 50 U.S. states and certain territories and with the SEC. As such, it performs a review of investment recommendations made by our representatives in the account opening process, in accordance with FINRA requirements, but it does not hold client accounts. U.S. client funds are held by the mutual fund in which such client funds are invested or by the annuity underwriters in the case of variable annuities.

PFS Investments is required to file monthly reports as well as annual audited financial statements with the SEC pursuant to Section 17 of the Securities Exchange Act of 1934, as amended (“Exchange Act”), and Rule 17a-5 thereunder. As part of filing these reports, PFS Investments is subject to minimum net capital requirements, as mandated by Rule 15c3-1 of the Exchange Act.

The SEC rules and regulations that currently apply to PFS Investments and our registered representatives generally require that we make suitable investment recommendations to our customers and disclose conflicts of interest that might affect the recommendations or advice we provide. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) gave the SEC the power to impose on broker-dealers a heightened standard of conduct (fiduciary duty) that is currently applicable only to investment advisors. As required by the Dodd-Frank Act, in January 2011, the SEC staff submitted a report to Congress in which it recommended that the SEC adopt a fiduciary standard of conduct for broker-dealers that is uniform with that of investment advisors. The SEC has slated the rule on its regulatory agenda for “long-term action” without a specific timetable.

PFS Investments is also approved as a non-bank custodian under Internal Revenue Service (“IRS”) regulations and, in that capacity, may act as a custodian or trustee for certain retirement accounts. Our sales representatives who sell securities products through PFS Investments are required to be registered representatives of PFS Investments. All aspects of PFS Investments’ business are regulated, including sales methods and charges, trade practices, the use and safeguarding of customer securities, capital structure, recordkeeping, conduct and supervision of its independent salespeople.

PFS Investments is also an SEC-registered investment advisor and, under the name Primerica Advisors, offers a managed investments, or mutual fund advisory, program. In most states, our representatives are required to obtain an additional license to offer this program.

PSS is registered with the SEC as a transfer agent and, accordingly, is subject to SEC rules and examinations. Acting in this capacity, PSS and third-party vendors employed by PSS are responsible for certain client investment account shareholder services.

On April 8, 2016, the DOL published a final regulation (“the DOL Fiduciary Rule”), which more broadly defines the circumstances under which a person or entity may be considered a fiduciary for purposes of the prohibited transaction rules of the Employee Retirement Income Security Act (“ERISA”) and Internal Revenue Code (“IRC”) Section 4975. IRC Section 4975 prohibits certain types of compensation paid by third parties with respect to transactions involving assets in qualified accounts, including IRAs. In connection with the DOL Fiduciary Rule, the DOL also issued new exemptions and amended several existing exemptions. On February 3, 2017, the President of the United States issued a memorandum directing the DOL to review the DOL Fiduciary Rule to determine, based on certain factors, whether the rule should be revised or rescinded. The DOL Fiduciary Rule, which was set to become “applicable” on April 10, 2017, may be delayed for an unspecified period while the Secretary of Labor prepares an updated economic and legal analysis on the impact of the DOL Fiduciary Rule.

PFS Investments Canada is a mutual fund dealer registered with and regulated by the Mutual Fund Dealers Association of Canada (the “MFDA”), the national self-regulatory organization for the distribution side for the Canadian mutual fund industry. It is also registered with provincial and territorial securities commissions throughout Canada. As a registered mutual fund dealer, PFS Investments Canada performs the suitability review of mutual fund investment recommendations, and like our U.S. broker-dealer, it does not hold client accounts.

PFS Investments Canada is required to file monthly and annual financial statements and reports with the MFDA that are prepared to comply with the prescribed MFDA reporting requirements. The MFDA has established a risk adjusted capital standard for mutual fund dealers. Its formula is designed to provide advance warning of a member encountering difficulties. If a mutual fund dealer falls below specified levels then restrictions would apply until rectified, including not being able to act on certain matters without prior written consent from the MFDA.

PFS Investments Canada sales representatives are required to be registered in the provinces and territories in which they do business, including regulation by the Autorité des marchés financiers in Quebec, and are also subject to regulation by the MFDA. These regulators have broad administrative powers, including the power to limit or restrict the conduct of our business and impose censures or fines for failure to comply with the law or regulations.

PFS Fund Management in Canada is registered as an Investment Fund Manager in connection with our Concert™ Series mutual funds and is regulated by provincial securities commissions.

PFS Fund Management is required to file quarterly and annual financial statements with the Ontario Securities Commission (“OSC”) prepared to meet the requirements of National Instrument 31-103, Registration Requirements, Exemptions and Ongoing Registrant Obligations, based on the financial reporting framework specified in National Instrument 52-107, Acceptable Accounting Principles and Auditing Standards. PFS Fund Management is required to maintain a minimum level of capital and file its quarterly and annual calculation of excess working capital with the OSC. As an investment fund manager, PFS Fund Management is required to file

periodic reports with provincial and territorial securities commissions throughout Canada for its Concert™ Series mutual funds. Such reports include semi-annual and annual financial statements prepared in accordance with IFRS.

As the segregated funds are separate accounts of Primerica Life Canada, the segregated funds are also regulated by OSFI and included as part of the quarterly and annual financial statement filings for Primerica Life Canada. In addition, the segregated funds are also subject to the guidelines set out by the CLHIA.

Other Laws and Regulations. The USA Patriot Act of 2001 (the “Patriot Act”) contains anti-money laundering and financial transparency laws and mandates the implementation of various regulations applicable to broker-dealers and other financial services companies, including insurance companies. The Patriot Act seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering.

U.S. federal and state laws and regulations require financial institutions, including insurance companies, to protect the security and confidentiality of consumer financial information and to notify consumers about their policies and practices relating to their collection and disclosure of consumer information and their policies relating to protecting the security and confidentiality of that information. Similarly, federal and state laws and regulations also govern the disclosure and security of consumer health information. In particular, regulations promulgated by the U.S. Department of Health and Human Services regulate the disclosure and use of protected health information by health insurers and others (including certain life insurers), the physical and procedural safeguards employed to protect the security of that information and the electronic storage and transmission of such information. Congress and state legislatures are expected to consider additional legislation relating to privacy and other aspects of consumer information.

The Financial Consumer Agency of Canada (“FCAC”), a Canadian federal regulatory body, is responsible for ensuring that federally regulated financial institutions, which include Primerica Life Canada and PFSL Investments Canada, comply with federal consumer protection laws and regulations, voluntary codes of conduct and their own public commitments. The Financial Transactions and Reports Analysis Centre of Canada (“FINTRAC”) is Canada’s financial intelligence unit. Its mandate includes ensuring that entities subject to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act comply with reporting, recordkeeping and other obligations under that act. We are also subject to privacy laws under the jurisdiction of federal and provincial privacy commissioners, anti-money laundering laws enforced by FINTRAC and OSFI, and the consumer complaints provisions of federal insurance laws under the mandate of the FCAC, which requires insurers to belong to a complaints ombud-service and file a copy of their complaints handling policy with the FCAC.

Segment Financial and Geographic Disclosures

We have two primary operating segments — Term Life Insurance and Investment and Savings Products. The Term Life Insurance segment includes underwriting profits on our in-force book of term life insurance policies, net of reinsurance, which are underwritten by our life insurance company subsidiaries. The Investment and Savings Products segment includes mutual funds, managed investments and annuities distributed through licensed broker-dealer subsidiaries and includes segregated funds, an individual annuity savings product that we underwrite in Canada through Primerica Life Canada. We also have a Corporate and Other Distributed Products segment, which consists of the majority of net investment income earned by our invested asset portfolio, realized gains and losses on invested assets, interest expense on notes payable and reserve financing transactions, and revenues and expenses related to the distribution of non-core products.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations” and Note 3 (Segment and Geographical Information) to our consolidated financial statements included elsewhere in this report for more information concerning our domestic and international operations and our operating segments.

For information on risks relating to our Canadian operations, see “Risk Factors” and “Quantitative and Qualitative Information About Market Risks – Canadian Currency Risk.”

Competition

We operate in a highly competitive environment with respect to the sale of financial products and for retaining our more productive sales representatives. Because we offer several different financial products, we compete directly with a variety of financial institutions, such as insurance companies and brokers, banks, finance companies, credit unions, broker-dealers, mutual fund companies and other financial products and services companies.

Competitors with respect to our term life insurance products consist both of stock and mutual insurance companies, as well as other financial intermediaries. Competitive factors affecting the sale of life insurance products include the level of premium rates, benefit features, risk selection practices, compensation of sales representatives and financial strength ratings from ratings agencies such as A.M. Best.

In offering our securities products, our sales representatives compete with a range of other advisors, broker-dealers and direct channels, including wirehouses, regional broker-dealers, independent broker-dealers, insurers, banks, asset managers, registered investment advisors, mutual fund companies and other direct distributors. The mutual funds that we offer face competition from other mutual fund families and alternative investment products, such as exchange-traded funds. Our annuity products compete with products

from numerous other companies. Competitive factors affecting the sale of annuity products include price, product features, investment performance, commission structure, perceived financial strength, claims-paying ratings, service, and distribution capabilities.

Information Technology

We built a sophisticated information technology platform to support our clients, operations and sales force. Located at our main campus in Duluth, Georgia, our data center houses an enterprise-class IBM mainframe that serves as the repository for all client and sales force data and operates as a database server for our distributed environment. Our business applications, many of which are proprietary, are supported by application developers and data center staff at our main campus. Our information security team provides services that include project consulting, threat management, application and infrastructure assessments, secure configuration management, and information security administration. This infrastructure also supports a combination of local and remote recovery solutions for business resumption in the event of a disaster.

We adopted a new Incident Response Plan in August 2016. Under this Plan, our Incident Response Team consists of employees from our information security, legal, compliance, public relations, and business teams. This Plan is designed to help Primerica identify and promptly respond to information security incidents, contain and eradicate such incidents, notify affected parties and, where appropriate, notify government and regulatory authorities. This Plan documents the roles and responsibilities of Primerica personnel and third-party vendors in responding to information security incidents, including when and to whom incidents should be reported based on level of severity. On a semi-annual basis, the team undertakes facilitator-led trainings and simulations of information security incidents. We have also purchased cyber insurance coverage, which became effective in January 2017.

Employees

As of December 31, 2016, we had 1,787 full-time employees in the United States and 239 full-time employees in Canada. In addition, as of December 31, 2016, we had 547 on-call employees in the United States and 89 on-call employees in Canada who provided services on an as-needed hourly basis. None of our employees is a member of any labor union, and we have never experienced any business interruption as a result of any labor disputes.

Available Information

We make available free of charge on our website (www.primerica.com) our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable upon filing such information with, or furnishing it to, the SEC. Information included on our website is not incorporated by reference into this report. The Company's reports are also available at the SEC's Public Reference Room at 100 F. Street, NE, Washington, DC 20549, on the SEC's website at www.sec.gov, or by calling the SEC at 1-800-SEC-0330.

ITEM 1A. RISK FACTORS.

Risks Related to Our Distribution Structure

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, financial condition and results of operations.

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 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 commit to selling our products is largely dependent upon the effectiveness of our compensation and promotional programs, as well as the competitiveness of such programs compared with other companies, including other part-time business opportunities and our recruits' desire to help middle-income families in their communities become educated about their finances and assist them in identifying products that provide income protection and savings 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.

Certain key RVPs have large sales organizations that include thousands of 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.

Furthermore, if we or any other businesses with a similar distribution structure engage in practices resulting in increased negative public attention for our business model, 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. For example, the insurance regulators in the Canadian provinces and territories implemented a new life insurance licensing examination program across Canada in January 2016. Changes such as these could decrease the ability of applicants to obtain their life insurance licenses. Likewise, FINRA has announced a restructuring of its representative-level qualification examination program that marks a conceptual change from FINRA's current securities examination program. FINRA has not announced a specific timeframe for the implementation of the new exam structure, but has targeted an effective date of January 2018. While the objective of the new program is to improve efficiencies, if the changes create barriers to entry that are not relevant to assessing an applicant's competence, the costs significantly increase, or the program is implemented without adequate transitions, the restructured program could result in a decrease in the number of registrants obtaining their securities licenses in the United States.

There are a number of laws and regulations that could apply to our distribution model, which could require us to modify our distribution structure.

In the past, certain distribution models that use independent agents to sell directly to customers have been subject to challenge under various laws, including laws relating to business opportunities, franchising and unfair or deceptive trade practices.

In general, state business opportunity and franchise laws in the United States prohibit sales of business opportunities or franchises unless the seller provides potential purchasers with a pre-sale disclosure document that has first been filed with a designated state agency and grants purchasers certain legal recourse against sellers of business opportunities and franchises. Certain Canadian provinces have enacted legislation dealing with franchising, which typically requires mandatory disclosure to prospective franchisees.

We have not been, and are not currently, subject to business opportunity laws because the amounts paid by our new representatives to us: (i) are less than the minimum thresholds set by many state and provincial statutes and (ii) are not fees paid for the right to participate in a business, but rather are for bona fide expenses such as state and provincial-required insurance examinations and pre-licensing training. We have not been, and are not currently, subject to franchise laws for similar reasons. However, there is a risk that a governmental agency or court could disagree with our assessment or that these laws and regulations could change. In addition, although we do not believe that the Federal Trade Commission ("FTC")'s Business Opportunity Rule applies to our company, it could be interpreted in a manner inconsistent with our interpretation. Becoming subject to business opportunity or franchise laws or regulations could require us to provide additional disclosures and regulate the manner in which we recruit our sales representatives that may increase the expense of, or adversely impact our recruitment of new sales representatives.

There are various laws and regulations that prohibit fraudulent or deceptive schemes known as pyramid schemes. In general, a pyramid scheme is defined as an arrangement in which new participants are required to pay a fee to participate in the organization and then receive compensation primarily for recruiting other persons to participate, either directly or through sales of goods or services that are merely disguised payments for recruiting others. The application of these laws and regulations to a given set of business practices is inherently fact-based and, therefore, is subject to interpretation by applicable enforcement authorities. Our sales representatives are paid commissions and other remuneration based on sales of our products and services to bona fide purchasers, and for this and other reasons we do not believe that we are subject to laws regulating pyramid schemes. Moreover, our sales representatives are not required to purchase any of the products marketed by us. However, even though we believe that our distribution practices are currently in compliance with, or exempt from, these laws and regulations, there is a risk that a governmental agency or court could disagree with our assessment or that these laws and regulations could change, which could require us to restructure our operations in certain jurisdictions or result in other costs or fines.

There are also federal, state and provincial laws of general application, such as the FTC Act, and state or provincial unfair and deceptive trade practices laws that could potentially be invoked to challenge aspects of our recruiting of sales representatives. In particular, our recruiting efforts include promotional materials for recruits that describe the potential business opportunity available to them if they join our sales force. These materials, as well as our other recruiting efforts and those of our sales representatives, are subject to scrutiny by the FTC and state and provincial enforcement authorities with respect to misleading statements, including misleading earnings claims made to encourage potential new recruits to join our sales force. If claims made by us or by our sales representatives are deemed to be unfair, deceptive, or misleading, it could result in violations of the FTC Act or comparable state and provincial statutes prohibiting unfair or deceptive trade practices or result in reputational harm.

Being subject to, or out of compliance with, the aforementioned laws and regulations could require us to change our distribution structure, which could materially adversely affect our business, financial condition and results of operations.

There may be adverse tax, legal or financial consequences if the independent contractor status of our sales representatives is overturned.

Our sales representatives are independent contractors who operate their own businesses. In the past, we have been successful in defending our company in various contexts before courts and governmental agencies against claims that our sales representatives should be treated like employees. Although we believe that we have properly classified our representatives as independent contractors, there is nevertheless a risk that the IRS, the Canada Revenue Agency, a court or other authority will take a different view. Furthermore, the tests governing the determination of whether an individual is considered to be an independent contractor or an employee are typically fact-sensitive and vary from jurisdiction to jurisdiction. Laws and regulations that govern the status and misclassification of independent sales representatives are subject to change or interpretation.

The classification of workers as independent contractors has been the subject of federal, state and provincial legislative and regulatory interest over the last several years, with proposals being made that call for greater scrutiny of independent contractor classifications and greater penalties for companies who wrongly classify workers as independent contractors instead of employees. We cannot predict the outcome of these legislative and regulatory efforts.

If there is an adverse determination with respect to the classification of some or all of our independent contractors by a court or governmental agency, we could incur significant costs in complying with such laws and regulations, including in respect of tax withholding, social security payments, retirement plan contributions and recordkeeping, employee benefits, payment of wages or modification of our business model, any of which could have a material adverse effect on our business, financial condition and results of operations. In addition, there is the risk that we may be subject to significant monetary liabilities arising from fines or judgments as a result of any such actual or alleged non-compliance with federal, state, or provincial laws.

The Company's or its independent sales representatives' violation of, or non-compliance with, laws and regulations and related claims and proceedings could expose us to material liabilities.

Extensive federal, state, provincial and territorial laws regulate our product offerings and our relationships with our clients, imposing certain requirements that our sales representatives must follow. At any given time, we may have pending state, federal or provincial examinations or inquiries of our investment and savings products and insurance businesses. In addition to imposing requirements that sales representatives must follow in their dealings with clients, these laws and regulations generally require us to maintain a system of supervision reasonably designed to ensure that our sales representatives comply with the requirements to which they are subject. We have policies and procedures to comply with these laws and regulations. However, despite these compliance and supervisory efforts, the breadth of our operations and the broad regulatory requirements could result in oversight failures and instances of non-compliance or misconduct on the part of our sales representatives.

From time to time, we are subject to private litigation as a result of alleged misconduct by our sales representatives. Examples include claims that a sales representative's failure to disclose underwriting-related information regarding the insured on an insurance application resulted in the denial of a life insurance policy claim, and with respect to investment and savings products sales, errors or omissions that a sales representative made in connection with the purchase or sale of a securities product. Non-compliance with laws or regulations by our sales representatives could result in adverse findings in either examinations or litigation and could subject us to sanctions, monetary liabilities, restrictions on or the loss of the operation of our business, or reputational harm, any of which could have a material adverse effect on our business, financial condition and results of operations.

Any failure to protect the confidentiality of client information could adversely affect our reputation and have a material adverse effect on our business, financial condition and results of operations.

Pursuant to federal, state and provincial laws, various government agencies have established rules protecting the privacy and security of personal information. In addition, most states and some provinces have enacted laws, which vary significantly from jurisdiction to jurisdiction, to safeguard the privacy and security of personal information. Many of our sales representatives and employees have access to, and routinely process, personal information of clients through a variety of media, including the Internet and software applications. We rely on various internal processes and controls to protect the confidentiality of client information that is accessible to, or in the possession of, our company, our employees and our sales representatives. If a sales representative or employee intentionally or unintentionally discloses or misappropriates confidential client information or our data is the subject of a cybersecurity attack, or if we fail to maintain adequate internal controls or our sales representatives or employees fail to comply with our policies and procedures, misappropriation or intentional or unintentional inappropriate disclosure or misuse of client information could occur. Such internal control inadequacies or non-compliance could materially damage our reputation or lead to civil or criminal penalties, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Insurance Business and Reinsurance

We may face significant losses if our actual experience differs from our expectations regarding mortality or persistency.

We set prices for life insurance policies based upon expected claim payment patterns derived from assumptions we make about the mortality rates, or likelihood of death, of our policyholders in any given year. The long-term profitability of these products depends upon how our actual mortality rates compare to our pricing assumptions. For example, if mortality rates are higher than those assumed

in our pricing assumptions, we could be required to make more death benefit payments under our life insurance policies or to make such payments sooner than we had projected, which may decrease the profitability of our term life insurance products and result in an increase in the cost of our subsequent reinsurance transactions.

The prices and expected future profitability of our life insurance products are also based, in part, upon assumptions related to persistency. Actual persistency that is lower than our persistency assumptions could have an adverse effect on profitability, especially in the early years of a policy, primarily because we would be required to accelerate the amortization of expenses we deferred in connection with the acquisition of the policy. Actual persistency that is higher than our persistency assumptions could have an adverse effect on profitability in the later years of a block of policies because the anticipated claims experience is higher in these later years. If actual persistency is significantly different from that assumed in our pricing assumptions, our reserves for future policy benefits may prove to be inadequate. We are precluded from adjusting premiums on our in-force business during the initial term of the policies, and our ability to adjust premiums on in-force business after the initial policy term is limited to the maximum premium rates in the policy.

Our assumptions and estimates regarding mortality and persistency require us to make numerous judgments and, therefore, are inherently uncertain. We cannot determine with precision the actual persistency or ultimate amounts that we will pay for actual claim payments on a block of policies, the timing of those payments, or whether the assets supporting these contingent future payment obligations will increase to the levels we estimate before payment of claims. If we conclude that our future policy benefit reserves, together with future premiums, are insufficient to cover actual or expected claims payments and the scheduled amortization of our deferred policy acquisition costs ("DAC"), we would be required to first accelerate our amortization of DAC and then increase our future policy benefit reserves in the period in which we make the determination, which could materially adversely affect our business, financial condition and results of operations.

The occurrence of a catastrophic event could materially adversely affect our business, financial condition and results of operations.

Our insurance operations are exposed to the risk of catastrophic events, which could cause a large number of premature deaths of our insureds. A catastrophic event could also cause significant volatility in global financial markets and disrupt the economy. Although we have ceded a significant majority of our mortality risk to reinsurers, a catastrophic event could cause a material adverse effect on our business, financial condition and results of operations. Claims resulting from a catastrophic event could cause substantial volatility in our financial results for any quarter or year and could also materially harm the financial condition of our reinsurers, which would increase the probability of default on reinsurance recoveries. Our ability to write new business could also be adversely affected.

In addition, most of the jurisdictions in which our insurance subsidiaries are licensed to transact business require life insurers to participate in guaranty associations, which raise funds to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed issuers. It is possible that a catastrophic event could require extraordinary assessments on our insurance companies, which could have a material adverse effect on our business, financial condition and results of operations.

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 Dodd-Frank Act created the Federal Insurance Office and authorized it to, among other things, study methods to modernize and improve insurance 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.

We are currently undergoing multi-state treasurer unclaimed property audits by 30 jurisdictions focused on the life insurance claims paying practices of our subsidiaries, Primerica Life and NBLIC. Other jurisdictions may pursue similar audits and litigation. The potential outcome of such actions is difficult to predict but could subject us 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 reasonably estimate the likelihood or the impact of additional costs or liabilities that could result from resolution of these matters, or the effect these matters may have on the conduct of our business, financial condition and results of operations.

Federal and provincial insurance laws regulate all aspects of our Canadian insurance business. Changes to federal or provincial 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 the Parent Company 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.

A decline in the regulatory capital ratios of our insurance subsidiaries could result in increased scrutiny by insurance regulators and ratings agencies and have a material adverse effect on our business, financial condition and results of operations.

Each of our U.S. insurance subsidiaries is subject to RBC standards (imposed under the laws of its respective jurisdiction of domicile). The RBC formula for U.S. life insurance companies generally establishes capital requirements relating to asset, insurance, interest rate and business risks. Our U.S. insurance subsidiaries are required to report their results of RBC calculations annually to the applicable state department of insurance and the NAIC. Our Canadian life insurance subsidiary is subject to minimum continuing capital and surplus requirements ("MCCSR"), and Tier 1 capital ratio requirements, and is required to provide its MCCSR and Tier 1 capital ratio calculations to the Canadian regulators. The capitalization of our insurance subsidiaries is maintained at levels in excess of the effective minimum requirements of the NAIC in the United States and OSFI in Canada. In any particular year, statutory capital and surplus amounts and RBC and MCCSR ratios may increase or decrease depending on a variety of factors, including the amount of statutory income or losses generated by our insurance subsidiaries, the amount of additional capital our insurance subsidiaries must hold to support business growth, changes in their reserve requirements, the value of securities in their investment portfolios, the credit ratings of investments held in their portfolios, changes in interest rates, credit market volatility, changes in consumer behavior, as well as changes to the NAIC's RBC formula or the MCCSR calculation of OSFI. Many of these factors are outside of our control.

Our financial strength and credit ratings are significantly influenced by the statutory surplus amounts and RBC and MCCSR ratios of our insurance company subsidiaries. Ratings agencies may change their internal models, effectively increasing or decreasing the amount of statutory capital our insurance subsidiaries must hold to maintain their current ratings. In addition, ratings agencies may downgrade the invested assets held in our portfolio, which could result in a reduction of our insurance subsidiaries' capital and surplus. Changes in statutory accounting principles could also adversely impact our insurance subsidiaries' ability to meet minimum RBC, MCCSR and statutory capital and surplus requirements. There is no assurance that our insurance subsidiaries will not need additional capital or, if needed, that we will be able to provide it to maintain the targeted RBC and MCCSR levels to support their business operations.

The failure of any of our insurance subsidiaries to meet its applicable RBC and MCCSR requirements or minimum capital and surplus requirements could subject it to further examination or corrective action imposed by insurance regulators, including limitations on its ability to write additional business, supervision by regulators or seizure or liquidation. Any corrective action imposed could have a material adverse effect on our business, financial condition and results of operations. A decline in RBC or MCCSR also limits the ability of our insurance subsidiaries to pay dividends or make distributions and could be a factor in causing ratings agencies to downgrade the financial strength ratings of all our insurance subsidiaries. Such downgrades would have an adverse effect on our ability to write new insurance policies and, therefore, could have a material adverse effect on our business, financial condition and results of operations.

A significant ratings downgrade by a ratings organization could materially adversely affect our business, financial condition and results of operations.

Each of our insurance subsidiaries, with the exception of Peach Re and Vidalia Re, has been assigned a financial strength rating by A.M. Best. Primerica Life currently also has an insurer financial strength rating from Standard & Poor's and Moody's. NBLIC, Primerica Life Canada, Peach Re and Vidalia Re are not rated by Standard & Poor's and Moody's.

The financial strength ratings of our insurance subsidiaries are subject to periodic review using, among other things, the ratings agencies' proprietary capital adequacy models, and are subject to revision or withdrawal at any time. Insurance financial strength ratings are directed toward the concerns of policyholders and are not intended for the protection of stockholders or as a

recommendation to buy, hold or sell securities. Our financial strength ratings will affect our competitive position relative to other insurance companies. If the financial strength ratings of our insurance subsidiaries fall below certain levels, some of our policyholders may move their business to our competitors. In addition, the models used by ratings agencies to determine financial strength are different from the capital requirements set by insurance regulators.

Ratings organizations review the financial performance and financial conditions of insurance companies, and provide opinions regarding financial strength, operating performance and ability to meet obligations to policyholders. A significant downgrade in the financial strength ratings of any of our insurance subsidiaries, or the announced potential for a downgrade, could have a material adverse effect on our business, financial condition and results of operations by, among other things:

- reducing sales of insurance products;
- adversely affecting our relationships with our sales representatives;
- materially increasing the amount of policy cancellations by our policyholders;
- requiring us to reduce prices to remain competitive; and
- adversely affecting our ability to obtain reinsurance at reasonable prices or at all.

If the rating agencies or regulators change their approach to financial strength ratings and statutory capital requirements, we may need to take action to maintain current ratings and capital adequacy ratios, which could have a material adverse effect on our business, financial condition and results of operations.

In addition to financial strength ratings of our insurance subsidiaries, the Parent Company currently has investment grade credit ratings from Standard & Poor's, Moody's, and A.M. Best for its Senior Notes. These ratings are indicators of a debt issuer's ability to meet the terms of debt obligations and are important factors in its ability to access liquidity in the debt markets. A rating downgrade by a rating agency can occur at any time if the rating agency perceives an adverse change in our financial condition, results of operations or ability to service debt. If such a downgrade occurs, it could have a material adverse effect on our financial condition and results of operations in many ways, including adversely limiting our access to capital in the unsecured debt market and potentially increasing the cost of such debt.

The failure by any of our reinsurers or reserve financing counterparties to perform its obligations to us could have a material adverse effect on our business, financial condition and results of operations.

We extensively use reinsurance in the United States to diversify our risk and to manage our loss exposure to mortality risk. Reinsurance does not relieve us of our direct liability to our policyholders, even when the reinsurer is liable to us. We, as the insurer, are required to pay the full amount of death benefits even in circumstances where we are entitled to receive payments from the reinsurer. Due to factors such as insolvency, adverse underwriting results or inadequate investment returns, our reinsurers may not be able to pay the amounts they owe us on a timely basis or at all. Further, reinsurers might refuse or fail to pay losses that we cede to them or might delay payment. Since death benefit claims may be paid long after a policy is issued, we bear credit risk with respect to our reinsurers. The creditworthiness of our reinsurers may change before we can recover amounts to which we are entitled. Any such failure to pay by our reinsurers could have a material adverse effect on our business, financial condition and results of operations.

We also have in place coinsurance agreements that we originally entered into at the time of our IPO, pursuant to which we ceded between 80% and 90% of the risks and rewards of our term life insurance policies that were in force at year-end 2009. Under this arrangement, our existing reinsurance agreements remain in place. Each coinsurer entered into trust agreements with our respective insurance subsidiaries and a trustee pursuant to which the coinsurer placed assets (primarily treasury and fixed-income securities) in trust for such subsidiary's benefit to secure the coinsurer's obligations to such subsidiary. Each such coinsurance agreement requires each coinsurer to maintain assets in trust sufficient to give our subsidiary full credit for regulatory purposes for the insurance, which amount will not be less than the amount of the reserves for the coinsured liabilities. Furthermore, our insurance subsidiaries have the right to recapture the business upon the occurrence of an event of default under their respective coinsurance agreement subject to any applicable cure periods. While any such recapture would be at no cost to us, such recapture would result in a substantial increase in our insurance exposure and require us to be fully responsible for the management of the assets set aside to support statutory reserves. The type of assets we might obtain as a result of a recapture may not be as liquid as our current invested asset portfolio and could result in an unfavorable impact on our risk profile.

There can be no assurance that the relevant coinsurer will pay the coinsurance obligations owed to us now or in the future or that it will pay these obligations on a timely basis. If any of the coinsurers becomes insolvent, the trust account to support the obligations of such coinsurer is insufficient to pay such coinsurer's obligations to us and we fail to enforce our right to recapture the business, it could have a material adverse effect on our business, financial condition and results of operations.

We have entered into transactions by which we finance redundant statutory reserves of certain issue years of our Term Life business. Under these transactions, we pay a fee to financial counterparties for their commitment to support redundant reserves and provide corresponding statutory reinsurance credit, allowing us to more efficiently manage our capital. While we monitor the credit quality and financial strength of these counterparties, if their financial strength was significantly impaired to the extent that their support of our redundant reserves could no longer be relied upon, it could have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to Our Investments and Savings Products Business

Our Investment and Savings Products segment is heavily dependent on mutual fund and annuity products offered by a relatively small number of companies, and, if these products fail to remain competitive with other investment options or we lose our relationship with one or more of these companies, our business, financial condition and results of operations may be materially adversely affected.

We earn a significant portion of our earnings through our relationships with a small group of mutual fund and annuity companies. A decision by one or more of these companies to alter or discontinue their current arrangements with us could materially adversely affect our business, financial condition and results of operations. In addition, if any of our investment and savings products fail to achieve satisfactory investment performance, our clients may seek higher yielding alternative investment products, and we could experience higher redemption rates.

In recent years there has been an increase in the popularity of alternative investments, which we do not currently offer on our brokerage platform. These investment options typically have low fee structures and provide some of the attributes of mutual funds, such as risk diversification. If these products continue to gain traction among our client base as viable alternatives to mutual fund investments, our investment and savings products revenues could decline.

In addition to sales commissions and asset-based compensation, a portion of our earnings from investment and savings products comes from recordkeeping services that we provide to third parties and from fees earned for custodial services that we provide to clients with retirement plan accounts in the funds of these mutual fund companies. We also receive marketing and support fees from each of these mutual fund companies. A decision by one or more of these fund companies to alter or discontinue their current arrangements with us would materially adversely affect our business, financial condition and results of operations.

The Company's or its securities-licensed sales representatives' violations of, or non-compliance with, laws and regulations could expose us to material liabilities.

Our subsidiary broker-dealer and registered investment advisor, PFS Investments, is subject to federal and state regulation of its securities business. These regulations cover sales practices, trade suitability, supervision of registered representatives, recordkeeping, the conduct and qualification of officers and employees, net capital requirements, business operations, the rules and regulations of the MSRB and state blue sky regulation. Investment advisory representatives are generally held to a higher standard of conduct than registered representatives. Our subsidiary, PSS, is a registered transfer agent engaged in the recordkeeping business and is subject to SEC regulation. Violations of laws or regulations applicable to the activities of PFS Investments or PSS, or violations by a third party with which PFS Investments or PSS contracts, could subject us to disciplinary actions and litigation and could result in the imposition of cease and desist orders, fines or censures, restitution to clients, suspension or revocation of SEC registration, suspension or expulsion from FINRA, reputational damage and legal expense, any of which could materially adversely affect our business, financial condition and results of operations.

Our Canadian broker-dealer subsidiary, PFSL Investments Canada and its sales representatives are subject to the securities laws of the provinces and territories of Canada in which we sell our mutual fund products and those of third parties and to the rules of the MFDA, the self-regulatory organization governing mutual fund dealers. PFSL Investments Canada is subject to periodic review by both the MFDA and the provincial and territorial securities commissions to assess its compliance with, among other things, applicable capital requirements and sales practices and procedures. These regulators have broad administrative powers, including the power to limit or restrict the conduct of our business for failure to comply with applicable laws or regulations. Possible sanctions that could be imposed include the suspension of individual sales representatives, limitations on the activities in which the dealer may engage, suspension or revocation of the dealer registration, the ability to withhold licenses or to impose restrictive terms and conditions on the licenses of sales representatives, censure or fines, any of which could materially adversely affect our business, financial condition and results of operations.

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

Our U.S. sales representatives are subject to federal and state regulation as well as state licensing requirements. PFS Investments, which is regulated as a broker-dealer, and our U.S. sales representatives are currently subject to general anti-fraud limitations under the Exchange Act and SEC rules and regulations, as well as other conduct standards prescribed by FINRA. These standards generally require that broker-dealers and their sales representatives disclose conflicts of interest that might affect the advice or recommendations they provide and require them to make suitable investment recommendations to their customers. In January 2011 under the authority of the Dodd-Frank Act, which gives the SEC the power to impose on broker-dealers a heightened standard of conduct that is currently applicable only to investment advisers, the SEC staff submitted a report to Congress in which it recommended that the SEC adopt a fiduciary standard of conduct for broker-dealers that is uniform with that of investment advisers. The SEC has slated the rule on its regulatory agenda for "long-term action" without a specific timetable.

On April 8, 2016, the DOL published a final rule (the "DOL Fiduciary Rule"), which more broadly defines the circumstances under which a person or entity may be considered a fiduciary for purposes of the prohibited transaction rules of the ERISA and IRC Section

4975. IRC Section 4975 prohibits certain types of compensation paid by third parties with respect to transactions involving assets in qualified accounts, including IRAs. Simultaneously with publication of the DOL Fiduciary Rule, the DOL issued new, and amended existing, exemptions intended, among other things, to allow advisers and their firms to continue to receive common forms of compensation that would otherwise be prohibited due to the DOL Fiduciary Rule, provided the conditions of the exemptions are met. On February 3, 2017, the President of the United States issued a memorandum directing the DOL to review the DOL Fiduciary Rule to determine, based on certain factors, whether the rule should be revised or rescinded. The DOL Fiduciary Rule, which was set to become “applicable” on April 10, 2017, may be delayed for an unspecified period while the Secretary of Labor prepares an updated economic and legal analysis on the impact of the DOL Fiduciary Rule.

If it were to become applicable in its current form, we believe that the DOL Fiduciary Rule would necessitate certain changes to our qualified plan business in order for us to continue to help investors save for retirement. Because of the uncertainty of the status of the DOL Fiduciary Rule, we have not yet determined the extent to which we would make necessitated compensation, product or other changes to our qualified investment and savings plan business, nor whether we would make such changes consistent across our non-qualified investment and savings business. While we have incurred, and would expect to continue to incur, increased costs, we cannot quantify the collective impact of those costs and other changes on the Company. IRAs and other qualified accounts are a core component of the Investment and Savings Products segment of our business and accounted for a significant portion of the total revenue of this segment for the year ended December 31, 2016. Changes resulting from the DOL Fiduciary Rule could make it more difficult for us and our sales representatives to profitably serve the middle-income market and could result in a reduction in the number of IRAs and qualified accounts that we serve, which could materially adversely affect the amount of revenue that we generate from this line of business and ultimately could result in a decline in the number of our securities-licensed sales representatives.

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

If our suitability policies and procedures were deemed inadequate, it could have a material adverse effect on our business, financial condition and results of operations.

We review the account applications that we receive for our investment and savings products for suitability. While we believe that the policies and procedures we implement to help our sales representatives assist clients in making appropriate and suitable investment choices are reasonably designed to achieve compliance with applicable securities laws and regulations, it is possible that the SEC, FINRA, state securities regulators or MFDA may not agree. Further, we could be subject to regulatory actions or private litigation, which could materially adversely affect our business, financial condition and results of operations.

Our sales force support tools may fail to appropriately identify financial needs or suitable investment products.

Our support tools are designed to educate potential and existing clients, help identify their financial needs, and generally introduce the potential benefits of our product offerings. The assumptions and methods of analyses embedded in our support tools could be challenged and subject us to regulatory action or private litigation, which could materially adversely affect our business, financial condition and results of operations.

Non-compliance with applicable regulations could lead to revocation of our subsidiary's status as a non-bank custodian.

PFS Investments is a non-bank custodian of retirement accounts, as permitted under Treasury Regulation 1.408-2. A non-bank custodian is an entity that is not a bank and that is permitted by the IRS to act as a custodian for retirement plan account assets of our clients. The IRS retains authority to revoke or suspend that status if it finds that PFS Investments is unwilling or unable to administer retirement accounts in a manner consistent with the requirements of the applicable regulations. Revocation of PFS Investments' non-bank custodian status would affect its ability to earn revenue for providing such services and, consequently, could materially adversely affect our business, financial condition and results of operations.

As our securities sales increase, we become more sensitive to performance of the equity markets.

A significant portion of our investment sales and assets under management are comprised of North American equity-based products. The multi-year growth in equity valuations has increased proportionally the Company's revenue and product income derived from the sale of these products. A significant correction in the North American equity markets that decreases the company's assets under management, or a protracted long-term downturn in equity market performance that has a negative effect on the Company's sales of securities products, could have an adverse effect on our business, financial condition and results of operations.

Other Risks Related to Our Business

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

A large percentage of our invested asset portfolio is invested in fixed-income securities. As a result, credit deterioration and interest rate fluctuations could materially affect the value of and earnings generated by our invested asset portfolio. Fixed-income securities decline in value if there is no active trading market for the securities or the market's impression of, or the ratings agencies' views on, the credit quality of an issuer worsens. During periods of declining market interest rates, we must invest the cash we receive as interest, return of principal on our investments and cash from operations in lower-yielding, high-grade instruments or in lower-credit instruments to maintain comparable returns. Issuers of fixed-income securities could also decide to prepay their obligations to borrow at lower market rates, which would increase our reinvestment risk. If interest rates generally increase, the market value of our fixed rate income portfolio decreases. Additionally, if the market value of any security in our invested asset portfolio decreases, we may realize losses if we deem the value of the security to be other-than-temporarily impaired. We also have an asset on deposit with a reinsurer backing a 10% coinsurance agreement entered into at the time of our IPO. The fair value of this asset is influenced by fluctuation in credit spreads and interest rates, and changes in fair value are recognized in income. To the extent that any fluctuations in fair value or interest rates are significant or we recognize impairments that are material, it could have a material adverse effect on our business, financial condition and results of operations.

Valuation of our investments and the determination of whether a decline in the fair value of our invested assets is other-than-temporary are based on estimates that may prove to be incorrect.

U.S. GAAP requires that when the fair value of any of our invested assets declines and such decline is deemed to be other-than-temporary, we recognize a loss in either our statement of income or in other comprehensive income based on certain criteria in the period that such determination is made. The determination of the fair value of certain invested assets, particularly those that do not trade on a regular basis, requires an assessment of available data and the use of assumptions and estimates. Once it is determined that the fair value of an asset is below its carrying value, we must determine whether the decline in fair value is other-than-temporary, which is based on subjective factors and involves a variety of assumptions and estimates.

There are certain risks and uncertainties associated with determining whether declines in market value are other-than-temporary. These include significant changes in general economic conditions and business markets, trends in certain industry segments, interest rate fluctuations, rating agency actions, changes in significant accounting estimates and assumptions and legislative actions. In the case of mortgage- and asset-backed securities, there is added uncertainty as to the performance of the underlying collateral assets. To the extent that we are incorrect in our determination of the fair value of our investment securities or our determination that a decline in their value is other-than-temporary, we may realize losses that never actually materialize or may fail to recognize losses within the appropriate reporting period.

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

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. U.S. GAAP continues to evolve and, as a result, will change the financial accounting and reporting standards that govern the preparation of our financial statements. These changes can be hard to anticipate and implement and can materially impact how we record and report our financial condition and results of operations. For example, the Financial Accounting Standards Board's ("FASB") recently published an exposure draft that proposes significant changes in the methodology for measuring future policy benefits and deferred acquisition costs on our consolidated balance sheets as well as the timing of when we recognize the impact from changes in insurance contract assumptions in our statement of income and statement of other comprehensive income. This proposed accounting standard, in addition to other financial reporting standard changes being discussed by the FASB and the SEC, could adversely impact both our financial condition and results of operations as reported on a U.S. GAAP basis.

Additionally, the Company's insurance company subsidiaries prepare statutory financial statements in accordance with accounting principles designated by regulators in the jurisdictions in which they are domiciled. The financial statements of our U.S. insurance subsidiaries are prepared in accordance with statutory accounting principles prescribed or permitted by state insurance departments and the NAIC. Statutory accounting principles, including actuarial methodologies for estimating reserves, are subject to continuous evaluation by the NAIC and state insurance departments. For example, the implementation of principle-based reserving standards for benefit reserves has been adopted by most state insurance departments effective in 2017, but has not yet been adopted by Massachusetts or New York, where two of our U.S. insurance subsidiaries are domiciled. Similarly, our Canadian life insurance subsidiary is required to prepare statutory financial statements in accordance with IFRS, as prescribed by the Office of the Superintendent of Financial Institutions in Canada, which are subject to future changes. The statutory financial statements of our insurance company subsidiaries, which are used to determine dividend capacity and risk-based capital, could be adversely affected by future changes implemented by jurisdictional insurance departments. Therefore, the ability of our insurance companies to comply with regulatory minimum capital requirements and ultimately pay dividends to the Parent Company could be adversely impacted.

The effects of economic down cycles in the United States and Canada could materially adversely affect our business, financial condition and results of operations.

Our business, financial condition and results of operations have been materially adversely affected by economic downturns in the United States and Canada. Economic downturns, which are often characterized by higher unemployment, lower family income, lower valuation of retirement savings accounts, lower corporate earnings, lower business investment and lower consumer spending, have adversely affected the demand for the term life insurance, investment and savings and other financial products that we sell. Future economic down cycles could adversely affect new sales and cause clients to liquidate mutual funds and other investments sold by our sales representatives. This could cause a decrease in the asset value of client accounts, reduce our trailing commission revenues and result in other-than-temporary-impairments in our invested asset portfolio. In addition, we may experience an elevated incidence of lapses or surrenders of insurance policies, and some of our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Further, volatility in equity markets or downturns could discourage purchases of the investment products that we distribute and could have a materially adverse effect on our business, including our ability to recruit and retain sales representatives.

We are subject to various federal, state and provincial laws and regulations in the United States and Canada, changes in which or violations of which may require us to alter our business practices and could materially adversely affect our business, financial condition and results of operations.

In the United States, we are subject to many regulations, including the Gramm-Leach-Bliley Act and its implementing regulations, including Regulation S-P, the Fair Credit Reporting Act, the Right to Financial Privacy Act, the Foreign Corrupt Practices Act, the Sarbanes-Oxley Act, the Telemarketing and Consumer Fraud and Abuse Prevention Act, the Telephone Consumer Protection Act, the FTC Act, the Health Insurance Portability and Accountability Act (HIPAA) and the Electronic Funds Transfer Act. We are also subject to anti-money laundering laws and regulations, including the Bank Secrecy Act, as amended by the Patriot Act, which requires us to develop and implement customer identification and risk-based anti-money laundering programs, report suspicious activity and maintain certain records. Further, we are required to follow certain economic and trade sanctions programs that are administered by the Office of Foreign Asset Control that prohibit or restrict transactions with suspected countries, their governments, and in certain circumstances, their nationals.

In Canada, we are subject to provincial and territorial regulations, including consumer protection legislation that pertains to unfair and misleading business practices, provincial and territorial credit reporting legislation that provides requirements in respect of obtaining credit bureau reports and providing notices of decline, the Personal Information Protection and Electronic Documents Act, the Competition Act, the Corruption of Foreign Public Officials Act, the Telecommunications Act and certain Canadian Radio-television and Telecommunications Commission Telecom Decisions in respect of unsolicited telecommunications. We are also subject to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its accompanying regulations, which require us to develop and implement anti-money laundering policies and procedures relating to customer indemnification, reporting and recordkeeping, develop and maintain ongoing training programs for employees, perform a risk assessment on our business and clients and institute and document a review of our anti-money laundering program at least once every two years. We are also required to follow certain economic and trade sanctions and legislation that prohibit us from, among other things, engaging in transactions with, and providing services to, persons on lists created under various federal statutes and regulations and blocked persons and foreign countries and territories subject to Canadian sanctions administered by Foreign Affairs and International Trade Canada and the Department of Public Safety Canada.

Changes in, or violations of, any of these laws or regulations may require additional compliance procedures, or result in enforcement proceedings, sanctions or penalties, which could have a material adverse effect on our business, financial condition and results of operations.

Litigation and regulatory investigations and actions may result in financial losses and harm our reputation.

We face a risk of litigation and regulatory investigations and actions in the ordinary course of operating our businesses. From time to time, we are subject to private litigation as a result of alleged sales representative misconduct or alleged failure of the Company to follow applicable insurance, securities or other laws or regulations. For example, we may become subject to lawsuits alleging, among other things, issues relating to sales or underwriting practices, product design and disclosure, delay of benefits, and product pricing. In addition, we are subject to litigation arising out of our general business activities. For example, we have a large sales force and we could face claims by current or former sales representatives arising out of their relationship with us as independent contractors or regarding compensation-related issues. If we become subject to any such litigation, the associated legal expense and any judgment or settlement of the claims could have a material adverse effect on our business, financial condition and results of operations.

We are also routinely subject to regulatory inquiries, such as information requests, subpoenas and books and record examinations, from state, provincial and federal regulators and other authorities and from time to time, regulatory investigations as a result of alleged sales representative misconduct or alleged failure of the Company to follow applicable laws or regulations. A substantial legal liability or a significant regulatory action against us could have a material adverse effect on our business, financial condition and results of operations.

Moreover, even if we ultimately prevail in any litigation, regulatory action or investigation, we could suffer significant reputational harm and we could incur significant legal expenses, either of which could have a material adverse effect on our business, financial condition and results of operations. In addition, increased regulatory scrutiny and any resulting investigations or proceedings could result in new legal precedents and industry-wide regulations or practices that could materially adversely affect our business, financial condition and results of operations.

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

The volume of legislative and regulatory activity relating to financial services has increased substantially in recent years, and we expect that the level of enforcement actions and investigations by federal, state and provincial regulators will increase correspondingly. The same factors that have contributed to legislative, regulatory and enforcement activity at the federal level are likely to contribute to heightened activity at the state and provincial level. If we or our sales representatives become subject to new requirements or regulations, it could result in increased litigation, regulatory risks, changes to our business model, a decrease in the number of our securities-licensed representatives or a reduction in the products we offer to our clients or the profits we earn, which could have a material adverse effect on our business, financial condition and results of operations.

Regulators could adopt laws or interpret existing laws in a way that would require retroactive changes to our business, accounting practices, or redundant reserve financing structures. Any such retroactive changes could have a material adverse effect on our business, financial condition and results of operations.

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

Operations of the Company are conducted by its subsidiaries. As such, Primerica, Inc. is a holding company that has no significant operations. Our primary asset is the capital stock of our subsidiaries and our primary liability is our Senior Notes. We rely primarily on dividends and other payments from our subsidiaries to meet our operating costs, other corporate expenses, Senior Note obligations, as well as to return capital to our stockholders. The ability of our subsidiaries to pay dividends to us depends on their earnings, covenants contained in existing and future financing or other agreements and on regulatory restrictions. The ability of our insurance subsidiaries to pay dividends will further depend on their statutory income and surplus. If the cash we receive from our subsidiaries pursuant to dividend payments and tax sharing arrangements is insufficient for us to fund our obligations or if a subsidiary is unable to pay dividends to us, we may be required to raise cash through the incurrence of debt, the issuance of equity or the sale of assets. However, given the historic volatility in the capital markets, there is no assurance that we would be able to raise cash by these means.

The jurisdictions in which our insurance subsidiaries are domiciled impose certain restrictions on their ability to pay dividends to us. In the United States, these restrictions are based, in part, on the prior year's statutory income and surplus. In general, dividends up to specified levels are considered ordinary and may be paid without prior approval. Dividends in larger amounts are subject to approval by the insurance commissioner of the state of domicile. In Canada, dividends can be paid, subject to the paying insurance company continuing to meet the regulatory requirements for capital adequacy and liquidity and upon 15 days' minimum notice to OSFI. No assurance is given that more stringent restrictions will not be adopted from time to time by jurisdictions in which our insurance subsidiaries are domiciled, and such restrictions could have the effect, under certain circumstances, of significantly reducing dividends or other amounts payable to us by our subsidiaries without prior approval by regulatory authorities. In addition, in the future, we may become subject to debt covenants or other agreements that limit our ability to return capital to our stockholders. The ability of our insurance subsidiaries to pay dividends to us is also limited by our need to maintain the financial strength ratings assigned to us by the ratings agencies.

If any of our subsidiaries were to become insolvent, liquidate or otherwise reorganize, we, as sole stockholder, will have no right to proceed against the assets of that subsidiary. Furthermore, with respect to our insurance subsidiaries, we, as sole stockholder, will have no right to cause the liquidation, bankruptcy or winding-up of the subsidiary under the applicable liquidation, bankruptcy or winding-up laws, although, in Canada, we could apply for permission to cause liquidation. The applicable insurance laws of the jurisdictions in which each of our insurance subsidiaries is domiciled would govern any proceedings relating to that subsidiary. The insurance authority of that jurisdiction would act as a liquidator or rehabilitator for the subsidiary. Both creditors of the subsidiary and policyholders (if an insurance subsidiary) would be entitled to payment in full from the subsidiary's assets before we, as the sole stockholder, would be entitled to receive any distribution from the subsidiary.

If the ability of our insurance or non-insurance subsidiaries to pay dividends or make other distributions or payments to us is materially restricted by regulatory requirements, bankruptcy or insolvency, or our need to maintain our financial strength ratings, or is limited due to operating results or other factors, it could materially adversely affect our ability to fund our obligations and return capital to our stockholders.

A significant change in the competitive environment in which we operate could negatively affect our ability to maintain or increase our market share and profitability.

We face competition in all of our business lines. Our competitors include financial services companies, banks, investment management firms, broker-dealers, insurance companies, insurance brokers and direct sales companies. In many of our product

offerings, we face competition from competitors that may have greater market share or breadth of distribution, offer a broader range of products, services or features, assume a greater level of risk, have lower profitability expectations, have lower fee and expense ratios, have higher financial strength ratings or offer more robust digital tools and self-service capabilities than we do. More recently, significant capital has been invested in direct-to-consumer offerings, including wealth management, retirement and life insurance products. To the extent these entrants create a significant change in the competitive environment, our ability to maintain or increase our market share and profitability could be materially adversely affected.

The loss of key employees and sales force leaders could negatively affect our financial results and impair our ability to implement our business strategy.

Our success substantially depends on our ability to attract and retain key members of our senior management team. The efforts, personality and leadership of our senior management team have been, and will continue to be, critical to our success. The loss of service of our senior management team due to disability, death, retirement or some other cause could reduce our ability to successfully motivate our sales representatives, or implement our business plan which could have a material adverse effect on our business, financial condition and results of operations. Although our senior executive officers have entered into employment agreements with us, there is no assurance that they will complete the term of their employment agreements or that they or the Company will renew them upon expiration.

In addition, the loss of key RVPs for any reason could negatively affect our financial results, impair our ability to attract new sales representatives and hinder future growth.

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

Our business is highly dependent upon the effective operation of our information technology systems and third-party technology systems, networks and clouds to record, process, transmit and store information, including sensitive customer and proprietary information. We rely on these systems throughout our business for a variety of functions including to conduct many of our business activities and transactions with our customers, representatives, vendors and other third parties, to prepare our financial statements and to communicate with our Board of Directors. Our information technology systems and applications run a variety of third-party and proprietary software, including POL (our secure Intranet website designed to be a support system for our sales force), the Primerica App, our insurance administration system, Virtual Base Shop (our secure Intranet-based paperless field office management system for RVPs), TurboApps (our point-of-sale tool that streamlines the application process for our insurance product), our FNA tool, our licensing decision and support system, and our compensation system. Our business also relies on the use of electronic mobile devices by employees, representatives and other third parties such as laptops, tablets and smartphones, which are particularly vulnerable to loss and theft.

Maintaining the integrity of these systems and networks is critical to the success of our business operations, including the retention of our representatives and customers, and to the protection of our proprietary information and our customers' confidential and personal information. We could experience a failure of one or more of these systems or could fail to complete all necessary data reconciliation or other conversion controls when implementing new software systems. In addition, despite the implementation of security and back-up measures, our information technology systems may be vulnerable to physical or electronic intrusions, viruses or other attacks, programming errors and similar disruptions.

We are subject to international, federal and state regulations, and in some cases contractual obligations, that require us to establish and maintain policies and procedures designed to protect sensitive customer, employee, sales representative and third-party information. We have implemented and maintain security measures, including industry-standard commercial technology, designed to protect against breaches of security sales and other interference with our systems and networks resulting from attacks by third parties, including hackers, and from employee or representative error or malfeasance. We continually assess our ability to monitor and respond to such threats. We also require third-party vendors, who in the provision of services to us are provided with or process information pertaining to our business or our customers, to meet certain information security standards. Despite the measures we have taken and may in the future take to address and mitigate cybersecurity and technology risks, we cannot assure that our systems and networks will not be subject to breaches or interference. Any such breaches or interference by third parties or by our sales representatives or employees that may occur in the future including the failure of any one of these systems for any reason, could cause significant interruptions to our operations, which could have a material adverse effect on our business, financial condition and results of operations.

Anyone who is able to circumvent our security measures and penetrate our information technology systems could access, view, misappropriate, alter, or delete information in the systems, including personally-identifiable client information and proprietary business information. In addition, an increasing number of jurisdictions require that clients be notified if a security breach results in the disclosure of personally-identifiable client information, which could exacerbate the harm to our business, financial condition or results of operations. We cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities, attempts to exploit vulnerabilities in our systems, data thefts, physical system or network break-ins or inappropriate access, or other developments will not compromise or breach the technology or other security measures protecting the networks and systems used in connection with our business.

Operating system failures, ineffective system implementation, loss of the Internet or the compromise of security with respect to internal, external or third-party operating systems or portable electronic devices could subject us to significant civil and criminal liability, harm our reputation, interrupt our business operations, deter people from purchasing our products, require us to incur significant technical, legal and other expenses, and adversely affect our internal control over financial reporting, business, financial condition, or results of operations.

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

Various international, federal and state legislative and regulatory bodies are considering or have considered, proposed, or adopted new standards and rules regarding protection of personally-identifiable information. Such laws or regulations could require us to implement new technologies or revise and maintain policies and procedures designed to protect sensitive customer, employee, representative and third-party information. Being subject to, or out of compliance with, the aforementioned laws and regulations could result in material costs, fines, penalties or litigation, which could materially adversely affect our business, financial condition and results of operations.

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

Our infrastructure supports a combination of local and remote recovery solutions for business resumption in the event of a disaster. In the event of either a campus-wide destruction or the inability to access our main campus in Duluth, Georgia, our business recovery plan provides for a limited number of our employees to perform their work functions via a dedicated business recovery site located 25 miles from our main campus or by remote access from an employee's home. However, in the event of campus-wide destruction, our business recovery plan may be inadequate, and our employees and sales representatives may be unable to carry out their work, which could have a material adverse effect on our business, financial condition and results of operations.

We may be materially adversely affected by currency fluctuations in the United States dollar versus the Canadian dollar.

The Canadian dollar is the functional currency for our Canadian subsidiaries and our financial results, reported in U.S. dollars, are affected by changes in the currency exchange rate. The assets, liabilities, revenues, and expenses of our Canadian subsidiaries are generally all denominated in Canadian dollars. However, the Canadian dollar financial statements of our Canadian subsidiaries are translated into U.S. dollars in our consolidated financial statements. Therefore, significant exchange rate fluctuations between the U.S. dollar and the Canadian dollar could have a material adverse effect on our financial condition and results of operations. A weaker Canadian dollar relative to the U.S. dollar would result in lower levels of reported revenues, expenses, net income, assets, liabilities and accumulated other comprehensive income as translated in our U.S. dollar reporting currency financial statements. In addition, our net investment in our Canadian subsidiaries is significantly affected by fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar.

The market price of our common stock may fluctuate.

The stock market in general, and the market for companies in the financial services industry in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Also, broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance. Our stock could be subject to wide fluctuations in price in response to various factors, many of which are beyond our control, that include the following:

- fluctuations in stock market prices and trading volumes of similar companies, and general market conditions and overall fluctuations in U.S. equity markets;
- low trading volume and short interest positions in our common stock;
- our ability to meet or exceed our own forecasts or expectations of analysts or investors;
- changes in our securities analysts' estimates of our future financial performance;
- variations in our quarterly operating results;
- changes in federal and state laws and regulations, or changes in the ways that laws and regulations are interpreted and applied;
- changes, or the expectation of changes, in federal law or policy under the new Presidential administration beginning in January 2017;
- the initiation, pendency or outcome of litigation, regulatory reviews and investigations, and any adverse publicity related thereto;
- actions by the NYSE, or uncertainty related to possible actions by the NYSE, related to the continued listing of our common stock;
- negative media reports with respect to us and/or our industry;
- the loss of key personnel;
- general economic conditions; and

- other risks and uncertainties described in these risk factors

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

We lease all of our office, warehouse, printing, and distribution properties. Our executive and home office operations for substantially all of our domestic U.S. operations (except New York) are located in Duluth, Georgia, in a build-to-suit facility completed in 2013. The initial lease term for the facility is 15 years.

We also lease continuation of business, print/distribution, and warehouse space in or around Duluth, Georgia, under leases expiring in February 2018, June 2018 and June 2023, respectively.

NBLIC subleases general office space in Long Island City, New York, under a sublease expiring in March 2020.

In Canada, we lease general office space in Mississauga, Ontario, under a lease expiring in April 2018 and warehouse and printing operation space in Mississauga, Ontario, under a separate lease also expiring in April 2018.

Each of these leased properties is used by both of our operating segments, with the exception of our NBLIC office space, which is not used by our Investment and Savings Products segment.

We believe that our existing facilities in the U.S. and Canada are adequate for our current requirements and for our operations in the foreseeable future.

For additional details on our operating leases, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Contractual Obligations.”

ITEM 3. LEGAL PROCEEDINGS.

We are involved from time to time in legal disputes, regulatory inquiries and arbitration proceedings in the normal course of business. Additional information regarding certain legal proceedings to which we are a party is described under “Contingent Liabilities” in Note 16 (Commitments and Contingent Liabilities) to our consolidated financial statements included elsewhere in this report, and such information is incorporated herein by reference. As of the date of this report, we do not believe any pending legal proceeding to which Primerica or any of its subsidiaries is a party is required to be disclosed pursuant to this item.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM X. EXECUTIVE OFFICERS AND CERTAIN SIGNIFICANT EMPLOYEES OF THE REGISTRANT

Our executive officers are elected or appointed by our Board of Directors.

The name, age at February 27, 2017, and position of each of our executive officers and certain significant employees are presented below. These officers comprise our senior management team.

Name	Age	Position
Glenn J. Williams	57	Chief Executive Officer
William A. Kelly	61	President of PFS Investments
Gregory C. Pitts	54	Executive Vice President and Chief Operating Officer
Alison S. Rand	49	Executive Vice President and Chief Financial Officer
Peter W. Schneider	60	President
Michael C. Adams	60	Executive Vice President and Chief Business Technology Officer
Chess E. Britt	60	Executive Vice President and Chief Marketing Officer
Jeffrey S. Fendler	60	Executive Vice President and Chief Compliance and Risk Officer
Alexis P. Ginn	69	Executive Vice President and General Counsel

Set forth below is biographical information concerning our executive officers.

Glenn J. Williams has served as Chief Executive Officer since April 2015. He served as President from 2005 to April 2015; as Executive Vice President from 2000 to 2005; and in various capacities at our company since 1981. Mr. Williams earned his B.S. in education from Baptist University of America in 1981.

William A. Kelly has served as President of PFS Investments, a subsidiary of Primerica, since 2005 and in various capacities at our company since 1985. Mr. Kelly graduated from the University of Georgia in 1979 with a B.B.A. in accounting.

Gregory C. Pitts has served as Executive Vice President and Chief Operating Officer since December 2009, as Executive Vice President since 1995 with responsibilities within the Term Life Insurance and Investment and Savings Products segments and information technology division and in various capacities at our company since 1985. Mr. Pitts earned his B.S.B.A. in general business from the University of Arkansas in 1985. He serves on the Boy Scouts of America Atlanta Area Council.

Alison S. Rand has served as Executive Vice President and Chief Financial Officer since 2000 and in various capacities at our company since 1995. Prior to 1995, Ms. Rand worked in the audit department of KPMG LLP. Ms. Rand earned her B.S. in accounting from the University of Florida in 1990 and is a certified public accountant. She is a board member of the Atlanta Children's Shelter, the Partnership Against Domestic Violence, Cool Girls, Inc. and Junior Achievement of Georgia. She also serves on the Terry College of Business Executive Education CFO Roundtable Advisory Board.

Peter W. Schneider has served as President since April 2015. He served as Executive Vice President, General Counsel, and Chief Administrative Officer from 2000 to April 2015 and as Corporate Secretary from 2000 through January 2014. He worked at the law firm of Rogers & Hardin LLP as a partner from 1988 to 2000. Mr. Schneider earned both his B.S. in political science and industrial relations in 1978 and his J.D. in 1981 from the University of North Carolina at Chapel Hill. He serves on the boards of directors of the Northwest YMCA and the Carolina Center for Jewish Studies.

Set forth below is biographical information concerning certain significant employees.

Michael C. Adams has served as Chief Business Technology Officer since April 2010, as Executive Vice President responsible for business technology since 1998 and in various capacities at our company since 1980. Mr. Adams earned his B.A. in business and economics from Hendrix College in 1978.

Chess E. Britt has served as Chief Marketing Officer since April 2010, as Executive Vice President responsible for marketing administration and field communication since 1995 and in various capacities at our company since 1982. Mr. Britt earned his B.A. in business administration from the University of Georgia in 1978. He serves on the board of directors of the Gwinnett Chamber of Commerce.

Jeffrey S. Fendler has served as Executive Vice President and Chief Compliance and Risk Officer of our company since February 2014. He served as President of Primerica Life, a subsidiary of Primerica, from 2005 through January 2014 and in various capacities at our company since 1980. Mr. Fendler received a B.A. in economics from Tulane University.

Alexis P. Ginn has served as our Executive Vice President and General Counsel since May 2015 and as Executive Vice President and Deputy General Counsel from July 1998 to May 2015. She has served in various legal capacities with Primerica since 1991. Ms. Ginn began her career as a trial attorney in the Civil Division of the Department of Justice. She received her Bachelor of Science with honors from Tufts University and her J.D. from George Washington University Law School where she was on the law review and a member of the Order of the Coif.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Quarterly Common Stock Prices and Dividends

The common stock of Primerica, Inc. ("Primerica", "we", "us" or the "Parent Company") is listed for trading on the New York Stock Exchange ("NYSE") under the symbol "PRI". The quarterly high and low sales prices for our common stock as reported on the NYSE and the dividends paid per quarter for the periods indicated were as follows:

	High		Low		Dividend
2016					
4 th quarter	\$	73.05	\$	52.75	\$ 0.18
3 rd quarter		59.34		49.69	0.18
2 nd quarter		58.81		42.74	0.17
1 st quarter		46.86		37.09	0.17
2015					
4 th quarter	\$	53.08	\$	44.18	\$ 0.16
3 rd quarter		46.77		40.36	0.16
2 nd quarter		51.21		43.40	0.16
1 st quarter		55.24		49.19	0.16

Dividends

We paid quarterly dividends to our stockholders totaling approximately \$33.4 million and \$32.8 million in 2016 and 2015, respectively.

As of January 31, 2017, we had 82 holders of record of our common stock. In the first quarter of 2017, we declared a quarterly dividend to shareholders of \$0.19 per share. We currently expect to continue to pay quarterly cash dividends to holders of our common stock. Our payment of cash dividends is at the discretion of our Board of Directors in accordance with applicable law after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs and plans for growth. Under Delaware law, we can only pay dividends either out of surplus or out of the current or the immediately preceding year's earnings. Therefore, no assurance is given that we will continue to pay any dividends to our common stockholders, or as to the amount of any such dividends.

We are a holding company and have no operations. Our primary asset is the capital stock of our operating subsidiaries. The states in which our U.S. insurance company subsidiaries are domiciled impose certain restrictions on our insurance subsidiaries' ability to pay dividends to us. Our Canadian subsidiary can pay dividends subject to meeting regulatory requirements for capital adequacy and liquidity with appropriate minimum notice to the Office of the Superintendent of Financial Institutions Canada. In addition, in the future, we may become subject to agreements that limit our ability to pay dividends. For more information regarding dividend restrictions on our insurance subsidiaries, see Note 15 (Statutory Accounting and Dividend Restrictions) to our consolidated financial statements included elsewhere in this report.

Issuer Purchases of Equity Securities

Depending on market conditions, shares may be repurchased from time to time at prevailing market prices through open market or privately negotiated transactions. On August 13, 2015, our Board of Directors authorized a share repurchase program for up to \$200.0 million of our outstanding common stock during 2016. This share repurchase program was completed as of December 31, 2016. On November 17, 2016 the Board of Directors authorized a new share repurchase program for up to \$200.0 million of our outstanding common stock for purchases through June 30, 2018. Repurchases under this new program began in January 2017.

The Parent Company has no obligation to repurchase any shares. Subject to applicable corporate securities laws, repurchases may be made at such times and in such amounts as management deems appropriate. Repurchases under a publicly announced program can be discontinued at any time if management believes additional repurchases are not warranted.

During the quarter ended December 31, 2016, we repurchased shares of our common stock as follows:

Period	Total number of shares purchased ⁽¹⁾	Average price paid per share ⁽¹⁾	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs ⁽²⁾
October 1 - 31, 2016	246,649	\$ 54.73	246,649	\$ 4,989,746
November 1 - 30, 2016	98,133	55.01	90,383	200,089,180
December 1 - 31, 2016	25,512	69.75	1,135	200,000,000
Total	370,294	\$ 55.84	338,167	\$ 200,000,000

- (1) Consists of (a) repurchases of 32,127 shares at an average price of \$68.38 arising from share-based compensation tax withholdings and stock option exercises and (b) open market repurchases of shares under the share repurchase program approved by our Board of Directors.
- (2) In November 2016, the Company's Board of Directors authorized \$200.0 million of share repurchases through June 30, 2018.

For more information on our share repurchases, see Note 12 (Stockholders' Equity) to our consolidated financial statements included elsewhere in this report.

Securities Authorized for Issuance under Equity Compensation Plans

We have two compensation plans under which our equity securities are authorized for issuance. The Primerica, Inc. Amended and Restated 2010 Omnibus Incentive Plan was approved by our stockholders in May 2011. The Primerica, Inc. Stock Purchase Plan for Agents and Employees was approved by our sole stockholder in March 2010. The following table sets forth certain information relating to these equity compensation plans at December 31, 2016.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by stockholders:			
Primerica, Inc. Amended and Restated 2010 Omnibus Incentive Plan	601,669	(1) \$ 44.75	(2) 901,122 (3)
Primerica, Inc. Stock Purchase Plan for Agents and Employees	-	-	1,986,291 (4)
Total	601,669	\$ 44.75	2,887,413
Equity compensation plans not approved by stockholders			
	n/a	n/a	n/a

- (1) Consists of 438,265 and 145,019 shares to be issued in connection with unvested restricted stock units ("RSUs") and outstanding stock options, respectively. Also includes 18,385 of shares to be issued to certain executive officers in connection with outstanding performance stock units ("PSUs") if the Company achieves the targeted level of performance specified in the award agreement over a three-year period that commenced on January 1, 2016. See Note 12 (Stockholders Equity) and Note 14 (Share-based Transactions) to our consolidated financial statements included elsewhere in this report for more information on the equity awards outstanding.

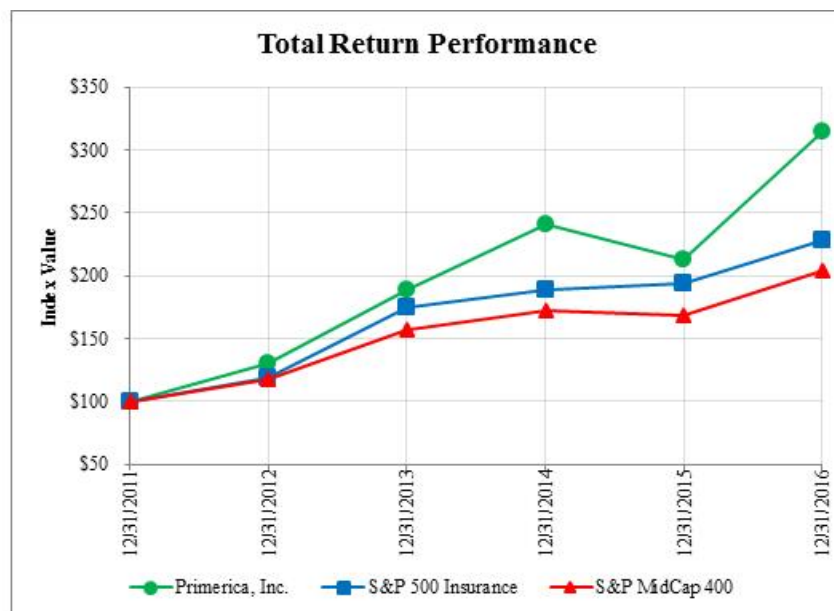
- (2) Represents the weighted average exercise price of the 145,019 stock options outstanding.

- (3) The number of shares of our common stock available for future issuance is 10,800,000 less the cumulative number of awards granted under the plan plus the cumulative number of awards canceled under the plan.

- (4) Represents shares of our common stock, which have already been issued and are outstanding, available to be purchased by employees and agents under the plan. The number of outstanding shares available to be purchased is 2,500,000 less the cumulative number of outstanding shares purchased to date under the plan.

Stock Performance Table ⁽¹⁾

The following graph compares the performance of our common stock to the Standard & Poor's ("S&P") MidCap 400 Index and the S&P 500 Insurance Index by assuming \$100 was invested in each investment option as of December 31, 2011. The S&P MidCap 400 Index measures the performance of the United States middle market capitalization ("mid-cap") equities sector. The S&P 500 Insurance Index is a capitalization-weighted index of domestic equities of insurance companies traded on the NYSE and NASDAQ. Our common stock is included in the S&P MidCap 400 index.



Index	Period Ended					
	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
Primerica, Inc.	\$ 100.00	\$ 130.28	\$ 188.56	\$ 240.89	\$ 212.46	\$ 315.14
S&P 500 Insurance	100.00	119.09	174.72	189.20	193.60	227.63
S&P MidCap 400	100.00	117.88	157.37	172.74	168.98	204.03

(1) The stock performance table is not deemed "soliciting material" or subject to Section 18 of the Securities Exchange Act of 1934.

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and accompanying notes included elsewhere in this report.

	Year ended December 31,				
	2016	2015	2014	2013	2012
	(In thousands, except per-share amounts)				
Statements of income data					
Revenues:					
Direct premiums	\$ 2,444,268	\$ 2,345,444	\$ 2,301,332	\$ 2,265,191	\$ 2,231,032
Ceded premiums	(1,600,559)	(1,595,220)	(1,616,817)	(1,644,158)	(1,663,753)
Net premiums	843,709	750,224	684,515	621,033	567,279
Commissions and fees	541,686	537,146	527,166	471,803	429,044
Net investment income	79,025	76,509	86,473	88,752	100,804
Realized investment gains (losses), including other-than-temporary impairment losses	4,088	(1,738)	(261)	6,246	11,382
Other, net	50,576	42,058	39,203	39,584	41,992
Total revenues	1,519,084	1,404,199	1,337,096	1,227,418	1,150,501
Benefits and expenses:					
Benefits and claims	367,655	339,315	311,417	279,931	254,048
Amortization of deferred policy acquisition costs	180,582	157,727	144,378	129,183	118,598
Sales commissions	272,815	274,893	268,775	232,237	204,569
Insurance expenses	132,348	123,030	113,871	103,748	89,081
Insurance commissions	17,783	16,340	15,353	16,530	21,724
Interest expense	28,691	33,507	34,570	35,018	33,101
Other operating expenses	181,615	168,406	173,010	185,765	163,258
Total benefits and expenses	1,181,489	1,113,218	1,061,374	982,412	884,379
Income from continuing operations before income taxes	337,595	290,981	275,722	245,006	266,122
Income taxes	118,181	101,110	95,888	86,305	92,813
Income from continuing operations	219,414	189,871	179,834	158,701	173,309
Income from discontinued operations, net of income taxes	-	-	1,578	4,024	497
Net income	\$ 219,414	\$ 189,871	\$ 181,412	\$ 162,725	\$ 173,806
Basic earnings per share:					
Continuing operations	\$ 4.59	\$ 3.70	\$ 3.26	\$ 2.80	\$ 2.76
Discontinued operations	-	-	0.03	0.07	0.01
Basic earnings per share	\$ 4.59	\$ 3.70	\$ 3.29	\$ 2.87	\$ 2.77
Diluted earnings per share:					
Continuing operations	\$ 4.59	\$ 3.70	\$ 3.26	\$ 2.76	\$ 2.70
Discontinued operations	-	-	0.03	0.07	0.01
Diluted earnings per share	\$ 4.59	\$ 3.70	\$ 3.29	\$ 2.83	\$ 2.71
Dividends declared per share	\$ 0.70	\$ 0.64	\$ 0.48	\$ 0.44	\$ 0.24

	December 31,				
	2016	2015	2014	2013	2012
	(In thousands)				
Balance sheet data					
Investments (excluding the held-to-maturity security)	\$ 1,875,631	\$ 1,813,283	\$ 1,848,316	\$ 1,835,403	\$ 1,956,536
Cash and cash equivalents	211,976	152,294	191,997	148,983	112,216
Due from reinsurers	4,193,562	4,110,628	4,115,533	4,055,054	4,005,194
Deferred policy acquisition costs, net	1,713,065	1,500,259	1,351,180	1,208,466	1,066,422
Total assets	11,438,943	10,610,783	10,735,929	10,328,641	10,336,483
Future policy benefits	5,673,890	5,431,711	5,264,608	5,063,103	4,850,488
Notes payable	372,919	372,552	372,187	371,826	371,466
Total liabilities	10,217,569	9,465,011	9,490,803	9,106,613	9,061,067
Stockholders' equity	1,221,374	1,145,772	1,245,126	1,222,027	1,275,416

ITEM 7. 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 three-year period ended December 31, 2016. As a result, the following discussion should be read in conjunction with the consolidated financial statements and accompanying notes that are included herein. 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 in “Risk Factors”. Actual results may differ materially from those contained in any forward-looking statements.

This MD&A is divided into the following sections:

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

Business Trends and Conditions

The relative strength and stability of financial markets and economies in the United States and Canada affect our growth and profitability. Our business is, and we expect will continue to be, influenced by a number of industry-wide and product-specific trends and conditions. Economic conditions, including unemployment levels 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. Our customers’ perception of the strength of the capital markets will influence their decisions to invest in the investment and savings products we distribute. The financial and distribution results of our operations in Canada, as reported in U.S. dollars, are affected by changes in the currency exchange rate. The Canadian dollar exchange rate increased modestly in 2016 when compared with 2015 while it decreased sharply in 2015 when compared with 2014. Therefore, the Canadian dollar exchange rate had less impact on the results of our business in 2016 compared to 2015 for all amounts translated and reported in U.S. dollars. The effects of these trends and conditions are discussed below and in the Results of Operations section.

Size of our Independent Sales Force.

Our ability to increase the size of our independent sales force is largely based on the success of our sales force’s recruiting efforts as well as training and motivating recruits to get licensed to sell life insurance. We believe that recruitment and licensing levels are important to sales force trends, and growth in recruiting and licensing is usually indicative of future growth in the overall size of the sales force. Recruiting changes 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.

Regulatory changes can also impact the size of our independent sales force. For example, the insurance regulators in Canada implemented a new life insurance licensing examination program in January 2016 that requires applicants to complete increased examination requirements in order to obtain a life insurance sales license and has the potential to decrease the number of applicants who obtain their life insurance licenses in Canada. However, we have undertaken efforts to adapt our licensing process to the new program in order to mitigate any adverse effect that these increased examination requirements could have on the size of our Canadian life-licensed sales force. We have not observed a meaningful decline in the number of new life-licensed agents in Canada since the program became effective at the beginning of 2016.

New recruits increased in 2016 to 262,732 from 228,115 in 2015 and 190,439 in 2014 primarily due to growth in the size of our sales force, resulting in more agents available to actively recruit, and is complemented by positive momentum in our business. The size of our life-licensed sales force increased to 116,827 sales representatives at December 31, 2016 from 106,710 at December 31, 2015 and 98,358 at December 31, 2014, primarily due to the increase in recruiting in recent periods, as well as our strong focus on training of new sales representatives to become licensed to sell life insurance.

Term Life Insurance Product Sales and Face Amount In 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 (historically between 0.18 and 0.22), were as follows:

	Year ended December 31,		
	2016	2015	2014
Average number of life-licensed sales representatives	111,843	101,660	96,780
Number of new policies issued	298,244	260,059	220,984
Average monthly rate of new policies issued per life-licensed sales representative	0.22	0.21	0.19

The increase in new life insurance policies issued in 2016 from 2015 reflected the positive impact of strong growth in the size of our life-licensed sales force in recent periods. Productivity, measured by the average monthly rate of new policies issued per life-licensed sales representative continues to be at the higher end of our historical range due to the positive sales momentum generated within our

independent sales force. The number of new life insurance policies also increased in 2015 compared to 2014 mostly due to the factors discussed above in the comparison of 2016 to 2015.

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

	Year ended December 31,					
	2016	% of beginning balance	2015	% of beginning balance	2014	% of beginning balance
	(Dollars in millions)					
Face amount in force, beginning of period	\$ 693,194		\$ 681,927		\$ 674,868	
Net change in face amount:						
Issued face amount	89,869	13 %	79,111	12 %	69,574	10 %
Terminations	(57,238)	(8)%	(53,580)	(8)%	(54,962)	(8)%
Foreign currency	2,560	*	(14,264)	(2)%	(7,553)	(1)%
Net change in face amount	35,191	5 %	11,267	2 %	7,059	1 %
Face amount in force, end of period	\$ 728,385		\$ 693,194		\$ 681,927	

* Less than 1%.

The face amount of term life insurance policies in force increased 5% during 2016 compared to a 2% growth during 2015 primarily due to the positive impact of strong new policy sales issued and stable persistency levels, which allowed issued face amount to outpace policy terminations face amount. As a percentage of the beginning face amount in force, issued face amount continued to grow due to higher sales, while terminations face amount remained consistent with the prior year. Overall, the increase in total face amount of policies in force as of December 31, 2016 compared to December 31, 2015 was primarily driven by the volume growth in new policies issued. Our average issued face amount in 2016 was also consistent with 2015 at approximately \$241,500 and \$241,700, respectively.

In 2015, the face amount of term life insurance policies in force increased compared with 2014 also as a result of the higher number of policies issued combined with policy terminations remaining stable. However, the magnitude of the increase in face amount in 2015 versus 2014 was mitigated due to the year-over-year impact of a much stronger U.S. dollar in relation to the Canadian dollar, which reduced the translated face amount of existing Canadian policies in force. In 2015, our average issued face amount of approximately \$241,700 in 2015 decreased as compared with approximately \$244,600 in 2014 primarily due to the translation impact of the weaker Canadian dollar.

Investment and Savings Product Sales, Asset Values and Accounts. Investment and savings products sales and average client asset values were as follows:

	Year ended December 31,			2016 vs. 2015 change		2015 vs. 2014 change	
	2016	2015	2014	\$	%	\$	%
	<i>(Dollars in millions)</i>						
Product sales:							
Retail mutual funds	\$ 3,279	\$ 3,259	\$ 3,210	\$ 20	1 %	\$ 49	2 %
Annuities and other	1,813	2,004	1,971	(191)	(10)%	33	2 %
Total sales-based revenue generating product sales	5,092	5,263	5,181	(171)	(3)%	82	2 %
Managed investments	212	247	258	(35)	(14)%	(11)	(4)%
Segregated funds and other	290	347	243	(57)	(16)%	104	43 %
Total product sales	<u>\$ 5,594</u>	<u>\$ 5,857</u>	<u>\$ 5,682</u>	<u>\$ (263)</u>	<u>(4)%</u>	<u>\$ 175</u>	<u>3 %</u>
Average client asset values:							
Retail mutual funds	\$ 30,566	\$ 30,429	\$ 29,939	\$ 137	*	\$ 490	2 %
Annuities and other	14,880	14,258	13,268	622	4 %	990	7 %
Managed investments	1,720	1,518	1,238	202	13 %	280	23 %
Segregated funds	2,262	2,272	2,491	(10)	*	(219)	(9)%
Total average client asset values	<u>\$ 49,428</u>	<u>\$ 48,477</u>	<u>\$ 46,936</u>	<u>\$ 951</u>	<u>2 %</u>	<u>\$ 1,541</u>	<u>3 %</u>

* Less than 1%.

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

	Year ended December 31,					
	2016	% of beginning balance	2015	% of beginning balance	2014	% of beginning balance
	(Dollars in millions)					
Asset values, beginning of period	\$ 47,354		\$ 48,656		\$ 44,990	
Net change in asset values:						
Inflows	5,594	12 %	5,857	12 %	5,682	13 %
Redemptions	(4,620)	(10) %	(4,843)	(10) %	(4,823)	(11) %
Net inflows	974	2 %	1,014	2 %	859	2 %
Change in market value, net	3,758	8 %	(859)	(2) %	3,555	8 %
Foreign currency, net	254	1 %	(1,457)	(3) %	(748)	(2) %
Net change in asset values	4,986	11 %	(1,302)	(3) %	3,666	8 %
Asset values, end of period	\$ 52,340		\$ 47,354		\$ 48,656	

Average number of fee-generating positions was as follows:

	Year ended December 31,			2016 vs. 2015 change		2015 vs. 2014 change	
	2016	2015	2014	\$	%	\$	%
	(Positions in thousands)						
Average number of fee-generating positions⁽¹⁾:							
Recordkeeping and custodial	2,201	2,150	2,015	51	2 %	135	7 %
Recordkeeping only	677	653	607	24	4 %	46	8 %
Total average number of fee-generating positions	2,878	2,803	2,622	75	3 %	181	7 %

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

Product sales. The decrease in investment and savings product sales in 2016 from 2015 was largely attributed to an industry-wide weakness in variable annuity sales, partially offset by positive sales in U.S. retail mutual fund and fixed indexed annuity sales. Our annuity sales activity has been consistent with an industry-wide shift from variable annuities to fixed indexed annuities while positive market performance in recent periods has increased demand for U.S. retail mutual funds.

In 2015, investment and savings product sales increased from 2014 as favorable market conditions, most notably in the first half of the year, drove customer demand for our product sales. The year-over-year increase in investment and savings products was partially offset by the translation impact of the weaker Canadian dollar in relation to the U.S. dollar.

Average client asset values. Average client asset values increased in 2016 from 2015 largely due to favorable market performance throughout the year and continued net positive inflows.

The growth in average client asset values in 2015 can be attributed to the impact of positive net investment inflows during 2015 and favorable market performance during the first half of 2015. The positive effect of these items on average client asset values was partially offset by the foreign currency translation impact of the weaker Canadian dollar as well as the negative impact of market volatility in the second half of 2015.

Rollforward of client asset values. Client asset values increased during 2016 compared to a decrease during 2015 primarily due to an increase in market value and continued net inflows from product sales, which outpaced redemptions. Also contributing to the increase in client asset values was the positive impact of the translated value of client assets in Canada due to the strengthening of the Canadian dollar relative to the U.S. dollar.

The decrease in client asset values during 2015 was largely due to the currency translation impact of the lower Canadian dollar on Canadian client assets as well as negative market performance in the second half of 2015. The impact of these items was partially offset by positive net investment inflows.

Average number of fee-generating positions. The average number of fee-generating positions increased in 2016 from 2015 primarily due to the cumulative effect of product sales of mutual funds and managed accounts investments that are serviced on the Company's recordkeeping and custodial services platform.

The average number of fee-generating positions increased in 2015 from 2014 primarily due to the addition of a mutual fund provider on our recordkeeping and custodial services platform during the first quarter of 2015 as well as growth in our mutual funds and managed accounts business.

Regulatory changes on business trends. Regulatory changes can also impact our product sales. On April 8, 2016, the Department of Labor (“DOL”) published a final regulation (“the DOL Fiduciary Rule”), which more broadly defines the circumstances under which a person or entity may be considered a fiduciary for purposes of the prohibited transaction rules of the Employee Retirement Income Security Act and Internal Revenue Code (“IRC”) Section 4975. IRC Section 4975 prohibits certain types of compensation paid by third parties with respect to transactions involving assets in qualified accounts, including individual retirement accounts (“IRAs”). In connection with the DOL Fiduciary Rule, the DOL also issued new exemptions and amended several existing exemptions. On February 3, 2017, the President of the United States issued a memorandum directing the DOL to review the DOL Fiduciary Rule to determine, based on certain factors, whether the rule should be revised or rescinded. The DOL Fiduciary Rule, which was set to become “applicable” on April 10, 2017, may be delayed for an unspecified period while the Secretary of Labor prepares an updated economic and legal analysis on the impact of the DOL Fiduciary Rule.

IRAs and other qualified accounts are an important component of the investment and savings products we distribute. If it were to become applicable in its current form, we believe that the DOL Fiduciary Rule would necessitate certain changes to our qualified plan business in order for us to continue to help investors save for retirement. Because of the uncertainty of the status of the DOL Fiduciary Rule, we have not yet finalized our plans or determined the extent and nature of those changes. Additionally, we have not determined the extent to which we would make necessitated compensation, product or other changes to our qualified plan business, nor whether we would make such changes consistent across our non-qualified business. As a result, we are currently unable to quantify the impact on our business, financial position or results of operations. During the year ended December 31, 2016, average client assets held in U.S. qualified retirement plans accounted for an estimated 59% of total average client account assets. During the year ended December 31, 2016, product sales of assets held in U.S. qualified retirement plans accounted for approximately 56% of total investment and savings product sales.

Factors Affecting Our Results

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, and expenses.

Sales and policies in force. Sales of term policies and the size and characteristics of our in-force book of policies are vital to our results over the long term. Premium revenue is recognized as it is earned over the term of the policy, and eligible acquisition expenses are deferred and amortized ratably with the level premiums of the underlying policies. However, because we incur significant cash outflows at or about the time policies are issued, including the payment of sales commissions and underwriting costs, changes in life insurance sales volume 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 generally remains within a relatively narrow range (i.e., an average monthly rate of new policies issued per life-licensed sales representative between 0.18 and 0.22), and, consequently, our sales volume over the longer term generally correlates to the size of our sales force.

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

- ***Persistency.*** Persistency is a measure of how long our insurance policies stay in force. As a general matter, persistency that is lower than our pricing assumptions adversely affects our results over the long term because we lose the recurring revenue stream associated with the policies that lapse. Determining the near-term effects of changes in persistency is more complicated. When actual persistency is lower than our pricing assumptions, we must accelerate the amortization of deferred policy acquisition costs (“DAC”). The resultant increase in amortization expense is offset by a corresponding release of reserves associated with lapsed policies, which causes a reduction in benefits and claims expense. The future policy benefit reserves associated with any given policy will change over the term of such policy. As a general matter, future policy benefit reserves are lowest at the inception of a policy term and rise steadily to a peak before declining to zero at the expiration of the policy term. Accordingly, depending on when the lapse occurs in relation to the overall policy term, the reduction in benefits and claims expense may be greater or less than the increase in amortization expense, and, consequently, the effects on earnings for a given period could be positive or negative. Persistency levels will impact results to the extent actual experience deviates from the persistency assumptions used to price our products.
- ***Mortality.*** Our profitability will fluctuate 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.
- ***Interest Rates.*** We use an assumption for future interest rates that initially reflects the current low interest rate environment gradually increasing to a level consistent with historical experience. Both DAC and the future policy benefit reserve liability increase with the assumed interest rate. Since DAC is higher than the future policy benefit reserve liability in the early years of a policy, a lower assumed interest rate generally will result in lower profits. In the later years, when the future policy benefit

reserve liability is higher than DAC, a lower assumed interest rate generally will result in higher profits. These assumed interest rates, which like other pricing assumptions are locked in at issue, impact the timing but not the aggregate amount of DAC and future policy benefit reserve changes. We allocate net investment income generated by the investment portfolio to the Term Life Insurance segment in an amount equal to the assumed net interest accreted to the segment's U.S. generally accepted accounting principles ("U.S. GAAP")-measured future policy benefit reserve liability less DAC. All remaining net investment income, and therefore the impact of actual interest rates, is attributed to the Corporate and Other Distributed Products segment.

Reinsurance. We use reinsurance extensively, which has a significant effect on our results of operations. 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, historically, we 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. 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.

In 2010, as part of our corporate reorganization and the initial public offering of our common stock, we entered into significant coinsurance transactions (the "IPO coinsurance transactions") with entities then affiliated with Citigroup, Inc. (collectively, the "IPO coinsurers") and ceded between 80% and 90% of the risks and rewards of our term life insurance policies that were in force at year-end 2009. We continue to administer all policies subject to these coinsurance agreements.

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 the change in these reserves.
- **Amortization of DAC.** DAC, and therefore amortization of DAC, is reduced on a pro-rata basis for the coinsured business, including the business reinsured with the IPO coinsurers. There is no impact on amortization of DAC associated with our YRT contracts.
- **Insurance expenses.** Insurance expenses are reduced by the allowances received from coinsurance. There is no impact on insurance expenses associated with our YRT contracts.

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

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

Investment and Savings Products Segment. 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, marketing and support, and distribution fees, and the number of recordkeeping and custodial-fee generating positions we administer.

Sales. We earn commissions and fees, such as dealer re-allowances, and marketing and support fees, based on sales of mutual fund 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 support fees as well as 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 investments 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.

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

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

- sales of annuity products in the United States will generate higher revenues in the period such sales occur than sales of other investment products that either generate lower upfront revenues or, in the case of managed investments and segregated funds, no upfront revenues;
- sales of a higher proportion of managed investments 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 provide 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. National Benefit Life Insurance Company (“NBLIC”) also has in-force policies from several discontinued lines of insurance. At the beginning of 2014, NBLIC sold its short-term statutory disability benefit insurance business to AmTrust North America, Inc., and the net gain recognized on the sale was reported as discontinued operations in 2014. Also during 2014, NBLIC ceased the marketing and underwriting of new student life insurance policies but it continues to administer the existing block of student life business.

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

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

Capital Structure. Our financial results are affected by our capital structure, which includes our senior unsecured notes (the “Senior Notes”) and common stock. See Note 10 (Debt), Note 12 (Stockholders’ Equity) and Note 16 (Commitments and Contingent Liabilities) to our consolidated financial statements included elsewhere in this report for more information on changes in our capital structure.

Foreign Currency. The Canadian dollar is the functional currency for our Canadian subsidiaries and our consolidated financial results, reported in U.S. dollars, are affected by changes in the currency exchange rate. As such, the translated amount of revenues, expenses, assets and liabilities attributable to our Canadian subsidiaries will be higher or lower in periods where the Canadian dollar appreciates or weakens relative to the U.S. dollar, respectively. While the Canadian dollar spot rate relative to the U.S. dollar has improved during 2016, it remains lower as compared with 2014 due to the significant decline in the value of the Canadian dollar relative to the U.S. dollar in 2015.

The year-over-year increase in the year-end exchange rates used by the Company to translate our Canadian dollar functional currency assets and liabilities into U.S. dollars was 4% in 2016 from 2015 and it decreased by 17% from 2015 to 2014. The year-over-year decrease in the average exchange rates used by the Company to translate our Canadian dollar functional currency revenues and expenses into U.S. dollars was 4% in 2016 from 2015 and 14% in 2015 from 2014.

See “Results of Operations” and “Financial Condition” and “Quantitative and Qualitative Disclosures About Market Risk – Canadian Currency Risk” and Note 3 (Segment and Geographical Information) to our consolidated financial statements included elsewhere in this report for more information on our Canadian subsidiaries and the impact of foreign currency on our financial results.

Critical Accounting Estimates

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

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

Deferred Policy Acquisition Costs. We defer incremental direct costs of successful contract acquisitions that result directly from and are essential to the contract transaction(s) and that would not have been incurred had the contract transaction(s) not occurred. These costs include commissions and policy issue expenses. Deferrable term life insurance policy acquisition costs are amortized over the initial premium-paying period of the related policies in proportion to premium income and include assumptions made by us regarding persistency, expenses, interest rates and claims, which are updated on new business to reflect recent experience. These assumptions may not be modified, or unlocked on in-force term life insurance business, unless recoverability testing deems estimated future cash flows to be inadequate. DAC is subject to recoverability testing annually and when circumstances indicate that recoverability is uncertain.

If actual lapses are different from pricing assumptions for a particular period, DAC amortization for that period will be affected. If the rate of policies that lapse is 1% higher than the rate of policies that we expected to lapse in our original pricing assumptions, approximately 1% more of the existing DAC balance will be amortized, which would have been equal to approximately \$16.3 million as of December 31, 2016 (assuming such lapses were distributed proportionately among policies of all durations). We believe that a lapse rate in the number of policies that is 1% higher than the rate assumed in our pricing assumptions is a reasonably possible variation. Higher lapses in the early durations would have a greater effect on DAC amortization since the DAC balances are higher at the earlier durations. Due to the inherent uncertainties in making assumptions about future events, materially different experience from expected results in persistency could result in a material increase or decrease of DAC amortization in a particular period.

Deferrable acquisition costs for Canadian segregated funds are amortized over the life of the policies in relation to the present value of estimated gross profits expected to be realized over the life of the underlying policies. The gross profits and resulting DAC amortization will vary with actual and anticipated fund returns, redemptions, commissions and expenses. DAC from our Canadian segregated funds reflects approximately 3% of our total DAC, and DAC amortization on these segregated funds reflects approximately 3% of our total DAC amortization for the year ended December 31, 2016.

For additional information on DAC, see Note 1 (Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies) and Note 7 (Deferred Policy Acquisition Costs) to our consolidated financial statements included elsewhere in this report.

Future Policy Benefit Reserves and Reinsurance. Liabilities for future policy benefits on our term life insurance products have been computed using a net level method and include assumptions as to mortality, persistency, interest rates, and other assumptions based on our historical experience, modified as necessary for new business to reflect anticipated trends and to include provisions for possible adverse deviation. Reserves related to reinsured policies are accounted for using assumptions consistent with those used to determine the future policy benefit reserves and are included in Due from reinsurers in our consolidated balance sheets. Similar to the term life insurance DAC discussion above, we do not modify the assumptions used to establish future policy benefit reserves during the policy term unless recoverability testing deems them to be inadequate and there is no remaining DAC associated with the underlying policies. Our results depend significantly upon the extent to which our actual experience is consistent with the assumptions we used in determining our future policy benefit reserves. Our future policy benefit reserve assumptions and estimates require significant judgment and, therefore, are inherently uncertain.

If the rate of policies that lapse is 1% higher than the rate of policies that we expected to lapse in our pricing assumptions, approximately 1% more of the future policy benefit reserves will be released, which would have been equal to approximately \$54.6 million (assuming such lapses were distributed proportionately among policies of all durations), partially offset by the release of the corresponding due from reinsurers asset of approximately \$38.6 million as of December 31, 2016, which decreases over time with the run-off of policies subject to the IPO coinsurance transactions. Higher lapses in later durations would have a greater effect on the release of future policy benefit reserves since the future policy benefit reserves are higher at the later durations.

We cannot determine with precision the ultimate amounts that we will pay for actual claims or the timing of those payments.

For additional information on future policy benefits and reinsurance, see Note 1 (Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies) and Note 6 (Reinsurance) to our consolidated financial statements included elsewhere in this report.

Income Taxes. We account for income taxes using the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to (i) temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and (ii) operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We recognize the effect on deferred tax assets and liabilities of a change in tax rates in income in the period that includes the enactment date. Deferred tax assets are recognized subject to management's judgment that realization is more likely than not applicable to the periods in which we expect the temporary difference will reverse.

In light of the multiple tax jurisdictions in which we operate, our tax returns are subject to routine audit by the Internal Revenue Service and other taxation authorities. These audits at times may produce alternative views regarding particular tax positions taken in the year(s) of review. As a result, the Company records uncertain tax positions, which requires recognition at the time when it is deemed more likely than not that the position in question will be upheld. Although management believes that the judgment and estimates involved are reasonable and that the necessary provisions have been recorded, changes in circumstances or unexpected events could adversely affect our financial position, results of operations, and cash flows.

For additional information on income taxes, see Note 1 (Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies) and Note 11 (Income Taxes) to our consolidated financial statements included elsewhere in this report.

Invested Assets. We hold primarily fixed-maturity securities, including bonds and redeemable preferred stocks, and equity securities, including common and non-redeemable preferred stock. We have classified these invested assets as available-for-sale, except for the securities of our U.S. broker-dealer subsidiary, which we have classified as trading securities. We also hold a credit-enhanced note, which we classified as a held-to-maturity security that was issued in exchange for a surplus note with an equal principal amount as part of a redundant reserve financing transaction. All of these securities are carried at fair value, except for the held-to-maturity security, which is carried at amortized cost. Unrealized gains and losses on available-for-sale securities, except for other-than-temporary impairments ("OTTI") discussed below, are included as a separate component of other comprehensive income in our statements of comprehensive income. Changes in fair value of trading securities are included in net investment income in the accompanying consolidated statements of income in the period in which the change occurred.

Fair value. 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 three fair value measurement categories prescribed by U.S. GAAP.

As of each reporting period, we classify all invested assets in their entirety based on the lowest level of input that is significant to the fair value measurement. Significant levels of estimation and judgment are required to determine the fair value of certain of our investments. The factors influencing these estimations and judgments are subject to change in subsequent reporting periods.

OTTI. The determination of whether a decline in fair value of available-for-sale securities below amortized cost is other-than-temporary is subjective. Furthermore, this determination can involve a variety of assumptions and estimates, particularly for invested assets that are not actively traded in established markets. We evaluate a number of quantitative and qualitative factors when determining the impairment status of individual securities, including issuer-specific risks as well as relevant macroeconomic risks.

For available-for-sale securities in an unrealized loss position that we intend to sell or would more-likely-than-not be required to sell before the expected recovery of the amortized cost basis, we recognize an impairment charge for the difference between amortized cost and fair value as a realized investment loss in our statements of income. For available-for-sale fixed maturity securities in an unrealized loss position for which we have no intent to sell and believe that it is not more-likely-than-not that we will be required to sell before the expected recovery of the amortized cost basis, only the amount related to the principal cash flows not expected to be received over the remaining term of the security, or the credit loss component, of the difference between cost and fair value is recognized as a realized investment loss in our statements of income, while the remainder is recognized in other comprehensive income in our statements of comprehensive income.

OTTI analyses that we perform involve the use of estimates, assumptions, and subjectivity. If these factors or future events change, we could experience material OTTI in future periods, which could adversely affect our financial condition, results of operations and the size and quality of our invested assets portfolio.

For additional information on our invested assets, see Note 1 (Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies), Note 4 (Investments) and Note 5 (Fair Value of Financial Instruments) to our consolidated financial statements included elsewhere in this report.

Results of Operations

Revenues. Our revenues consist of the following:

- Net premiums. Reflects direct premiums payable by our policyholders on our in-force insurance policies, primarily term life insurance, net of reinsurance premiums that we pay to reinsurers.
- Commissions and fees. Consists primarily of dealer re-allowances earned on the sales of investment and savings products, trail commissions and management fees based on the asset values of client accounts, marketing and support fees from product originators, custodial fees for services rendered in our capacity as nominee on client retirement accounts funded by mutual funds on our servicing platform, recordkeeping fees for mutual funds on our servicing platform and fees associated with the sale of other distributed products.
- Net investment income. Represents income, net of investment-related expenses, generated by our invested asset portfolio, which consists primarily of interest income earned on fixed-maturity investments. Investment income recorded on our held-to-maturity invested asset and the offsetting interest expense recorded for our surplus note are included in net investment income.
- Realized investment gains (losses), including OTTI. Primarily reflects the difference between amortized cost and amounts realized on the sale of invested assets, as well as OTTI charges.
- Other, net. Reflects revenues generated primarily from the fees charged for access to our proprietary sales force support system, as well as revenues from the sale of other miscellaneous items.

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

- Benefits and claims. Reflects the benefits and claims payable on insurance policies, as well as changes in our reserves for future policy claims and reserves for other benefits payable, net of reinsurance.
- Amortization of DAC. Represents the amortization of capitalized costs directly associated with the sale of an insurance policy or segregated fund, including sales commissions, medical examination and other underwriting costs, and other eligible policy issuance costs.
- Sales commissions. Represents commissions to our sales representatives in connection with the sale of investment and savings products and products other than insurance products.
- Insurance expenses. Reflects non-capitalized insurance expenses, including staff compensation, technology and communications, insurance sales force-related costs, printing, postage and distribution of insurance sales materials, outsourcing and professional fees, premium taxes, amortization of our definite-lived intangible asset and other corporate and administrative fees and expenses related to our insurance operations. Insurance expenses also include both indirect policy issuance costs and costs associated with unsuccessful efforts to acquire new policies.
- Insurance commissions. Reflects sales commissions in respect of insurance products that are not eligible for deferral.
- Interest expense. Reflects interest on our notes payable, the financing charges related to an issued letter of credit, fees paid for the credit enhancement feature on our held-to-maturity invested asset, and a finance charge incurred pursuant to one of our coinsurance agreements with an IPO coinsurer.
- Other operating expenses. Consists primarily of expenses that are unrelated to the distribution of insurance products, including staff compensation, technology and communications, various sales force-related costs, printing, postage and distribution of sales materials, outsourcing and professional fees, amortization of our definite-lived intangible asset and other corporate and administrative fees and expenses.

Insurance expenses and other operating expenses directly attributable to the Term Life Insurance and the Investment and Savings Products segments are recorded directly to the applicable segment. We allocate certain other revenue and operating expenses that are not directly attributable to a specific operating segment based on the relative sizes of our life-licensed and securities-licensed independent sales forces. These allocated items include fees charged for access to our proprietary sales force support application and costs incurred for field technology, supervision, training and certain other costs. We also allocate certain technology and occupancy costs to our operating segments based on estimated usage. Costs that are not directly charged or allocated to our two primary operating segments are included in our Corporate and Other Distributed Products segment.

Primerica, Inc. and Subsidiaries Results. Our results of operations for the years ended December 31, 2016, 2015, and 2014 were as follows:

	Year ended December 31,			2016 vs. 2015 change		2015 vs. 2014 change	
	2016	2015	2014	\$	%	\$	%
<i>(Dollars in thousands)</i>							
Revenues:							
Direct premiums	\$ 2,444,268	\$ 2,345,444	\$ 2,301,332	\$ 98,824	4 %	\$ 44,112	2 %
Ceded premiums	(1,600,559)	(1,595,220)	(1,616,817)	5,339	*	(21,597)	(1) %
Net premiums	843,709	750,224	684,515	93,485	12 %	65,709	10 %
Commissions and fees	541,686	537,146	527,166	4,540	1 %	9,980	2 %
Investment income net of investment expenses	97,905	89,557	89,955	8,348	9 %	(398)	*
Interest expense on surplus note	(18,880)	(13,048)	(3,482)	5,832	45 %	9,566	275 %
Net investment income	79,025	76,509	86,473	2,516	3 %	(9,964)	(12) %
Realized investment gains (losses), including other-than-temporary impairment losses	4,088	(1,738)	(261)	5,826	335 %	1,477	566 %
Other, net	50,576	42,058	39,203	8,518	20 %	2,855	7 %
Total revenues	1,519,084	1,404,199	1,337,096	114,885	8 %	67,103	5 %
Benefits and expenses:							
Benefits and claims	367,655	339,315	311,417	28,340	8 %	27,898	9 %
Amortization of DAC	180,582	157,727	144,378	22,855	14 %	13,349	9 %
Sales commissions	272,815	274,893	268,775	(2,078)	(1) %	6,118	2 %
Insurance expenses	132,348	123,030	113,871	9,318	8 %	9,159	8 %
Insurance commissions	17,783	16,340	15,353	1,443	9 %	987	6 %
Interest expense	28,691	33,507	34,570	(4,816)	(14) %	(1,063)	(3) %
Other operating expenses	181,615	168,406	173,010	13,209	8 %	(4,604)	(3) %
Total benefits and expenses	1,181,489	1,113,218	1,061,374	68,271	6 %	51,844	5 %
Income from continuing operations before income taxes	337,595	290,981	275,722	46,614	16 %	15,259	6 %
Income taxes on continuing operations	118,181	101,110	95,888	17,071	17 %	5,222	5 %
Income from continuing operations	219,414	189,871	179,834	29,543	16 %	10,037	6 %
Income from discontinued operations, net of income taxes	-	-	1,578	-	*	(1,578)	(100) %
Net income	\$ 219,414	\$ 189,871	\$ 181,412	\$ 29,543	16 %	\$ 8,459	5 %

* Less than 1%

Total revenues. Total revenues increased in 2016 from 2015 largely due to incremental premiums on term life insurance policies that are not subject to the IPO coinsurance transactions as well as direct premiums growth reflecting the increase in the number of new policies issued in recent periods. Commissions and fees from our Investment and Savings Products segment increased modestly in 2016 compared to 2015 primarily due to higher asset-based revenues driven by the increase in average client asset values and higher account-based revenues primarily driven by an increase in our account-based fee structure on U.S. qualified accounts, offset by lower sales-based revenues due to weakness in variable annuity sales.

Net investment income increased in 2016 from 2015 as increasing prices on fixed-income investments led to an approximately \$4.7 million higher total return on the deposit asset backing the 10% coinsurance agreement that is subject to deposit method accounting. This increase was partially offset by approximately \$2.1 million of lower investment income due to lower yield on a slightly larger invested asset portfolio. Interest expense on surplus note line item will fluctuate from period to period along with the principal amount of our surplus note (the "Surplus Note") based on the balance of reserves being contractually supported under a redundant reserve financing transaction used by our Vidalia Re, Inc. ("Vidalia Re") captive insurance company. Investment income earned on our held-to-maturity invested asset completely offsets the interest expense on Surplus Note line item, thereby eliminating any impact on net investment income. For more information on the Surplus Note, see Note 10 (Debt) and for additional information on the redundant reserve financing transaction used by Vidalia Re, see Note 4 (Investments) to our consolidated financial statements included elsewhere in this report.

Realized investment gains (losses), including OTTI losses, increased primarily due to higher realized investment gains we recognized in the second quarter of 2016 from the sale of certain securities where the Company was able to reduce its exposure to specific issuers, as well as a lower amount of impairments on certain investments in our invested asset portfolio.

Other, net revenues increased during 2016 compared to 2015 largely due to the increase in fees for our proprietary sales force support system, consistent with subscriber growth. We allocate fees collected for our proprietary sales force support system between our Term Life Insurance segment and our Investment and Savings Products segment based on the estimated number of sales force representatives that are licensed to sell products in each respective segment.

During 2015, total revenues increased from 2014 primarily due to incremental premiums on term life insurance policies not subject to the IPO coinsurance transactions and higher direct premiums reflecting the increase in new policy sales in recent periods. Also contributing to the year-over-year increase in revenues in 2015 versus 2014 were higher commissions and fees generated from our Investment and Savings Products segment as a result of investment and savings product sales growth and client asset values growth.

Partially offsetting the increase in revenues in 2015 from 2014 was a decline in net investment income, which was mostly attributed to lower yield on invested assets, lower total return on the deposit asset underlying the 10% coinsurance agreement, and lower income from called fixed-income securities. Increases in realized investment losses recognized in 2015 compared to 2014 also negatively impacted revenue as we recognized a higher amount of impairments on certain investments in our invested asset portfolio, most notably in the fourth quarter of 2015, which we deemed to be other-than-temporarily impaired as a result of factors specific to the issuer or our intent to sell the investment in the near term. Also offsetting the year-over-year increase in revenues in 2015 was the translation impact of the weaker Canadian dollar in relation to the U.S. dollar. Measured in constant currency by translating 2015 Canadian local currency revenues using the average 2014 exchange rate, the year-over-year impact from the decrease in exchange rates negatively impacted revenues in 2015 by approximately \$36.2 million.

Total benefits and expenses. Total benefits and expenses increased in 2016 from 2015 reflecting growth in premium-related expenses, which include benefits and claims, amortization of DAC and insurance expenses. Also contributing to the increase in insurance expenses and other operating expenses was higher spending of approximately \$10.4 million for our proprietary sales force support system's mobile application as well as accommodating increased capacity for the growth in subscribers, higher employee-related costs of approximately \$4.3 million, and costs related to preparing for the implementation of the DOL Fiduciary Rule of approximately \$3.3 million. These increases were partially offset by the decline in interest expense incurred on our 10% coinsurance agreement which is discussed further in Note 6 (Reinsurance) to our consolidated financial statements included elsewhere in this report.

The increase in total benefits and expenses in 2015 from 2014 was in line with the increase in total revenues. The growth in benefits and claims, amortization of DAC, and insurance expenses was generally consistent with the percentage increase in net premiums. In addition, the increase in sales commissions was largely in line with the percentage increase in commissions and fees revenues. Similar to revenues, the impact of Canadian foreign exchange rates partially offset the increase in total benefits and expenses. In 2015, total benefits and expenses of our Canadian subsidiaries translated into U.S. dollars was approximately \$26.1 million lower than 2014 as measured on a constant currency basis.

Income taxes. Our effective income tax rate was relatively consistent each year at 35.0%, 34.7%, and 34.8% in 2016, 2015, and 2014, respectively.

For additional information, see the discussions of results of operations by segment below.

Term Life Insurance Segment. Our results for the Term Life Insurance segment for the years ended December 31, 2016, 2015, and 2014 were as follows:

	Year ended December 31,			2016 vs. 2015 change		2015 vs. 2014 change	
	2016	2015	2014	\$	%	\$	%
<i>(Dollars in thousands)</i>							
Revenues:							
Direct premiums	\$ 2,413,340	\$ 2,313,133	\$ 2,266,649	\$ 100,207	4 %	\$ 46,484	2 %
Ceded premiums	(1,591,133)	(1,584,952)	(1,605,965)	6,181	*	(21,013)	(1) %
Net Premiums	822,207	728,181	660,684	94,026	13 %	67,497	10 %
Allocated net investment income	7,634	5,987	4,444	1,647	28 %	1,543	35 %
Other, net	36,541	29,790	27,257	6,751	23 %	2,533	9 %
Total revenues	866,382	763,958	692,385	102,424	13 %	71,573	10 %
Benefits and expenses:							
Benefits and claims	350,640	322,232	295,332	28,408	9 %	26,900	9 %
Amortization of DAC	172,812	147,980	133,331	24,832	17 %	14,649	11 %
Insurance expenses	125,268	116,290	107,617	8,978	8 %	8,673	8 %
Insurance commissions	4,301	4,247	4,004	54	1 %	243	6 %
Total benefits and expenses	653,021	590,749	540,284	62,272	11 %	50,465	9 %
Income from continuing operations before income taxes	\$ 213,361	\$ 173,209	\$ 152,101	\$ 40,152	23 %	\$ 21,108	14 %

* Less than 1%

Net premiums. Direct premiums grew in 2016 from 2015 largely due to the increase in the number of new policies issued in recent periods. The change in ceded premiums reflected our increasing non-level YRT ceded premiums and the run-off of business subject to the IPO coinsurance transactions. The sustained impact of growth in direct premiums and the run-off of business subject to the IPO coinsurance transactions resulted in net premiums growing faster than direct premiums.

The increase in net premiums in 2015 from 2014 was largely due to the factors discussed above in the comparison of 2016 to 2015. In addition, the weaker Canadian dollar caused lower direct premium growth and a higher run-off of the Canadian business subject to the IPO coinsurance transactions, which negatively impacted net premiums in 2015 by approximately \$14.0 million compared with 2014 when measured on a constant currency basis.

Benefits and claims. The increase in benefits and claims in 2016 from 2015 was primarily driven by the growth in net premiums. However, benefits and claims increased at a slower rate than net premiums primarily due to disabled life premium waiver claims experience during 2016 being an estimated \$5 million lower than historical levels, YRT rate reductions negotiated for 2014 and later issue years and modestly lower persistency. Death claims were relatively consistent with historical experience.

In comparing 2015 to 2014, benefits and claims also grew in line with net premiums due to YRT rate reductions negotiated for 2014 and later issue years partially offset by persistency improvements in 2015 versus 2014. Death claims for both 2015 and 2014 were in-line with historical averages.

Amortization of DAC. The amortization of DAC increased for 2016 from 2015 largely due to growth in net premiums. The increase in DAC amortization was higher than the increase in net premiums reflecting modestly lower persistency than the prior year as well as a higher amount of commissions deferred in recent periods.

The increase in amortization of DAC in 2015 compared to 2014 was also impacted by a higher amount of commissions deferred in recent periods, resulting in a rate of DAC amortization in excess of the growth in net premiums. This increase was mostly offset by improved persistency in 2015.

Insurance expenses. Growth in the business and the run-off of expense allowances related to the IPO coinsurance transactions resulted in a year-over-year increase in insurance expenses of approximately \$4.4 million in 2016 compared with 2015. Increased spending associated with our proprietary sales force support system's mobile application also contributed to the increase in insurance expenses by approximately \$8.5 million. During 2015, we reallocated certain employee-related expenses from the Term Life Insurance segment to the Corporate and Other Distributed Products segment due to the change in the Company's management structure that occurred in April 2015. The approximately \$3.3 million full-year effect of the reallocated expenses, when combined with higher employee merit and headcount expenses in 2016 of approximately \$2.3 million, resulted in a net decrease of approximately \$1.0 million in the segment's employee-related expenses in 2016 versus 2015. Furthermore, several miscellaneous cost saving items in 2016 that aggregated to approximately \$3.0 million in lower insurance expenses affected the year-over-year change.

In comparing 2015 to 2014, the growth in the business and the run-off of expense allowances related to the IPO coinsurance transactions resulted in a year-over-year increase in insurance expenses of approximately \$5.5 million. Costs related to our proprietary sales force support system's mobile application increased by approximately \$2.8 million in 2015 versus 2014. Higher employee-related costs increased insurance expenses by approximately \$1.8 million in 2015 but were largely offset by a reduction in the translated amount of Canadian functional currency insurance expenses as a result of the weaker Canadian dollar compared with 2014.

Investment and Savings Products Segment. Our results of operations for the Investment and Savings Products segment for the years ended December 31, 2016, 2015, and 2014 were as follows:

	Year ended December 31,			2016 vs. 2015 change		2015 vs. 2014 change	
	2016	2015	2014	\$	%	\$	%
<i>(Dollars in thousands)</i>							
Revenues:							
Commissions and fees:							
Sales-based revenues	\$ 227,320	\$ 237,384	\$ 237,757	\$ (10,064)	(4)%	\$ (373)	*
Asset-based revenues	237,604	231,919	225,799	5,685	2%	6,120	3%
Account-based revenues	50,861	44,497	40,477	6,364	14%	4,020	10%
Other, net	8,836	7,536	7,069	1,300	17%	467	7%
Total revenues	524,621	521,336	511,102	3,285	1%	10,234	2%
Expenses:							
Amortization of DAC	6,148	7,952	8,734	(1,804)	(23)%	(782)	(9)%
Insurance commissions	11,456	9,841	8,799	1,615	16%	1,042	12%
Sales commissions:							
Sales-based	160,674	167,883	168,207	(7,209)	(4)%	(324)	*
Asset-based	99,639	95,485	88,974	4,154	4%	6,511	7%
Other operating expenses	102,348	94,092	90,371	8,256	9%	3,721	4%
Total expenses	380,265	375,253	365,085	5,012	1%	10,168	3%
Income from continuing operations before income taxes	\$ 144,356	\$ 146,083	\$ 146,017	\$ (1,727)	(1)%	\$ 66	*

* Less than 1%

Commissions and fees. Sales-based revenues decreased in 2016 compared to 2015 primarily driven by lower variable annuity sales. Asset-based revenues increased in 2016 compared to 2015 due to the increase in average client asset values, which was indicative of favorable market performance combined with continued net positive inflows. Account-based revenues also increased in 2016 compared to 2015 primarily due to an increase in our account-based fee structure on U.S. qualified accounts, which accounted for a year-over-year increase of approximately \$4.1 million, as well as the increase in the average number of fee-generating positions in mutual funds and managed accounts investments that are serviced on the Company's recordkeeping and custodial services platform.

The increase in commissions and fees in 2015 from 2014 was largely attributable to growth in average client asset values as discussed earlier in the "Investment and Savings Product Sales, Asset Values and Accounts" section. Account-based revenue increased largely due to the increase in the average number of fee generating accounts from the addition of a mutual fund provider on our recordkeeping and custodial services platform during 2015. Sales-based revenues were flat on a year-over-year basis as modest growth in sales-based revenue generating product sales was offset by a shift in product sales mix to product offerings with lower sales-based commission rates.

Amortization of DAC. Amortization of DAC on our Canadian segregated funds product decreased in 2016 from 2015 largely due to the impact of favorable segregated funds market performance. The effect of lower redemption estimates for the 2016 annual update of assumptions based on emerging experience was in line with 2015 and therefore did not impact the year-over-year comparison of DAC amortization.

In 2015, amortization of DAC on our Canadian segregated funds product was lower compared to 2014 due to the translation impact from the decline in the Canadian exchange rate, which reduced amortization by approximately \$1.7 million. The year-over-year decline in DAC amortization was partially offset by the lower adjustment (approximately \$1.0 million in 2015 compared to approximately \$2.4 million in 2014) to reduce amortization reflecting updated assumptions of future redemptions based on emerging experience.

Insurance commissions. The increase in insurance commissions in 2016 from 2015 was largely driven by a change in trail commission rate earned by the sales force on our Canadian segregated funds during the second quarter of 2015.

Insurance commissions increased in 2015 compared with 2014 largely due to the factor discussed above in the comparison of 2016 to 2015. Partially offsetting the increase was the impact of approximately \$1.5 million that the year-over-year decline in Canadian exchange rates had on the translated balance of insurance commissions reported.

Sales commissions. The decline in sales-based commissions was in line with the decline in sales-based revenue. The increase in asset-based commissions slightly outpaced the increase in asset-based revenue primarily due to the change in product mix.

The decrease in sales-based commissions in 2015 from 2014 was relatively consistent with the decline in sales-based revenues. The increase in asset-based commissions outpaced the increase in asset-based revenues primarily due to the translation impact of the weaker Canadian dollar in relation to the U.S. dollar on Canadian segregated funds revenue included in asset-based revenue.

Other operating expenses. Other operating expenses increased in 2016 from 2015 largely due to \$3.3 million of higher costs related to preparation for the DOL Fiduciary Rule. In addition, increased spending associated with our proprietary sales force support system's mobile application resulted in approximately \$2.4 million of higher operating expenses in 2016. Also contributing to the growth in operating expenses in 2016 as compared with 2015 were higher employee-related costs of approximately \$0.9 million.

The increase in other operating expenses in 2015 from 2014 was primarily due to higher costs associated with the growth in the business. The year-over-year percentage growth in other operating expenses exceeded the percentage growth in total revenues due to several other business initiatives with the largest being approximately \$0.9 million in higher spending on our proprietary sales force support system's mobile application.

Corporate and Other Distributed Products Segment. Our results of operations for the Corporate and Other Distributed Products segment for the years ended December 31, 2016, 2015, and 2014 were as follows:

	Year ended December 31,			2016 vs. 2015 change		2015 vs. 2014 change	
	2016	2015	2014	\$	%	\$	%
<i>(Dollars in thousands)</i>							
Revenues:							
Direct premiums	\$ 30,928	\$ 32,311	\$ 34,683	\$ (1,383)	(4)%	\$ (2,372)	(7)%
Ceded premiums	(9,426)	(10,268)	(10,852)	(842)	(8)%	(584)	(5)%
Net Premiums	21,502	22,043	23,831	(541)	(2)%	(1,788)	(8)%
Commissions and fees	25,901	23,346	23,133	2,555	11 %	213	1 %
Allocated investment income net of investment expenses	90,271	83,570	85,511	6,701	8 %	(1,941)	(2)%
Interest expense on surplus note	(18,880)	(13,048)	(3,482)	5,832	45 %	9,566	275 %
Allocated net investment income	71,391	70,522	82,029	869	1 %	(11,507)	(14)%
Realized investment gains (losses), including other-than-temporary impairment losses	4,088	(1,738)	(261)	5,826	335 %	1,477	566 %
Other, net	5,199	4,732	4,877	467	10 %	(145)	(3)%
Total revenues	128,081	118,905	133,609	9,176	8 %	(14,704)	(11)%
Benefits and expenses:							
Benefits and claims	17,015	17,083	16,085	(68)	*	998	6 %
Amortization of DAC	1,622	1,795	2,313	(173)	(10)%	(518)	(22)%
Insurance expenses	7,080	6,740	6,254	340	5 %	486	8 %
Insurance commissions	2,026	2,252	2,550	(226)	(10)%	(298)	(12)%
Sales commissions	12,502	11,525	11,594	977	8 %	(69)	(1)%
Interest expense	28,691	33,507	34,570	(4,816)	(14)%	(1,063)	(3)%
Other operating expenses	79,267	74,314	82,639	4,953	7 %	(8,325)	(10)%
Total benefits and expenses	148,203	147,216	156,005	987	1 %	(8,789)	(6)%
Loss from continuing operations before income taxes	<u>\$ (20,122)</u>	<u>\$ (28,311)</u>	<u>\$ (22,396)</u>	<u>\$ (8,189)</u>	<u>(29)%</u>	<u>\$ 5,915</u>	<u>26 %</u>

* Less than 1%

Total revenues. Total revenues increased in 2016 from 2015 partly due to commissions and fees revenue from stronger sales of other fee-based distributed products. Net premiums for the closed blocks of business issued by our NBLIC subsidiary decreased slightly due to the run-off of NBLIC's non-term life insurance block of business. The increase in allocated net investment income as well as realized investment gains (losses) was driven by the same factors discussed earlier in "Total revenues" under the consolidated "Primerica, Inc. and Subsidiaries Results" section.

The decrease in total revenues in 2015 from 2014 was primarily attributable to the decline in allocated net investment income and the increase in realized investment gains (losses) discussed earlier in "Total revenues" under the consolidated "Primerica, Inc. and Subsidiaries Results" section. Total revenue also decreased due to lower premiums attributable to the continued run-off of NBLIC's non-term life insurance closed block, which included the student life insurance business that ceased writing new policies in 2014.

Total Benefits and Expenses. Total benefits and expenses increased in 2016 from 2015 primarily due to higher employee-related costs in other operating expenses of approximately \$4.4 million, which includes the full-year effect of reallocated employee-related expenses of approximately \$3.3 million between segments in the second quarter of 2015 as described earlier in the Term Life Insurance segment discussion. The increase was partially offset by the reduction in the interest expense incurred on our 10% coinsurance agreement. For more information on the interest expense incurred on our 10% coinsurance agreement, see Note 6 (Reinsurance) to our consolidated financial statements included elsewhere in this report.

The decrease in total benefits and expenses in 2015 from 2014 was primarily due to reduced other operating expenses of approximately \$4.2 million reflecting the recognition of transition expenses for our former co-CEOs in 2014 that resulted from the modification of their employment terms, including ending their employment on April 1, 2015 instead of in August 2015. In addition, other operating expenses were reduced by approximately \$4.0 million in 2015 versus 2014 as a sales force technology project associated with a non-core product offering ended and its related developed software was written off in 2014.

Financial Condition

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

We follow a conservative investment strategy designed to emphasize the preservation of our invested assets and provide adequate liquidity for the prompt payment of claims. To meet business needs and mitigate risks, our investment guidelines provide restrictions on our portfolio's composition, including limits on asset type, per issuer limits, credit quality limits, portfolio duration, limits on the amount of investments in approved countries and permissible security types. We also manage and monitor our allocation of investments to limit the accumulation of any disproportionate concentrations of risk among industry sectors or issuer countries outside of the U.S. and Canada. In addition, as of December 31, 2016, we did not hold any country of issuer concentrations outside of the U.S. or Canada that represented more than 5% of the fair value of our available-for-sale invested asset portfolio or any industry concentrations of corporate bonds that represented more than 10% of the fair value of our available-for-sale invested asset portfolio.

We may also direct our investment managers to invest some of our invested asset portfolio in currencies other than the U.S. dollar. For example, a portion of our portfolio is invested in assets denominated in Canadian dollars, which, at minimum, would equal our reserves for policies denominated in Canadian dollars. Additionally, to ensure adequate liquidity for payment of claims, we take into account the maturity and duration of our invested asset portfolio and our general liability profile.

We also hold within our invested asset portfolio a credit enhanced note ("LLC Note") issued by a limited liability company owned by a third-party service provider which is classified as a held-to-maturity security. The LLC Note, which is scheduled to mature on December 31, 2029, was obtained in exchange for a surplus note of equal principal amount issued by Vidalia Re, a special purpose financial captive insurance company and wholly owned subsidiary of Primerica Life. For more information on the LLC Note, see Note 4 (Investments) to our consolidated financial statements included elsewhere in this report.

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

Our invested asset portfolio is subject to a variety of risks, including risks related to general economic conditions, market volatility, interest rate fluctuations, liquidity risk and credit and default risk. Investment guideline restrictions have been established to minimize the effect of these risks but may not always be effective due to factors beyond our control. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. A significant increase in interest rates could result in significant losses, realized or unrealized, in the value of our invested asset portfolio. Additionally, with respect to some of our investments, we are subject to prepayment and, therefore, reinvestment risk.

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

	December 31, 2016		December 31, 2015	
	Fair value	Cost or amortized cost	Fair value	Cost or amortized cost
U.S. government and agencies	1%	1%	1%	1%
Foreign government	6%	6%	6%	6%
States and political subdivisions	2%	2%	2%	2%
Corporates	65%	64%	67%	68%
Mortgage- and asset-backed securities	14%	14%	13%	13%
Equity securities	2%	2%	3%	2%
Trading securities	*	*	*	*
Cash and cash equivalents	10%	11%	8%	8%
Total	100%	100%	100%	100%

* Less than 1%.

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 year-end average rating, duration and book yield of our fixed-maturity portfolio (excluding our held-to-maturity security) were as follows:

	December 31, 2016	December 31, 2015
Average rating of our fixed-maturity portfolio	A-	A-
Average duration of our fixed-maturity portfolio	3.9 years	4.0 years
Average book yield of our fixed-maturity portfolio	4.21%	4.40%

Ratings for our investments in fixed-maturity securities are determined using Nationally Recognized Statistical Rating Organizations designations and/or equivalent ratings. The distribution of our investments in fixed-maturity securities (excluding our held-to-maturity security) by rating, including those classified as trading securities, were as follows:

	December 31, 2016		December 31, 2015	
	Amortized cost	%	Amortized cost	%
<i>(Dollars in thousands)</i>				
AAA	\$ 295,873	17 %	\$ 292,169	17 %
AA	161,594	9 %	125,682	7 %
A	387,072	23 %	386,140	23 %
BBB	798,156	46 %	801,732	47 %
Below investment grade	93,533	5 %	89,301	5 %
Not rated	5,787	*	377	*
Total	\$ 1,742,015	100 %	\$ 1,695,401	100 %

* Less than 1%.

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

Issuer	December 31, 2016			
	Fair value	Cost or amortized cost	Unrealized gain (loss)	Credit rating
<i>(Dollars in thousands)</i>				
Government of Canada	\$ 24,130	\$ 23,167	\$ 963	AAA
National Rural Utilities Cooperative	11,472	10,271	1,201	A
General Electric Co	10,037	9,627	410	AA+
Wells Fargo & Co	9,201	8,980	221	A
Iberdrola SA	8,832	8,474	358	BBB+
National Fuel Gas Co	8,653	8,070	583	BBB
Anheuser-Busch InBev SA/NV	8,207	7,800	407	A-
Australia & New Zealand Banking	7,916	7,880	36	A+
TransCanada Corp	7,810	7,540	270	A-
US Bancorp	7,687	7,381	306	A+
Total – ten largest holdings	\$ 103,945	\$ 99,190	\$ 4,755	
Total – fixed-maturity and equity securities	\$ 1,844,715	\$ 1,778,884		
Percent of total fixed-maturity and equity securities	6 %	6 %		

For additional information on our invested asset portfolio, see Note 4 (Investments) and Note 5 (Fair Value of Financial Instruments) to our consolidated financial statements included elsewhere in this report.

Other Significant Assets and Liabilities. The balances of and changes in other significant assets and liabilities were as follows:

	December 31,		Change	
	2016	2015	\$	%
<i>(Dollars in thousands)</i>				
Assets:				
Due from reinsurers	\$ 4,193,562	\$ 4,110,628	\$ 82,934	2 %
Deferred policy acquisition costs, net	1,713,065	1,500,259	212,806	14 %
Liabilities:				
Future policy benefits	\$ 5,673,890	\$ 5,431,711	\$ 242,179	4 %

Due from reinsurers. Due from reinsurers reflects future policy benefit and claim reserves due from third-party reinsurers, including the IPO coinsurers. Such amounts are reported as due from reinsurers rather than offsetting future policy benefits. The year-over-year increase at year-end 2016 was primarily driven by the timing of reinsurance payments received for monthly reinsurance claims at year end.

Deferred policy acquisition costs, net. The increase in DAC was primarily a result of incremental commissions and expenses deferred as a result of new business in 2016, which was not subject to the IPO coinsurance agreements.

Future policy benefits. The increase in future policy benefits was primarily a result of the growth in our in-force book of business.

For additional information, see the notes to our consolidated financial statements included elsewhere in this report.

Liquidity and Capital Resources

Dividends and other payments to the Parent Company from its subsidiaries are our principal sources of cash. The amount of dividends paid by the subsidiaries is dependent on their capital needs to fund future growth and applicable regulatory restrictions. The primary uses of funds by the Parent Company include the payments of stockholder dividends, interest on notes payable, general operating

expenses, and income taxes, as well as repurchases of shares outstanding. During 2016, our life insurance underwriting companies declared and paid ordinary dividends of \$117.0 million to the Parent Company. See Note 15 (Statutory Accounting and Dividend Restrictions) to our consolidated financial statements included elsewhere in this report for more information on insurance subsidiary dividends and statutory restrictions. In addition, our non-life insurance subsidiaries declared and paid dividends of approximately \$72.5 million to the Parent Company in 2016. At December 31, 2016, the Parent Company had cash and invested assets of approximately \$68.0 million.

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

The distribution and underwriting of term life insurance requires upfront cash outlays at the time the policy is issued as we pay a substantial majority of the sales commission during the first year following the sale of a policy and incur costs for underwriting activities at the inception of a policy's term. During the early years of a policy's term, we generally receive level term premiums in excess of claims paid. We invest the excess cash generated during earlier policy years in fixed-maturity and equity securities held in support of future policy benefit reserves. In later policy years, cash received from the maturity or sale of invested assets is used to pay claims in excess of level term premiums received.

Historically, cash flows generated by our businesses, primarily from our existing block of term life policies and our investment and savings products, have provided us with sufficient liquidity to meet our operating requirements. We anticipate that cash flows from our businesses will continue to provide sufficient operating liquidity 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 will sufficiently support our long-term liquidity needs.

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

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Net cash provided by (used in) operating activities	\$ 292,167	\$ 259,089	\$ 237,332
Net cash provided by (used in) investing activities	(47,923)	(58,465)	(15,645)
Net cash provided by (used in) financing activities	(185,134)	(235,268)	(175,883)
Effect of foreign exchange rate changes on cash	572	(5,059)	(2,789)
Change in cash and cash equivalents	<u>\$ 59,682</u>	<u>\$ (39,703)</u>	<u>\$ 43,015</u>

Operating activities. The increase in operating cash flows in 2016 from 2015 was partially the result of an increase in cash received from the collection of premium revenues in excess of benefits and claims paid in our Term Life Insurance segment. Growth in direct premiums as well as the additional layering of net premiums from term life insurance policies not subject to the IPO coinsurance transactions has continued to generate positive incremental cash flows after payments are made for policy acquisition costs during the first year that policies are issued. In addition, the timing of remittances for monthly reinsurance premiums to reinsurers as well as the timing impact of when outstanding checks were paid from our bank disbursement accounts at year end contributed to the increase in operating cash flows in 2016 as compared with 2015. Also contributing to the increase in operating cash flows in 2016 versus 2015 was lower cash income taxes in Canada relative to income tax expense incurred due to the timing of remittances to Canadian tax authorities. The year-over-year growth in new life insurance policies issued resulted in higher cash payments for DAC (net of income tax deductions) in 2016 as compared with 2015, which partially offset the year-over-year increase in operating cash flows.

The largest item contributing to the increase in net cash provided by operating activities in 2015 from 2014 was also driven by the impact of an additional year of term life insurance policies issued subsequent to the IPO coinsurance transactions. The year-over-year growth in new life insurance policies issued resulted in higher cash payments for DAC in 2015 as compared with 2014, which partially offset the year-over-year increase in operating cash flows.

Investing activities. The decrease in cash used in investing activities in 2016 from 2015 was primarily driven by lower purchases of fixed-maturity securities as the Company accumulated a higher balance of short-term cash equivalent investments at the end of the year in pursuit of opportunities to reinvest in a rising interest rate environment. The decrease in cash used was partially offset by higher capital expenditures in 2016 for our information technology infrastructure.

The use of cash in investing activities increased in 2015 from 2014 primarily due to the purchase of available-for-sale investments with proceeds obtained from operating activities combined with the lower level of investments that matured or were called in 2015. The year-over-year change was partially offset by the accumulation of cash from sales of available-for-sale securities to fund our larger and accelerated share repurchases during 2015 compared to 2014.

Financing activities. Net cash used in financing activities during 2016 decreased compared to 2015 as we utilized the additional \$50 million of capacity authorized in our share repurchase programs in 2015 compared with 2016.

Cash used in financing activities during 2015 increased compared to 2014 primarily due to a larger amount of shares that were repurchased, which the Company increased in 2015 given our assessment of the market prices for which we had been able to execute our share repurchases. In addition, an increase in the dividends per share from 2014 to 2015 contributed to a higher amount of cash used in financing activities.

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

As of December 31, 2016, 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. Primerica Life’s RBC ratio remained well positioned to support existing operations and fund future growth.

In Canada, an insurer’s minimum capital requirement is overseen by the Office of the Superintendent of Financial Institutions (“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. As of December 31, 2016, Primerica Life Canada was in compliance with Canada’s minimum capital requirements as determined by OSFI.

For more information regarding statutory capital requirements and dividend capacities of our insurance subsidiaries see Note 15 (Statutory Accounting and Dividend Restrictions) to our consolidated financial statements included elsewhere in this report for more information.

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

We have established Peach Re, Inc. (“Peach Re”) and Vidalia Re as special purpose financial captive insurance companies and wholly owned subsidiaries of Primerica Life. Primerica Life has ceded certain term life policies issued prior to 2011 to Peach Re as part of a Regulation XXX redundant reserve financing transaction (the “Peach Re Redundant Reserve Financing Transaction”) and has ceded certain term life policies issued in 2011, 2012, 2013 and 2014 to Vidalia Re as part of a Regulation XXX redundant reserve financing transaction (the “Vidalia Re Redundant Reserve Financing Transaction”). These redundant reserve financing transactions allow us to more efficiently manage and deploy our capital. The NAIC has adopted a model regulation for determining reserves using a principle-based approach (“principle-based reserves” or “PBR”), which is designed to reflect each insurer’s own experience in calculating reserves and move away from a standardized reserving formula. PBR has been adopted by almost all state insurance departments effective in 2017, but has not yet been adopted by Massachusetts or New York, where two of our U.S. insurance subsidiaries are domiciled. If adopted, the new principle-based reserve regulation will greatly reduce the statutory policy benefit reserve requirements, but will only apply for business issued after the effective date. We may explore expanding our existing redundant reserve financing transactions or establishing new transactions for business sold prior to the effective date of any principle-based reserve regulation. See Note 4 (Investments), Note 10 (Debt) and Note 16 (Commitments and Contingent Liabilities) to our consolidated financial statements included elsewhere in this report for more information on these redundant reserve financing transactions.

Notes Payable. The Company has \$375.0 million of publicly-traded, Senior Notes outstanding issued at a price of 99.843% with 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 December 31, 2016. No events of default(s) occurred on the Senior Notes during the year ended December 31, 2016.

Financial Ratings. As of December 31, 2016, the investment grade credit ratings for our Senior Notes were as follows:

Agency	Senior Notes rating
Moody's	Baa2, stable outlook
Standard & Poor's	A-, stable outlook
A.M. Best Company	a-, stable outlook

As of December 31, 2016, Primerica Life's financial strength ratings were as follows:

Agency	Financial strength rating
Moody's	A2, stable outlook
Standard & Poor's	AA-, stable outlook
A.M. Best Company	A+, stable outlook

Securities Lending. We participate in securities lending transactions with brokers to increase investment income with minimal risk. See Note 4 (Investments) to our consolidated financial statements included elsewhere in this report for additional information.

Short-Term Borrowings. We had no short-term borrowings as of or during the year ended December 31, 2016.

Surplus Note. Vidalia Re issued a Surplus Note in exchange for the LLC Note as a part of the Vidalia Re Redundant Reserve Financing Transaction. The Surplus Note has a principal amount equal to the LLC Note and is scheduled to mature on December 31, 2029. For more information on the Surplus Note, see Note 10 (Debt) to our consolidated financial statements included elsewhere in this report.

Off-Balance Sheet Arrangements. Our off-balance sheet arrangements as of December 31, 2016 consisted of the letter of credit issued under the credit facility agreement with Deutsche Bank (the "Credit Facility Agreement") and associated with the Peach Re Redundant Reserve Financing Transaction as described in Note 16 (Commitments and Contingent Liabilities) to our consolidated financial statements included elsewhere in this report.

Contractual Obligations. Our contractual obligations, including payments due by period, were as follows:

	December 31, 2016					
	Total Liability	Total Payments	Less than 1 year	1-3 years	3-5 years	More than 5 years
	<i>(In millions)</i>					
Future policy benefits	\$ 5,674	\$ 19,852	\$ 1,425	\$ 2,676	\$ 2,453	\$ 13,298
Policy claims and other benefits payable	268	268	268	-	-	-
Other policyholder funds	363	363	363	-	-	-
Long-term debt principal	375	375	-	-	-	375
Interest obligations	8	186	28	57	54	47
Commissions	30	30	28	2	-	-
Purchase obligations	4	36	22	14	1	-
Operating lease obligations	-	65	7	12	11	35
Current income tax payable	26	26	26	-	-	-
Other liabilities	407	397	366	28	-	2
Total contractual obligations	<u>\$ 7,155</u>	<u>\$ 21,598</u>	<u>\$ 2,533</u>	<u>\$ 2,789</u>	<u>\$ 2,519</u>	<u>\$ 13,757</u>

Our liability for future policy benefits represents the present value of estimated future policy benefits to be paid, less the present value of estimated future net benefit premiums to be collected. Net benefit premiums represent the portion of gross premiums required to provide for all benefits and associated expenses. These benefit payments are contingent on policyholders continuing to renew their policies and make their premium payments. Our contractual obligations table discloses the impact of benefit payments that will be due assuming the underlying policy renewals and premium payments continue as expected in our actuarial models. The future policy benefit payments represented in the table are presented on an undiscounted basis, gross of any amounts recoverable through reinsurance agreements and gross of any premiums to be collected. We expect to fully fund the obligations for future policy benefits from cash flows from general account invested assets, claims reimbursed by reinsurers, and from future premiums. These estimations are based on mortality and lapse assumptions comparable with our historical experience. Due to the significance of the assumptions used, the amounts presented could materially differ from actual results.

Policy claims and other benefits payable represents claims and benefits currently owed to policyholders.

Other policyholders' funds primarily represent claim payments left on deposit with us.

Long-term debt principal relates to our Senior Notes.

Interest obligations (reported within other liabilities in our consolidated balance sheets) reflect expected interest on our Senior Notes, the financing charges related to an issued letter of credit, fees paid for the credit enhancement feature on the LLC Note, and a finance charge incurred pursuant to one of our coinsurance agreements as of December 31, 2016. We did not include the principal or interest on the Surplus Note in the table above as the payments due for these items are contractually offset by the principal and interest on the LLC Note as long as we hold the LLC Note. The Company asserts its positive intent and ability to hold the LLC Note until maturity.

Commissions represent commissions that have been earned by our sales force but have not been paid as of December 31, 2016. We are only obligated to pay commissions as earned from sales of our products. The total liability amount is reported within other liabilities in our consolidated balance sheets.

Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms. These obligations consist primarily of accounts payable and certain accrued liabilities, including committed funds related to meetings and conventions for our independent sales force, plus a variety of vendor commitments funding our ongoing business operations. The total liability amount is reported within other liabilities in our consolidated balance sheets.

Our operating lease obligations primarily relate to office, warehouse, printing, and distribution properties. Our executive and home operations for all of our domestic U.S. operations (except New York) are located in Duluth, Georgia.

Other liabilities are obligations reported within the consolidated balance sheets and consist primarily of amounts due under reinsurance agreements and general accruals and payables. The total payments within the table differ from the amounts presented in our consolidated balance sheets due to the exclusion of amounts where a reasonable estimate of the period of settlement cannot be determined.

For additional information concerning our commitments and contingencies, see Note 16 (Commitments and Contingent Liabilities) to our consolidated financial statements included elsewhere in this report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

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

Interest Rate Risk. The fair value of the fixed-maturity securities (excluding the held-to-maturity security) in our invested asset portfolio as of December 31, 2016 was approximately \$1.8 billion. The primary market risk for this portion of our invested asset portfolio is interest rate risk. One means of assessing the exposure of our fixed-maturity securities portfolios to interest rate changes is a duration-based analysis that measures the potential changes in market value resulting from a hypothetical change in interest rates of 100 basis points across all maturities. This model is sometimes referred to as a parallel shift in the yield curve. Under this model, with all other factors constant and assuming no offsetting change in the value of our liabilities, we estimated that such an increase in interest rates would cause the market value of our fixed-maturity securities portfolios to decline by approximately \$64.1 million, or approximately 4%, based on our actual securities positions as of December 31, 2016.

If interest rates remain at or near historically low levels, we anticipate the average yield of our fixed-income investment portfolio, and therefore the investment income derived from it, would decrease as maturing fixed-income investments would be replaced with purchases of lower yielding investments.

Canadian Currency Risk. We also have exposure to foreign currency exchange risk to the extent we conduct business in Canada. A strong Canadian dollar relative to the U.S. dollar results in higher levels of reported revenues, expenses, net income, assets, liabilities, and accumulated comprehensive income (loss) in our U.S. dollar financial statements, and a weaker Canadian dollar would have the opposite effect. Generally, our Canadian dollar-denominated assets are held in support of our Canadian dollar-denominated liabilities. For the year ended December 31, 2016, 16% of our revenues from operations, excluding realized investment gains, and 20% of income from continuing operations before income taxes were generated by our Canadian operations.

One means of assessing exposure to changes in Canadian currency exchange rates is to model the effects on reported income using a sensitivity analysis. We analyzed our Canadian currency exposure for the year ended December 31, 2016. Net exposure was measured assuming a 10% decrease in Canadian currency exchange rates compared to the U.S. dollar. We estimated that such a decrease would decrease our income before income taxes for the year ended December 31, 2016 by approximately \$6.8 million.

Our investment in the net assets of our Canadian operations is also subject to Canadian currency risk. If we were to assume a 10% decrease in Canadian currency exchange rates compared to the U.S. dollar, the translated value of our net investment in our Canadian

subsidiaries in U.S. dollars would decrease by approximately \$24.3 million based on net assets as of December 31, 2016. Historically, we have not hedged this exposure, although we may elect to do so in future periods. The impact of translating the balance of net assets of our Canadian operations is recorded in our consolidated balance sheets within the accumulated other comprehensive income component of stockholders' equity.

Credit Risk. We extensively use reinsurance in the United States to diversify our insurance and underwriting risk and to manage our loss exposure to mortality risk. Reinsurance does not relieve us of our direct liability to our policyholders. Due to factors such as insolvency, adverse underwriting results or inadequate investment returns, our reinsurers may not be able to pay the amounts they owe us on a timely basis or at all. Further, reinsurers might refuse or fail to pay losses that we cede to them or might delay payment. To limit our exposure with any one reinsurer, we monitor the concentration of credit risk we have with our reinsurance counterparties, as well as their financial condition. We manage this reinsurer credit risk through analysis and monitoring of the credit-worthiness of each of our reinsurance partners to minimize collection issues. Also, for reinsurance contracts with unauthorized reinsurers, we require collateral such as letters of credit. For information on our reinsurance exposure and reinsurers, see Note 6 (Reinsurance) to our consolidated financial statements included elsewhere in this report.

In connection with our Credit Facility Agreement, the Company assumes credit risk associated with Deutsche Bank's ability to make payment to us as fulfillment of its obligations under the letter of credit. Such a draw on the letter of credit would only be requested in the event that the assets held in support of the liabilities assumed by Peach Re were insufficient, which, based on actuarial analysis, is unlikely.

Concurrent with the execution of the Regulation XXX redundant reserve financing transaction between Vidalia Re and Primerica Life, Vidalia Re entered into a Surplus Note Purchase Agreement (the "Surplus Note Purchase Agreement") with Hannover Life Reassurance Company of America and certain of its affiliates (collectively, "Hannover Re") and a newly formed limited liability company (the "LLC") owned by a third-party service provider. Under the Surplus Note Purchase Agreement, Vidalia Re issued the Surplus Note to the LLC in exchange for the LLC Note of equal principal amount. The Company assumes credit risk associated with a credit enhancement feature provided by Hannover Re, which bears the obligation to absorb the LLC's losses in the event of a Surplus Note default in exchange for a fee.

For information on our Credit Facility Agreement and Surplus Note Purchase Agreement, see Note 16 (Commitments and Contingent Liabilities), Note 4 (Investments), and Note 10 (Debt) to our consolidated financial statements included elsewhere in this report.

We also bear credit risk on our investment portfolio related to the uncertainty associated with the continued ability of an obligor to make timely payments of principal and interest. In an effort to meet business needs and mitigate credit and other portfolio risks, we established investment guidelines that provide restrictions on our portfolio's composition, including limits on asset type, per issuer limits, credit quality limits, portfolio duration, limits on the amount of investments in approved countries and permissible security types. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition" included elsewhere in this report for details on our investment portfolio, including investment strategy, asset mix, and credit ratings.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Primerica, Inc.:

We have audited the accompanying consolidated balance sheets of Primerica, Inc. and subsidiaries (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Primerica, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Primerica, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 27, 2017 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Atlanta, Georgia
February 27, 2017

PRIMERICA, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	December 31, 2016	December 31, 2015
	(In thousands)	
Assets:		
Investments:		
Fixed-maturity securities available-for-sale, at fair value (amortized cost: \$1,734,683 in 2016 and \$1,690,043 in 2015)	\$ 1,792,438	\$ 1,731,459
Fixed-maturity securities held-to-maturity, at amortized cost (fair value: \$513,015 in 2016 and \$371,742 in 2015)	503,230	365,220
Equity securities available-for-sale, at fair value (cost: \$36,818 in 2016 and \$39,969 in 2015)	44,894	47,839
Trading securities, at fair value (cost: \$7,382 in 2016 and \$5,383 in 2015)	7,383	5,358
Policy loans	30,916	28,627
Total investments	2,378,861	2,178,503
Cash and cash equivalents	211,976	152,294
Accrued investment income	16,520	17,080
Due from reinsurers	4,193,562	4,110,628
Deferred policy acquisition costs, net	1,713,065	1,500,259
Agent balances, due premiums and other receivables	210,448	190,379
Intangible assets, net	54,915	58,318
Current income tax receivable	-	4,955
Deferred income taxes	37,369	30,112
Other assets	334,274	304,356
Separate account assets	2,287,953	2,063,899
Total assets	<u>\$ 11,438,943</u>	<u>\$ 10,610,783</u>
Liabilities and Stockholders' Equity:		
Liabilities:		
Future policy benefits	5,673,890	5,431,711
Unearned premiums	527	628
Policy claims and other benefits payable	268,136	238,157
Other policyholders' funds	363,038	365,276
Notes payable	372,919	372,552
Surplus note	502,491	364,424
Current income tax payable	26,365	6,476
Deferred income taxes	198,641	141,649
Other liabilities	449,963	408,757
Payable under securities lending	73,646	71,482
Separate account liabilities	2,287,953	2,063,899
Commitments and contingent liabilities (see <i>Commitments and Contingent Liabilities note</i>)		
Total liabilities	<u>10,217,569</u>	<u>9,465,011</u>
Stockholders' equity:		
Common stock (\$0.01 par value; authorized 500,000 in 2016 and 2015; issued and outstanding 45,721 shares in 2016 and 48,297 shares in 2015)	457	483
Paid-in capital	52,468	180,250
Retained earnings	1,138,851	952,804
Accumulated other comprehensive income (loss), net of income tax:		
Unrealized foreign currency translation gains (losses)	(13,193)	(19,801)
Net unrealized investment gains (losses):		
Net unrealized investment gains not other-than-temporarily impaired	42,852	32,107
Net unrealized investment losses other-than-temporarily impaired	(61)	(71)
Total stockholders' equity	<u>1,221,374</u>	<u>1,145,772</u>
Total liabilities and stockholders' equity	<u>\$ 11,438,943</u>	<u>\$ 10,610,783</u>

See accompanying notes to consolidated financial statements.

PRIMERICA, INC. AND SUBSIDIARIES
Consolidated Statements of Income

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands, except per-share amounts)</i>		
Revenues:			
Direct premiums	\$ 2,444,268	\$ 2,345,444	\$ 2,301,332
Ceded premiums	(1,600,559)	(1,595,220)	(1,616,817)
Net premiums	843,709	750,224	684,515
Commissions and fees	541,686	537,146	527,166
Investment income net of investment expenses	97,905	89,557	89,955
Interest expense on surplus note	(18,880)	(13,048)	(3,482)
Net investment income	79,025	76,509	86,473
Realized investment gains (losses), including other-than-temporary impairment losses	4,088	(1,738)	(261)
Other, net	50,576	42,058	39,203
Total revenues	1,519,084	1,404,199	1,337,096
Benefits and expenses:			
Benefits and claims	367,655	339,315	311,417
Amortization of deferred policy acquisition costs	180,582	157,727	144,378
Sales commissions	272,815	274,893	268,775
Insurance expenses	132,348	123,030	113,871
Insurance commissions	17,783	16,340	15,353
Interest expense	28,691	33,507	34,570
Other operating expenses	181,615	168,406	173,010
Total benefits and expenses	1,181,489	1,113,218	1,061,374
Income from continuing operations before income taxes	337,595	290,981	275,722
Income taxes	118,181	101,110	95,888
Income from continuing operations	219,414	189,871	179,834
Income from discontinued operations, net of income taxes	-	-	1,578
Net income	\$ 219,414	\$ 189,871	\$ 181,412
Basic earnings per share:			
Continuing operations	\$ 4.59	\$ 3.70	\$ 3.26
Discontinued operations	-	-	0.03
Basic earnings per share	\$ 4.59	\$ 3.70	\$ 3.29
Diluted earnings per share:			
Continuing operations	\$ 4.59	\$ 3.70	\$ 3.26
Discontinued operations	-	-	0.03
Diluted earnings per share	\$ 4.59	\$ 3.70	\$ 3.29
Weighted-average shares used in computing earnings per share:			
Basic	47,411	50,881	54,567
Diluted	47,453	50,913	54,598
Supplemental disclosures:			
Total impairment losses	\$ (3,420)	\$ (6,893)	\$ (4,045)
Impairment losses recognized in other comprehensive income before income taxes	-	-	-
Net impairment losses recognized in earnings	(3,420)	(6,893)	(4,045)
Other net realized investment gains	7,508	5,155	3,784
Realized investment gains (losses), including other-than-temporary impairment losses	\$ 4,088	\$ (1,738)	\$ (261)
Dividends declared per share	\$ 0.70	\$ 0.64	\$ 0.48

See accompanying notes to consolidated financial statements.

PRIMERICA, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

	Year ended December 31,		
	2016	2015	2014
		(In thousands)	
Net income	\$ 219,414	\$ 189,871	\$ 181,412
Other comprehensive income (loss) before income taxes:			
Unrealized investment gains (losses):			
Change in unrealized holding gains (losses) on investment securities	20,500	(65,920)	11,228
Reclassification adjustment for realized investment (gains) losses included in net income	(3,955)	1,596	794
Foreign currency translation adjustments:			
Change in unrealized foreign currency translation gains (losses) before income tax expense (benefit)	6,689	(41,929)	(20,527)
Total other comprehensive income (loss) before income taxes	23,234	(106,253)	(8,505)
Income tax expense (benefit) related to items of other comprehensive income (loss)	5,871	(22,961)	3,974
Other comprehensive income (loss), net of income taxes	17,363	(83,292)	(12,479)
Total comprehensive income	<u>\$ 236,777</u>	<u>\$ 106,579</u>	<u>\$ 168,933</u>

See accompanying notes to consolidated financial statements.

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

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Common stock:			
Balance, beginning of period	\$ 483	\$ 522	\$ 548
Repurchases of common stock	(33)	(45)	(31)
Net issuance of common stock	7	6	5
Balance, end of period	457	483	522
Paid-in capital:			
Balance, beginning of period	180,250	353,337	472,633
Share-based compensation	26,219	33,544	37,494
Net issuance of common stock	(7)	(6)	(5)
Repurchases of common stock	(153,994)	(207,714)	(154,268)
Adjustments to paid-in capital, other	-	1,089	(2,517)
Balance, end of period	52,468	180,250	353,337
Retained earnings:			
Balance, beginning of period	952,804	795,740	640,840
Net income	219,414	189,871	181,412
Dividends	(33,367)	(32,807)	(26,512)
Balance, end of period	1,138,851	952,804	795,740
Accumulated other comprehensive income (loss):			
Balance, beginning of period	12,235	95,527	108,006
Change in foreign currency translation adjustment, net of income tax expense (benefit)	6,608	(41,482)	(20,293)
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)	10,745	(42,201)	6,929
Change in net unrealized investment losses other-than-temporarily impaired, net of income tax expense (benefit)	10	391	885
Balance, end of period	29,598	12,235	95,527
Total stockholders' equity	\$ 1,221,374	\$ 1,145,772	\$ 1,245,126

See accompanying notes to consolidated financial statements.

PRIMERICA, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Cash flows from operating activities:			
Net income	\$ 219,414	\$ 189,871	\$ 181,412
Adjustments to reconcile net income to cash provided by (used in) operating activities:			
Change in future policy benefits and other policy liabilities	256,520	242,957	257,908
Deferral of policy acquisition costs	(376,879)	(326,197)	(289,945)
Amortization of deferred policy acquisition costs	180,582	157,727	144,378
Deferred tax provision	44,316	38,292	25,757
Change in income taxes	25,341	700	1,090
Realized investment (gains) losses, including other-than-temporary impairments	(4,088)	1,738	261
Gain from sale of business, net	-	-	(1,578)
Accretion and amortization of investments	(1,411)	(1,343)	(4,825)
Depreciation and amortization	14,595	10,998	12,266
Change in due from reinsurers	(72,880)	(49,966)	(90,024)
Change in agent balances, due premiums and other receivables	(20,069)	(11,379)	(11,047)
Trading securities sold, matured, or called (acquired), net	(2,051)	2,308	5,232
Share-based compensation	13,442	14,948	17,982
Change in other operating assets and liabilities, net	15,335	(11,565)	(11,535)
Net cash provided by (used in) operating activities	292,167	259,089	237,332
Cash flows from investing activities:			
Available-for-sale investments sold, matured or called:			
Fixed-maturity securities — sold	91,666	130,608	109,681
Fixed-maturity securities — matured or called	254,585	247,771	314,589
Equity securities	8,572	4,894	2,351
Available-for-sale investments acquired:			
Fixed-maturity securities	(386,394)	(433,457)	(425,904)
Equity securities	(2,683)	(882)	(11,878)
Purchases of property and equipment and other investing activities, net	(13,669)	(7,399)	(7,484)
Proceeds from sale of business	-	-	3,000
Cash collateral received (returned) on loaned securities, net	2,164	21,271	(39,641)
Sales (purchases) of short-term investments using securities lending collateral, net	(2,164)	(21,271)	39,641
Net cash provided by (used in) investing activities	(47,923)	(58,465)	(15,645)
Cash flows from financing activities:			
Dividends paid	(33,367)	(32,807)	(26,512)
Common stock repurchased	(150,057)	(200,084)	(147,922)
Excess tax benefits on share-based compensation	2,260	5,162	5,804
Tax withholdings on share-based compensation	(3,970)	(7,675)	(6,377)
Cash proceeds from stock options exercised	-	136	-
Payments of deferred financing costs	-	-	(876)
Net cash provided by (used in) financing activities	(185,134)	(235,268)	(175,883)
Effect of foreign exchange rate changes on cash	572	(5,059)	(2,789)
Change in cash and cash equivalents	59,682	(39,703)	43,015
Cash and cash equivalents, beginning of period	152,294	191,997	148,982
Cash and cash equivalents, end of period	\$ 211,976	\$ 152,294	\$ 191,997
Supplemental disclosures of cash flow information:			
Income taxes paid	\$ 45,402	\$ 62,116	\$ 66,077
Interest paid	27,992	32,386	33,058

See accompanying notes to consolidated financial statements.

PRIMERICA, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

Description of Business. Primerica, Inc. (the "Parent Company"), together with its subsidiaries (collectively, "we", "us" or the "Company"), is a leading 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, managed investments 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 PFS Investments Canada Ltd. ("PFS 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 insurance company. We established Peach Re, Inc. ("Peach Re") and Vidalia Re, Inc. ("Vidalia Re") as special purpose financial captive insurance companies and wholly owned subsidiaries of Primerica Life. Peach Re and Vidalia Re have each entered into separate coinsurance agreements with Primerica Life whereby Primerica Life has ceded certain level-premium term life insurance policies to Peach Re and Vidalia Re (respectively, the "Peach Re Coinsurance Agreement" and the "Vidalia Re Coinsurance Agreement").

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

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"), liabilities for future policy benefits and unpaid policy claims, and income taxes. 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 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 consolidated financial statements at December 31, 2016.

Foreign Currency Translation. Assets and liabilities of our Canadian subsidiaries are translated into U.S. dollars using year-end exchange rates, and the translation adjustments are reported in other comprehensive income (loss). Revenues and expenses of our Canadian subsidiaries are translated monthly at amounts that approximate weighted-average exchange rates.

Investments. Investments are reported on the following bases:

- Available-for-sale ("AFS") fixed-maturity securities, including bonds and redeemable preferred stocks not classified as trading securities, are carried at fair value. When quoted market values are unavailable, we obtain estimates from independent pricing services or estimate fair value based upon a comparison to quoted issues of the same issuer or of other issuers with similar characteristics.
- Held-to-maturity fixed-maturity security is carried at amortized cost.
- Equity securities, including common and nonredeemable preferred stocks, are classified as AFS and are carried at fair value. When quoted market values are unavailable, we obtain estimates from independent pricing services or estimates fair value based upon a comparison to quoted issues of the same issuer or of other issuers with similar characteristics.
- Trading securities, which primarily consist of bonds, are carried at fair value. Changes in fair value of trading securities are included in net investment income in the period in which the change occurred.
- Policy loans are carried at unpaid principal balances, which approximate fair value.

Investment transactions are recorded on a trade-date basis. We use the specific-identification method to determine the realized gains or losses from securities transactions and report the realized gains or losses in the accompanying consolidated statements of income.

Unrealized gains and losses on AFS securities are included as a separate component of other comprehensive income, except for other-than-temporary impairments (“OTTI”) discussed below, in the accompanying consolidated statements of comprehensive income.

Investments are reviewed on a quarterly basis for OTTI. Credit risk, interest rate risk, the amount of time the security has been in an unrealized loss position, actions taken by ratings agencies, and other factors are considered in determining whether an unrealized loss is other-than-temporary. OTTI in our accompanying consolidated statements of income reflect the impairment on AFS securities that we intend to sell or would more likely than not be required to sell before the expected recovery of the amortized cost basis. For AFS fixed maturity securities that we have no intent to sell and believe that it is not more likely than not we will be required to sell prior to recovery, only the credit loss component of OTTI is recognized in our accompanying consolidated statements of income, while the remainder is recognized in other comprehensive income in the accompanying consolidated statements of comprehensive income (loss). The credit loss component of OTTI recognized in net income is identified as the amount of principal cash flows not expected to be received over the remaining term of the security. Any subsequent changes (if not an other-than-temporary impairment) in the fair value of AFS securities are recognized in other comprehensive income in the accompanying statements of comprehensive income.

Interest income on fixed-maturity securities is recorded when earned by determining the effective yield, which gives consideration to amortization of premiums, accretion of discounts, and any previous OTTI. Dividend income on equity securities is recorded when declared. These amounts are included in net investment income in the accompanying consolidated statements of income.

Included within fixed-maturity securities are loan-backed and asset-backed securities. Amortization of the premium or accretion of the discount uses the retrospective method. The effective yield used to determine amortization/accretion is calculated based on actual and historical projected future cash flows and updated quarterly.

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 recorded in realized gains (losses), including OTTI in the accompanying consolidated statements of income.

Cash and Cash Equivalents. Cash and cash equivalents include cash on hand, money market instruments, and all other highly liquid investments purchased with an original or remaining maturity of three months or less at the date of acquisition.

Reinsurance. We use reinsurance extensively, utilizing yearly renewable term (“YRT”) and coinsurance agreements. Under YRT agreements, we reinsure only the mortality risk, while under coinsurance, we reinsure a proportionate part of all risks arising under the reinsured policy. Under coinsurance, the reinsurer receives a proportionate part of the premiums, less commission allowances, and is liable for a corresponding part of all benefit payments.

All reinsurance contracts in effect for the three-year period ended December 31, 2016 transfer a reasonable possibility of substantial loss to the reinsurer or are accounted for under the deposit method of accounting.

Ceded premiums are treated as a reduction to direct premiums and are recognized when due to the assuming company. Ceded claims are treated as a reduction to direct benefits and are recognized when the claim is incurred on a direct basis. Ceded policy reserve changes are also treated as a reduction to benefits and claims expense and are recognized during the applicable financial reporting period.

Reinsurance premiums, commissions, expense reimbursements and benefits and reserves related to reinsured long-duration contracts are accounted for over the life of the underlying contracts using assumptions consistent with those used to account for the underlying policies. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liabilities and future policy benefits associated with reinsured policies. Ceded policy reserves and claims liabilities relating to insurance ceded are shown as due from reinsurers on the accompanying consolidated balance sheets.

We analyze and monitor the credit-worthiness of each of our reinsurance partners to minimize collection issues. For reinsurance contracts with unauthorized reinsurers, we require collateral such as letters of credit.

To the extent we receive ceding allowances to cover policy and claims administration under reinsurance contracts, these allowances are treated as a reduction to insurance commissions and expenses and are recognized when due from the assuming company. To the extent we receive ceding allowances reimbursing commissions that would otherwise be deferred, the amount of commissions deferrable will be reduced. The corresponding DAC balances are reduced on a pro rata basis by the portion of the business reinsured with reinsurance agreements that meet risk transfer provisions. The reduced DAC will result in a corresponding reduction of amortization expense.

DAC. We defer incremental direct costs of successful contract acquisitions that result directly from and are essential to the contract transaction(s) and that would not have been incurred had the contract transaction(s) not occurred. These deferred policy acquisition costs mainly include commissions and policy issue expenses. All other acquisition-related costs, including unsuccessful acquisition and renewal efforts, are charged to expense as incurred. Also, administrative costs, rent, depreciation, occupancy, equipment, and all other general overhead costs are considered indirect costs and are charged to expense as incurred.

DAC for term life insurance policies is amortized over the initial premium-paying period of the related policies in proportion to premium income. DAC for Canadian segregated funds is amortized over the life of the underlying policies at a constant rate based on

the present value of the estimated gross profits expected to be realized over the life of the underlying policies. DAC is subject to recoverability testing annually and when impairment indicators exist.

Intangible Assets. Intangible assets are amortized over their estimated useful lives. Any intangible asset that was deemed to have an indefinite useful life is not amortized but is subject to an annual impairment test. An impairment exists if the carrying value of the indefinite-lived intangible asset exceeds its fair value. For the other intangible assets, which are subject to amortization, an impairment is recognized if the carrying amount is not recoverable and exceeds the fair value of the intangible asset.

The components of intangible assets were as follows:

	December 31,					
	2016			2015		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
<i>(In thousands)</i>						
Indefinite-lived intangible asset	\$ 45,275	n/a	\$ 45,275	\$ 45,275	n/a	\$ 45,275
Amortizing intangible asset	84,871	(75,231)	9,640	84,871	(71,828)	13,043
Total intangible assets	<u>\$ 130,146</u>	<u>\$ (75,231)</u>	<u>\$ 54,915</u>	<u>\$ 130,146</u>	<u>\$ (71,828)</u>	<u>\$ 58,318</u>

We have an indefinite-lived intangible asset related to the 1989 purchase of the right to contract with our sales force. This asset represents the core distribution model of our business, which is our primary competitive advantage to profitably distribute term life insurance and investment and savings products on a significant scale, and as such, is considered to have an indefinite life. This indefinite-lived intangible asset is supported by a significant portion of the discounted cash flows of our future business. We assessed this asset for impairment as of October 1, 2016 and determined that no impairment had occurred. There have been no subsequent events requiring further analysis.

We also have an amortizing intangible asset related to a 1995 sales agreement termination payment to Management Financial Services, Inc. This asset is supported by a non-compete agreement with the founder of our business model. We calculate the amortization of this contract buyout on a straight-line basis over 24 years, which represents the life of the non-compete agreement. Intangible asset amortization expense was approximately \$3.4 million in 2016, 2015 and 2014. Amortization expense is expected to be approximately \$3.4 million annually during the remainder of the amortization period. No events have occurred during 2016, and no factors exist as of December 31, 2016 that would indicate that the net carrying value of our amortizing intangible asset may not be recoverable or will not be used throughout its estimated useful life.

Property and Equipment. Property and equipment, which are included in other assets, are stated at cost, less accumulated depreciation. Depreciation is recognized on a straight-line basis over the asset's estimated useful life, which is estimated as follows:

	Estimated Useful Life
Data processing equipment and software	3 to 7 years
Leasehold improvements	Lesser of 15 years or remaining life of lease
Furniture and other equipment	5 to 15 years

Depreciation expense is included in other operating expenses in the accompanying consolidated statements of income. Depreciation expense was \$11.2 million, \$7.6 million, and \$7.0 million for the years ended December 31, 2016, 2015, and 2014, respectively.

Property and equipment balances were as follows:

	December 31,	
	2016	2015
<i>(In thousands)</i>		
Data processing equipment and software	\$ 57,178	\$ 60,414
Leasehold improvements	13,718	13,947
Other, principally furniture and equipment	23,571	27,065
	94,467	101,426
Accumulated depreciation	(67,001)	(72,017)
Net property and equipment	<u>\$ 27,466</u>	<u>\$ 29,409</u>

Separate Accounts. The separate accounts are primarily comprised of contracts issued by the Company through its subsidiary, Primerica Life Canada, pursuant to the Insurance Companies Act (Canada). The Insurance Companies Act authorizes Primerica Life Canada to establish the separate accounts.

The separate accounts are represented by individual variable annuity contracts. Purchasers of variable annuity contracts issued by Primerica Life Canada have a direct claim to the benefits of the contract that entitles the holder to units in one or more investment funds (the "Funds") maintained by Primerica Life Canada. The Funds invest in assets that are held for the benefit of the owners of the contracts. The benefits provided vary in amount depending on the market value of the Funds' assets. The Funds' assets are administered by Primerica Life Canada and are held separate and apart from the general assets of the Company. The liabilities reflect the variable insurance annuity contract holders' interests in variable annuity assets based upon actual investment performance of the

respective Funds. Separate account operating results relating to contract holders' interests are excluded from our consolidated statements of income.

Primerica Life Canada's contract offerings guarantee the maturity value at the date of maturity (or upon death, whichever occurs first) to be equal to 75% of the sum of all contributions made, net of withdrawals, on a first-in first-out basis. Otherwise, the maturity value or death benefit will be the accumulated value of units allocated to the contract at the specified valuation date. The amount of this value is not guaranteed, but will fluctuate with the fair value of the Funds.

Policyholder Liabilities. Future policy benefits are accrued over the current and expected renewal periods of the contracts. Liabilities for future policy benefits on traditional life insurance products have been computed using a net level method, including assumptions as to interest rates, mortality, persistency, and other assumptions based on our experience, modified as necessary to reflect anticipated trends and to include provisions for possible adverse deviation. The underlying mortality tables are the Society of Actuaries ("SOA") 65-70, SOA 75-80, SOA 85-90, and the 91 Bragg, modified to reflect various underwriting classifications and assumptions. Interest rate reserve assumptions at December 31, 2016 and 2015 ranged from approximately 3.5% to 7.0%. For policies issued in 2010 and after, we have been using an increasing interest rate assumption to reflect the historically low interest rate environment. The liability for policy claims and other benefits payable on traditional life insurance products includes estimated unpaid claims that have been reported to us and claims incurred but not yet reported.

The future policy benefit reserves we establish are necessarily based on estimates, assumptions and our analysis of historical experience. We do not modify the assumptions used to establish future policy benefit reserves during the policy term unless recoverability testing deems them to be inadequate and there is no remaining DAC associated with the underlying policies. Our results depend significantly upon the extent to which our actual claims experience is consistent with the assumptions we used in determining our future policy benefit reserves and pricing our products. Our future policy benefit reserve assumptions and estimates require significant judgment and, therefore, are inherently uncertain. We cannot determine with precision the ultimate amounts that we will pay for actual claims or the timing of those payments.

Other Policyholders' Funds. Other policyholders' funds primarily represent claim payments left on deposit with us.

Litigation. The Company is involved from time to time in legal disputes, regulatory inquiries and arbitration proceedings in the normal course of business. Contingent litigation-related losses are recognized when probable and can be reasonably estimated. Legal costs, such as attorneys' fees and other litigation-related expenses that are incurred in connection with resolving litigation are expensed as incurred. These disputes are subject to uncertainties, including indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation. Due to the difficulty of estimating costs of litigation, actual costs may be substantially higher or lower than any amounts reserved.

Income Taxes. We are subject to the income tax laws of the United States, its states, municipalities, and certain unincorporated territories, and those of Canada. These tax laws can be complex and subject to different interpretations by the taxpayer and the relevant governmental taxing authorities. In establishing a provision for income tax expense, we must make judgments and interpretations about the applicability of these tax laws. We also must make estimates about the future impact certain items will have on taxable income in the various tax jurisdictions, both domestic and foreign.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to (i) differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and (ii) operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognized subject to management's judgment that realization is more likely than not applicable to the periods in which we expect the temporary difference will reverse.

Premium Revenues. Traditional life insurance products consist principally of those products with fixed and guaranteed premiums and benefits, and are primarily related to term products. Premiums are recognized as revenues when due.

Commissions and Fees. We receive commission revenues from the sale of various non-life insurance products. Commissions are generally received on sales of mutual funds and annuities. We also receive trail commission revenues from mutual fund and annuity products based on the net asset value of shares sold by us. We, in turn, pay certain commissions to our sales force. Additionally, we receive marketing and support fees from product originators. We also receive management fees based on the average daily net asset value of managed investments and contracts related to separate account assets issued by Primerica Life Canada. We earn recordkeeping fees for administrative functions that we perform on behalf of several of our mutual fund providers and custodial fees for services performed as a non-bank custodian of our clients' retirement plan accounts. We, in turn, pay a third-party provider for its servicing of certain of these accounts. Commissions and fees are recognized as income during the period in which they are earned.

Benefits and Expenses. Benefit and expense items are charged to income in the period in which they are incurred. Both the change in policyholder liabilities, which is included in benefits and claims, and the amortization of deferred policy acquisition costs will vary with policyholder persistency.

Share-Based Transactions. For employee and director share-based compensation awards, we determine a grant date fair value based on the price of our publicly-traded common stock and recognize the related compensation expense, adjusted for expected forfeitures, in the statement of income on a straight-line basis over the requisite service period for the entire award. For non-employee share-based compensation, we recognize the impact during the period of performance, and the fair value of the award is measured as of the date performance is complete, which is the vesting date. To the extent that a share-based award contains sale restrictions extending beyond the vesting date, we reduce the recognized fair value of the award to reflect the corresponding illiquidity discount. Most non-employee share-based compensation is 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. We defer these expenses and amortize the impact in the same manner as all other DAC.

Earnings Per Share (“EPS”). The Company has outstanding common stock and equity awards that consist of restricted stock units (“RSUs”), performance-based stock units (“PSUs”), and stock options. The RSUs maintain non-forfeitable dividend rights that result in dividend payment obligations on a one-to-one ratio with common shares for any future dividend declarations. Unvested RSUs are deemed participating securities for purposes of calculating EPS as they maintain dividend rights.

See Note 13 (Earnings Per Share) for details related to the calculations of our basic and diluted EPS using the two-class method.

New Accounting Principles.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, *Interest — Imputation of Interest (Subtopic 835-30) — Simplifying the Presentation of Debt Issuance Costs* (“ASU 2015-03”). Prior to the adoption of ASU 2015-03, debt issuance costs related to a recognized debt liability were presented as a deferred charge, or asset, within the balance sheet. ASU 2015-03 requires the presentation of debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. We adopted ASU 2015-03 during the three months ended March 31, 2016 and the amendments in the update were applied retrospectively, which resulted in the deduction of debt issuance costs of approximately \$2.8 million from other assets and a corresponding reduction in the carrying amounts of the notes payable and surplus note of approximately \$2.0 million and \$0.8 million, respectively, in our consolidated balance sheets as of December 31, 2015. This update had no impact on our results of operations.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09 (“ASU 2016-09”) *Compensation—Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting*. ASU 2016-09 intends to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. We anticipate that its most notable impact on the Company’s financial statements will involve the change in accounting for the income tax consequences associated with share-based payment transactions in the income statement. The amendments in ASU 2016-09 require that the tax effect of the difference between the cumulative compensation cost of a share-based award recognized for financial reporting purposes and the deduction of the award for tax purposes (“excess tax benefits or deficiencies”) be recognized as income tax expense or benefit in the income statement. Under current U.S. GAAP, the Company recognizes excess tax benefits or deficiencies as an adjustment to additional paid-in capital in the statement of stockholders’ equity. The amendments in ASU 2016-09 that require a change in the accounting for excess tax benefits and deficiencies in the income statement are effective prospectively, and the Company will adopt the amendments in ASU 2016-09 beginning in the first quarter of 2017. We do not expect the adoption of the amendments in ASU 2016-09 will materially affect our results of operations.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”). ASU 2014-09 clarifies the principles for recognizing revenue by establishing the core principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue that is recognized. Insurance contracts are specifically excluded from the scope of ASU 2014-09 and therefore revenue from our insurance product lines will not be affected by the new standard. The amendments in ASU 2014-09, as updated by ASU No. 2015-14, are effective retrospectively for the Company beginning in fiscal year 2018. Early adoption is not permitted. We have performed an initial assessment of the revenue streams in our Investment and Savings Products and Corporate and Other Distributed Products segments, and we currently believe that it will not have a material impact on our consolidated financial statements. However, we will continue to further evaluate all aspects of ASU 2014-09 and analyze our non-insurance revenue streams through the adoption date.

In January 2016, the FASB issued Accounting Standards Update No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10) — Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”). ASU 2016-01 intends to enhance the reporting model for financial instruments and addresses certain aspects of recognition, measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. ASU 2016-01 also amends certain disclosure requirements associated with the fair value of financial instruments. The amendments in ASU 2016-01 are effective for the Company beginning in fiscal year 2018. The recognition and measurement provisions of ASU 2016-01 will be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption and early adoption is not permitted. We expect its primary impact on the Company will be the recognition of all unrealized gains and losses on AFS equity securities in net income. Currently, all unrealized gains and losses (except for OTTI) on AFS equity securities are recognized in other

comprehensive income (loss). The impact of adopting this standard will be driven by the market value of AFS equity securities as of the effective date of adoption. See Note 4 (Investments) for details of unrealized gains and losses on AFS equity securities held by the Company.

In February 2016, FASB issued Accounting Standards Update No. 2016-02 (“ASU 2016-02”) *Leases (ASC 842)*. ASU 2016-02 intends to enhance transparency and comparability among organizations by requiring lessees to recognize lease assets and lease liabilities on the balance sheet. The amendments in ASU 2016-02 are effective for the Company beginning in fiscal year 2019, with early adoption permitted. The Company intends to adopt the amendments in ASU 2016-02 beginning in the first quarter of 2019. We expect the primary impact will be the recognition of our operating lease obligations and corresponding right to use assets on our balance sheet, which mainly consist of our executive and home office operations and other real estate leases of office space as well as office equipment. We anticipate that the impact of adopting this standard will result in an increase to assets and liabilities that is generally consistent with our remaining lease obligations as listed in Note 16 “Commitments and Contingent Liabilities” plus any new operating lease commitments agreed to before the effective date.

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 (“ASU 2016-13”) *Financial Instruments—Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 introduces new guidance for accounting for credit losses on financial instruments within its scope by replacing the current approach that delays recognition until it is probable a loss has been incurred with a new approach that estimates an allowance for anticipated credit losses on the basis of an entity’s own expectations. The objective of the new approach for estimating credit losses is to require consideration of a broader range of forward-looking information, which is expected to result in earlier recognition of credit losses on financial instruments. AFS debt securities are excluded from the scope of financial instruments that require measurement of credit losses on the basis of a forward-looking expected loss estimate under ASU 2016-13. The incurred probable loss approach for measuring credit losses on AFS debt securities will remain under ASU 2016-13 but will be presented as an allowance rather than as a write-down. Therefore, an entity will be allowed to reverse credit losses previously recorded on AFS debt securities in situations where the estimate of credit losses on those securities has declined. The amendments in ASU 2016-13 also preclude an entity from considering the length of time an AFS debt security has been in an unrealized loss position to avoid recording a credit loss and remove the requirement to consider recoveries or declines in fair value after the balance sheet date. The amendments in ASU 2016-13 are effective for the Company beginning in fiscal year 2020. The Company is currently in the process of evaluating its impact on the Company’s consolidated financial statements.

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

(2) Discontinued Operations

In January 2014, NBLIC sold the assets and liabilities of its short-term statutory disability benefit insurance business (“DBL”) to AmTrust North America, Inc. and its affiliates (the “buyer”). As part of the sale agreement, the buyer assumed all liabilities for DBL insurance policies. In addition, NBLIC transferred the assets held in support of DBL’s insurance liabilities and all other premium-related assets and liabilities to the buyer as of January 1, 2014. The results of DBL’s operations from January 1, 2014 forward were also transferred to the buyer. NBLIC received cash proceeds from the sale of \$3.0 million and recognized a pre-tax gain on the sale of approximately \$2.4 million, which comprised income from discontinued operations before income taxes in our results of operations for the year ended December 31, 2014.

After the sale, we no longer had significant continuing involvement in the operations of DBL, and its direct cash flows have been eliminated from our ongoing operations. As a result, beginning in 2014, the results of operations for DBL have been reported in discontinued operations for all periods presented in the consolidated statements of income. We had no assets or liabilities related to DBL as of December 31, 2016, 2015 and 2014. The results of DBL included in discontinued operations were as follows:

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Total revenues from discontinued operations	\$ -	\$ -	\$ -
Income from discontinued operations before income taxes	-	-	2,427
Provision for income taxes	-	-	849
Income from discontinued operations, net income taxes	\$ -	\$ -	\$ 1,578

(3) Segment and Geographical Information

Segments. We have two primary operating segments — Term Life Insurance and Investment and Savings Products. The Term Life Insurance segment includes underwriting profits on our in-force book of term life insurance policies, net of reinsurance, which are underwritten by our life insurance company subsidiaries. The Investment and Savings Products segment includes retail and managed mutual funds and annuities distributed through licensed broker-dealer subsidiaries and includes segregated funds, an individual annuity savings product that we underwrite in Canada through Primerica Life Canada. In the United States, we distribute mutual fund and annuity products of several third-party companies. We also earn fees for account servicing on a subset of the mutual funds we

distribute. In Canada, we offer a Primerica-branded fund-of-funds mutual fund product, as well as mutual funds of well-known mutual fund companies. These two operating segments are managed separately because their products serve different needs — term life insurance income protection versus wealth-building savings products.

We also have a Corporate and Other Distributed Products segment, which consists primarily of revenues and expenses related to several discontinued lines of insurance other than our core term life insurance products and the distribution of various other financial products generally underwritten or offered by third-party providers. All of the Company's net investment income, except for the portion allocated to the Term Life Insurance segment that represents the assumed interest accreted to its U.S. GAAP-measured future policy benefit reserve liability less DAC, is attributed to the Corporate and Other Distributed Products segment. In addition, interest expense incurred by the Company as well as realized gains and losses on our invested asset portfolio are entirely attributed to the Corporate and Other Distributed Products segment.

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

	Year ended December 31,		
	2016	2015	2014
	(In thousands)		
Revenues:			
Term life insurance segment	\$ 866,382	\$ 763,958	\$ 692,385
Investment and savings products segment	524,621	521,336	511,102
Corporate and other distributed products segment	128,081	118,905	133,609
Total revenues	<u>\$ 1,519,084</u>	<u>\$ 1,404,199</u>	<u>\$ 1,337,096</u>
Net investment income:			
Term life insurance segment	\$ 7,634	\$ 5,987	\$ 4,444
Investment and savings products segment	-	-	-
Corporate and other distributed products segment	71,391	70,522	82,029
Total net investment income	<u>\$ 79,025</u>	<u>\$ 76,509</u>	<u>\$ 86,473</u>
Amortization of DAC:			
Term life insurance segment	\$ 172,812	\$ 147,980	\$ 133,331
Investment and savings products segment	6,148	7,952	8,734
Corporate and other distributed products segment	1,622	1,795	2,313
Total amortization of DAC	<u>\$ 180,582</u>	<u>\$ 157,727</u>	<u>\$ 144,378</u>
Non-cash share-based compensation expense:			
Term life insurance segment	\$ 2,652	\$ 5,392	\$ 6,315
Investment and savings products segment	2,179	2,228	2,641
Corporate and other distributed products segment	8,611	7,328	9,026
Total non-cash share-based compensation expense	<u>\$ 13,442</u>	<u>\$ 14,948</u>	<u>\$ 17,982</u>
Income (loss) from continuing operations before income taxes:			
Term life insurance segment	\$ 213,361	\$ 173,209	\$ 152,101
Investment and savings products segment	144,356	146,083	146,017
Corporate and other distributed products segment	(20,122)	(28,311)	(22,396)
Total income from continuing operations before income taxes	<u>\$ 337,595</u>	<u>\$ 290,981</u>	<u>\$ 275,722</u>

Insurance expenses and other operating expenses directly attributable to the Term Life Insurance and the Investment and Savings Products segments are recorded directly to the applicable segment. We allocate certain other revenue and operating expenses that are not directly attributable to a specific operating segment based on the relative sizes of our life-licensed and securities-licensed independent sales forces. These allocated items include fees charged for access to our sales force support applications and costs incurred for field technology, supervision, training and certain miscellaneous costs. We also allocate certain technology and occupancy costs to our operating segments based on estimated usage. Any remaining unallocated revenue and expense items, as well as realized investment gains and losses, are reported in the Corporate and Other Distributed Products segment. We measure income and loss for the segments on an income before income taxes basis.

Total assets by segment were as follows:

	December 31, 2016	December 31, 2015	December 31, 2014
	(In thousands)		
Assets:			
Term life insurance segment	\$ 5,945,502	\$ 5,638,682	\$ 5,471,563
Investment and savings products segment (1)	2,391,512	2,157,548	2,545,372
Corporate and other distributed products segment	3,101,929	2,814,553	2,718,994
Total assets	\$ 11,438,943	\$ 10,610,783	\$ 10,735,929

(1) The Investment and Savings Products segment includes assets held in separate accounts. Excluding separate accounts, the Investment and Savings Products segment assets were approximately \$103.7 million, \$93.8 million, and \$105.5 million as of December 31, 2016, 2015, and 2014, respectively.

Assets specifically related to a segment are held in that segment. All invested assets held by the Company, including the deposit asset recognized in connection with our 10% coinsurance agreement (the “10% Coinsurance Agreement”) and the held-to-maturity security received in connection with the Vidalia Re Coinsurance Agreement, are reported as assets of the Corporate and Other Distributed Products segment. DAC is recognized in a particular segment based on the product to which it relates. Separate account assets supporting the segregated funds product in Canada are held in the Investment and Savings Products segment. Any remaining unallocated assets are reported in the Corporate and Other Distributed Products segment.

Geographical Information. Results of continuing operations by country and long-lived assets — primarily tangible assets reported in other assets in our consolidated balance sheets —were as follows:

	Year ended December 31,		
	2016	2015	2014
<i>(In thousands)</i>			
Revenues by country:			
United States	\$ 1,281,580	\$ 1,172,508	\$ 1,094,714
Canada	237,504	231,691	242,382
Total revenues	<u>\$ 1,519,084</u>	<u>\$ 1,404,199</u>	<u>\$ 1,337,096</u>
Income from continuing operations before income taxes by country:			
United States	\$ 269,791	\$ 225,920	\$ 203,120
Canada	67,804	65,061	72,602
Total income from continuing operations before income taxes	<u>\$ 337,595</u>	<u>\$ 290,981</u>	<u>\$ 275,722</u>
	December 31,		
	2016	2015	2014
<i>(In thousands)</i>			
Long-lived assets by country:			
United States	\$ 26,685	\$ 28,621	\$ 25,897
Canada	780	787	566
Total long-lived assets	<u>\$ 27,465</u>	<u>\$ 29,408</u>	<u>\$ 26,463</u>

(4) Investments

AFS Securities. The period-end cost or amortized cost, gross unrealized gains and losses, and fair value of AFS fixed-maturity and equity securities follow:

	December 31, 2016			
	Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
<i>(In thousands)</i>				
Securities available-for-sale, carried at fair value:				
Fixed-maturity securities:				
U.S. government and agencies	\$ 10,148	\$ 350	\$ (24)	\$ 10,474
Foreign government	124,274	5,719	(687)	129,306
States and political subdivisions	43,950	1,903	(129)	45,724
Corporates	1,281,630	49,272	(5,529)	1,325,373
Residential mortgage-backed securities	94,708	4,963	(120)	99,551
Commercial mortgage-backed securities	107,201	2,712	(470)	109,443
Other asset-backed securities	72,772	98	(303)	72,567
Total fixed-maturity securities ⁽¹⁾	1,734,683	65,017	(7,262)	1,792,438
Equity securities	36,818	8,589	(513)	44,894
Total fixed-maturity and equity securities	<u>\$ 1,771,501</u>	<u>\$ 73,606</u>	<u>\$ (7,775)</u>	<u>\$ 1,837,332</u>

(1) Includes approximately \$0.1 million of OTTI losses related to corporates and mortgage- and asset-backed securities recognized in accumulated other comprehensive income.

	December 31, 2015			
	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	\$ 20,233	\$ 448	\$ (22)	\$ 20,659
Foreign government	114,656	7,082	(1,522)	120,216
States and political subdivisions	38,995	2,111	(541)	40,565
Corporates	1,276,965	49,008	(24,211)	1,301,762
Residential mortgage-backed securities	94,532	6,814	(121)	101,225
Commercial mortgage-backed securities	97,666	2,875	(555)	99,986
Other asset-backed securities	46,996	129	(79)	47,046
Total fixed-maturity securities ⁽¹⁾	1,690,043	68,467	(27,051)	1,731,459
Equity securities	39,969	8,252	(382)	47,839
Total fixed-maturity and equity securities	\$ 1,730,012	\$ 76,719	\$ (27,433)	\$ 1,779,298

(1) Includes approximately \$0.1 million of OTTI losses related to corporates and mortgage- and asset-backed securities recognized in accumulated other comprehensive income.

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

The scheduled maturity distribution of the AFS fixed-maturity portfolio at December 31, 2016 follows:

	Amortized cost	Fair value
	(In thousands)	
Due in one year or less	\$ 128,339	\$ 130,743
Due after one year through five years	704,614	737,152
Due after five years through 10 years	576,963	589,600
Due after 10 years	50,086	53,382
	1,460,002	1,510,877
Mortgage- and asset-backed securities	274,681	281,561
Total fixed-maturity securities	\$ 1,734,683	\$ 1,792,438

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

Unrealized Gains and Losses on Investments. The net effect on stockholders’ equity of unrealized gains and losses on AFS securities was as follows:

	December 31, 2016	December 31, 2015
	(In thousands)	
Net unrealized investment gains including OTTI:		
Fixed-maturity and equity securities	\$ 65,831	\$ 49,286
OTTI	95	109
Net unrealized investment gains excluding OTTI	65,926	49,395
Deferred income taxes	(23,074)	(17,288)
Net unrealized investment gains excluding OTTI, net of tax	\$ 42,852	\$ 32,107

Trading Securities. We maintain a portfolio mostly of fixed-maturity securities that are classified as trading securities. The carrying values of the fixed-maturity securities classified as trading securities were approximately \$7.4 million and \$5.4 million as of December 31, 2016 and 2015, respectively.

Held-to-maturity Security. Concurrent with the execution of the Vidalia Re Coinsurance Agreement, Vidalia Re entered into a Surplus Note Purchase Agreement (the “Surplus Note Purchase Agreement”) with Hannover Life Reassurance Company of America and certain of its affiliates (collectively, “Hannover Re”) and a newly formed limited liability company (the “LLC”) owned by a third- party service provider. Under the Surplus Note Purchase Agreement, Vidalia Re issued a surplus note (the “Surplus Note”) to the LLC in exchange for a credit enhanced note from the LLC with an equal principal amount (the “LLC Note”). The principal amount of both the LLC Note and the Surplus Note will fluctuate over time to coincide with the amount of reserves contractually supported under the Vidalia Re Coinsurance Agreement. Both the LLC Note and the Surplus Note mature on December 31, 2029 and bear interest at an annual interest rate of 4.50%. The LLC Note is guaranteed by Hannover Re through a credit enhancement feature in exchange for a fee, which is reflected in interest expense on our consolidated statements of income.

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

The LLC Note is classified as a held-to-maturity debt security in the Company's invested asset portfolio as we have the positive intent and ability to hold the security until maturity. As of December 31, 2016, the LLC Note, which was rated A+ by Fitch Ratings, had an estimated unrealized holding gain of \$9.8 million based on its amortized cost and estimated fair value, which is derived using the valuation techniques described in Note 5 (Fair Value of Financial Instruments).

See Note 10 (Debt) for more information on the Surplus Note.

Investments on Deposit with Governmental Authorities. As required by law, we have investments on deposit with governmental authorities and banks for the protection of policyholders. The fair values of investments on deposit were \$18.2 million and \$18.1 million as of December 31, 2016 and 2015, respectively.

Securities Lending Transactions. We participate in securities lending transactions with broker-dealers and other financial institutions to increase investment income with minimal risk. We require minimum collateral on securities loaned equal to 102% of the fair value of the loaned securities. We accept collateral in the form of securities, which we are not able to sell or encumber, and to the extent the collateral declines in value below 100%, we require additional collateral from the borrower. Any securities collateral received is not reflected on our consolidated balance sheets. We also accept collateral in the form of cash, all of which we reinvest. For loans involving unrestricted cash collateral, the collateral is reported as an asset with a corresponding liability representing our obligation to return the collateral. We continue to carry the loaned securities as invested assets on our consolidated balance sheets during the terms of the loans, and we do not report them as sales. Cash collateral received and reinvested was approximately \$73.6 million and \$71.5 million as of December 31, 2016 and 2015, respectively.

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

	Year ended December 31,		
	2016	2015	2014
	(In thousands)		
Fixed-maturity securities (available-for-sale)	\$ 74,673	\$ 77,271	\$ 84,687
Fixed-maturity security (held-to-maturity)	18,880	13,048	3,482
Equity securities	2,053	2,059	1,862
Policy loans and other invested assets	1,340	1,368	1,448
Cash and cash equivalents	632	228	247
Total return on deposit asset underlying 10% coinsurance agreement	5,212	482	3,095
Gross investment income	102,790	94,456	94,821
Investment expenses	(4,885)	(4,899)	(4,866)
Investment income net of investment expenses	97,905	89,557	89,955
Interest expense on surplus note	(18,880)	(13,048)	(3,482)
Net investment income	\$ 79,025	\$ 76,509	\$ 86,473

The components of net realized investment gains (losses), as well as details on gross realized investment gains (losses) and proceeds from sales or other redemptions, were as follows:

	Year ended December 31,		
	2016	2015	2014
	(In thousands)		
Net realized investment gains (losses):			
Gross gains from sales	\$ 8,126	\$ 5,762	\$ 3,687
Gross losses from sales	(751)	(465)	(436)
OTTI losses	(3,420)	(6,893)	(4,045)
Gains (losses) from bifurcated options	133	(142)	533
Net realized investment gains (losses)	\$ 4,088	\$ (1,738)	\$ (261)

OTTI. We conduct a review each quarter to identify and evaluate impaired investments that have indications of possible 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 fixed-maturity securities or within a reasonable period of time for equity securities.

Our review for OTTI generally entails:

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

AFS fixed-maturity and equity securities with a cost basis in excess of their fair values were approximately \$450.9 million and \$626.0 million as of December 31, 2016 and 2015, respectively.

The following tables summarize, for all AFS 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:

	December 31, 2016					
	Less than 12 months			12 months or longer		
	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
<i>(Dollars in thousands)</i>						
Fixed-maturity securities:						
U.S. government and agencies	\$ 3,668	\$ (24)	4	\$ -	\$ -	-
Foreign government	34,538	(526)	36	3,048	(161)	3
States and political subdivisions	8,902	(129)	12	-	-	-
Corporates	232,070	(3,484)	225	45,471	(2,045)	51
Residential mortgage-backed securities	15,232	(92)	9	3,606	(28)	9
Commercial mortgage-backed securities	33,335	(423)	33	7,663	(47)	11
Other asset-backed securities	48,275	(260)	45	1,315	(43)	3
Total fixed-maturity securities	376,020	(4,938)		61,103	(2,324)	
Equity securities	4,179	(269)	12	1,852	(244)	8
Total fixed-maturity and equity securities	\$ 380,199	\$ (5,207)		\$ 62,955	\$ (2,568)	

	December 31, 2015					
	Less than 12 months			12 months or longer		
	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
<i>(Dollars in thousands)</i>						
Fixed-maturity securities:						
U.S. government and agencies	\$ 13,651	\$ (22)	7	\$ -	\$ -	-
Foreign government	23,572	(829)	20	2,396	(693)	3
States and political subdivisions	2,729	(44)	6	878	(497)	2
Corporates	413,131	(17,481)	393	34,624	(6,730)	54
Residential mortgage-backed securities	9,681	(61)	9	4,762	(60)	7
Commercial mortgage-backed securities	56,216	(493)	49	3,199	(62)	6
Other asset-backed securities	26,611	(77)	23	260	(2)	2
Total fixed-maturity securities	545,591	(19,007)		46,119	(8,044)	
Equity securities	3,652	(287)	17	3,209	(95)	8
Total fixed-maturity and equity securities	\$ 549,243	\$ (19,294)		\$ 49,328	\$ (8,139)	

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

	December 31, 2016			December 31, 2015		
	Amortized cost		Fair value	Amortized cost		Fair value
	(In thousands)					
Fixed-maturity securities in default	\$	5	\$ 125	\$	138	\$ 262

Impairment charges recognized in earnings on AFS securities were as follows:

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Impairments on fixed-maturity securities not in default	\$ 3,257	\$ 5,108	\$ 3,656
Impairments on fixed-maturity securities in default	121	29	-
Impairments on equity securities	42	1,756	389
Total impairment charges	<u>\$ 3,420</u>	<u>\$ 6,893</u>	<u>\$ 4,045</u>

The securities noted above were considered to be other-than-temporarily impaired due to our intent to sell them; 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. We also recognized impairment losses related to invested assets held at the Parent Company that we intended to sell to fund share repurchases, as well as credit impairments on certain other investments.

As of December 31, 2016, the unrealized losses on our AFS invested asset portfolio were largely caused by interest rate sensitivity and changes in credit spreads. We believe that fluctuations caused by movement in interest rate and credit spreads have little bearing on the recoverability of our investments. We do not consider these investments to be other-than-temporarily impaired because we have the ability to hold these investments until maturity or a market price recovery, and we have no present intention to dispose of them.

Net impairment losses recognized in earnings were as follows:

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Total 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	\$ 1,486	\$ 706	\$ 1,579
Less portion of OTTI loss recognized in accumulated other comprehensive income (loss)	-	-	-
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	1,486	706	1,579
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	1,934	6,187	2,466
Net impairment losses recognized in earnings	<u>\$ 3,420</u>	<u>\$ 6,893</u>	<u>\$ 4,045</u>

The roll-forward of the OTTI recognized in net income for all fixed-maturity securities still held follows:

	Year ended December 31,	
	2016	2015
	<i>(In thousands)</i>	
Cumulative OTTI recognized in net income for securities still held, beginning of period	\$ 11,856	\$ 9,550
Additions for OTTI securities where no OTTI were recognized prior to the beginning of the period	1,694	2,340
Additions for OTTI securities where OTTI have been recognized prior to the beginning of the period	1,684	2,797
Reductions due to sales, maturities, calls, amortization or increases in cash flows expected to be collected over the remaining life of credit impaired securities	(7,114)	(1,554)
Reductions for exchanges of securities previously impaired	(2,346)	(1,277)
Cumulative OTTI recognized in net income for securities still held, end of period	<u>\$ 5,774</u>	<u>\$ 11,856</u>

As of December 31, 2016, no impairment losses have been recognized on the LLC Note held-to-maturity security.

Derivatives. 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 December 31, 2016 and 2015, the fair value of these bifurcated options was approximately \$4.3 million and \$5.4 million, respectively.

We have a deferred loss related to closed forward contracts, which were settled several years ago, that were used to mitigate our exposure to foreign currency exchange rates that resulted from the net investment in our Canadian operations. The amount of deferred

loss included in accumulated other comprehensive income was approximately \$26.4 million as of December 31, 2016 and 2015. 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.

(5) 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 bifurcated conversion options; 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 fixed-maturity corporate securities, mortgage- and asset-backed 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:

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
<i>(In thousands)</i>				
Fair value assets:				
Available-for-sale fixed-maturity securities:				
U.S. government and agencies	\$ -	\$ 10,474	\$ -	\$ 10,474
Foreign government	-	129,306	-	129,306
States and political subdivisions	-	45,724	-	45,724
Corporates	3,113	1,322,257	3	1,325,373
Residential mortgage-backed securities	-	98,966	585	99,551
Commercial mortgage-backed securities	-	109,443	-	109,443
Other asset-backed securities	-	65,075	7,492	72,567
Total available-for-sale fixed-maturity securities	3,113	1,781,245	8,080	1,792,438
Equity securities	39,556	5,256	82	44,894
Trading securities	-	7,383	-	7,383
Separate accounts	-	2,287,953	-	2,287,953
Total fair value assets	\$ 42,669	\$ 4,081,837	\$ 8,162	\$ 4,132,668
Fair value liabilities:				
Separate accounts	\$ -	\$ 2,287,953	\$ -	\$ 2,287,953
Total fair value liabilities	\$ -	\$ 2,287,953	\$ -	\$ 2,287,953

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Fair value assets:				
Available-for-sale fixed-maturity securities:				
U.S. government and agencies	\$ -	\$ 20,659	\$ -	\$ 20,659
Foreign government	-	120,216	-	120,216
States and political subdivisions	-	40,565	-	40,565
Corporates	2,146	1,299,613	3	1,301,762
Residential mortgage-backed securities	-	100,493	732	101,225
Commercial mortgage-backed securities	-	99,986	-	99,986
Other asset-backed securities	-	47,046	-	47,046
Total available-for-sale fixed-maturity securities	2,146	1,728,578	735	1,731,459
Equity securities	41,341	6,450	48	47,839
Trading securities	-	5,358	-	5,358
Separate accounts	-	2,063,899	-	2,063,899
Total fair value assets	\$ 43,487	\$ 3,804,285	\$ 783	\$ 3,848,555
Fair value liabilities:				
Separate accounts	\$ -	\$ 2,063,899	\$ -	\$ 2,063,899
Total fair value liabilities	\$ -	\$ 2,063,899	\$ -	\$ 2,063,899

In assessing fair value of our investments, we use a third-party pricing service for approximately 95% of our securities that are measured at fair value on a recurring basis. The remaining securities are primarily thinly traded securities such as private placements and are valued using models based on observable inputs on public corporate spreads having similar characteristics (e.g., sector, average life and quality rating) 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 servicing 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, third-party pricing services generally determine fair value using industry-standard methodologies, which vary by asset class. For corporate, government, and agency securities, these methodologies include developing prices by incorporating available market information such as U.S. Treasury curves, benchmarking of similar securities including new issues, sector groupings, quotes from market participants and matrix pricing. Observable information is compiled and integrates relevant credit information, perceived market movements and sector news. Additionally, security prices are periodically back-tested to validate and/or refine models as conditions warrant. Market indicators and industry and economic events are also monitored as triggers to obtain additional data. For certain structured securities (such as mortgage-and assets-backed securities) with limited trading activity, third-party pricing services generally use industry-standard pricing methodologies that incorporate market information, such as index prices or discounting expected future cash flows based on underlying collateral, and quotes from market participants, to estimate fair value. If 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:

	Year ended December 31,	
	2016	2015
	<i>(In thousands)</i>	
Level 3 assets, beginning of period	\$ 783	\$ 1,165
Net unrealized gains (losses) included in other comprehensive income	(23)	(26)
Realized gains (losses) and accretion (amortization) recognized in earnings, including OTTI	7	4
Purchases ⁽¹⁾	7,556	-
Settlements	(161)	(168)
Transfers into Level 3	1	-
Transfers out of Level 3	-	(192)
Level 3 assets, end of period	<u>\$ 8,162</u>	<u>\$ 783</u>

(1) During the year ended December 31, 2016, purchases of Level 3 assets primarily consisted of newly-issued fixed-maturity securities in the fourth quarter for which observable inputs, most notably quoted prices, used to derive valuations are not yet readily available.

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 as well as 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 material transfers between Level 1 and Level 2 or between Level 1 and Level 3 during the year ended December 31, 2016. We transferred a \$1.0 million security from Level 1 to Level 2 during the year ended December 31, 2015 as it was not consistently trading in an active market. There were no material transfers between Level 1 and Level 3 during the year ended December 31, 2015.

Invested assets included in the transfer from Level 3 to Level 2 primarily were fixed-maturity investments for which we were able to obtain independent pricing quotes based on observable inputs.

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

	December 31, 2016		December 31, 2015	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
	(In thousands)			
Assets:				
Fixed-maturity securities (available-for-sale)	\$ 1,792,438	\$ 1,792,438	\$ 1,731,459	\$ 1,731,459
Fixed-maturity security (held-to-maturity)	503,230	513,015	365,220	371,742
Equity securities	44,894	44,894	47,839	47,839
Trading securities	7,383	7,383	5,358	5,358
Policy loans	30,916	30,916	28,627	28,627
Deposit asset underlying 10% coinsurance agreement	202,435	202,435	181,889	181,889
Separate accounts	2,287,953	2,287,953	2,063,899	2,063,899
Liabilities:				
Notes payable ⁽¹⁾	\$ 372,919	\$ 401,340	\$ 372,552	\$ 398,649
Surplus note ⁽¹⁾	502,491	512,669	364,424	371,498
Separate accounts	2,287,953	2,287,953	2,063,899	2,063,899

(1) Carrying value amounts shown are net of issuance costs.

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 AFS 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 nonredeemable preferred stocks, are carried at fair value. Segregated funds in separate accounts are carried at the underlying value of the variable insurance contracts, which is fair value.

Nonrecurring fair value measurements. The estimated fair value of the held-to-maturity fixed-maturity security, which is classified as a Level 3 fair value measurement, is derived using the credit spread on similarly rated debt securities and the hypothetical spread of the security's credit enhancement feature. 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% Coinsurance 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 estimated fair value of the Surplus Note is derived by using an assumed credit spread we would expect if Vidalia Re was a credit-rated entity and the hypothetical spread of the Surplus Note's subordinated structure. The Surplus Note is classified as a Level 3 fair value measurement.

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 instruments are not included in the above table.

(6) Reinsurance

We use reinsurance extensively, which has a significant effect on our results of operations. Reinsurance arrangements do not relieve us of our primary obligation to the policyholder. Our reinsurance contracts typically do not have a fixed term. In general, the reinsurers' ability to terminate coverage for existing cessions is limited to such circumstances as material breach of contract or nonpayment of premiums by the ceding company. Our reinsurance contracts generally contain provisions intended to provide the ceding company with the ability to cede future business on a basis consistent with historical terms. However, either party may terminate any of the contracts with respect to the future business upon appropriate notice to the other party. Generally, the reinsurance contracts do not limit the overall amount of the loss that can be incurred by the reinsurer.

Our policy is to limit the amount of life insurance retained on the life of any one person to \$1 million. To limit our exposure with any one reinsurer, we monitor the concentration of credit risk we have with our reinsurance counterparties, as well as their financial condition. No credit losses related to our reinsurance counterparties have been experienced by the Company during the three-year period ended December 31, 2016.

Due from reinsurers represents ceded policy reserve balances and ceded claim liabilities. The amounts of ceded claim liabilities included in due from reinsurers that we paid and which are recoverable from those reinsurers were \$30.0 million and \$25.5 million as of December 31, 2016 and 2015, respectively. Benefits and claims ceded to reinsurers for 2016, 2015, and 2014 were \$1,205.6 million, \$1,178.6 million, and \$1,191.9 million, respectively.

In connection with our corporate reorganization that included an initial public offering ("IPO") of our common stock by Citigroup, Inc. ("Citigroup"), Primerica Life, Primerica Life Canada and NBLIC entered into significant coinsurance transactions (the "IPO coinsurance agreements") on March 30, 2010 with three insurance companies then affiliated with Citigroup (collectively, the "IPO coinsurers"). Under the IPO coinsurance agreements, we ceded between 80% and 90% of the risks and rewards of our term life insurance policies in force at year-end 2009. Because these agreements were part of a business reorganization among entities under common control, they did not generate any deferred gain or loss upon their execution. Concurrent with signing these agreements, we transferred the corresponding account balances in respect of the coinsured policies along with the assets to support the statutory liabilities assumed by the IPO coinsurers. Each of the account balances transferred were at book value with no gain or loss recorded in net income.

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

The largest of the IPO coinsurance agreements is a coinsurance agreement originally between Primerica Life and Prime Reinsurance Company ("Prime Re"), an affiliate of Citigroup, where we ceded to Prime Re 80% of our U.S. (except New York) term life insurance business in force at year-end 2009 (the "80% U.S. Coinsurance Agreement"). Beginning on January 1, 2016, Pecan Re Inc. ("Pecan Re"), an insurance company owned by Swiss Re Life & Health America Inc. ("Swiss Re"), assumed Prime Re's obligations under the 80% U.S. Coinsurance Agreement through a novation agreement (the "Swiss Re Novation Agreement"). In addition, the counterparties to the related trust and capital maintenance agreements that provide Primerica Life with statutory reinsurance credit for the 80% U.S. Coinsurance Agreement were replaced by Pecan Re and Swiss Re, respectively. No material terms and conditions of the 80% U.S. Coinsurance Agreement and the related trust and capital maintenance agreements were modified.

We have also ceded 80% of our Canadian term life insurance business in force at year-end 2009 in an IPO coinsurance agreement (the "80% Canada Coinsurance Agreement") originally between Primerica Life Canada and Financial Reassurance Company 2010, Ltd. ("FRAC"). On September 23, 2016, Munich American Reassurance Company acquired FRAC from Citigroup. As part of this transaction, Munich Re of Malta, an insurance company owned by Munich American Reassurance Company, ultimately assumed FRAC's obligations under the 80% Canada Coinsurance Agreement through a novation agreement (the "Munich Re Novation Agreement"). No material terms and conditions of the 80% Canada Coinsurance Agreement were modified.

In a fourth IPO coinsurance agreement, the 10% Coinsurance Agreement, we have ceded to Prime Re 10% of our U.S. (except New York) term life insurance business in force at year-end 2009 subject to an experience refund provision. As the 10% Coinsurance Agreement includes an experience refund provision, it does not satisfy U.S. GAAP risk transfer rules. As a result, we have accounted for this contract using deposit method accounting and have recognized a deposit asset in other assets on our consolidated balance sheets for assets backing the economic reserves. The deposit asset held in support of this agreement was \$202.4 million and \$181.9 million at December 31, 2016 and 2015, respectively. We make contributions to the deposit asset during the life of the agreement to fulfill our responsibility of funding the economic reserve. The market return on the deposit asset is reflected in net investment income during the life of the agreement. Prime Re is responsible for ensuring that there are sufficient assets to meet all statutory requirements. In exchange for our consent to the Swiss Re Novation Agreement discussed above, the finance charge on the statutory reserves in excess of economic reserves funded by Prime Re in support of the 10% Coinsurance Agreement was reduced from 3.0% to 2.0% beginning on July 1, 2015 and then from 2.0% to 0.5% beginning on January 1, 2016. This finance charge is reflected in interest expense in our consolidated statements of income.

The following table represents the Company's in-force life insurance at December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
	<i>(Dollars in thousands)</i>	
Direct life insurance in force	\$ 731,822,070	\$ 696,939,187
Amounts ceded to other companies	(643,364,460)	(616,255,740)
Net life insurance in force	<u>\$ 88,457,610</u>	<u>\$ 80,683,447</u>
Percentage of reinsured life insurance in force	88 %	88 %

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

	December 31, 2016		December 31, 2015	
	Reinsurance receivable	A.M. Best rating	Reinsurance receivable	A.M. Best rating
	<i>(In thousands)</i>			
Pecan Re Inc.(1) (2)	\$ 2,754,424	NR	\$ -	-
Prime Reinsurance Company(2)	-	-	2,692,721	NR
SCOR Global Life Reinsurance Companies(3)	355,759	A	362,195	A
Munich Re of Malta (2) (5)	282,382	NR	-	-
Financial Reassurance Company 2010, Ltd. (2)	-	-	270,306	NR
Swiss Re Life & Health America Inc.(4)	249,299	A+	254,461	A+
American Health and Life Insurance Company	176,010	B	176,790	B
Munich American Reassurance Company	106,471	A+	101,466	A+
Korean Reinsurance Company	96,921	A	91,605	A
RGA Reinsurance Company	84,473	A+	81,217	A+
TOA Reinsurance Company	23,977	A+	22,242	A+
Hannover Life Reassurance Company	22,929	A+	20,650	A+
All other reinsurers	40,917	-	36,975	-
Due from reinsurers	<u>\$ 4,193,562</u>		<u>\$ 4,110,628</u>	

NR – not rated

(1) Pecan Re Inc. is a wholly owned subsidiary of Swiss Re Life & Health America Inc.

(2) Includes balances ceded under coinsurance transactions of term life insurance policies that were in force as of December 31, 2009. Amounts shown are net of their share of the reinsurance receivable from other reinsurers.

(3) Includes amounts ceded to Transamerica Reinsurance Companies and fully retroceded to SCOR Global Life Reinsurance Companies.

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

(5) This entity, which is rated AA- by S&P, ultimately assumed FRAC's obligations under the 80% Canada Coinsurance Agreement as a result of the Munich Re Novation Agreement.

Certain reinsurers with which we do business receive group ratings. Individually, those reinsurers are SCOR Global Life Americas Reinsurance Company, SCOR Global Life U.S.A. Reinsurance Company, SCOR Global Life Re Insurance Company of Delaware, and SCOR Global Life of Canada.

The IPO coinsurance agreements include provisions to ensure that Primerica Life, Primerica Life Canada and NBLIC receive full regulatory credit for the reinsurance treaties. Under these agreements, the ceded business can be recaptured with no fee in the event the IPO reinsurers do not comply with the various safeguard provisions in their respective IPO coinsurance agreements. Pecan Re also has entered into a capital maintenance agreement requiring Swiss Re to provide additional funding, if needed, at any point during the term of the agreement up to the maximum as described in the capital maintenance agreement.

(7) Deferred Policy Acquisition Costs

We defer incremental direct costs of successful contract acquisitions that result directly from and are essential to the contract transaction(s) and that would not have been incurred had the contract transaction(s) not occurred. The amortization of DAC requires us to make certain assumptions regarding persistency, expenses, interest rates and claims. For DAC associated with term life insurance policies, these assumptions may not be modified, or unlocked, unless recoverability testing deems them to be inadequate. We update assumptions for new business to reflect the most recent experience. For DAC associated with Canadian segregated funds, the assumptions used in determining amortization expense are evaluated regularly and are updated if actual experience or other evidence suggests revisions to earlier estimates are appropriate.

DAC amortization for term life insurance policies is affected by differences between the original assumptions used for persistency, expenses, interest rates and claims and actual results and are recognized in the period in which the change occurs. For policies underlying the Canadian segregated funds, gross profits and the resulting DAC amortization will vary with actual fund returns, redemptions and expenses. Due to the inherent uncertainties in making assumptions about future events, materially different experience from expected results could result in a material increase or decrease of DAC amortization in a particular period.

In determining DAC amortization expense for term life insurance policies, we use interest rates available at the time a policy is issued. For policies issued in 2010 and after, we have been using an increasing interest rate assumption based on the historically low interest rate environment. Interest rate assumptions at December 31, 2016 and 2015 ranged from 3.5% to 7.0%.

DAC is subject to recoverability testing annually and when impairment indicators exist. The recoverability of DAC is dependent on the future profitability of the related policies, which, in turn, is dependent principally upon mortality, persistency, investment returns, and the expense of administering the business, as well as upon certain economic variables, such as inflation.

The balances and activity in DAC were as follows:

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
DAC balance, beginning of period	\$ 1,500,259	\$ 1,351,180	\$ 1,208,466
Capitalization	387,396	339,639	303,543
Amortization	(180,582)	(157,727)	(144,378)
Foreign exchange translation and other	5,992	(32,833)	(16,451)
DAC balance, end of period	<u>\$ 1,713,065</u>	<u>\$ 1,500,259</u>	<u>\$ 1,351,180</u>

(8) Separate Accounts

The Funds primarily consist of a series of branded investment funds known as the Asset Builder Funds, a registered retirement fund known as the Strategic Retirement Income Fund ("SRIF"), and a money market fund known as the Cash Management Fund. The principal investment objective of the Asset Builder Funds is to achieve long-term growth while preserving capital. The principal objective of the SRIF is to provide a stream of investment income during retirement plus the opportunity for modest capital appreciation. The Asset Builder Funds and the SRIF use diversified portfolios of publicly-traded Canadian stocks, investment-grade corporate bonds, Government of Canada bonds, and foreign equity investments to achieve their objectives. The Cash Management Fund invests in government guaranteed short-term bonds and short-term commercial and bank papers, with the principal investment objective being the provision of interest income while maintaining liquidity and preserving capital.

Under these contract offerings, benefit payments to contract holders or their designated beneficiaries are only due upon death of the annuitant or upon reaching a specific maturity date. Benefit payments are based on the value of the contract holder's units in the portfolio at the payment date, but are guaranteed to be no less than 75% of the contract holder's contribution, adjusted for withdrawals. Account values are not guaranteed for withdrawn units if contract holders make withdrawals prior to the maturity dates. Maturity dates for contracts investing in the Asset Builder Funds and Cash Management Fund vary by contract and range from 10 years from the contract issuance date to December 31, 2070. Contracts investing in the SRIF mature when the policyholder reaches age 100, which is a minimum of 20 years after issue. The SRIF is designed to provide periodic retirement income payments and as such, regular withdrawals, subject to legislated minimums, are anticipated. The cumulative effects of the periodic withdrawals are expected to substantially reduce both account and minimum guaranteed values prior to maturity.

Both the asset and the liability for the separate accounts reflect the net value of the underlying assets in the portfolio as of the reporting date. Primerica Life Canada's exposure to losses under the guarantee at the time of account maturity is limited to contract holder accounts that have declined in value more than 25%, adjusted for withdrawals, since the contribution date prior to maturity. Because maturity dates are of a long-term nature, the likelihood guarantee payments are required at any given point is very small. Additionally, the portfolios consist of a very large number of individual contracts, further spreading the risk related to the guarantee being exercised upon death. The length of the contract terms provides significant opportunity for the underlying portfolios to recover any short-term losses prior to maturities or deaths of the contract holders. Furthermore, the funds' investment allocations are aligned with the maturity risks of the related contracts and include investments in Government Strip Bonds and floating-rate notes.

We periodically assess the exposure related to these contracts to determine whether any additional liability should be recorded. As of December 31, 2016 and 2015, an additional liability for these contracts was deemed to be unnecessary.

The following table represents the fair value of assets supporting separate accounts by major investment category:

	Year ended December 31,	
	2016	2015
	<i>(In thousands)</i>	
Fixed-income securities	\$ 999,435	\$ 932,934
Equity securities	1,264,270	1,109,610
Cash and cash equivalents	30,064	24,003
Due to/from funds	(5,941)	(2,817)
Other	125	169
Total separate accounts assets	<u>\$ 2,287,953</u>	<u>\$ 2,063,899</u>

(9) Insurance Reserves

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

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Policy claims and other benefits payable, beginning of period	\$ 238,157	\$ 245,829	\$ 238,750
Less reinsured policy claims and other benefits payable	263,003	264,049	248,185
Net balance, beginning of period	(24,846)	(18,220)	(9,435)
Incurred related to current year	143,518	138,139	129,869
Incurred related to prior years	(522)	212	674
Total incurred	142,996	138,351	130,543
Claims paid related to current year, net of reinsured policy claims received	(203,015)	(167,621)	(155,357)
Reinsured policy claims received related to prior years, net of claims paid	29,546	23,661	21,881
Total paid	(173,469)	(143,960)	(133,476)
Sale of DBL	-	-	(5,047)
Foreign currency translation	260	(1,017)	(805)
Net balance, end of period	(55,059)	(24,846)	(18,220)
Add reinsured policy claims and other benefits payable	323,195	263,003	264,049
Balance, end of period	<u>\$ 268,136</u>	<u>\$ 238,157</u>	<u>\$ 245,829</u>

See Note 1 (Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies) for details regarding the accounting for policyholder liabilities.

(10) Debt

Notes Payable. Notes payable consisted of the following:

	December 31, 2016	December 31, 2015
	<i>(Dollars in thousands)</i>	
4.75% Senior Notes, due July 15, 2022	\$ 375,000	\$ 375,000
Unamortized issuance discount on notes payable	(359)	(415)
Total notes payable	<u>\$ 374,641</u>	<u>\$ 374,585</u>

At December 31, 2016, we had \$375.0 million in principal amount of publicly-traded, senior unsecured notes (the "Senior Notes"). The Senior Notes were issued in 2012 at a price of 99.843% of the principal amount with an annual interest rate of 4.75%, payable semi-annually in arrears on January 15 and July 15, and are scheduled to mature on July 15, 2022. We were in compliance with the covenants of the Senior Notes at December 31, 2016. No events of default occurred on the Senior Notes during the year ended December 31, 2016.

As unsecured senior obligations, the Senior Notes rank equally in right of payment with all existing and future unsubordinated indebtedness and senior to all existing and future subordinated indebtedness of the Parent Company. The Senior Notes are structurally subordinated in right of payment to all existing and future liabilities of our subsidiaries. In addition, the Senior Notes contain covenants that restrict our ability to, among other things, create or incur any indebtedness that is secured by a lien on the capital stock of certain of our subsidiaries, and merge, consolidate or sell all or substantially all of our properties and assets.

Surplus Note. As of December 31, 2016, the principal amount outstanding on the Surplus Note issued by Vidalia Re was approximately \$503.2 million, equal to the principal amount of the LLC Note invested asset. The Surplus Note was issued in exchange for the LLC Note, which supports certain obligations of Vidalia Re for a portion of the statutory accounting-based reserves (commonly referred to as Regulation XXX reserves) related to the Vidalia Re Coinsurance Agreement. The principal amount of the Surplus Note and the LLC Note will fluctuate over time to coincide with the amount of reserves contractually supported. Both the LLC Note and the Surplus Note mature on December 31, 2029 and bear interest at an annual interest rate of 4.50%. Based on the estimated reserves for ceded policies issued in 2011, 2012, 2013, and 2014, the maximum principal amounts of the Surplus Note and the LLC Note are expected to be approximately \$915.0 million each. This financing arrangement is non-recourse to the Parent Company and Primerica Life, meaning that neither of these companies has guaranteed the Surplus Note or is otherwise liable for reimbursement for any payments triggered by the credit enhancement feature underlying the LLC Note. The Parent Company has agreed to support Vidalia Re's obligation to pay the credit enhancement fee incurred on the LLC Note.

See Note 4 (Investments) for more information on the LLC Note.

(11) Income Taxes

Income tax expense (benefit) from continuing operations consists of the following:

	Current	Deferred	Total
	(In thousands)		
Year ended December 31, 2016			
Federal	\$ 47,980	\$ 50,758	\$ 98,738
Foreign	23,102	(4,710)	18,392
State and local	2,783	(1,732)	1,051
Total tax expense	<u>\$ 73,865</u>	<u>\$ 44,316</u>	<u>\$ 118,181</u>
Year ended December 31, 2015			
Federal	\$ 46,175	\$ 36,723	\$ 82,898
Foreign	14,600	3,161	17,761
State and local	2,043	(1,592)	451
Total tax expense	<u>\$ 62,818</u>	<u>\$ 38,292</u>	<u>\$ 101,110</u>
Year ended December 31, 2014			
Federal	\$ 44,356	\$ 31,590	\$ 75,946
Foreign	24,403	(4,826)	19,577
State and local	1,372	(1,007)	365
Total tax expense	<u>\$ 70,131</u>	<u>\$ 25,757</u>	<u>\$ 95,888</u>

Total income tax expense from continuing operations is different from the amount determined by multiplying income from continuing operations before income taxes by the statutory federal tax rate of 35%. The reconciliation for such difference follows:

	Year ended December 31,					
	2016		2015		2014	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	(Dollars in thousands)					
Computed tax expense	\$ 118,450	35.0 %	\$ 101,843	35.0 %	\$ 96,503	35.0 %
Difference between foreign statutory rate and U.S. statutory rate	(5,665)	(1.7)%	(5,531)	(1.9)%	(6,271)	(2.3)%
Residual U.S. income taxes on foreign earnings not permanently reinvested	3,855	1.1 %	3,810	1.3 %	3,067	1.1 %
Other	1,541	0.6 %	988	0.3 %	2,589	1.0 %
Total tax expense / effective rate	<u>\$ 118,181</u>	<u>35.0 %</u>	<u>\$ 101,110</u>	<u>34.7 %</u>	<u>\$ 95,888</u>	<u>34.8 %</u>

The main components of deferred income tax assets and liabilities were as follows:

	December 31,	
	2016	2015
	<i>(In thousands)</i>	
Deferred tax assets:		
Future policy benefit reserves and unpaid policy claims	\$ 223,845	\$ 210,164
Intangibles and tax goodwill	36,261	39,977
Future deductible liabilities	19,831	17,741
Share-based compensation	15,592	15,698
Other	11,528	8,962
Total deferred tax assets	<u>\$ 307,057</u>	<u>\$ 292,542</u>
Deferred tax liabilities:		
Deferred policy acquisition costs	\$ (366,144)	\$ (319,250)
Investments	(16,769)	(6,893)
Unremitted earnings on foreign subsidiaries	(2,700)	(2,297)
Reinsurance deposit asset	(70,852)	(63,661)
Other	(11,864)	(11,978)
Total deferred tax liabilities	<u>(468,329)</u>	<u>(404,079)</u>
Net deferred tax liabilities	<u>\$ (161,272)</u>	<u>\$ (111,537)</u>

The majority of total deferred tax assets are attributable to future policy benefit reserves and unpaid policy claims, which represents the difference between the financial statement carrying value and tax basis for liabilities related to future policy benefits. The tax basis for future policy benefit reserves and unpaid policy claims is actuarially determined in accordance with guidelines set forth in the Internal Revenue Code. The majority of total deferred tax liabilities are attributable to DAC, which represents the difference between the policy acquisition costs capitalized for U.S. GAAP purposes and those capitalized for tax purposes, as well as the difference in the resulting amortization methods.

The Company has state net operating losses resulting in a deferred tax asset of approximately \$10.6 million, which are available for use through 2034. The Company has no other material net operating loss or credit carryforwards.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, carryback and carryforward periods, and tax planning strategies in making this assessment. Management believes that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets. Therefore, there was no deferred tax asset valuation allowance at December 31, 2016 or 2015.

The Company has direct ownership of a group of controlled foreign corporations in Canada. We have asserted a position of permanent reinvestment for the difference in share basis and certain operational earnings. Such operational earnings if not permanently reinvested would have generated a deferred tax liability of approximately \$11.0 million as of December 31, 2016. For those operational earnings for which we have not made a permanent reinvestment assertion, we have established a deferred tax liability to account for the tax liability that will occur upon repatriation of such earnings. As of December 31, 2016, we had approximately \$28.0 million in Canadian operational earnings available to be repatriated to the U.S. for which we have not made a permanent reinvestment assertion.

The total amount of unrecognized benefits on uncertain tax positions that, if recognized, would affect our effective tax rate was approximately \$11.7 million and \$9.3 million as of December 31, 2016 and 2015, respectively. We recognize interest expense related to unrecognized tax benefits in tax expense net of federal income tax. As of December 31, 2016 and 2015, the total amount of accrued interest and penalties in the consolidated balance sheets was approximately \$2.1 million and \$2.0 million, respectively. Additionally, we recognized interest related to unrecognized tax benefits in the consolidated statements of income of less than \$0.2 million of expense in 2016, 2015, and 2014.

A reconciliation of the change in the unrecognized income tax benefit for the years ended December 31, 2016 and 2015 is as follows:

	December 31,	
	2016	2015
	<i>(In thousands)</i>	
Unrecognized tax benefits, beginning of period	\$ 13,939	\$ 16,014
Change in prior period unrecognized tax benefits	8	(146)
Change in current period unrecognized tax benefits	2,840	2,191
Reductions as a result of a lapse in statute of limitations	(1,976)	(4,120)
Unrecognized tax benefits, end of period	<u>\$ 14,811</u>	<u>\$ 13,939</u>

We have no penalties included in calculating our provision for income taxes. There is no significant change that is reasonably possible to occur within twelve months of the reporting date.

In connection with our corporate reorganization, we entered into a tax separation agreement with Citigroup, whereby Citigroup agreed to indemnify the Company against any consolidated, combined, affiliated, unitary or similar federal, state or local income tax liability related to any taxable period ending on or before April 2010. As of December 31, 2016, the Company had a Citigroup tax indemnification asset of \$0.7 million.

The major tax jurisdictions in which we operate are the United States and Canada. We are currently open to tax audit by the Internal Revenue Service for the year ended December 31, 2010 and for the years ended December 31, 2013 and thereafter for federal income tax purposes. We are currently open to audit in Canada for tax years ended December 31, 2012 and thereafter for federal and provincial income tax purposes. For those periods prior to the IPO, we are fully indemnified by Citigroup.

(12) Stockholders' Equity

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

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Common stock, beginning of period	48,297	52,169	54,834
Shares issued for stock options exercised	148	89	4
Shares of common stock issued upon lapse of RSUs	516	574	502
Common stock retired	(3,240)	(4,535)	(3,171)
Common stock, end of period	<u>45,721</u>	<u>48,297</u>	<u>52,169</u>

The above reconciliation excludes RSUs and PSUs, which do not have voting rights. As sales restrictions on RSUs lapse and PSUs are earned, we issue common shares with voting rights. As of December 31, 2016, we had a total of approximately 1.1 million RSUs and 18 thousand PSUs outstanding.

On August 13, 2015, our Board of Directors authorized a share repurchase program for up to \$200.0 million of our outstanding common stock (the "share repurchase program") for purchases through December 31, 2016. Under the share repurchase program we repurchased 4,169,467 shares of our common stock in the open market for an aggregate purchase price of approximately \$200.0 million through December 31, 2016, fully exhausting the program. On November 17, 2016, the Board of Directors authorized a new share repurchase program for up to \$200.0 million of our outstanding common shares for purchases through June 30, 2018. Repurchases under this new program began in January 2017.

(13) Earnings Per Share

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

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

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

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

The calculation of basic and diluted EPS follows:

	Year ended December 31,		
	2016	2015	2014
	(In thousands, except per-share amounts)		
Basic EPS:			
Numerator (continuing operations):			
Income from continuing operations	\$ 219,414	\$ 189,871	\$ 179,834
Income attributable to unvested participating securities	(1,835)	(1,572)	(2,038)
Income from continuing operations used in calculating basic EPS	<u>\$ 217,579</u>	<u>\$ 188,299</u>	<u>\$ 177,796</u>
Numerator (discontinued operations):			
Income from discontinued operations	\$ -	\$ -	\$ 1,578
Income attributable to unvested participating securities	-	-	(18)
Income from discontinued operations used in calculating basic EPS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,560</u>
Denominator:			
Weighted-average vested shares	47,411	50,881	54,567
Basic EPS from continuing operations	<u>\$ 4.59</u>	<u>\$ 3.70</u>	<u>\$ 3.26</u>
Basic EPS from discontinued operations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.03</u>
Diluted EPS:			
Numerator (continuing operations):			
Income from continuing operations	\$ 219,414	\$ 189,871	\$ 179,834
Income attributable to unvested participating securities	(1,833)	(1,571)	(2,037)
Income from continuing operations used in calculating diluted EPS	<u>\$ 217,581</u>	<u>\$ 188,300</u>	<u>\$ 177,797</u>
Numerator (discontinued operations):			
Income from discontinued operations	\$ -	\$ -	\$ 1,578
Income attributable to unvested participating securities	-	-	(18)
Income from discontinued operations used in calculating diluted EPS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,560</u>
Denominator:			
Weighted-average vested shares	47,411	50,881	54,567
Dilutive effect of incremental shares to be issued for equity awards	42	32	31
Weighted-average shares used in calculating diluted EPS	<u>47,453</u>	<u>50,913</u>	<u>54,598</u>
Diluted EPS from continuing operations	<u>\$ 4.59</u>	<u>\$ 3.70</u>	<u>\$ 3.26</u>
Diluted EPS from discontinued operations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.03</u>

(14) Share-Based Transactions

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, PSUs, 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-employees who serve on our Board of Directors ("directors"), and sales force leaders under the OIP. As of December 31, 2016, we had approximately 0.9 million shares available for future grants under this plan.

Employee and Director Share-Based Compensation. As of December 31, 2016, the Company had outstanding RSUs, PSUs, and stock options issued to our management (officers and other key employees), as well as RSUs issued to our directors, under the OIP.

Restricted Stock and RSUs.

- Prior to 2014, management of the Company's U.S. based subsidiaries received restricted stock and management of the Company's Canadian subsidiaries received RSUs. These awards have time-based vesting requirements with equal and annual graded vesting over approximately three years subsequent to the grant date.
- Beginning in 2014, management (regardless of geography) received RSUs that have time-based vesting requirements with equal and annual graded vesting over approximately three years subsequent to the grant date, but also provide for such awards to vest upon voluntary termination of employment by any employee who is "retirement eligible" as of his or her termination date. In order to be retirement eligible, an employee must be at least 55 years old and his or her age plus years of service with the Company must equal at least 75. The "retirement eligible" provision is expected to be included in all future management grants.

- Beginning in 2014, directors received RSUs that have time-based vesting requirements with equal and annual graded vesting over four quarters subsequent to the grant date. These awards contain post-vesting sale restrictions until the director no longer serves on our Board.
- In addition, certain directors elected to defer their cash and/or equity retainers into deferred RSUs, which vest immediately or, if applicable, on the dates the RSUs would have vested.

All of our outstanding management and director RSU awards are eligible for dividend equivalents regardless of vesting status.

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

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Total management and director restricted stock and RSUs	\$ 11,067	\$ 13,839	\$ 15,726
Tax benefit associated with total management and director restricted stock and RSU award expense	3,715	4,668	5,322

The following table summarizes management and director restricted stock and RSU activity during the years ended December 31, 2016, 2015, and 2014.

	Shares	Weighted-average measurement-date fair value per share	
		<i>(Shares in thousands)</i>	
Unvested employee restricted stock and RSUs, December 31, 2013		722	\$ 28.67
Granted		279	41.31
Forfeited		(13)	30.49
Vested		(408)	28.53
Unvested employee restricted stock and RSUs, December 31, 2014		580	34.67
Granted		246	52.75
Forfeited		(8)	41.98
Vested		(428)	35.43
Unvested employee restricted stock and RSUs, December 31, 2015		390	45.07
Granted		225	42.86
Forfeited		-	-
Vested		(219)	42.28
Unvested employee restricted stock and RSUs, December 31, 2016		396	\$ 45.37

As of December 31, 2016, total compensation cost not yet recognized in our financial statements related to management and director RSU awards with time-based vesting conditions yet to be reached was approximately \$4.3 million, and the weighted-average period over which cost will be recognized was 0.7 years.

PSUs.

- In 2016 the Company began issuing PSUs to certain of its executive officers under the OIP as part of their annual equity compensation. A total of 18,385 PSUs were granted on February 24, 2016 with a measurement-date fair value of \$41.88 per unit.
- PSU awards include a performance target of a specified average annual Return on Adjusted Equity (“ROAE”) for the Company over the three year performance period from January 1, 2016 through December 31, 2018, as well as a threshold ROAE and an ROAE at which the maximum number of shares can be earned. The awards cliff vest two months after the performance period ends, on March 1, 2019. Depending on the ROAE achieved within the specified range, recipients may receive shares of common stock equal to between 0% and 150% of the number of PSUs granted. In addition, PSUs accrue forfeitable dividend equivalents, which are also paid out based on the number of shares earned.
- PSU awards provide for vesting upon the voluntary termination of employment by any employee who is “retirement eligible” as of his or her termination date. The number of shares that will be earned for a retirement-eligible employee is equal to the amount calculated using the Company’s actual average annual three-year ROAE ending on the last day of the performance period, even if that employee retires prior to the completion of the performance period.
- For the purposes of recognizing PSU related expense, we are estimating a level of performance that would result in a vesting amount of approximately 100% of the PSUs granted.

In connection with our granting of PSU awards, we recognized expense and tax benefit offsets as follows:

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Total management PSU awards	\$ 614	n/a	n/a
Tax benefit associated with total management PSU award expense	215	n/a	n/a

The following table summarizes PSU activity during the year ended December 31, 2016.

	Shares	Weighted-average measurement-date fair value per share
	(Shares in thousands)	
Unvested employee PSUs, December 31, 2015	-	n/a
Granted	18	\$ 41.88
Forfeited	-	-
Vested	-	-
Unvested employee PSUs, December 31, 2016	18	41.88

As of December 31, 2016, total unrecognized compensation related to PSU awards was approximately \$0.2 million, and the weighted-average period over which cost will be recognized was 0.8 years.

Stock Options. Beginning in 2013, the Company issued stock options to certain of its executive officers under the OIP as part of their annual equity compensation. Stock options are generally granted with an exercise price equal to the fair market value of our common stock on the grant 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. Stock options issued in 2014 and thereafter provide for such awards to vest upon the voluntary termination of employment by any employee who is "retirement eligible" as of his or her termination date. Upon retirement, employees have the lesser of three years or the remaining option term to exercise any vested options. We currently do not anticipate issuing any new stock options pursuant to our current employee compensation program.

Compensation expense and related tax benefits recognized for stock option awards were as follows:

	Year ended December 31,		
	2016	2015	2014
	(In thousands)		
Expense recognized for stock option awards	\$ 851	\$ 643	\$ 1,803
Tax benefit recognized for stock option awards	298	225	631

The fair value of each option was estimated on the date of grant using the Black-Scholes model. We derived expected volatility after considering the historical volatility of our own stock, which has been trading since April 1, 2010. The Company's per share dividend yield as of the grant date was used as the input for the expected dividend payout on the underlying shares. The risk-free interest rate was based on the U.S. Treasury yield for a term approximating the expected life of the options at the time of grant. The Company used a blended approach to develop the expected term that considered both actual exercise activity where available along with the simplified method where historical information was not available. All inputs into the Black-Scholes model were estimates made at the time of grant. The actual realized value of each option grant could materially differ from these estimates, which would have no impact on future reported compensation expense.

The following assumptions were used to estimate the fair value of stock options granted:

	Year ended December 31,		
	2016	2015	2014
Expected volatility	25.00 %	24.00 %	33.00 %
Expected per share dividend yield	1.62 %	1.20 %	1.17 %
Risk-free interest rate	1.23 %	1.61 %	1.81 %
Expected term of options	5 years	5 years	6 years
Fair value per option	\$ 8.21	\$ 11.07	\$ 12.54

The following table summarizes activity related to stock options outstanding and exercisable during the years ended December 31, 2016, 2015, and 2014.

	Outstanding		Exercisable	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	<i>(Shares in thousands)</i>			
Outstanding at December 31, 2013	134	\$ 32.63	—	n/a
Granted	116	41.20		
Exercised	(4)	32.63		
Outstanding at December 31, 2014	246	36.67	40	\$ 32.63
Granted	46	53.50		
Exercised	(89)	34.89		
Outstanding at December 31, 2015	203	41.28	35	36.38
Granted	90	41.88		
Exercised	(148)	38.24		
Outstanding at December 31, 2016	145	44.75	6	53.50
Range of granted option exercise prices outstanding at December 31, 2016:				
\$41.20 (average term remaining - 7.1 years)	19	\$ 41.20	—	n/a
\$53.50 (average term remaining - 8.2 years)	37	53.50	6	\$ 53.50
\$41.88 (average term remaining - 9.2 years)	90	41.88	—	n/a

The aggregate intrinsic value represents the difference between the exercise price of our stock options and the quoted closing price of our common stock as of December 31, 2016. A summary of the intrinsic values of our stock options is as follows:

	December 31, 2016	
	<i>(In thousands)</i>	
Aggregate intrinsic value of exercisable stock options	\$	95
Aggregate intrinsic value of stock options expected to vest		3,443
Aggregate intrinsic value of stock options outstanding	\$	3,538

The intrinsic value, tax benefit realized and value of shares withheld related to option exercise activity are summarized as follows:

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Intrinsic value of options exercised	\$ 2,755	\$ 1,620	\$ 53
Tax benefit realized from the options exercised	964	567	19
Value of issued shares withheld to satisfy option exercise price	5,509	2,966	142

As of December 31, 2016, there was approximately \$0.5 million of total unrecognized compensation cost related to unvested options, and the weighted-average period over which cost will be recognized was approximately 0.7 years.

Non-Employee Share-Based Compensation. Non-employee share-based transactions relate to the granting of RSUs to members of our sales force (“agent equity awards”). Agent equity awards are generally granted as a part of quarterly contests for successful life insurance policy acquisitions and for sales of investment and savings products for which the grant and the service period occur within the same calendar quarter.

The following table summarizes non-employee RSU activity during the years ended December 31, 2016, 2015, and 2014.

	Shares	Weighted-average measurement-date fair value per share
	<i>(Shares in thousands)</i>	
Unvested non-employee RSUs, December 31, 2013	104	\$ 36.44
Granted	295	45.08
Vested	(326)	41.23
Unvested non-employee RSUs, December 31, 2014	73	49.98
Granted	326	42.79
Vested	(326)	44.39
Unvested non-employee RSUs, December 31, 2015	73	42.83
Granted	236	48.45
Vested	(267)	44.82
Unvested non-employee RSUs, December 31, 2016	42	61.55

Agent equity awards vest and are measured using the fair market value at the conclusion of the quarterly contest, which is the time that performance is complete. However, agent equity awards are subject to long-term sales restrictions expiring over three years. Because the sale restrictions extend up to three years beyond the vesting period, the fair market value of the awards incorporates an illiquidity discount reflecting the risk associated with the post-vesting restrictions. To quantify this discount for each award, we use a series of put option models with one-, two- and three-year tenors to estimate a hypothetical cost of eliminating the downside risk associated with the sale restrictions.

The most significant assumptions in the Black-Scholes models are the volatility assumptions. We derive volatility assumptions primarily from the historical volatility of our common stock using terms comparable to the sale restriction terms.

The following table presents the assumptions used in valuing quarterly RSU grants to agents:

	Year ended December 31,		
	2016	2015	2014
Expected volatility	24% to 42%	18% to 35%	17% to 31%
Quarterly dividends expected	\$0.17 to \$0.18	\$ 0.16	\$ 0.12
Risk-free interest rates	Less than 2%	Less than 2%	Less than 2%

To the extent that these awards are an incremental direct cost of successful acquisitions of life insurance policies that result directly from and are essential to the policy acquisition(s) and would not have been incurred had the policy acquisition(s) not occurred, we defer and amortize the fair value of the awards in the same manner as other deferred policy acquisition costs. All agent equity awards that are not directly related to the acquisition of life insurance policies are recognized as expense over the requisite vesting period.

Details on the granting and valuation of these awards follow:

	Year ended December 31,		
	2016	2015	2014
<i>(Dollars in thousands, except per-share amounts)</i>			
Total quarterly non-employee RSUs granted	235,735	325,744	294,985
Measurement date per-share fair value of awards	\$39.87 to \$61.50	\$40.98 to \$46.71	\$42.96 to \$49.98
Illiquidity discounts	10% to 11%	8% to 9%	8% to 9%
Quarterly incentive awards expense recognized currently	\$ 910	\$ 466	\$ 453
Quarterly incentive awards expense deferred	10,517	13,423	13,598
Tax benefit associated with incentive awards	3,674	4,454	4,500

As of December 31, 2016, all agent equity awards were fully vested with the exception of approximately 42,000 shares that vested on January 1, 2017. As such, any related compensation cost not recognized as either expense or DAC in our financial statements through December 31, 2016 is immaterial.

(15) Statutory Accounting and Dividend Restrictions

U.S. Insurance Subsidiaries. Our two underwriting U.S. insurance subsidiaries are Primerica Life and NBLIC. Primerica Life wholly owns Peach Re and Vidalia Re, and ceded to each in separate coinsurance arrangements certain level-premium term life insurance policies.

Our U.S. insurance subsidiaries are required to report their results of operations and financial position to state authorities on the basis of statutory accounting practices prescribed or permitted by such authorities and the National Association of Insurance Commissioners (“NAIC”), which is a comprehensive basis of accounting other than U.S. GAAP. Prescribed statutory accounting practices include a variety of publications of the NAIC, as well as state laws, regulations and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed. The Company’s principal life insurance company, Primerica Life, prepares its statutory financial statements on the basis of accounting practices prescribed or permitted by the NAIC and the Massachusetts Division of Insurance (“Massachusetts DOI”) and includes the statutory financial statements of its wholly owned insurance subsidiaries, NBLIC, Peach Re, and Vidalia Re. NBLIC’s statutory financial statements are prepared on the basis of accounting practices prescribed or permitted by the NAIC and the New York State Department of Financial Services, while the statutory financial statements of Peach Re and Vidalia Re are prepared on the basis of accounting practices prescribed or permitted by the NAIC or the Vermont Department of Financial Regulation (“Vermont DOI”). Our U.S. insurance subsidiaries’ ability to pay dividends to their parent is subject to and limited by the various laws and regulations of their respective states. There are no regulatory restrictions on the ability of the Parent Company to pay dividends (other than limitations under the Delaware General Corporation Code that provide that dividends on common stock shall be declared by the Board of Directors out of surplus or, if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or the preceding prior fiscal year).

Primerica Life’s statutory ordinary dividend capacity is based on the greater of: (1) the previous year’s statutory net gain from operations (excluding pro rata distributions of any class of the insurer’s own securities) or (2) 10% of the previous year-end statutory surplus (net of capital stock), which may only be paid out of statutory unassigned surplus. Dividends that, together with the amount of other distributions or dividends made within the preceding 12 months, exceed this statutory limitation are referred to as extraordinary dividends. Extraordinary dividends require advance notice to the Massachusetts DOI, Primerica Life’s primary state insurance

regulator, and are subject to potential disapproval. For dividends exceeding these thresholds, Primerica Life must provide notice to the Massachusetts DOI and receive notice that the Massachusetts DOI does not object to the payment of such dividends.

Primerica Life's statutory capital and surplus and statutory unassigned surplus at December 31, 2016 and 2015 was as follows:

	December 31, 2016	December 31, 2015
	<i>(In thousands)</i>	
Statutory capital and surplus	\$ 572,748	\$ 560,936
Statutory unassigned surplus	41,569	48,715

Primerica Life's statutory net gain from operations was approximately \$392.4 million, \$436.3 million and \$267.4 in 2016, 2015 and 2014, respectively. Primerica Life made no pro rata distributions of any class of its own securities during 2016. During 2016, Primerica Life paid ordinary dividends of \$94.7 million to the Parent Company and had estimated ordinary dividend capacity of approximately \$41.6 million as of January 1, 2017.

Primerica Life's investment basis in NBLIC, Peach Re, and Vidalia Re reflect their statutory capital and surplus amounts recorded in accordance with statutory accounting practices prescribed or permitted by the NAIC and/or each subsidiary's state of domicile; New York and Vermont. Peach Re was formed as a special-purpose financial captive insurance company and, with the explicit permission of the Vermont DOI, has included the value of a letter of credit serving as collateral for its policy reserves as an admitted asset in its statutory capital and surplus. This permitted accounting practice was critical to the organization and operational plans of Peach Re and explicitly included in the licensing order issued by the Vermont DOI. The impact of this permitted practice as of December 31, 2016 was approximately \$408.7 million on Peach Re's statutory capital and surplus. As of December 31, 2016, even if Peach Re had not been permitted to include the letter of credit as an admitted asset, Primerica Life would not have been below the minimum statutory capital and surplus level that triggers a regulatory action event. Vidalia Re does not have any permitted accounting practices that are not encompassed in prescribed statutory accounting practices.

Canadian Insurance Subsidiary. Primerica Life Canada is incorporated under the provisions of the Canada Business Corporations Act and is a domiciled Canadian Company subject to regulation under the Insurance Companies Act (Canada) by the Office of the Superintendent of Financial Institutions in Canada ("OSFI") and by Provincial Superintendents of Financial Institutions/Insurance in those provinces in which Primerica Life Canada is licensed. The statutory financial statements of Primerica Life Canada reported to OSFI are prepared in accordance with International Financial Reporting Standards ("IFRS").

Primerica Life Canada's capacity to pay ordinary dividends to its parent is limited by OSFI regulations to the extent that its capital exceeds projected capital requirements. OSFI requires companies to set internal target levels of capital sufficient to provide for all the risks of the insurer, including risks specified in OSFI's capital guidelines. As of December 31, 2016 and 2015, Primerica Life Canada's statutory capital and surplus satisfied regulatory requirements and was approximately \$286.7 million and \$252.6 million, respectively.

In Canada, dividends can be paid subject to the paying insurance company continuing to have adequate capital and forms of liquidity as defined by OSFI following the dividend payment and upon 15 days minimum notice to OSFI. Primerica Life Canada's dividend capacity at January 1, 2017 is estimated to be approximately \$55.9 million, which is calculated based on its projection of maintaining internal target capital requirements under certain adverse capital scenarios during each year over the next five years. The actual amount of future dividends that Primerica Life Canada will declare and pay is also subject to the Company's asserted position of permanent reinvestment of certain unremitted earnings discussed in Note 11 (Income Taxes).

(16) Commitments and Contingent Liabilities

Commitments. We lease office equipment and office and warehouse space under various noncancellable operating lease agreements that expire through June 2028. Total minimum rent expense was \$7.0 million, \$7.2 million, and \$7.7 million for the years ended December 31, 2016, 2015, and 2014, respectively. We had no contingent rent expense during 2016, 2015, or 2014. In March 2013, we began a 15-year lease agreement for our corporate headquarters in Duluth, Georgia with estimated minimum annual rental payments ranging from approximately \$4.5 million at inception to approximately \$5.6 million in year 15.

As of December 31, 2016, the minimum aggregate rental commitments for operating leases were as follows:

	December 31, 2016
	<i>(In thousands)</i>
2017	\$ 6,895
2018	6,266
2019	5,804
2020	5,366
2021	5,306
Thereafter	35,075
Total minimum rental commitments for operating leases	\$ 64,712

As of December 31, 2016 and 2015, we had no material capital leases.

Letter of Credit. 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 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 14 years (the “LOC”) for the benefit of Primerica Life, the direct parent of Peach Re. Subject to certain conditions, the amount of the LOC periodically increased up to a maximum amount of approximately \$507.0 million, which was reached 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 December 31, 2016, the Company was in compliance with all financial covenants under the Credit Facility Agreement.

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

The Company is currently undergoing multi-state treasurer unclaimed property audits by 30 jurisdictions focusing on the life insurance claims paying practices of its subsidiaries, Primerica Life and NBLIC. Other jurisdictions may pursue similar audits 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. 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.

(17) Benefit Plans

We sponsor a defined contribution plan for the benefit of our employees. The expense associated with this plan was approximately \$7.4 million, \$6.7 million, and \$6.5 million in 2016, 2015, and 2014, respectively.

(18) Other Comprehensive Income

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

	Year Ended December 31,		
	2016	2015	2014
	(In thousands)		
Foreign currency translation adjustments:			
Change in unrealized foreign currency translation gains (losses) before income taxes	\$ 6,689	\$ (41,929)	\$ (20,527)
Income tax expense (benefit) on unrealized foreign currency translation gains (losses)	81	(447)	(234)
Change in unrealized foreign currency translation gains (losses), net of income taxes	<u>\$ 6,608</u>	<u>\$ (41,482)</u>	<u>\$ (20,293)</u>
Unrealized gain (losses) on available-for-sale securities:			
Change in unrealized holding gains (losses) arising during period before income taxes	\$ 20,500	\$ (65,920)	\$ 11,228
Income tax expense (benefit) on unrealized holding gains (losses) arising during period	<u>7,174</u>	<u>(23,074)</u>	<u>3,930</u>
Change in unrealized holding gains (losses) on available-for-sale securities arising during period, net of income taxes	<u>13,326</u>	<u>(42,846)</u>	<u>7,298</u>
Reclassification from accumulated OCI to net income for (gains) losses realized on available-for-sale securities	(3,955)	1,596	\$ 794
Income tax (expense) benefit on (gains) losses reclassified from accumulated OCI to net income	<u>(1,384)</u>	<u>560</u>	<u>278</u>
Reclassification from accumulated OCI to net income for (gains) losses realized on available-for-sale securities, net of income taxes	<u>(2,571)</u>	<u>1,036</u>	<u>516</u>
Change in unrealized gains (losses) on available-for-sale securities, net of income taxes and reclassification adjustment	<u>\$ 10,755</u>	<u>\$ (41,810)</u>	<u>\$ 7,814</u>

(19) Unaudited Quarterly Financial Data

In management's opinion, the following quarterly consolidated financial information fairly presents the results of operations for such periods and is prepared on a basis consistent with our annual audited consolidated financial statements. Financial information for the quarters presented was prepared on a consolidated basis.

	Quarter ended March 31, 2016	Quarter ended June 30, 2016	Quarter ended September 30, 2016	Quarter ended December 31, 2016
<i>(In thousands, except per-share amounts)</i>				
Direct premiums	\$ 597,130	\$ 612,189	\$ 616,587	\$ 618,362
Ceded premiums	(395,333)	(406,683)	(399,676)	(398,867)
Net premiums	201,797	205,506	216,911	219,495
Commissions and fees	128,821	136,902	134,282	141,681
Net investment income	21,238	20,389	19,399	17,999
Realized investment gains (losses), including OTTI	(783)	3,440	(35)	1,465
Other, net	11,527	12,757	13,069	13,224
Total revenues	362,600	378,994	383,626	393,864
Total benefits and expenses	292,388	287,114	295,189	306,800
Income before income taxes	70,212	91,880	88,437	87,064
Income taxes	25,036	32,554	30,400	30,191
Net income	\$ 45,176	\$ 59,326	\$ 58,037	\$ 56,873
Earnings per share:				
Basic earnings per share	\$ 0.92	\$ 1.23	\$ 1.22	\$ 1.21
Diluted earnings per share	\$ 0.92	\$ 1.23	\$ 1.22	\$ 1.21

	Quarter ended March 31, 2015	Quarter ended June 30, 2015	Quarter ended September 30, 2015	Quarter ended December 31, 2015
<i>(In thousands, except per-share amounts)</i>				
Direct premiums	\$ 577,458	\$ 588,248	\$ 587,882	\$ 591,856
Ceded premiums	(397,540)	(406,854)	(393,987)	(396,838)
Net premiums	179,918	181,394	193,895	195,018
Commissions and fees	132,835	139,150	132,368	132,794
Net investment income	21,173	19,075	18,715	17,546
Realized investment gains (losses), including OTTI	1,284	597	(259)	(3,360)
Other, net	9,445	10,171	10,990	11,453
Total revenues	344,655	350,387	355,709	353,451
Total benefits and expenses	277,846	273,562	280,756	281,057
Income before income taxes	66,809	76,825	74,953	72,394
Income taxes	23,408	27,652	25,603	24,445
Net income	\$ 43,401	\$ 49,173	\$ 49,350	\$ 47,949
Earnings per share:				
Basic earnings per share	\$ 0.82	\$ 0.94	\$ 0.98	\$ 0.97
Diluted earnings per share	\$ 0.82	\$ 0.94	\$ 0.98	\$ 0.97

Quarterly amounts may not agree in total to the corresponding annual amounts due to rounding.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

There have been no changes in, or disagreements with, accountants on accounting and financial disclosure matters during the years ended December 31, 2016 and 2015.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

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 fourth quarter of 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Report On Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for our company. With the participation of the Chief Executive Officer and the Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control—Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2016.

Our independent auditor, KPMG LLP, an independent registered public accounting firm, has issued an attestation report on the effectiveness of our internal control over financial reporting. This attestation report appears below.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Primerica, Inc.:

We have audited Primerica, Inc.'s (the Company) internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Primerica, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Primerica, Inc. and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016, and our report dated February 27, 2017 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Atlanta, Georgia
February 27, 2017

ITEM 9B. OTHER INFORMATION.

Not applicable.

PART III

Pursuant to General Instruction G to Form 10-K and as described below, portions of Items 10 through 14 of this report are incorporated by reference from the Company's definitive Proxy Statement relating to the Company's 2017 Annual Meeting of Stockholders (the "Proxy Statement"), which will be filed with the SEC within 120 days of December 31, 2016, pursuant to Regulation 14A under the Exchange Act. The Report of the Audit Committee of our Board of Directors and the Report of the Compensation Committee of our Board of Directors to be included in the Proxy Statement shall be deemed to be furnished in this report and shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, as a result of such furnishing.

Our website address is www.primerica.com. You may obtain free electronic copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports from the investors section of our website. These reports are available on our website as soon as reasonably practicable after we electronically file them with the SEC. These reports should also be available through the SEC's website at www.sec.gov.

We have adopted corporate governance guidelines. The guidelines and the charters of our board committees are available in the corporate governance subsection of the investor relations section of our website, www.primerica.com, and are also available in print upon written request to the Corporate Secretary, Primerica, Inc., 1 Primerica Parkway, Duluth, GA 30099.

Item 10. Directors, Executive Officers and Corporate Governance.

For a list of executive officers, see Part I Item X. Executive Officers and Certain Significant Employees of the Registrant herein.

We have adopted a written code of conduct that applies to all directors, officers and employees, including a separate code that applies to only our principal executive officers and senior financial officers in accordance with Section 406 of the Sarbanes-Oxley Act of 2002 and the rules of the SEC promulgated thereunder. Our Code of Conduct is available in the corporate governance subsection of the investor relations section of our website, www.primerica.com, and is available in print upon written request to the Corporate Secretary, Primerica, Inc., 1 Primerica Parkway, Duluth, GA 30099. In the event that we make changes in, or provide waivers from, the provisions of the Code of Conduct that the SEC requires us to disclose, we will disclose these events in the corporate governance section of our website.

Except for the information above and the information set forth in Part I, Item X. Executive Officers and Certain Significant Employees of the Registrant, the information required by this item will be contained under the following headings in the Proxy Statement and is incorporated herein by reference:

- Matters to be Voted on — Proposal 1: Election of Eleven Directors;
- Governance — Director Independence;
- Governance — Code of Conduct;
- Board of Directors — Board Members;
- Board of Directors — Board Committees;
- Board of Directors — Other Director Matters;
- Stock Ownership — Section 16(a) Beneficial Ownership Reporting Compliance;
- Executive Compensation — Employment Agreements with our Executive Team Members;
- Audit Committee Matters — Audit Committee Report; and
- Related Party Transactions — Transactions with Citigroup.

Item 11. Executive Compensation.

The information required by this item will be contained under the following headings in the Proxy Statement and is incorporated herein by reference:

- Board of Directors — Board Committees — Compensation Committee;
- Board of Directors — Director Compensation; and
- Executive Compensation.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Except for the information set forth in Part II, Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities, the information required by this item will be contained under the following headings in the Proxy Statement and is incorporated herein by reference:

- Stock Ownership — Ownership of our Common Stock.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item will be contained under the following headings in the Proxy Statement and is incorporated herein by reference:

- Introductory paragraph to Governance;
- Governance — Director Independence;
- Board of Directors — Board Committees; and
- Related Party Transactions.

Item 14. Principal Accounting Fees and Services.

The information required by this item will be contained under the following headings in the Proxy Statement and is incorporated herein by reference:

- Matters to be Voted on — Proposal 5: Ratification of the Appointment of KPMG LLP as Our Independent Registered Public Accounting Firm;
- Board of Directors — Board Committees — Audit Committee; and
- Audit Matters — Fees and Services of KPMG.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) 1. FINANCIAL STATEMENTS

Included in Part II, Item 8, of this report:

Primerica, Inc.:

Report of Independent Registered Public Accounting Firm	59
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Consolidated Statements of Income for each of the years in the three-year period ended December 31, 2016	61
Consolidated Statements of Comprehensive Income for each of the years in the three-year period ended December 31, 2016	62
Consolidated Statements of Stockholders' Equity for each of the years in the three-year period ended December 31, 2016	63
Consolidated Statements of Cash Flows for each of the years in the three-year period ended December 31, 2016	64
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2. FINANCIAL STATEMENT SCHEDULES

Included in Part IV of this report:

Report of Independent Registered Public Accounting Firm on Financial Statement Schedules	104
Schedule I — Consolidated Summary of Investments — Other than Investments in Related Parties as of December 31, 2016	105
Schedule II — Condensed Financial Information of Registrant as of December 31, 2016 and 2015, and for each of the years in the three-year period ended December 31, 2016	106
Schedule III — Supplementary Insurance Information as of December 31, 2016 and 2015, and for each of the years in the three-year period ended December 31, 2016	112
Schedule IV — Reinsurance for each of the years in the three-year period ended December 31, 2016	113

3. EXHIBIT INDEX

An "Exhibit Index" has been filed as part of this Report beginning on the following page and is incorporated herein by reference.

Schedules other than those listed above are omitted because they are not required, are not material, are not applicable, or the required information is shown in the financial statements or notes thereto.

(b) Exhibit Index.

The agreements included as exhibits to this report are included to provide 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 April 1, 2015 (Commission File No. 001-34680).
4.1	Indenture, dated July 16, 2012, among the Registrant 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 July 16, 2012, among the Registrant 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).
10.1	Tax Separation Agreement dated as of March 30, 2010 by and between the Registrant and Citigroup Inc.	Incorporated by reference to Exhibit 10.3 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001- 34680).
10.2	Amended and Restated 80% Coinsurance Agreement dated March 31, 2016 by and between Primerica Life Insurance Company and Pecan Re Inc.	Filed with the Securities and Exchange Commission as part of this Annual Report.
10.3	10% Coinsurance Agreement dated March 31, 2010 by and between Primerica Life Insurance Company and Prime Reinsurance Company, Inc.	Incorporated by reference to Exhibit 10.6 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680).
10.4	Amendment No. 1 dated as of October 5, 2015 to the 10% Coinsurance Agreement dated March 31, 2010 by and between Primerica Life Insurance Company and Prime Reinsurance Company, Inc.	Incorporated by reference to Exhibit 10.29 to Primerica's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 (Commission File No. 001-34680).
10.5	Amendment No. 2 dated as of January 25, 2016 to the 10% Coinsurance Agreement dated March 31, 2010 by and between Primerica Life Insurance Company and Prime Reinsurance Company, Inc.	Incorporated by reference to Exhibit 10.1 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (Commission File No. 001-34680).
10.6	Amendment No. 3 dated as of March 31, 2016 to the 10% Coinsurance Agreement dated March 31, 2010 by and between Primerica Life Insurance Company and Prime Reinsurance Company, Inc.	Incorporated by reference to Exhibit 10.2 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (Commission File No. 001-34680).
10.7	Amended and Restated 80% Coinsurance Trust Agreement dated March 31, 2016 among Primerica Life Insurance Company, Pecan Re Inc. and The Bank of New York Mellon.	Filed with the Securities and Exchange Commission as part of this Annual Report.
10.8	Amendment No. 1 dated as of March 30, 2016 to the 80% Coinsurance Trust Agreement dated March 29, 2010 among Prime Reinsurance Company, Inc. Primerica Life Insurance Company, and The Bank of New York Mellon.	Incorporated by reference to Exhibit 10.3 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (Commission File No. 001-34680).
10.9	Amendment No. 2 dated as of March 31, 2016 to the 80% Coinsurance Trust Agreement dated March 29, 2010 among Prime Reinsurance Company, Inc. Pecan Re Inc., Primerica Life Insurance Company, and The Bank of New York Mellon.	Incorporated by reference to Exhibit 10.4 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (Commission File No. 001-34680).
10.10	10% Coinsurance Economic Trust Agreement dated March 29, 2010 among Primerica Life Insurance Company, Prime Reinsurance Company, Inc. and The Bank of New York Mellon.	Incorporated by reference to Exhibit 10.8 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680).
10.11	Amendment No. 1 dated as of March 31, 2016 to the 10% Coinsurance Economic Trust Agreement dated March 29, 2010 among Prime Reinsurance Company, Inc. Primerica Life Insurance Company, and The Bank of New York Mellon.	Incorporated by reference to Exhibit 10.5 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (Commission File No. 001-34680).
10.12	10% Coinsurance Excess Trust Agreement dated March 29, 2010 among Primerica Life Insurance Company, Prime Reinsurance Company, Inc. and The Bank of New York Mellon.	Incorporated by reference to Exhibit 10.9 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680).

10.13	Amendment No. 1 dated as of March 31, 2016 to the 10% Coinsurance Excess Trust Agreement dated March 29, 2010 among Prime Reinsurance Company, Inc. Primerica Life Insurance Company, and The Bank of New York Mellon.	Incorporated by reference to Exhibit 10.6 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (Commission File No. 001-34680).
10.14	Amended and Restated Capital Maintenance Agreement dated as of March 31, 2016 by and between Citigroup Inc. and Prime Reinsurance Company, Inc.	Incorporated by reference to Exhibit 10.7 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (Commission File No. 001-34680).
10.15	Assignment, Transfer and Novation Agreement dated as of March 31, 2016 among Prime Reinsurance Company, Inc. Pecan Re Inc. and Primerica Life Insurance Company.	Incorporated by reference to Exhibit 10.9 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (Commission File No. 001-34680).
10.16	90% Coinsurance Agreement dated March 31, 2010 by and between National Benefit Life Insurance Company and American Health and Life Insurance Company.	Incorporated by reference to Exhibit 10.11 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680).
10.17	Trust Agreement dated March 29, 2010 among National Benefit Life Insurance Company, American Health and Life Insurance Company and The Bank of New York Mellon.	Incorporated by reference to Exhibit 10.12 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680).
10.18	Coinsurance Agreement dated March 31, 2010 by and between Primerica Life Insurance Company of Canada and Financial Reassurance Company 2010, Ltd. (currently known as Munich Re Life Insurance Company of Vermont).	Incorporated by reference to Exhibit 10.13 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680).
10.19	Coinsurance Amending Agreement dated as of December 31, 2011 among Primerica Life Insurance Company and Financial Reassurance Company 2010, Ltd.	Filed with the Securities and Exchange Commission as part of this Annual Report.
10.20	Coinsurance Amending Agreement dated as of October 20, 2016 among Primerica Life Insurance Company, Munich Re Life Insurance Company of Vermont (formerly known as Financial Reassurance Company 2010, Ltd.) and Munich-American Holding Corporation.	Filed with the Securities and Exchange Commission as part of this Annual Report.
10.21	Monitoring and Reporting Agreement dated as of March 31, 2016 by and among Primerica Life Insurance Company and Pecan Re Inc.	Filed with the Securities and Exchange Commission as part of this Annual Report.
10.22	Monitoring and Reporting Agreement dated as of March 31, 2010 by and among National Benefit Life Insurance Company and American Health and Life Insurance Company.	Incorporated by reference to Exhibit 10.42 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680).
10.23	Monitoring and Reporting Agreement dated as of March 31, 2010 by and among Primerica Life Insurance Company of Canada and Financial Reassurance Company 2010 Ltd. (currently known as Munich Re Life Insurance Company of Vermont).	Incorporated by reference to Exhibit 10.43 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680).
10.24*	Primerica, Inc. Stock Purchase Plan for Agents and Employees.	Incorporated by reference to Exhibit 10.45 to Primerica's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (Commission File No. 001-34680).
10.25*	Primerica, Inc. Amended and Restated 2010 Omnibus Incentive Plan.	Incorporated by reference to Exhibit 10.22 to Primerica's Annual Report on Form 10-K for the year ended December 31, 2011 (Commission File No. 001-34680).
10.26*	Form of Primerica, Inc. Performance Stock Unit Award Agreement under the Primerica, Inc. 2010 Omnibus Incentive Plan (2016 awards).	Filed with the Securities and Exchange Commission as part of this Annual Report.
10.27*	Form of U.S. Employee Restricted Stock Unit Restated Award Agreement under the Primerica, Inc. 2010 Omnibus Incentive Plan (2014 awards).	Incorporated by reference to Exhibit 10.1 to Primerica's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 (Commission File No. 001-34680).
10.28*	Form of U.S. Employee Restricted Stock Unit Restated Award Agreement under the Primerica, Inc. 2010 Omnibus Incentive Plan (2015 awards).	Incorporated by reference to Exhibit 10.19 to Primerica's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 001-34680).
10.29*	Form of U.S. Employee Restricted Stock Unit Award Agreement under the Primerica, Inc. 2010 Omnibus Incentive Plan (2016 awards).	Filed with the Securities and Exchange Commission as part of this Annual Report.
10.30*	Form of Restated Nonqualified Stock Option Award Agreement under the Primerica, Inc. 2010 Omnibus Incentive Plan (2013 awards).	Incorporated by reference to Exhibit 10.2 to Primerica's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 (Commission File No. 001-34680).
10.31*	Form of Restated Nonqualified Stock Option Award Agreement under the Primerica, Inc. 2010 Omnibus Incentive Plan (2014 awards).	Incorporated by reference to Exhibit 10.2 to Primerica's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 (Commission File No. 001-34680).
10.32*	Form of Restated Nonqualified Stock Option Award Agreement under the Primerica, Inc. 2010 Omnibus Incentive Plan (2015 awards).	Incorporated by reference to Exhibit 10.22 to Primerica's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 001-34680).

10.33*	Form of Restated Nonqualified Stock Option Award Agreement under the Primerica, Inc. 2010 Omnibus Incentive Plan (2016 awards).	Filed with the Securities and Exchange Commission as part of this Annual Report.
10.34	Form of Director Restricted Stock Unit Award Agreement under the Primerica, Inc. 2010 Omnibus Incentive Plan (2013 awards).	Incorporated by reference to Exhibit 10.19 to Primerica's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 001-34680).
10.35	Form of Director Restricted Stock Unit Award Agreement under the Primerica, Inc. 2010 Omnibus Incentive Plan (2014, 2015 and 2016 awards).	Incorporated by reference to Exhibit 10.24 to Primerica's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 001-34680).
10.36*	Form of Indemnification Agreement for Directors and Officers.	Incorporated by reference to Exhibit 10.48 to Primerica's Registration Statement on Form S-1 (File No. 333-162918).
10.37*	Amended and Restated Employment Agreement, dated as of January 2, 2015, between the Registrant and Mr. Glenn J. Williams.	Incorporated by reference to Exhibit 99.4 to Primerica's Current Report on Form 8-K dated January 2, 2015 (Commission File No. 001-34680).
10.38*	Amended and Restated Employment Agreement, dated as of January 2, 2015, between the Registrant and Mr. Peter W. Schneider.	Incorporated by reference to Exhibit 99.5 to Primerica's Current Report on Form 8-K dated January 2, 2015 (Commission File No. 001-34680).
10.39*	Amendment dated as of November 17, 2015 to the Amended and Restated Employment Agreement, dated as of January 2, 2015, between the Registrant and Mr. Peter W. Schneider.	Incorporated by reference to Exhibit 10.30 to Primerica's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 001-34680).
10.40*	Amended and Restated Employment Agreement, dated as of January 2, 2015, between the Registrant and Ms. Alison S. Rand.	Incorporated by reference to Exhibit 99.6 to Primerica's Current Report on Form 8-K dated January 2, 2015 (Commission File No. 001-34680).
10.41*	Amendment dated as of November 17, 2015 to the Amended and Restated Employment Agreement, dated as of January 2, 2015, between the Registrant and Ms. Alison S. Rand.	Incorporated by reference to Exhibit 10.32 to Primerica's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 001-34680).
10.42*	Amended and Restated Employment Agreement, dated as of January 2, 2015, between the Registrant and Mr. Gregory C. Pitts.	Incorporated by reference to Exhibit 99.7 to Primerica's Current Report on Form 8-K dated January 2, 2015 (Commission File No. 001-34680).
10.43*	Amendment dated as of November 17, 2015 to the Amended and Restated Employment Agreement, dated as of January 2, 2015, between the Registrant and Mr. Gregory C. Pitts.	Incorporated by reference to Exhibit 10.34 to Primerica's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 001-34680).
10.44	Nonemployee Directors' Deferred Compensation Plan, effective as of January 1, 2011, adopted on November 10, 2010.	Incorporated by reference to Exhibit 10.31 to Annual Report on Form 10-K for the year ended December 31, 2010 (Commission File No. 001-34680).
12.1	Statement re Computation of Ratios.	Filed with the Securities and Exchange Commission as part of this Annual Report.
21.1	Subsidiaries of the Registrant.	Filed with the Securities and Exchange Commission as part of this Annual Report.
23.1	Consent of KPMG LLP.	Filed with the Securities and Exchange Commission as part of this Annual Report.
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by Glenn J. Williams, Chief Executive Officer.	Filed with the Securities and Exchange Commission as part of this Annual Report.
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by Alison S. Rand, Executive Vice President and Chief Financial Officer.	Filed with the Securities and Exchange Commission as part of this Annual Report.
32.1	Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), executed by Glenn J. Williams, Chief Executive Officer, and Alison S. Rand, Executive Vice President and Chief Financial Officer.	Filed with the Securities and Exchange Commission as part of this Annual Report.
101.INS	XBRL Instance Document(1)	Filed with the Securities and Exchange Commission as part of this Annual Report.
101.SCH	XBRL Taxonomy Extension Schema	Filed with the Securities and Exchange Commission as part of this Annual Report.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed with the Securities and Exchange Commission as part of this Annual Report.
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed with the Securities and Exchange Commission as part of this Annual Report.
101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed with the Securities and Exchange Commission as part of this Annual Report.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed with the Securities and Exchange Commission as part of this Annual Report.

* Identifies a management contract or compensatory plan or arrangement.

(1) Includes the following materials contained in this Annual Report on Form 10-K for the year ended December 31, 2016, formatted in XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON FINANCIAL
STATEMENT SCHEDULES**

The Board of Directors and Stockholders of Primerica, Inc.:

Under date of February 27, 2017, we reported on the consolidated balance sheets of Primerica, Inc. and subsidiaries (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedules included herein. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Atlanta, Georgia
February 27, 2017

Schedule I
Consolidated Summary of Investments — Other Than Investments in Related Parties
PRIMERICA, INC.

Type of Investment	December 31, 2016		
	Amortized cost or cost	Fair value	Amount at which shown in the balance sheet
<i>(In thousands)</i>			
Fixed maturities:			
Bonds⁽¹⁾:			
United States Government and government agencies and authorities	\$ 100,123	\$ 105,087	\$ 105,087
States, municipalities and political subdivisions	43,951	45,724	45,724
Foreign governments	126,274	131,306	131,306
Public utilities	-	-	-
Convertibles and bonds with warrants attached	2,597	2,863	2,863
All other corporate bonds ⁽²⁾	1,968,909	2,024,042	2,014,257
Certificates of deposit	-	-	-
Redeemable preferred stocks	3,442	3,814	3,814
Total fixed maturities	2,245,296	2,312,836	2,303,051
Equity securities:			
Common stocks:			
Public utilities	4,909	8,312	8,312
Banks, trusts and insurance companies	6,808	9,027	9,027
Industrial, miscellaneous and all other	7,834	9,837	9,837
Nonredeemable preferred stocks	17,267	17,718	17,718
Total equity securities	36,818	44,894	44,894
Mortgage loans on real estate	-	-	-
Real estate	-	-	-
Policy loans	30,916	30,916	30,916
Other long-term investments	-	-	-
Short-term investments	-	-	-
Total investments	\$ 2,313,030	\$ 2,388,646	\$ 2,378,861

(1) Mortgage-and asset-backed securities are included in the investment types listed based on the entity-type that issued these securities.

(2) The amount shown on the balance sheet does not match the amortized cost or cost or fair value for “All other corporate bonds” due to our held-to-maturity security, which is carried at cost on the balance sheet and all other fixed maturities are carried at fair value.

See the accompanying report of independent registered public accounting firm.

Schedule II
Condensed Financial Information of Registrant
PRIMERICA, INC. (Parent Only)
Condensed Balance Sheets

	December 31,	
	2016	2015
	(In thousands)	
Assets		
Investments:		
Fixed-maturity securities available-for-sale, at fair value (amortized cost: (\$52,537 in 2016 and \$71,419 in 2015))	\$ 53,953	\$ 71,437
Trading securities, at fair value (cost: \$51 in 2016 and \$0 in 2015)	51	-
Total investments	54,004	71,437
Cash and cash equivalents	13,992	15,029
Due from affiliates*	-	133
Other receivables	393	659
Income taxes	10,640	8,904
Investment in subsidiaries*	1,534,774	1,442,608
Total assets	1,613,803	1,538,770
Liabilities and Stockholders' Equity		
Liabilities:		
Notes payable	372,919	372,552
Current income tax payable	2,552	2,311
Deferred income taxes	5,399	3,695
Due to affiliates*	1,108	3,912
Interest payable	8,214	8,214
Other liabilities	2,237	2,314
Commitments and contingent liabilities (see Note E)		
Total liabilities	392,429	392,998
Stockholders' equity:		
Common stock (\$0.01 par value; authorized 500,000 in 2016 and 2015; issued and outstanding 45,721 shares in 2016 and 48,297 shares in 2015)	457	483
Paid-in capital	52,468	180,250
Retained earnings	1,138,851	952,804
Accumulated other comprehensive income, net of income tax	29,598	12,235
Total stockholders' equity	1,221,374	1,145,772
Total liabilities and stockholders' equity	\$ 1,613,803	\$ 1,538,770

* Eliminated in consolidation.

See the accompanying notes to condensed financial statements.

See the accompanying report of independent registered public accounting firm.

Schedule II
Condensed Financial Information of Registrant
PRIMERICA, INC. (Parent Only)
Condensed Statements of Income

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Revenues:			
Dividends from subsidiaries*	\$ 189,582	\$ 149,187	\$ 319,740
Net investment income	1,695	2,224	1,010
Realized investment gains (losses), including other-than-temporary impairment losses	1,088	(1,762)	(1,574)
Total revenues	192,365	149,649	319,176
Expenses:			
Interest expense	18,180	18,177	18,174
Other operating expenses	12,433	10,603	8,667
Total expenses	30,613	28,780	26,841
Income before income taxes	161,752	120,869	292,335
Income taxes	(7,019)	(7,124)	(7,540)
Income (loss) before equity in undistributed earnings of subsidiaries	168,771	127,993	299,875
Equity in undistributed earnings of subsidiaries*	50,643	61,878	(118,463)
Net income	<u>\$ 219,414</u>	<u>\$ 189,871</u>	<u>\$ 181,412</u>

* Eliminated in consolidation.

See the accompanying notes to condensed financial statements.

See the accompanying report of independent registered public accounting firm.

Schedule II
Condensed Financial Information of Registrant
PRIMERICA, INC. (Parent Only)
Condensed Statements of Comprehensive Income

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Net income	\$ 219,414	\$ 189,871	\$ 181,412
Other comprehensive income (loss) before income taxes:			
Unrealized investment gains (losses):			
Equity in unrealized holding gains (losses) on investment securities held by subsidiaries	9,846	(41,171)	7,296
Change in unrealized holding gains/(losses) on investment securities	2,487	(2,745)	(778)
Reclassification adjustment for realized investment (gains) losses included in net income	(1,088)	1,762	1,574
Foreign currency translation adjustments:			
Equity in unrealized foreign currency translation gains of subsidiaries	6,689	(41,929)	(20,527)
Total other comprehensive income (loss) before income taxes	17,934	(84,083)	(12,435)
Income tax expense (benefit) related to items of other comprehensive income (loss)	571	(791)	44
Other comprehensive income (loss), net of income taxes	17,363	(83,292)	(12,479)
Total comprehensive income	<u>\$ 236,777</u>	<u>\$ 106,579</u>	<u>\$ 168,933</u>

See the accompanying notes to condensed financial statements.

See the accompanying report of independent registered public accounting firm.

Schedule II
Condensed Financial Information of Registrant
PRIMERICA, INC. (Parent Only)
Condensed Statements of Cash Flows

	Year ended December 31,		
	2016	2015	2014
	<i>(In thousands)</i>		
Cash flows from operating activities:			
Net income	\$ 219,414	\$ 189,871	\$ 181,412
Adjustments to reconcile net income to cash provided by (used in) operating activities:			
Equity in undistributed earnings of subsidiaries* (1)	(89,820)	(74,814)	(70,472)
Deferred tax provision	167	(1,434)	(1,778)
Change in income taxes	(528)	(138)	979
Realized investment (gains) losses, including other-than-temporary impairments	(1,088)	1,762	1,574
Accretion and amortization of investments	(118)	808	203
Depreciation and amortization	-	6	23
Share-based compensation	1,227	1,031	998
Change in due to/from affiliates*	(2,671)	2,689	998
Trading securities sold, matured, or called (acquired), net	(51)	-	-
Change in other operating assets and liabilities, net	555	3,135	(550)
Net cash provided by (used in) operating activities	127,087	122,916	113,387
Cash flows from investing activities:			
Available-for-sale investments sold, matured or called:			
Fixed maturity securities — sold	29,759	71,019	45,312
Fixed-maturity securities — matured or called	79,914	100,900	53,512
Available-for-sale investments acquired:			
Fixed-maturity securities ⁽¹⁾	(50,408)	(72,131)	(10,290)
Net cash provided by (used in) investing activities	59,265	99,788	88,534
Cash flows from financing activities:			
Dividends paid	(33,367)	(32,807)	(26,512)
Common stock repurchased	(150,057)	(200,084)	(147,922)
Excess tax benefit on share-based compensation	5	61	163
Tax withholdings on share-based compensation	(3,970)	(7,615)	(6,377)
Cash proceeds from stock options exercised	-	136	-
Net cash provided by (used) in financing activities	(187,389)	(240,309)	(180,648)
Change in cash and cash equivalents	(1,037)	(17,605)	21,273
Cash and cash equivalents, beginning of period	15,029	32,634	11,361
Cash and cash equivalents, end of period	\$ 13,992	\$ 15,029	\$ 32,634
Supplemental disclosures of cash flow information:			
Interest paid	\$ 17,813	\$ 17,813	\$ 17,813

* Eliminated in consolidation.

(1) Does not include \$39.2 million, \$12.9 million, and \$188.9 million of fixed-maturity securities transferred from subsidiaries in the form of noncash dividends for the years ended December 31, 2016, 2015, and 2014, respectively.

See the accompanying notes to condensed financial statements.

See the accompanying report of independent registered public accounting firm.

Schedule II
Condensed Financial Information of Registrant
PRIMERICA, INC. (Parent Only)
Notes to Condensed Financial Statements

(A) Description of Business

Primerica, Inc. (“we”, “us” or the “Company”) is a holding company with our primary asset being the capital stock of our wholly owned operating subsidiaries, and our primary liability being \$375.0 million in principal amount of senior unsecured notes issued in a public offering in 2012 (the “Senior Notes”). Our subsidiaries assist clients in meeting their needs for term life insurance, which our insurance subsidiaries underwrite, and mutual funds, annuities, managed investments and other financial products, which our subsidiaries distribute primarily on behalf of third parties. Our primary subsidiaries include the following entities: Primerica Financial Services, Inc., a general agency and marketing company; Primerica Life Insurance Company (“Primerica Life”), our principal life insurance company; Primerica Financial Services (Canada) Ltd., a holding company for our Canadian operations, which includes Primerica Life Insurance Company of Canada and PFSL Investments Canada Ltd.; and PFS Investments Inc., an investment products company and broker-dealer. Primerica Life, domiciled in Massachusetts, owns National Benefit Life Insurance Company, a New York insurance company. In addition, we established Peach Re, Inc. (“Peach Re”) and Vidalia Re, Inc. (“Vidalia Re”) as special purpose financial captive insurance companies domiciled in Vermont and wholly owned subsidiaries of Primerica Life.

(B) Basis of Presentation

These condensed financial statements reflect the results of operations, financial position and cash flows for the Company. 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 most significant item that involves a greater degree of accounting estimates subject to change in the future is the determination of our investments in subsidiaries. Estimates for this 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.

The accompanying condensed financial statements should be read in conjunction with the consolidated financial statements and notes thereto of Primerica, Inc. and subsidiaries included in Part II, Item 8 of this report.

(C) Note Payable

In July 2012, we issued the Senior Notes in a public offering at a price of 99.843% of the principal amount with an annual interest rate of 4.75%, payable semi-annually in arrears on January 15 and July 15. The Senior Notes mature on July 15, 2022.

As unsecured senior obligations, the Senior Notes rank equally in right of payment with all existing and future unsubordinated indebtedness and senior to all existing and future subordinated indebtedness of the Company. The Senior Notes are structurally subordinated in right of payment to all existing and future liabilities of our subsidiaries. In addition, the Senior Notes contain covenants that restrict our ability to, among other things, create or incur any indebtedness that is secured by a lien on the capital stock of certain of our subsidiaries, and merge, consolidate or sell all or substantially all of our properties and assets.

We were in compliance with the covenants of the Senior Notes at December 31, 2016. No events of default(s) occurred on the Senior Notes during the year ended December 31, 2016.

(D) Dividends

For the years ended December 31, 2016, 2015, and 2014, the Company received dividends from our non-life insurance subsidiaries of approximately \$72.5 million, \$86.5 million, and \$71.3 million, respectively. For the years ended December 31, 2016, 2015, and 2014, the Company received dividends from our life insurance subsidiaries of approximately \$117.0 million, \$62.6 million, and \$248.4 million, respectively.

(E) Commitments and Contingent Liabilities

Peach Re and Vidalia Re have each entered into separate coinsurance agreements with Primerica Life whereby Primerica Life has ceded certain level-premium term life insurance policies to Peach Re and Vidalia Re. In conjunction with these coinsurance agreements, we have capital maintenance agreements with both Peach Re and Vidalia Re. Each capital maintenance agreement requires us at times to make capital contributions to Peach Re and Vidalia Re to insure that their regulatory accounts, as defined in the coinsurance agreements with Primerica Life will not be less than \$20.0 million for each financial captive insurance company. For Peach Re, the regulatory account will only be used to satisfy obligations under its coinsurance agreement after all other available

assets have been used, including a letter of credit issued by Deutsche Bank for the benefit of Primerica Life. For Vidalia Re, the regulatory account will only be used to satisfy obligations under its coinsurance agreement after all other available assets have been used including its held-to-maturity security ultimately guaranteed by Hannover Life Reassurance Company of America.

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 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.

**Schedule III
Supplementary Insurance Information
PRIMERICA, INC.**

	Deferred policy acquisition costs	Future policy benefits	Unearned premiums	Other policy benefits and claims payable	Separate account liabilities
<i>(In thousands)</i>					
December 31, 2016					
Term Life Insurance	\$ 1,628,957	\$ 5,464,851	\$ -	\$ 258,774	\$ -
Investment and Savings Products	56,933	-	-	-	2,287,829
Corporate and Other Distributed Products	27,175	209,039	527	9,362	124
Total	<u>\$ 1,713,065</u>	<u>\$ 5,673,890</u>	<u>\$ 527</u>	<u>\$ 268,136</u>	<u>\$ 2,287,953</u>

December 31, 2015					
Term Life Insurance	\$ 1,420,727	\$ 5,221,188	\$ -	\$ 227,384	\$ -
Investment and Savings Products	51,501	-	-	-	2,063,731
Corporate and Other Distributed Products	28,031	210,523	628	10,773	168
Total	<u>\$ 1,500,259</u>	<u>\$ 5,431,711</u>	<u>\$ 628</u>	<u>\$ 238,157</u>	<u>\$ 2,063,899</u>

	Premium revenue	Net investment income	Benefits and claims	Amortization of deferred policy acquisition costs	Other operating expenses	Premiums written
<i>(In thousands)</i>						
Year ended December 31, 2016						
Term Life Insurance	\$ 822,207	\$ 7,634	\$ 350,640	\$ 172,812	\$ 129,569	\$ -
Investment and Savings Products	-	-	-	6,148	374,117	-
Corporate and Other Distributed Products	21,502	71,391	17,015	1,622	129,566	844
Total	<u>\$ 843,709</u>	<u>\$ 79,025</u>	<u>\$ 367,655</u>	<u>\$ 180,582</u>	<u>\$ 633,252</u>	<u>\$ 844</u>

Year ended December 31, 2015						
Term Life Insurance	\$ 728,181	\$ 5,985	\$ 322,232	\$ 147,980	\$ 120,538	\$ -
Investment and Savings Products	-	-	-	7,951	367,301	-
Corporate and Other Distributed Products	22,043	70,524	17,083	1,796	128,340	908
Total	<u>\$ 750,224</u>	<u>\$ 76,509</u>	<u>\$ 339,315</u>	<u>\$ 157,727</u>	<u>\$ 616,179</u>	<u>\$ 908</u>

Year ended December 31, 2014						
Term Life Insurance	\$ 660,684	\$ 4,444	\$ 295,332	\$ 133,331	\$ 111,619	\$ -
Investment and Savings Products	-	-	-	8,734	356,351	-
Corporate and Other Distributed Products	23,831	82,029	16,085	2,313	137,607	934
Total	<u>\$ 684,515</u>	<u>\$ 86,473</u>	<u>\$ 311,417</u>	<u>\$ 144,378</u>	<u>\$ 605,577</u>	<u>\$ 934</u>

See the accompanying report of independent registered public accounting firm.

**Schedule IV
Reinsurance
PRIMERICA, INC.**

Year ended December 31, 2016					
	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
	<i>(Dollars in thousands)</i>				
Life insurance in force	\$ 731,822,070	\$ 643,364,460	\$ -	\$ 88,457,610	—%
Premiums:					
Life insurance	\$ 2,442,968	\$ 1,600,125	\$ -	\$ 842,843	—%
Accident and health insurance	1,300	434	-	866	—%
Total premiums	\$ 2,444,268	\$ 1,600,559	\$ -	\$ 843,709	—%
Year ended December 31, 2015					
	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
	<i>(Dollars in thousands)</i>				
Life insurance in force	\$ 696,939,187	\$ 616,255,740	\$ -	\$ 80,683,447	—%
Premiums:					
Life insurance	\$ 2,343,877	\$ 1,594,606	\$ -	\$ 749,271	—%
Accident and health insurance	1,567	614	-	953	—%
Total premiums	\$ 2,345,444	\$ 1,595,220	\$ -	\$ 750,224	—%
Year ended December 31, 2014					
	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
	<i>(Dollars in thousands)</i>				
Life insurance in force	\$ 686,267,407	\$ 607,218,906	\$ -	\$ 79,048,501	—%
Premiums:					
Life insurance	\$ 2,299,355	\$ 1,615,847	\$ -	\$ 683,508	—%
Accident and health insurance	1,977	970	-	1,007	—%
Total premiums	\$ 2,301,332	\$ 1,616,817	\$ -	\$ 684,515	—%

See the accompanying report of independent registered public accounting firm.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: <u>/s/ Alison S. Rand</u> Alison S. Rand Executive Vice President and Chief Financial Officer	February 27, 2017
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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>/s/ D. Richard Williams</u> D. Richard Williams	Chairman of the Board	February 27, 2017
<u>/s/ John A. Addison, Jr.</u> John A. Addison, Jr.	Chairman of Primerica Distribution and Director	February 27, 2017
<u>/s/ Glenn J. Williams</u> Glenn J. Williams	Chief Executive Officer (Principal Executive Officer)	February 27, 2017
<u>/s/ Alison S. Rand</u> Alison S. Rand	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 27, 2017
<u>/s/ Joel M. Babbitt</u> Joel M. Babbitt	Director	February 27, 2017
<u>/s/ P. George Benson</u> P. George Benson	Director	February 27, 2017
<u>/s/ Gary L. Crittenden</u> Gary L. Crittenden	Director	February 27, 2017
<u>/s/ Cynthia N. Day</u> Cynthia N. Day	Director	February 27, 2017
<u>/s/ Mark Mason</u> Mark Mason	Director	February 27, 2017
<u>/s/ Robert F. McCullough</u> Robert F. McCullough	Director	February 27, 2017
<u>/s/ Beatriz R. Perez</u> Beatriz R. Perez	Director	February 27, 2017
<u>/s/ Barbara A. Yastine</u> Barbara A. Yastine	Director	February 27, 2017

AMENDED AND RESTATED
80% COINSURANCE AGREEMENT
by and between
PRIMERICA LIFE INSURANCE COMPANY
(the “Ceding Company”)
and
PECAN RE INC.
(the “Reinsurer”)
Dated March 31, 2016

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AMENDED AND RESTATED 80% COINSURANCE AGREEMENT

This AMENDED AND RESTATED 80% COINSURANCE AGREEMENT (together with the Exhibits hereto, this “**Agreement**”) is made on this March 31, 2016 (the “**Restatement Date**”) by and between PRIMERICA LIFE INSURANCE COMPANY, a stock life insurance company domiciled in the Commonwealth of Massachusetts (together with its successors and permitted assigns, the “**Ceding Company**”) and PECAN RE INC., a special purpose financial insurance company organized under Section 6048f of Title 8 of the Vermont Statutes Annotated (together with its successors and permitted assigns, the “**Reinsurer**”), and hereby amends and restates in its entirety that certain 80% Coinsurance Agreement, dated as of March 31, 2010, by and between the Ceding Company and Prime Re (as defined below) (the “**Original Agreement**”).

WHEREAS, the Ceding Company is engaged in the business of issuing certain life insurance policies and certain related riders;

WHEREAS, the Ceding Company and Prime Reinsurance Company, Inc., a special purpose financial insurance company organized under Section 6048f of Title 8 of the Vermont Statutes Annotated (“**Prime Re**”), have entered into the Original Agreement, pursuant to which the Ceding Company has ceded and Prime Re has reinsured, on an indemnity reinsurance basis certain liabilities with respect to the Reinsured Policies (as defined herein);

WHEREAS, the Ceding Company transferred certain assets to the Reinsurance Trust Accounts on behalf of Prime Re as initial consideration for the reinsurance provided hereunder;

WHEREAS, Prime Re has assigned and transferred, by novation, the Original Agreement to the Reinsurer with the effect that the Reinsurer has succeeded to all rights, obligations, duties and liabilities of Prime Re under the Original Agreement, whenever arising, and the Reinsurer has accepted such assignment, transfer and novation (the “**Novation**”) pursuant to a Novation Agreement between the Ceding Company, the Reinsurer and Prime Re (the “**Novation Agreement**”); and

WHEREAS, in connection with the Novation, the Ceding Company and the Reinsurer have agreed to amend and restate the Original Agreement in the form of this Agreement.

NOW THEREFORE, in consideration of the mutual and several promises and undertakings herein contained, and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Ceding Company and the Reinsurer (individually, a “**Party**” and collectively, the “**Parties**”), hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. The following terms, when used in this Agreement, shall have the meanings set forth in this Article I.

- (a) “**Administrative Practices**” shall have the meaning specified in Section 17.2(a).
- (b) “**Affiliate**” means, with respect to a Party, any entity that controls, is controlled by or is under common control with such
- (c) “**Agreement**” shall have the meaning specified in the Preamble.

Party.

- (d) **“Applicable Law”** means any domestic or foreign, federal, state or local statute, law, ordinance or code, or any written rules, regulations or administrative interpretations issued by any Governmental Authority pursuant to any of the foregoing, in each case applicable to any Party, and any order, writ, injunction, directive, judgment or decree of a court of competent jurisdiction applicable to the Parties.
- (e) **“Approval Period”** means forty-five (45) calendar days, and any forty-five (45) day extension thereof as consented to by the Ceding Company, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, the Ceding Company shall not be required to consent to extend the Approval Period beyond an additional forty-five (45) days, for a total of ninety (90) days.
- (f) **“Business Day”** means any day other than a day on which banks in Zurich, Switzerland, the State of Vermont, the State of Missouri or the Commonwealth of Massachusetts are permitted or required to be closed.
- (g) **“Capital Maintenance Agreement”** means the Capital Maintenance Agreement, dated as of March 31, 2016, by and between Swiss Reinsurance Company Ltd and the Reinsurer.
- (h) **“Capital Maintenance Failure”** shall have the meaning specified in Section 11.1(e).
- (i) **“Ceding Company”** shall have the meaning specified in the Preamble.
- (j) **“Change of Control”** shall have the meaning specified in Section 21.11.
- (k) **“Claims”** means any and all claims, requests, demands or notices made under a Reinsured Policy for payment of benefits or other obligations, including death benefits, waived premiums, returned premium or any other payments alleged to be due in accordance with the terms and conditions of such Reinsured Policy.
- (l) **“Code”** shall have the meaning specified in Section 5.3.
- (m) **“Collateralized Stop Loss Reinsurance Agreement”** means the Collateralized Stop Loss Reinsurance Agreement, dated as of March 31, 2016, by and between Prime Re and the Reinsurer.
- (n) **“Commissioner”** means the Commissioner of Insurance of the State of Vermont.
- (o) **“Commissions”** means the contractual amounts earned by and the bonuses paid to the Ceding Company's sales representatives in connection with the Reinsured Policies on and after the Effective Date.
- (p) **“Commutation Payment”** shall have the meaning specified in Section 11.5.
- (q) **“Confidential Information”** shall have the meaning specified in Section 21.11.
- (r) **“Conversion”** means the issuance by the Ceding Company of a new Coverage in replacement of a Coverage under a Reinsured Policy pursuant to an option granted under the terms of such Reinsured Policy; provided, however, in no event shall Conversions include any Renewal.
- (s) **“Coverage”** means, with respect to any Policy, one or more life insurance coverages issued by the Ceding Company. A single Policy may have multiple Coverages issued to multiple individuals and such multiple Coverages, in turn, may have different Original Initial Level Premium Periods, all within a single Policy.

(t) **“Covered Liabilities”** means all liabilities incurred by the Ceding Company under the express terms of the Reinsured Policies (including End of Term Renewals) and all Reinsured ECOs; provided, however, in no event shall Covered Liabilities include any Excluded Liabilities.

(u) **“DAC Tax Election”** shall have the meaning specified in Section 5.3.

(v) **“Direct Premiums”** means all premiums actually received from the Policyholders attributable to the Reinsured Policies from and after the Effective Date and waived premiums on such Policies.

(w) **“Effective Date”** means January 1, 2010.

(x) **“Eligible Assets”** means cash in United States dollars, certificates of deposit issued by a United States bank and payable in United States dollars, and investments permitted by M.G.L. c. 175 or any combination of the above, provided investments in or issued by an entity controlling, controlled by or under common control with either the Ceding Company or the Reinsurer shall not exceed 5% of total investments. Commercial paper and other obligations of institutions must be issued by a corporation (other than the Ceding Company, Prime Re or the Reinsurer, or any Affiliate of any of them) which is organized and existing under the laws of the United States of America, unless otherwise allowed by M.G.L. c. 175. The Eligible Assets are further subject to and limited by, the investment guidelines set forth in the Reinsurance Trust Agreement.

(y) **“End of Term Conversion”** means, with respect to a Coverage under a Reinsured Policy, a Conversion that occurs (i) at any time during the two year period ending on the last day of the Original Initial Level Premium Period of a Coverage or (ii) after the last day of such period.

(z) **“End of Term Renewal”** means with respect to any Coverage, a Renewal thereof that occurs at the end of the Original Initial Level Premium Period in respect of such Coverage.

(aa) **“Excess of Loss Reinsurance Agreement”** means the Excess of Loss Reinsurance Agreement, dated as of March 31, 2016, by and between Prime Re and the Reinsurer.

(bb) **“Excess Withdrawal Amount”** shall have the meaning specified in Section 15.6.

(cc) **“Excluded Liabilities”** shall have the meaning specified in Section 2.2.

(dd) **“Existing Practice”** shall have the meaning specified in Section 17.2(a).

(ee) **“Expense Allowance”** means an annualized per base policy expense allowance equal to the Reinsurer's Quota Share multiplied by \$42.50 for each Reinsured Policy payable on a monthly basis, which amount shall be increased (i) by 3% on the first anniversary date of the Effective Date and (ii) thereafter, by a compounded rate equal to the percentage increase, if any, in the employment cost index published by the United States Bureau of Labor Statistics at <http://www.bls.gov> on each subsequent anniversary date of the Effective Date.

(ff) **“Extra-Contractual Obligations”** means all liabilities, obligations and expenses not arising under the express terms and conditions of any Reinsured Policy, whether such liabilities, obligations or expenses are owing to an insured, a Governmental Authority or any other Person in connection with such Reinsured Policy, including (a) any liability for punitive, exemplary, consequential, special, treble, tort, bad faith or any other form of extra-contractual damages, (b) damages or claims in excess of the applicable policy limits of the Reinsured Policies, (c) statutory or regulatory damages, fines, penalties, forfeitures and similar charges of a penal or disciplinary nature, and (d) liabilities and obligations arising out of any act, error or omission, whether or not intentional, in bad faith or otherwise, including any act, error or omission relating to (i) the form, marketing, production, issuance, sale, cancellation or administration of Reinsured Policies or (ii) the failure to pay or the delay in payment of claims, benefits, disbursements or any other amounts due or alleged to be due under or in connection with Reinsured Policies (exclusive of interest on payments to Policyholders, as determined in accordance with the

laws of the jurisdiction applicable to such Reinsured Policy). For avoidance of doubt, any liabilities, obligations and expenses relating to any change in the Reinsured Policies arising out of or resulting from litigation, arbitration or settlements will be deemed Extra-Contractual Obligations.

(gg) **“Fair Value”** shall have the meaning specified in the Reinsurance Trust Agreement.

(hh) **“Governmental Authority”** means any federal, state, county, local, foreign or other governmental or public agency, instrumentality, commission, authority or self-regulatory organization, board or body.

(ii) **“Indemnification Claims”** shall have the meaning specified in Section 18.1.

(jj) **“Initial Ceding Commission”** shall have the meaning specified in the Original Agreement.

(kk) **“Insurance Division”** means the Massachusetts Division of Insurance.

(ll) **“Interest Maintenance Reserves”** means the reserves required to be established under SAP as liabilities on a life insurer's statutory financial statements applicable to all types of fixed income investments.

(mm) **“Massachusetts SAP”** means the statutory accounting and actuarial principles and practices prescribed or permitted by the Insurance Division for Massachusetts domestic life insurance companies.

(nn) **“Milliman”** shall have the meaning specified in Section 17.1(e).

(oo) **“Milliman Information”** shall have the meaning specified in Section 17.1(e).

(pp) **“Milliman Report”** means the report attached hereto as Exhibit VI.

(qq) **“Monthly Account Balance Report”** shall have the meaning specified in Section 8.2.

(rr) **“Monthly Report”** shall have the meaning specified in Section 8.1.

(ss) **“Net Premium”** shall have the meaning specified in Section 4.1.

(tt) **“Novation”** shall have the meaning specified in the Recitals.

(uu) **“Novation Agreement”** shall have the meaning specified in the Recitals.

(vv) **“Original Agreement”** shall have the meaning specified in the Preamble.

(ww) **“Original Initial Level Premium Period”** means, with respect to each Reinsured Policy, the period beginning with the original issue date of a Coverage and ending with the first premium increase date identified within such Reinsured Policy on which premiums for such Coverage will increase without a corresponding increase in the terms or limits of such Coverage.

(xx) **“Parties”** shall have the meaning specified in the Recitals.

(yy) **“Pecan-Funded Reserves Trust Account”** shall have the meaning specified in Section 15.1.

(zz) **“Pecan-Funded Reserves Trust Account Required Balance”** means, as of any date, the amount equal to the difference between (i) Reinsurer's Quota Share of the Statutory Reserves with respect to the Reinsured Policies and (ii) the Stop Loss Assets Amount.

(aaa) **“Pecan-Funded Security Balance”** means, as of the last day of each calendar quarter, the aggregate Fair Value as of such date of the Eligible Assets maintained in the Pecan-Funded Reserves Trust Account.

(bbb) **“Person”** means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

(ccc) **“Policies”** means term life insurance base policies and riders thereto issued by the Ceding Company.

(ddd) **“Policyholders”** means the owners or holders of one or more of the Reinsured Policies.

(eee) **“Premium Taxes”** means any taxes imposed on premiums relating to the Reinsured Policies.

(fff) **“Prime-Funded Reserves Trust Account”** shall have the meaning specified in Section 15.1.

(ggg) **“Prime-Funded Reserves Trust Account Required Balance”** means, as of any date, the amount equal to the Stop Loss Assets Amount.

(hhh) **“Prime-Funded Security Balance”** means, as of the last day of each calendar quarter, the aggregate Fair Value as of such date of the Eligible Assets maintained in the Prime-Funded Reserves Trust Account.

(iii) **“Prime Rate”** means, as of any day, a fluctuating interest rate per annum equal to the average (rounded upward to the nearest 1/16 of 1%) of the “prime” rate of interest announced publicly by Bank of America, N.T. & S.A., The Chase Manhattan Bank, N.A., Citibank N.A. and Morgan Guaranty Trust Company of New York. If any of these banks does not publicly announce a prime rate, the Ceding Company and the Reinsurer (or its designee) shall jointly select another bank that publicly announces a prime rate and the prime rate publicly announced by that bank shall be used.

(jjj) **“Prime Re”** shall have the meaning specified in the Recitals.

(kkk) **“Primerica”** means Primerica, Inc., a Delaware corporation.

(lll) **“Recapture Fee”** shall have the meaning specified in Section 11.3.

(mmm) **“Recapture Notice”** shall have the meaning specified in Section 11.2.

(nnn) **“Reinstatement”** shall have the meaning specified in Section 7.1.

(ooo) **“Reinsurance Credit Notice”** shall have the meaning specified in Section 11.1(b).

(ppp) **“Reinsurance Trust Accounts”** shall have the meaning specified in Section 15.1.

(qqq) **“Reinsurance Trust Agreement”** means the Amended and Restated 80% Coinsurance Trust Agreement, dated as of March 31, 2016, by and among the Ceding Company, the Reinsurer and The Bank of New York Mellon, as amended, supplemented, novated or otherwise modified from time to time, and at any time.

(rrr) **“Reinsured ECOs”** means (i) Extra-Contractual Obligations paid by the Ceding Company to a single (or joint) policyholder or beneficiary in the ordinary course of business, consistent with prudent business practices and (ii) Extra-Contractual Obligations arising in circumstances where the Reinsurer is an active party and directs or consents to the act, omission or course of conduct occurring after the date hereof that resulted in such Extra-Contractual Obligation; provided, however, that Reinsured ECOs shall not include any liabilities: (x) relating to class actions of any kind; (y) relating to sales, marketing or distribution practices of the Ceding Company or its sales representatives directed or applied to any specific class of policyholders as indicated on the underwriting records of the Ceding Company; or (z) relating to or based on violations of, or noncompliance with, Applicable Law by the Ceding Company. Notwithstanding the foregoing, the term “Reinsured ECOs” shall not include any punitive, exemplary, consequential, special, treble, tort, bad faith or any other form of extra-contractual damages to the extent not permitted to be insured or reinsured under applicable law.

(sss) **“Reinsured Policies”** means Policies issued (i) on the policy forms identified in Exhibit I and riders thereto in force as of 11:59 p.m. (EST) on December 18, 2009 and (ii) as a result of any Conversions thereto, but not including any End of Term Conversions arising from Coverages with an Original Initial Level Premium Period ending on or after January 1, 2017.

(ttt) **“Reinsurer”** shall have the meaning specified in the Preamble.

(uuu) **“Reinsurer's Quota Share”** means eighty percent (80%) or such other percentage as modified to reflect a partial recapture of the Reinsurer's Quota Share of the Reinsured Policies pursuant to the terms and conditions specified in Section 2.1 and Article XI.

(vvv) **“Renewal”** means the continuation of Coverage under a Reinsured Policy after the end of the Original Initial Level Premium Period of such Coverage in accordance with the terms of such Reinsured Policy.

(www) **“Renewal Recapture Right”** shall have the meaning specified in Section 11.4.

(xxx) **“Representatives”** shall have the meaning specified in Section 12.1.

(yyy) **“Required Balance”** means, as of any date, the amount equal to the Reinsurer's Quota Share of the Statutory Reserves with respect to the Reinsured Policies.

(zzz) **“Restatement Date”** shall have the meaning specified in the Preamble.

(aaaa) **“Retained Asset Account”** means the Primerica Estate Account identified in the financial statements of the Ceding Company, reflecting death benefit proceeds retained by the Ceding Company on behalf of beneficiaries and available to such beneficiaries on demand.

(bbbb) **“SAP”** means statutory accounting principles.

(cccc) **“Security Balance”** means, as of the last day of each calendar quarter following the date hereof, the aggregate Fair Value as of such date of the Eligible Assets maintained in the Reinsurance Trust Accounts.

(dddd) **“Statutory Financial Statement Credit”** means credit for reinsurance permitted by the Massachusetts General Laws on the Ceding Company's statutory financial statements filed in the Commonwealth of Massachusetts with respect to the Reinsured Policies.

(eeee) **“Statutory Reserves”** means, as of any date, all reserves set forth on Schedule A as of such date corresponding to liabilities of a type or kind identified as Covered Liabilities, related to the Reinsured Policies, such amount as determined by the Ceding Company in accordance with the methodologies used by the Ceding Company to calculate such amounts for purposes of its statutory financial statements prepared in accordance with Massachusetts SAP and generally consistent with past practices as of all dates without giving effect to this Agreement.

(ffff) **“Stop Loss Assets Amount”** means, in respect of any calendar quarter, the amount set forth in Schedule C.

(gggg) **“Then Current Practice”** shall have the meaning specified in Section 17.2(a).

(hhhh) **“Third Party Accountant”** means an independent accounting firm which is mutually acceptable to Ceding Company and Reinsurer, or, if Ceding Company and Reinsurer cannot agree on such an accounting firm, an independent accounting firm mutually acceptable to Ceding Company's and Reinsurer's respective independent accountants.

(iiii) **“Third Party Reinsurance”** means reinsurance of the Reinsured Policies placed with third party reinsurers as identified and summarized in Exhibit II (as such Exhibit II may be amended from time to time, and at any time).

(jjjj) **“Third Party Reinsurance Premiums”** means all premiums paid by the Ceding Company on or after the Effective Date for coverage under Third Party Reinsurance, net of refunds of unearned premiums on lapse (except that the refund of unearned premiums shall only apply for premiums payable under Third Party Reinsurance on or after the Effective Date).

(kkkk) **“Top-Up Notice”** shall have the meaning specified in Section 8.3(b).

(llll) **“Trust Assets”** shall have the meaning specified in Section 15.2.

(mmmm) **“Trustee”** means the trustee under the Reinsurance Trust Agreement.

ARTICLE II

REINSURANCE

Section 2.1 **Reinsurance**. Subject to the terms and conditions of this Agreement, the Ceding Company hereby cedes on an indemnity basis to the Reinsurer, and the Reinsurer hereby accepts and agrees to reinsure on an indemnity basis, the Reinsurer's Quota Share of the Covered Liabilities, provided, however, in the event of a recapture involving a pro rata portion of the Reinsurer's Quota Share of the Reinsured Policies pursuant to Article XI hereof, the Reinsurer's Quota Share of the Covered Liabilities will be proportionately reduced. The Reinsurer's Quota Share of Covered Liabilities shall be reduced, but not below zero, by the Reinsurer's Quota Share of Third Party Reinsurance for Covered Liabilities in accordance with the respective terms thereof, to the extent such Third Party Reinsurance is actually collected.

Section 2.2 **Exclusions**. Notwithstanding any provision of this Agreement to the contrary, the Reinsurer shall not be liable for any liabilities or obligations of the Ceding Company that are:

(a) liabilities relating to benefits, including, but not limited to, terminal illness benefits, other than life insurance death benefits, any related waiver of premium coverages and write-offs of terminal illness policy loan balances;

(b) any liabilities resulting from any coverage added after the Effective Date to a Reinsured Policy that is not a Conversion or Renewal or otherwise required or permitted by the terms of such Reinsured Policy in effect on the Effective Date, unless such additional coverage is required by Applicable Law or has been approved in writing in advance by the Reinsurer;

(c) any liabilities relating to deaths occurring prior to the Effective Date;

(d) Extra-Contractual Obligations, other than Reinsured ECOs;

(e) any loss or liabilities relating to or arising from the Ceding Company's Retained Asset Account for the Reinsured Policies;

(f) any losses or liabilities arising under any End of Term Conversion occurring on or after January 1, 2017;

(g) any loss or liabilities relating to or arising from actions taken by the Ceding Company without the consent of the Reinsurer as required by Section 17.2(b) hereof;

(h) any loss or liabilities relating to or arising from claims made, or lawsuits brought, by agents of the Ceding Company; and

(i) all liabilities or obligations of any kind or nature whatsoever that do not relate to the Reinsured Policies (collectively, (a)-(i) constitute the “**Excluded Liabilities**”).

Section 2.3 Territory . The reinsurance provided under this Agreement shall apply to the Covered Liabilities covering lives and risks wherever resident or situated.

ARTICLE III

COMMENCEMENT OF THE REINSURER'S LIABILITY

Section 3.1 Commencement of the Reinsurer's Liability . Except as otherwise set forth in this Agreement, the Reinsurer's liability under this Agreement shall attach simultaneously with that of the Ceding Company, and all reinsurance with respect to which the Reinsurer shall be liable by virtue of this Agreement shall be subject in all respects to the same risks, terms, rates, conditions, interpretations, and to the same modifications, alterations, cancellations and receivables under Third Party Reinsurance, as the respective Reinsured Policies to which liability under this Agreement attaches, the true intent of this Agreement being that the Reinsurer shall, in every case to which liability under this Agreement attaches and always subject to the Excluded Liabilities, follow the fortunes of the Ceding Company.

ARTICLE IV

REINSURANCE PREMIUMS, ALLOWANCES AND OTHER OBLIGATIONS

Section 4.1 Reinsurance Premiums . As consideration for the reinsurance provided herein, on a monthly basis during the term of this Agreement, the Ceding Company shall pay to the Reinsurer the Reinsurer's Quota Share of Direct Premiums net of the Reinsurer's Quota Share of Third Party Reinsurance Premiums (the “**Net Premium**”). The Net Premium shall be paid in accordance with Article VIII.

Section 4.2 Allowances . At each month end following the date hereof, the Reinsurer shall pay the Ceding Company the Expense Allowance calculated on the basis of the number of Reinsured Policies in force on such date. The number of Reinsured Policies in force for each calendar month shall be determined by adding the number of Reinsured Policies in force on the last day of the prior calendar month and the number of Reinsured Policies in force on the last day of the current calendar month and dividing that total by two (2); provided, however, if there are any End of Term Renewals, the Expense Allowance for the Reinsured Policies associated with such End of Term Renewals that start after December 31, 2016 will be zero. The Expense Allowance shall be payable in accordance with Article VIII.

Section 4.3 Other Obligations . On a monthly basis during the term of this Agreement, the Reinsurer shall pay the Ceding Company the Reinsurer's Quota Share of the following amounts: (i) 2.3% of premiums collected for such month in connection with the Reinsured Policies as a provision for Premium Taxes incurred by the Ceding Company; (ii) \$50 for each new Conversion which results in the issuance of a Reinsured Policy (including the issuance of one or more riders to a base Policy); (iii) Commissions for each Reinsured Policy; and (iv) any out-of-pocket underwriting fees associated with Reinstatements.

Section 4.4 Third Party Reinsurance . The Ceding Company shall pay to the Reinsurer the Reinsurer's Quota Share of all ceding commissions and any Premium Tax or other expense allowances collected by the Ceding Company from the reinsurers under Third Party Reinsurance.

ARTICLE V

TAXES

Section 5.1 Guaranty Fund Assessments . Except as provided in Section 4.2, the Reinsurer shall not reimburse the Ceding Company for any guaranty fund assessments arising on account of premiums on the Reinsured Policies.

Section 5.2 Premium Taxes . The Ceding Company shall be liable for all Premium Taxes. The Reinsurer shall pay to the Ceding Company a provision for Premium Taxes incurred in connection with premiums received under the Reinsured Policies in accordance with Section 4.3.

Section 5.3 DAC Tax Election.

(a) The Ceding Company and the Reinsurer agree to the election pursuant to Treasury Regulations section 1.848-2(g)(8) (such election being referred to as the "**DAC Tax Election**"), whereby:

(i) the party with the net positive consideration for this Agreement for each taxable year will capitalize specified policy acquisition expenses with respect to this Agreement without regard to the general deductions limitation of section 848(c)(1) of the Internal Revenue Code of 1986, as amended (the "**Code**");

(ii) the parties agree to exchange information pertaining to the amount of net consideration under this Agreement each year to ensure consistency. If requested, the Ceding Company will provide supporting information reasonably requested by the Reinsurer. The parties also mutually agree to exchange information otherwise required by the U.S. Internal Revenue Service. (The term "net consideration" will refer to the net consideration as defined in Treasury Regulations section 1.848-2(f)); and

(iii) this DAC Tax Election will be effective for the first taxable year in which this Agreement is effective and for all years for which this Agreement remains in effect.

(b) The Ceding Company and the Reinsurer will each attach a schedule to their respective federal income tax returns filed for the first taxable year for which this DAC Tax Election is effective. Such schedule shall identify the Agreement as a reinsurance agreement for which the DAC Tax Election under Treasury Regulations section 1.848-2(g)(8) has been made.

(c) Each of the Ceding Company and the Reinsurer represents and warrants that it is subject to U.S. taxation under the provisions of subchapter L of Chapter 1 of the Code.

ARTICLE VI

CLAIMS

Section 6.1 Notice of Claims. Claim amounts less than or equal to \$250,000 (net of amounts recoverable under Third Party Reinsurance) will be reported by the Ceding Company to the Reinsurer on a bordereau basis, and all other Claims shall be reported, with such information as may be reasonably requested by the Reinsurer, on an individual basis, in each case in accordance with Section 8.1.

Section 6.2 Settlement Authority. The Ceding Company shall have full authority to determine liability on any Claim reinsured hereunder and may settle losses as it deems appropriate, but in so doing it shall act with the skill and diligence commonly expected from qualified personnel performing such duties for U.S. life insurance companies and consistent with the Ceding Company's Then Current Practice.

Section 6.3 Claim Payments. Following receipt by the Reinsurer of the Monthly Report setting forth the Ceding Company's payment of any Covered Liabilities reinsured hereunder, the Reinsurer shall make payment of the Reinsurer's Quota Share of the Covered Liabilities in accordance with Article VIII.

Section 6.4 Misstatement of Age or Sex. In the event of an increase or reduction in the amount of the Ceding Company's insurance on any Reinsured Policy because of an overstatement or understatement of age or misstatement of sex, established during the life, or after the death, of the insured, the Reinsurer will share in such increase or reduction in proportion to the Reinsurer's Quota Share.

ARTICLE VII

REINSTATEMENTS

Section 7.1 Reinstatements. If a Reinsured Policy is reinstated in accordance with its terms and the Ceding Company's reinstatement rules as in effect on the Effective Date (a "**Reinstatement**"), the reinsurance of such Reinsured Policy will be restored as if no change had occurred. In such a case, the Ceding Company shall promptly pay the Reinsurer the Reinsurer's Quota Share of the Net Premiums attributable to such Reinstatement.

ARTICLE VIII

ACCOUNTING AND RESERVES

Section 8.1 Monthly Reports. Within twenty (20) Business Days after the end of each calendar month, the Ceding Company shall deliver to the Reinsurer the following monthly reports (each a "**Monthly Report**") substantially in the form set forth in Exhibit III hereto: (i) Monthly Settlement Report; (ii) Policy Exhibit; (iii) Reserve Report; (iv) Claim Reserve Report; (v) Bordereau Report; and (vi) Non-Bordereau Claims Report.

Section 8.2 Monthly Account Balance Reports. No later than ten (10) Business Days after the end of each calendar month, the Ceding Company shall prepare and deliver to the Reinsurer a report in the form and containing the information set forth in Exhibit IV (each a "**Monthly Account Balance Report**").

Section 8.3 Settlements.

(a) All monthly settlements shall be effected as follows: (i) if the Monthly Report shows that the Ceding Company owes the Reinsurer a positive amount, the Ceding Company will pay the amount owed simultaneously with the delivery to the Reinsurer of the Monthly Report and (ii) if the Monthly Report shows that the Reinsurer owes the Ceding Company a positive amount, the Reinsurer shall pay the amount owed within twenty (20) Business Days after receiving the Monthly Report, it being understood that, for purposes of this Section 8.3(a), appropriate adjustments shall be made for withdrawals and reimbursements made during the month by the Ceding Company pursuant to Sections 15.5 and 15.6.

(b) If the Reserve Report provided to the Reinsurer for the last month of a calendar quarter shows that (i) for so long as there is a separate Prime-Funded Reserves Trust Account and Pecan-Funded Reserves Trust Account contemplated by the Reinsurance Trust Agreement (A) the Pecan-Funded Security Balance is less than the Pecan-Funded Reserves Trust Account Required Balance as of the end of the immediately preceding calendar quarter or (B) the Prime-Funded Security Balance is less than the Prime-Funded Reserves Trust Account Required Balance as of the end of the immediately preceding calendar quarter or (ii) otherwise, the Security Balance is less than the Required Balance as of the end of the immediately preceding calendar quarter, in each case the Ceding Company shall notify the Reinsurer of the amount of the deficiency (the “**Top-Up Notice**”). The Top-Up Notice shall be delivered to the Reinsurer at the same time as the copy of the Monthly Report for the same calendar quarter.

(c) All settlements of account between the Ceding Company and the Reinsurer shall be made in cash or its equivalent.

Section 8.4 **Offset and Recoupment.** Each Party, at its option, may offset or recoup any balance or balances, whether on account of premiums, Expense Allowances, claims and losses, Excess Withdrawal Amounts from the Pecan-Funded Reserves Trust Account and interest accrued thereon or amounts otherwise due from one Party to the other under this Agreement or other agreements between the Parties, or as a result of damages awarded to either Party pursuant to litigation or otherwise, which shall be deemed mutual debts or credits, as the case may be; provided, however, that the Party electing such right with respect to matters not reflected in the Monthly Reports shall notify the other Party in writing of its election to do so.

Section 8.5 **Currency.** All financial data required to be provided pursuant to the terms of this Agreement shall be expressed in United States dollars. All payments and all settlements of account between the Parties shall be in United States currency unless otherwise agreed by the Parties.

ARTICLE IX

EXPENSES IN CONNECTION WITH THE REINSURED POLICIES

Section 9.1 **Expenses in Connection with the Reinsured Policies.** The Ceding Company shall pay for all expenses and charges incurred in connection with the Reinsured Policies including medical examinations, inspection fees, and other fees. Except as provided in Section 4.2 and Section 4.3, such amounts shall not be reimbursed by the Reinsurer.

ARTICLE X

ERRORS AND OMISSIONS

Section 10.1 **Errors and Omissions.** Subject to the terms of this Agreement, neither Party hereto shall be prejudiced in any way by inadvertent errors or omissions made by such Party in connection with this Agreement provided such errors and omissions are corrected promptly following discovery thereof. Upon the discovery of an inadvertent error or omission by either Party hereto, appropriate adjustments shall be made as soon as practicable to restore the Parties to the fullest extent possible to the position they would have been in had no such inadvertent error or omission occurred.

ARTICLE XI

RECAPTURE

Section 11.1 Recapture. The Ceding Company may in accordance with the provisions of this Article XI recapture, in its sole discretion, all or a *pro rata* portion of all of the Reinsurer's Quota Share of the Reinsured Policies upon the occurrence of one of the following events:

- (a) If the Reinsurer becomes insolvent or if the Commissioner has instituted a proceeding or entered a decree or order for the appointment of a rehabilitator or liquidator;
- (b) If the Reinsurer fails to take steps reasonably satisfactory to the Ceding Company to assure the Ceding Company of full Statutory Financial Statement Credit for the Reinsured Policies within forty-five (45) calendar days of Reinsurer's receipt of written notice from the Ceding Company (a "**Reinsurance Credit Notice**") that the Ceding Company has been advised by any Governmental Authority that the Governmental Authority will deny or has denied Statutory Financial Statement Credit on any financial statement filed by the Ceding Company with such Governmental Authority;
- (c) If the Reinsurer is in material breach of any other representation, warranty or covenant under this Agreement and the Reinsurer fails to cure any such material breach of any representation, warranty or covenant hereunder within sixty (60) calendar days of receipt of written notice of such breach by the Reinsurer, unless such breach constitutes a Capital Maintenance Failure, in which case the provision in Section 11.1(e) shall apply and this provision shall not apply;
- (d) If the Reinsurer fails in any material respects to fund, or cause to be funded, either of the Reinsurance Trust Accounts to the amount required after receipt of the Top-Up Notice under Section 15.3(d) within the time period specified therein, and the Reinsurer fails to cure any such funding deficiency within twenty (20) Business Days of receipt of written notice of such funding deficiency by the Reinsurer and the Security Balance is less than the Required Balance; or
- (e) If there is a Capital Maintenance Failure under the Capital Maintenance Agreement. For purposes of this Section 11.1(e), a "**Capital Maintenance Failure**" occurs at the end of any Approval Period when (i) the Reinsurer's Total Adjusted Capital is less than the Capital Threshold (as such terms are defined in the Capital Maintenance Agreement) and (ii) the Reinsurer fails to obtain a payment from the Obligor (as defined in the Capital Maintenance Agreement) in the amount of the deficiency within the Approval Period beginning on the date a demand is made by or on behalf of the Reinsurer for such payment in accordance with Section 2(a) of the Capital Maintenance Agreement. The Reinsurer shall reimburse the Ceding Company for actual reasonable expenses incurred by the Ceding Company pursuant to this Section 11.1(e).

Section 11.2 Notice of Recapture. The Ceding Company shall notify the Reinsurer in writing of the reasons for, and the effective date of, the recapture ninety (90) calendar days prior to the effective date of recapture (the "Recapture Notice"); provided, however, that the recapture shall not be deemed to be consummated until the final accounting described in Section 11.4 of this Article XI has been completed and the Reinsurer has paid the Commutation Payment, if any.

Section 11.3 Recapture Fee. The Ceding Company shall pay a recapture fee (the "**Recapture Fee**") to the Reinsurer upon the occurrence of any recapture of the Reinsured Policies pursuant to Section 11.1(b) if such recapture was triggered by the inability of the Ceding Company to obtain full Statutory Financial Statement Credit for the Reinsured Policies due to actions taken by the Ceding Company or its Affiliates; provided, however, that if the Reinsurer is in material breach of any representation, warranty or covenant under this Agreement at the time a recapture is triggered under Section 11.1(b), no Recapture Fee will be due and payable by the Ceding Company. The Recapture Fee shall be equal to an amount to be determined by an actuarial appraisal prepared by a nationally recognized independent actuarial firm in accordance with methodologies agreed upon by the Ceding Company and Reinsurer to determine the value of the Reinsured Policies at such time in a manner consistent with the valuation of the Reinsured Policies as set forth in the Milliman Report and consistent with the determination of the Initial Ceding Commission based on such valuation.

Section 11.4 Renewal Recapture. The Ceding Company shall also have the right, upon prior written notice to the Reinsurer, to recapture, in its sole discretion, all or a *pro rata* portion of End of Term Renewals arising from Policies with an Original Initial Level Premium Period ending on or after January 1, 2017 (the “**Renewal Recapture Right**”). No Recapture Fee is payable in connection with the recapture of any End of Term Renewal.

Section 11.5 Commutation Accounting and Settlement. In the event of any recapture under this Article XI or termination under Section 21.8, the Reinsurer shall pay to the Ceding Company an amount equal to (i) the Reinsurer's Quota Share of the Statutory Reserves, Interest Maintenance Reserves (but only to the extent the Ceding Company's Interest Maintenance Reserves are increased) and advance premiums, if applicable, attributable to the Reinsured Policies being recaptured, in each case, calculated as of the effective date of the recapture set forth in the Recapture Notice; minus (ii) any amounts due to the Reinsurer but unpaid under this Agreement, including the Recapture Fee, if any, and net deferred premiums; plus (iii) any amounts due to the Ceding Company but unpaid under this Agreement (collectively, the “**Commutation Payment**”); provided, however, that, if the amount calculated pursuant to clause (ii) of this subsection exceeds the amounts calculated pursuant to clauses (i) and (iii) of this subsection, the Ceding Company shall pay to the Reinsurer the amount of such excess. Following recapture and payment to the appropriate Party of the net Commutation Payment required hereunder, neither Party shall have further liability to the other Party hereunder with respect to the recaptured business.

Section 11.6 Limitation on Partial Recaptures. Notwithstanding the provisions of Section 11.1, the Ceding Company shall not be permitted to effect a partial recapture pursuant to Section 11.1 if, after giving effect to the recapture, the Statutory Reserves would be less than U.S. \$100,000,000.

ARTICLE XII

ACCESS TO BOOKS AND RECORDS

Section 12.1 Access to Books and Records.

(a) The Ceding Company shall, upon reasonable notice, provide to the Reinsurer, and the counsel, financial advisors, accountants, actuaries and other representatives of the Reinsurer (the “**Representatives**”) access, at the Reinsurer's sole cost and expense, to review, inspect, examine and reproduce the Ceding Company's books, records, accounts, policies, practices and procedures, including underwriting policy, claims administration guidelines and sales and Conversion practices, relating to the Reinsured Policies, including any audits and self assessments conducted by the Ceding Company as well as any unaudited information provided to Primerica in connection with Primerica's public company reporting requirements, at the place such records are located, and to discuss such matters with the employees, external auditors and external actuaries of the Ceding Company that are knowledgeable about such records, without undue disruption of the normal operations of the Ceding Company.

(b) The Reinsurer and its Representatives shall have the right, at its sole cost and expense, to conduct audits from time to time, upon reasonable notice to the Ceding Company, of the relevant books, records, accounts, policies, practices and procedures, including underwriting policy, claims administration guidelines and sales and Conversion practices of the Ceding Company relating to the Reinsured Policies.

(c) The Reinsurer shall reimburse the Ceding Company for any reasonable out-of-pocket costs that the Ceding Company incurs in providing assistance to the Reinsurer and its Representatives in connection with this Section 12.1.

(d) The Ceding Company shall use its reasonable best efforts to assist and cooperate with the Reinsurer, and its Representatives in providing access to the relevant in force files, experience data, books, records and accounts of the Ceding Company relating to the Reinsured Policies.

ARTICLE XIII

INSOLVENCY

Section 13.1 Insolvency. In the event of the insolvency of the Ceding Company, payments due the Ceding Company on all reinsurance made, ceded, renewed or otherwise becoming effective under this Agreement shall be payable by the Reinsurer on the basis of claims filed and allowed in the liquidation proceeding under the Reinsured Policies without diminution because of the insolvency of the Ceding Company, either directly to the Ceding Company or to its domiciliary liquidator or receiver, except where the Reinsurer, with the consent of the Policyholder and in conformity with Applicable Law, has assumed the Ceding Company's obligations as direct obligations of the Reinsurer to the payees under the Reinsured Policies and in substitution for the obligations of the Ceding Company to the payees. It is understood, however, that in the event of the insolvency of the Ceding Company, the liquidator or receiver or statutory successor of the Ceding Company shall give written notice to the Reinsurer of any impending Claim against the Ceding Company on a Reinsured Policy within a reasonable period of time after such Claim is filed in the insolvency proceedings and that during the pendency of such Claim the Reinsurer may, at its own expense, investigate such Claim and interpose, in the proceeding where such Claim is to be adjudicated any defense or defenses which it may deem available to the Ceding Company or its liquidator or receiver or statutory successor. It is further understood that the expense thus incurred by the Reinsurer shall be chargeable, subject to court approval, against the Ceding Company as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Ceding Company solely as a result of the defense undertaken by the Reinsurer.

ARTICLE XIV

DISPUTE RESOLUTION

Section 14.1 Consent to Jurisdiction. Each of the parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of the United States District Court for the District of Massachusetts or, if such court does not have jurisdiction, the appropriate district court of the Commonwealth of Massachusetts, for the purposes of enforcing this Agreement. The parties shall take such actions as are within their control to cause any disputes as described in the preceding sentence to be assigned to the complex litigation docket of the applicable court. In any action, suit or other proceeding, each of the parties hereto irrevocably and unconditionally waives and agrees not to assert by way of motion, as a defense or otherwise any claims that it is not subject to the jurisdiction of the above courts, that such action or suit is brought in an inconvenient forum or that the venue of such action, suit or other proceeding is improper. Each of the parties hereto also agrees that any final and unappealable judgment against a party hereto in connection with any action, suit or other proceeding as contemplated in this Article XIV shall be conclusive and binding on such party and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment.

Section 14.2 Waiver of Jury Trial. Each of the parties hereto irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement or the transactions contemplated hereby.

Section 14.3 Specific Performance. The parties recognize and agree that if for any reason any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached, immediate and irreparable harm or injury would be caused for which money damages would not be an adequate remedy. Accordingly, each party agrees that, in addition to any other available remedies each other party shall be entitled to an injunction restraining any violation or threatened violation of any of the provisions of this Agreement without the necessity of posting a bond or other form of security. In the event that any action should be brought in equity to enforce any of the provisions of this Agreement, no party will allege, and each party hereby waives the defense, that there is an adequate remedy at law.

ARTICLE XV

REINSURANCE TRUST ACCOUNT

Section 15.1 Reinsurance Trust Agreement. Prior to the Restatement Date, Prime Re, as grantor, created (i) a trust account to support the Pecan-Funded Reserves (the “**Pecan-Funded Reserves Trust Account**”) and (ii) a trust account to support the Prime-Funded Reserves (the “**Prime-Funded Reserves Trust Account**,” and together with the Pecan-Funded Reserves Trust Account, the “**Reinsurance Trust Accounts**”) and has named the Ceding Company as sole beneficiary of each Reinsurance Trust Account. On the Restatement Date, the Reinsurer assumed through novation Prime Re's position, as grantor, under the Pecan-Funded Reserves Trust Account and the Prime-Funded Reserves Trust Account.

Section 15.2 Investment and Valuation of Trust Assets. The assets held in the Reinsurance Trust Accounts (the “**Trust Assets**”) shall consist of Eligible Assets.

Section 15.3 Adjustment of Trust Assets and Withdrawals.

(a) The amount of assets to be maintained in each of the Reinsurance Trust Accounts shall be adjusted following the end of each calendar quarter in accordance with the Reserve Report for the last calendar month of each calendar quarter provided to the Reinsurer pursuant to the terms of Section 8.1. Such report shall set forth (i) the amount by which the Pecan-Funded Security Balance equals or exceeds the Pecan-Funded Reserves Trust Account Required Balance, (ii) the amount by which the Prime-Funded Security Balance equals or exceeds the Prime-Funded Reserves Trust Account Required Balance and (iii) the amount by which the Security Balance equals or exceeds the Required Balance, in each case as of the end of the immediately preceding calendar quarter.

(b) If the Pecan-Funded Security Balance exceeds 102% of the Pecan-Funded Reserves Trust Account Required Balance, in each case as of the end of the immediately preceding calendar quarter, then the Reinsurer shall have the right to seek approval (which shall not be unreasonably or arbitrarily withheld, conditioned or delayed) from the Ceding Company to withdraw the excess from the Pecan-Funded Reserves Trust Account; provided, however, that the Reinsurer may not withdraw any amounts from the Pecan-Funded Reserves Trust Account unless the Prime-Funded Reserves Trust Account contains at least 102% of the Prime-Funded Reserves Trust Required Balance.

(c) If the Prime-Funded Security Balance exceeds 102% of the Prime-Funded Reserves Trust Account Required Balance, in each case as of the end of the immediately preceding calendar quarter, then the Reinsurer shall have the right to seek approval (which shall not be unreasonably or arbitrarily withheld, conditioned or delayed) from the Ceding Company to withdraw the excess from the Prime-Funded Reserves Trust Account; provided, however, that the Reinsurer may not withdraw any amounts from the Prime-Funded Reserves Trust Account unless the Pecan-Funded Reserves Trust Account contains at least 102% of the Pecan-Funded Reserves Trust Required Balance.

(d) For so long as there is a separate Prime-Funded Reserves Trust Account and Pecan-Funded Reserves Trust Account, the Reinsurer shall, no later than twenty (20) Business Days following receipt of a Top-Up Notice delivered in accordance with Section 8.3(b) (i) regarding the Pecan-Funded Security Balance, deposit, or cause to be deposited, additional Trust Assets into the Pecan-Funded Reserves Trust Account so that the Pecan-Funded Security Balance, as of the date such additional Trust Assets are so deposited, is no less than the Pecan-Funded Reserves Trust Account Required Balance as of the end of the immediately preceding calendar quarter and (ii) regarding the Prime-Funded Security Balance, deposit, or cause to be deposited, additional Trust Assets into the Prime-Funded Reserves Trust Account so that the Prime-Funded Security Balance, as of the date such additional Trust Assets are so deposited, is no less than the Prime-Funded Reserves Trust Account Required Balance as of the end of the immediately preceding calendar quarter. Without limiting or duplicating the Reinsurer's obligations pursuant to the immediately preceding sentence, irrespective of whether there is a separate Prime-Funded Reserves Trust Account and Pecan-Funded Reserves Trust Account, the Reinsurer shall, no later than twenty (20) Business Days following receipt of a Top-Up Notice delivered in accordance with Section 8.3(b) regarding the Security Balance, deposit, or cause to be deposited, additional Trust Assets into the Reinsurance Trust

Accounts or, as applicable, any successor reinsurance trust account created pursuant and subject to the Reinsurance Trust Agreement, so that the Security Balance, as of the date such additional Trust Assets are so deposited, is no less than the Required Balance as of the end of the immediately preceding calendar quarter.

Section 15.4 Negotiability of Trust Assets . Prior to depositing Trust Assets with the Trustee, the Reinsurer or such other Person depositing Trust Assets shall execute all assignments or endorsements in blank, or transfer legal title to the Trustee of all shares, obligations or any other assets requiring assignments, in order that the Ceding Company, or the Trustee upon direction of the Ceding Company, may whenever necessary negotiate any such assets without consent or signature from the Reinsurer or any other entity.

Section 15.5 Ceding Company's Withdrawals . The Ceding Company (or any successor by operation of law of the Ceding Company, including, but not limited to, any liquidator, rehabilitator, receiver or conservator of the Ceding Company) may only withdraw Trust Assets for one or more of the following purposes, without diminution because of insolvency on the part of the Ceding Company or the Reinsurer:

(a) to pay, or reimburse the Ceding Company for payment of, the Reinsurer's Quota Share of premiums to be returned, but not yet recovered from the Reinsurer, to Policyholders because of cancellations of Reinsured Policies;

(b) to pay, or reimburse the Ceding Company for payment of, the Reinsurer's Quota Share of Covered Liabilities payable pursuant to the provisions of the Reinsured Policies, but not yet recovered from the Reinsurer;

(c) to pay to the Ceding Company any Commutation Payment due the Ceding Company but not yet paid by the Reinsurer;

(d) in the event that the Ceding Company has received notification from the Reinsurer or Trustee of termination of the Reinsurance Trust Accounts and where the Reinsurer's Quota Share of obligations under this Agreement remain unliquidated and undischarged ten (10) days prior to the scheduled termination date, the Ceding Company may withdraw all the assets in the Reinsurance Trust Accounts and deposit such amounts, in the name of the Ceding Company, in any United States bank or trust account, apart from its general assets, in trust for such uses and purposes specified in (a) and (b) above as may remain executory after such withdrawal and for any period after such termination date; or

(e) to pay to the Reinsurer or its designated payee amounts held in the Reinsurance Trust Accounts in excess of the amount necessary to secure the credit or reduction from liability for reinsurance taken by the Ceding Company.

Any assets deposited into an account of the Ceding Company pursuant to clause (d) of this Section 15.5 or withdrawn by the Ceding Company pursuant to clause (e) of this Section 15.5 and any interest or other earnings thereon shall be held by the Ceding Company in trust and separate and apart from any assets of the Ceding Company, for the sole purpose of funding the payments and reimbursements described in clauses (a) through (e), inclusive, of this Section 15.5.

Section 15.6 Return of Excess Withdrawals . The Ceding Company shall return to the Reinsurer, within five (5) Business Days, assets withdrawn in excess of all amounts due under Sections 15.5(a), (b) and (e), or, in the case of Section 15.5(d) above, assets that are subsequently determined not to be due (the Fair Value of any such withdrawn assets at the time of withdrawal, the "Excess Withdrawal Amount"). Any assets subsequently returned in the case of Section 15.5(d) shall include interest at the Prime Rate applied on a daily basis for the amounts returned. Any such Excess Withdrawal Amount from a Reinsurance Trust Account and any interest accrued thereon in accordance with the preceding sentence shall be deemed to be an amount due to the Reinsurer and subject to Section 8.4.

Section 15.7 Costs of Trust . The cost of maintaining the Reinsurance Trust Accounts shall be borne by the Reinsurer.

ARTICLE XVI

THIRD PARTY BENEFICIARY

Section 16.1 Third Party Beneficiary. Nothing in this Agreement or the Reinsurance Trust Agreement is intended to give any person, other than the parties to such agreements, their successors and permitted assigns, any legal or equitable right remedy or claim under or in respect of this Agreement or the Reinsurance Trust Agreement or any provision contained therein.

ARTICLE XVII

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 17.1 Representations and Warranties of the Ceding Company.

(a) Organization, Standing and Authority of the Ceding Company. The Ceding Company is a life insurance company duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts, and has all requisite corporate power and authority to carry on the operations of its business as they are now being conducted. The Ceding Company has obtained all authorizations and approvals required under Applicable Law to enter into and perform the obligations contemplated of the Ceding Company under this Agreement.

(b) Authorization. The Ceding Company has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by the Ceding Company of this Agreement, and the performance by the Ceding Company of its obligations under this Agreement, have been duly authorized by all necessary corporate action and do not require any further authorization, action or consent of the Ceding Company. This Agreement, when duly executed and delivered by the Ceding Company, subject to the due execution and delivery by the Reinsurer, will be a valid and binding obligation of the Ceding Company, enforceable against the Ceding Company in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting enforcement of creditors' rights and to general equity principles.

(c) No Conflict or Violation. Except as set forth in Schedule B, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby in accordance with the respective terms and conditions hereof will not (a) violate any provision of the Articles of Incorporation or Bylaws of the Ceding Company, (b) violate, conflict with or result in the breach of any of the terms of, result in any modification of, give any counterparty the right to terminate, or constitute a default under, any contract or other agreement to which the Ceding Company is a party, or (c) violate any order, judgment, injunction, award or decree of any court, arbitrator or Governmental Authority against, or binding upon, or any agreement with, or condition imposed by, any Governmental Authority, foreign or domestic, binding upon the Ceding Company.

(d) Absence of Litigation. There is no action, suit, proceeding or investigation pending or threatened that questions the legality of the transactions contemplated by this Agreement or that would prevent consummation of the transactions contemplated by this Agreement or the performance by the Ceding Company of its obligations hereunder.

(e) Milliman Information True and Complete.

(i) To the best of the Ceding Company's knowledge, all information and data supplied to Milliman Inc. ("Milliman") identified on Exhibit V-A hereto (the "Milliman Information") was true, accurate and complete in all material respects as of the date the document containing such Milliman Information was provided to Milliman by the Ceding Company; provided, however, the Parties acknowledge that no representation or warranty has been made to the Reinsurer or any of its Affiliates or Representatives with respect to the truth, accuracy and completeness of any assumptions, projections, or estimates either provided by the Ceding Company or underlying any of the studies prepared

by the Ceding Company in connection with the Milliman Information except that the Ceding Company represents and warrants that such assumptions, projections or estimates were the ones actually utilized by the Ceding Company for the purposes stated in Exhibit V. The Milliman Information was compiled in a commercially reasonable manner given the intended purpose.

(ii) The financial data supplied to Milliman identified on Exhibit V-B hereto presents fairly, in all material respects, the financial condition and results of operations of the Ceding Company as of and for the periods specified therein in accordance with Massachusetts SAP, consistently applied.

(f) Coverage Information. The Reinsured Policies information identified in Exhibit I is true, accurate and complete in all material respects.

(g) Regulatory Filings. The Ceding Company has filed the appropriate regulatory filings to increase guaranteed premium provisions in Policies or coverages that may be issued upon the occurrence of a Conversion with each applicable state insurance regulator prior to the Effective Date and has received all required approvals or non-disapprovals from each such insurance regulator.

Section 17.2 Covenants of the Ceding Company.

(a) Administration and Claims Practices.

(i) In the administration and claims practices relating to the Reinsured Policies (the “**Administrative Practices**”), the Ceding Company shall (A) use the skill and diligence commonly expected from qualified personnel performing such duties for U.S. life insurance companies; (B) act in accordance with the Ceding Company's internal company guidelines as in effect on January 1, 2016; (C) be in conformance with Applicable Law in all material respects; and (D) act in a manner consistent with its existing administrative and claims practices in effect on January 1, 2016 and in any case with no less skill, diligence and expertise as the Ceding Company applies to servicing its other business, including those claims practices in existence for Third Party Reinsurance (each, an “**Existing Practice**”); notwithstanding the foregoing, the Ceding Company shall not be in breach of this Section 17.2(a)(i) unless either (Y) the Reinsurer shall have notified the Ceding Company in writing of the Ceding Company's failure to perform its obligations under this Section 17.2(a)(i) (which written notice shall describe such failure with reasonable particularity) or (Z) an officer of the Ceding Company with direct responsibility for its administrative services, or any senior officer of the Ceding Company, has actual knowledge that the Ceding Company has failed to perform its obligations under this Section 17.2(a)(i), and in either case the Ceding Company shall have failed to cure such breach within thirty (30) days following receipt of such notice or such actual knowledge.

(ii) An Existing Practice may be reasonably modified from time to time, except that, to the extent the Ceding Company modifies an Existing Practice from time to time following January 1, 2016 (an Existing Practice, as modified from time to time, a “**Then Current Practice**”), the Ceding Company shall act in accordance and consistent with the Then Current Practice; provided, that, if a Then Current Practice would materially adversely affect the rights, remedies and position of the Reinsurer, the Ceding Company shall obtain the consent of the Reinsurer (which consent shall not be unreasonably withheld, conditioned or delayed) prior to applying the Then Current Practice to the Reinsured Policies.

(b) Reinsured Policies. In all instances as they relate to the Reinsured Policies:

(i) The Ceding Company shall not, and shall cause its Affiliates not to (A) change agent commission and compensation schedules, (B) adopt or implement any program that is expected to result in a material increase in lapses, exchanges, replacements or Conversions under the Reinsured Policies or (C) change coverage options or premiums (except as contemplated by Section 17.2(f) hereof), including coverage options for End of Term Conversions, in each case under (A), (B) and (C) without notifying the Reinsurer in advance of any such action and obtaining the Reinsurer's prior written consent (which shall not be unreasonably withheld, conditioned or delayed).

(ii) The Ceding Company and the Reinsurer shall reasonably cooperate on any proposals for pricing or coverage changes proposed by either Party, including making any rate and form filings or other regulatory filings that impact pricing or premiums under the Reinsured Policies; provided, however, the Ceding Company shall have final approval authority in its discretion over any proposal brought by the Reinsurer pursuant to this Section 17.2(b)(ii).

(iii) The Parties agree and acknowledge that the Ceding Company's relationship with the Reinsurer shall in all respects be governed by a duty of utmost good faith. At all times during the term of this Agreement, the Ceding Company shall (i) administer, manage and oversee the Reinsured Policies and the Covered Liabilities, and (ii) perform all its obligations to the Reinsurer under this Agreement, in a manner consistent with its utmost good faith obligations.

(c) Third Party Reinsurance.

(i) The Ceding Company shall not, without the Reinsurer's prior approval (which approval shall not be unreasonably or arbitrarily withheld, conditioned or delayed), (A) terminate or materially modify any existing Third Party Reinsurance or (B) purchase new third party reinsurance for the Reinsured Policies.

(ii) The Ceding Company shall use commercially reasonable efforts to maintain its existing Third Party Reinsurance from and after the Effective Date, consistent with the existing practice of the Ceding Company in effect on the Effective Date.

(d) Reporting. To the extent not prohibited by Applicable Law, the Ceding Company will provide all reports it is required to deliver under this Agreement (including, without limitation, each Monthly Report and Quarterly Report) not later than the last date on which such report is required to be so delivered, except that the Ceding Company shall not be in breach of this Section 17.2(d) unless either (i) the Reinsurer shall have notified the Ceding Company in writing of its failure to timely deliver such report or (ii) an officer of the Ceding Company with direct responsibility for the preparation and delivery of such report has actual knowledge that the report was not delivered when due, and in either case the Ceding Company shall have failed to deliver such information within thirty (30) days following receipt of such notice or actual knowledge.

(e) Books and Records. The Ceding Company shall maintain and implement reasonable administrative and operating procedures with respect to records relating to the Reinsured Policies and shall keep and maintain all material documents, books, records and other information reasonably necessary for the maintenance of the Reinsured Policies, which documents, books, records and other information will be accurately maintained in all material respects throughout the term of this Agreement.

(f) Reinsurance Credit Notice. Without limitation of the Ceding Company's rights under Article XI, and so long as no event described in Section 11.1 giving rise to a right of recapture hereunder by the Ceding Company has occurred and is continuing, following the delivery of a Reinsurance Credit Notice, the Ceding Company will, promptly upon any written request delivered by the Reinsurer within five (5) Business Days of delivery of such Reinsurance Credit Notice, discuss in good faith with the Reinsurer and consider whether to (i) make such modifications as may be needed to this Agreement and the Reinsurance Trust Agreement or (ii) enter into new agreements, in each case, as may be necessary to cure any denial of Statutory Financial Statement Credit by any insurance regulatory Governmental Authority. For the avoidance of doubt, the foregoing shall not require the Ceding Company to take actions that would be adverse to the Ceding Company in its sole discretion.

Section 17.3 Representations and Warranties of the Reinsurer.

(a) Organization, Standing and Authority of the Reinsurer. The Reinsurer is a special purpose financial insurance company duly organized, validly existing and in good standing under the laws of the State of Vermont and has all requisite corporate power and authority to carry on the operations of its business as they are proposed to be conducted. The Reinsurer has obtained all authorizations and approvals required under Applicable Law to enter into and perform the obligations contemplated of the Reinsurer under this Agreement and the Reinsurer shall maintain throughout the term of this Agreement all licenses, permits or other permissions of any Governmental Authority that shall be required in order to perform the obligations of the Reinsurer hereunder.

(b) Authorization. The Reinsurer has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by the Reinsurer of this Agreement, and the performance by the Reinsurer of its obligations under this Agreement, have been duly authorized by all necessary corporate action and do not require any further authorization, action or consent of the Reinsurer or its stockholder. This Agreement, when duly executed and delivered by the Reinsurer, subject to the due execution and delivery by the Ceding Company, will be a valid and binding obligation of the Reinsurer, enforceable against the Reinsurer in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting enforcement of creditors' rights and to general equity principles.

(c) No Conflict or Violation. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not (a) violate any provision of the Articles of Incorporation, Bylaws or other charter or organizational document of the Reinsurer, or (b) violate any order, judgment, injunction, award or decree of any court, arbitrator or Governmental Authority against, or binding upon, or any agreement with, or condition imposed by, any Governmental Authority, foreign or domestic, binding upon the Reinsurer, except when any such violation would not have a material adverse effect on this Agreement or the consummation of the transactions contemplated hereby.

(d) Absence of Litigation. There is no action, suit, proceeding or investigation pending or threatened that questions the legality of the transactions contemplated by this Agreement or that would prevent consummation of the transactions contemplated by this Agreement or the performance by the Reinsurer of its obligations hereunder.

Section 17.4 Covenants of the Reinsurer.

(a) The Reinsurer shall comply with all covenants that are memorialized in Section IV.C. "Other Agreements" in the Reinsurer's plan of operation as filed with the Commissioner prior to the Restatement Date. The Reinsurer shall not amend, modify or change, or request or petition for any amendment, modification or change to such covenants without the Ceding Company's prior written consent.

(b) The Reinsurer shall not redomesticate or change its domiciliary jurisdiction without the Ceding Company's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed.

(c) The Reinsurer shall not, without the prior written consent of the Massachusetts Division of Insurance, amend this Agreement (other than Schedule C) or the Reinsurance Trust Agreement.

(d) The Reinsurer shall not engage in any business, other than the business provided by or relating to this Agreement, the Collateralized Stop Loss Reinsurance Agreement, the Excess of Loss Reinsurance Agreement and as permitted by Section 21.9. Other than the reinsurance provided hereunder, the Reinsurer shall not issue or reinsure any insurance policies.

ARTICLE XVIII

INDEMNIFICATION

Section 18.1 Indemnification.

- (a) The Ceding Company shall indemnify, defend and hold harmless the Reinsurer and its directors, officers, employees, agents, representatives, successors, permitted assigns and Affiliates from and against any and all losses, liabilities, claims, expenses (including reasonable attorneys' fees and expenses) and damages reasonably and actually incurred by the Reinsurer (collectively, "**Indemnification Claims**") to the extent arising from:
- (i) any breach or falsity of any representation, warranty or covenant of the Ceding Company; or
 - (ii) the breach of or failure to perform any of the duties, obligations, covenants or agreements of the Ceding Company contained in this Agreement.
- (b) The Reinsurer agrees to indemnify and hold harmless the Ceding Company and its directors, officers, employees, agents, representatives, successors, permitted assigns and Affiliates from and against any and all Indemnification Claims to the extent arising from:
- (i) any breach or falsity of any representation, warranty or covenant of the Reinsurer; or
 - (ii) the breach of or failure to perform any of the duties, obligations, covenants or agreements of the Reinsurer contained in this Agreement.

ARTICLE XIX

LICENSES; REGULATORY MATTERS

Section 19.1 Licenses.

- (a) At all times during the term of this Agreement, each of the Reinsurer and the Ceding Company, respectively agrees that it shall hold and maintain all licenses and authorities required under Applicable Laws to perform its respective obligations hereunder unless otherwise mutually agreed by the parties.
- (b) At all times during the term of this Agreement, the Reinsurer shall hold and maintain all licenses and authorizations required under Applicable Law or otherwise take all action that may be necessary so that the Ceding Company shall receive Statutory Financial Statement Credit.

Section 19.2 Regulatory Matters.

- (a) If Ceding Company or Reinsurer receives notice of, or otherwise becomes aware of any inquiry, investigation, examination, audit or proceeding outside the ordinary course of business by Governmental Authorities, relating to the Reinsured Policies or the reinsurance provided hereunder, the Ceding Company or Reinsurer, as applicable, shall promptly notify the other party thereof.
- (b) If Ceding Company or Reinsurer receives notice of, or otherwise becomes aware of any enforcement action by any Governmental Authority arising out of any inquiry, investigation, examination, audit or proceeding by such Governmental Authority, the Ceding Company or Reinsurer, as applicable, shall promptly notify the other party thereof, and the Parties shall cooperate to resolve such matter.

ARTICLE XX

DURATION OF AGREEMENT; TERMINATION

Section 20.1 Duration . This Agreement shall automatically terminate if, at such time, there are no Covered Liabilities.

Section 20.2 Termination . This Agreement shall be terminated only by the mutual written consent of the Reinsurer and the Ceding Company, which writing shall state the effective date and relevant terms of termination or by the Reinsurer pursuant to Section 21.8. For the avoidance of doubt, a Change of Control, sale or merger of the Reinsurer will not result in termination of this Agreement.

Section 20.3 Survival . Notwithstanding the other provisions of this Article XX, the terms and conditions of Articles I, IV, V, VIII, X, XI, XII, XIV, XV, XVI, XX and XXI shall remain in full force and effect after termination of this Agreement.

ARTICLE XXI

MISCELLANEOUS

Section 21.1 Entire Agreement . Without superseding anything contained in the Transaction Cooperation Agreement, among the Ceding Company, Prime Re, Swiss Re Life & Health America Inc. and Reinsurer, dated January 25, 2016, this Agreement represents the entire agreement between the Reinsurer and the Ceding Company concerning the business reinsured hereunder. There are no understandings between the Reinsurer and the Ceding Company other than as expressed in this Agreement and the Reinsurance Trust Agreement.

Section 21.2 Amendments.

(a) Any provision of this Agreement may be amended if, but only if, such amendment is in writing and is signed by each party to this Agreement; provided, that the Ceding Company shall not unreasonably withhold, condition or delay its consent to any amendment, change or modification to Schedule C proposed by the Reinsurer with at least forty-five (45) days prior written notice, subject to the provision by the Reinsurer of any information reasonably requested in connection with such proposed amendment, modification or change; it being acknowledged and agreed that it would be unreasonable for the Ceding Company to withhold, condition or delay its consent to any amendment, modification or change to Schedule C that is not adverse to the Ceding Company. Any change or modification to this Agreement shall be null and void unless made by an amendment hereto signed by each party to this Agreement.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 21.3 Severability . If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law or if determined by a court of competent jurisdiction to be unenforceable, and if the rights or obligations of the Ceding Company or the Reinsurer under this Agreement will not be materially and adversely affected thereby, such provision shall be fully severable, and this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

Section 21.4 Governing Law . This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to the principles of conflicts of law thereof.

Section 21.5 Notices . Any notice and other communication required or permitted hereunder shall be in writing and shall be delivered personally or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally or, if mailed, on the date shown on the receipt therefore, as follows:

if to the Ceding Company:

Primerica Life Insurance Company
1 Primerica Parkway
Duluth, Georgia 30099
Attention: General Counsel

with copies to (which shall not constitute notice to the Ceding Company for purposes of this Section 21.5):

DLA Piper LLP (US)
1251 Avenue of the Americas, 27th Floor
New York, NY 10020

Attention: David D. Luce

if to the Reinsurer:

Pecan Re Inc.
c/o Marsh Management Services, Inc.
P.O. Box 530

100 Bank Street, Suite 610
Burlington, Vermont 05402-0530
Attention: Kimberly Whitcomb

with copies to (which shall not constitute notice to the Reinsurer for purposes of this Section 21.5):

Swiss Re Life & Health America Inc.
175 King Street
Armonk, New York 10504
Attention: John Regan

and

Swiss Re Life & Health America Inc.
175 King Street
Armonk, New York 10504
Attention: Reka Koerner

and

Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022
Attention: Alexander R. Cochran

Either Party may change the names or addresses where notice is to be given by providing notice to the other Party of such change in accordance with this Section 21.5.

Section 21.6 Consent to Jurisdiction . Subject to the terms and conditions of Article XIV, the Reinsurer agrees that in the event of the failure of either Party to perform its obligations under the terms of this Agreement, the Party so failing to perform, at the request of the other Party, shall submit to the jurisdiction of any court of competent jurisdiction in any state of the United States shall comply with all requirements necessary to give such court jurisdiction, and shall abide by the final decision of such court or of any appellate court in the event of an appeal.

Section 21.7 Service of Process . The Reinsurer hereby designates Marsh Management Services, Inc., P.O. Box 530, 100 Bank Street, Suite 610, Burlington, Vermont 05402-0530 as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Ceding Company. The Ceding Company hereby designates CT Corporation System, 155 Federal Street, Suite 700, Boston, Massachusetts 02110, and the insurance commissioner in Reinsurer's state of domicile, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsurer.

Section 21.8 Failure to Pay. If the Ceding Company fails to pay any Net Premiums that are due within 20 Business Days of the Ceding Company receiving written notice from the Reinsurer that Net Premiums are past due, the Reinsurer will have the right to terminate this Agreement and the reinsurance provided hereunder upon at least five (5) Business Days written notice to the Ceding Company specifying the termination effective date; provided, however, that upon any such termination effective date unless on or prior to such termination effective date the Reinsurer pays such Net Premiums and any interest thereon in full, (i) in accordance with Section 11.5, the Reinsurer shall pay the Ceding Company a Commutation Payment, unless the amount thereof is negative, in which case the Ceding Company shall pay the absolute value thereof to the Reinsurer and (ii) the Ceding Company shall pay a Recapture Fee to the Reinsurer. The Ceding Company will not cease paying any Net Premiums that are due or any other amounts in an effort to force or encourage the Reinsurer to exercise its termination rights under this Section 21.8.

Section 21.9 Assignment and Retrocession . This Agreement will inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. Neither Party may assign any of its duties or obligations hereunder without the prior written consent of the other Party or without the prior written consent of the regulatory states; provided, that the Reinsurer may assign its rights under Sections 15.3(c) and 15.6, including any enforcement rights against the Ceding Company under such sections, to Prime Re for so long as the Collateralized Stop Loss Reinsurance Agreement remains in effect. Notwithstanding any other provision in this Agreement to the contrary, the Reinsurer shall have the right to retrocede all or a portion of the Reinsured Policies under this Agreement.

Section 21.10 Captions . The captions contained in this Agreement are for reference only and are not part of the Agreement.

Section 21.11 Treatment of Confidential Information. The Parties agree that, other than as contemplated by this Agreement and to the extent permitted or required to implement the transactions contemplated hereby, the Parties will keep confidential and will not use or disclose the other Party's Confidential Information or the terms and conditions of this Agreement, including, without limitation, the exhibits and schedules hereto, except as otherwise required by Applicable Law or any order or ruling of any state insurance regulatory authority, the Securities and Exchange Commission or any other Governmental Authority; provided, however, that the Reinsurer may disclose Confidential Information to its Representatives in connection with the exercise of its rights under Article XII; provided, further, that either party may disclose, with the other party's written consent, Confidential Information to any person other than its Representatives who agrees to (i) hold such Confidential Information in strict confidence as if such person were a party to this Agreement and (ii) use such Confidential Information solely for the limited purpose of evaluating a potential purchase, merger or Change of Control of such Party. Without limiting the generality of the foregoing, neither the Reinsurer nor any Affiliates of the Reinsurer shall utilize any Confidential Information regarding Policyholders for the purpose of soliciting Policyholders for the sale of any insurance policies or other products or services. The parties agree that any violation or threatened violation of this Section 21.11 may cause irreparable injury to a party and that, in addition to any other remedies that may be available, each party shall be entitled to seek injunctive relief against the threatened breach of the provisions of this Section 21.11, or a continuation of any such breach by the other party or any person provided with Confidential Information, specific performance and other such relief to redress such breach together with damages and reasonable counsel fees and expenses to enforce its rights hereunder. For purposes of this Agreement, "**Confidential Information**" means all documents and information concerning one Party, any of its Affiliates, the Covered Liabilities or the Reinsured Policies, including any information relating to any person insured directly or indirectly under the Reinsured Policies, furnished to the other Party or such other Party's Affiliates or representatives in connection with this Agreement or the transactions contemplated hereby, except that Confidential Information shall not include information which: (a) at the time of disclosure or thereafter is generally available to and known by the public other than by way of a wrongful disclosure by a Party or by any representative of a Party; (b) was available

on a nonconfidential basis from a source other than the Parties or their representatives, provided that such source is not and was not bound by a confidentiality agreement with a Party; or (c) was independently developed without violating any obligations under this Agreement and without the use of any Confidential Information. For the purposes of this Agreement, “**Change of Control**” means the acquisition of ten percent (10%) or more of the voting securities of a Party or any parent of such Party, or any other acquisition that is deemed to be a Change of Control by applicable insurance regulatory authorities of the state of domicile of such Party.

Section 21.12 No Waiver; Preservation of Remedies . No consent or waiver, express or implied, by any Party to or of any breach or default by any other Party in the performance by such other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such other Party hereunder. Failure on the part of any Party to complain of any act or failure to act of any other Party or to declare any other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first Party of any of its rights hereunder.

Section 21.13 Calendar Days . To the extent that any calendar day on which a deliverable pursuant to this Agreement is due is not a Business Day, such deliverable will be due the next Business Day.

Section 21.14 Counterparts . This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument, and either of the Parties may execute this Agreement by signing such counterpart. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto.

Section 21.15 Incontestability . In consideration of the mutual covenants and agreements contained herein, each party hereto does hereby agree that this Agreement, and each and every provision hereof, is and shall be enforceable by and between them according to its terms, and each party does hereby agree that it shall not contest the validity or enforceability hereof.

Section 21.16 Interpretation.

(a) When a reference is made in this Agreement to a Section, such reference shall be to a Section to this Agreement unless otherwise indicated. The Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes. References to a person are also to its permitted successors and assigns.

(b) The parties have participated jointly in the negotiation and drafting of this Agreement; consequently, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

Section 21.17 Reasonableness . Each of the parties will act reasonably and in good faith on all matters within the terms of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PRIMERICA LIFE INSURANCE COMPANY

By: /s/Dan Settle
Name: Dan Settle
Title: Executive Vice President

PECAN RE INC.

By: /s/Brian Lo
Name: Brian Lo
Title: President

By: /s/John Gribbon
Name: John Gribbon
Title: Sr. Vice President and CFO

[Signature Page to the Amended and Restated 80% Coinsurance Agreement]

Schedule A

Identification of Reserves

Exhibit 5 Policy Reserves

- Life Insurance Reserves
- Disability — Active Lives Reserves
- Disability — Disabled Lives Reserves
- Miscellaneous Reserves

Exhibit 8 Claim Reserves

- Pending Claims
- Incurred but Not Reported Claims
- Amounts Recoverable on Paid Claims

Schedule B

No Conflict or Violation Exceptions

None.

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Schedule C

Stop Loss Assets Amount

Calendar Quarter End Date	Stop Loss Assets Amount (\$mm)
December 31, 2015	1819
March 31, 2016	1743
June 30, 2016	1668
September 30, 2016	1592
December 31, 2016	1516
March 31, 2017	1443
June 30, 2017	1369
September 30, 2017	1296
December 31, 2017	1222
March 31, 2018	1154
June 30, 2018	1086
September 30, 2018	1017
December 31, 2018	749
March 31, 2019	686
June 30, 2019	624
September 30, 2019	561
December 31, 2019	498
March 31, 2020	436
June 30, 2020	374
September 30, 2020	312
December 31, 2020	250
March 31, 2021	192
June 30, 2021	134
September 30, 2021	76
December 31, 2021	18
at all times after January 1, 2022	—

Exhibit I

Identification of Reinsured Policies

I-1

Exhibit I - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
\$\$ 10	ML-301S 10	—	12	215,000
	ML-421(10)S	—	3	40,000
	TD 65/20 S	4	—	41,763
		4	15	296,763
\$\$ 10 REN	ML-301S 10	—	35	471,000
	ML-421(10)S	—	117	1,644,065
	TD 65/20S	142	—	1,997,943
		142	152	4,113,008
\$\$ 12REN	ML-301S	—	7	70,000
	TD 12/2 S	20	—	663,000
		20	7	733,000
ADD ON	ML-767	—	29	580,000
	ML-777	—	11	220,000
		—	40	800,000
ART	ML-875	—	16	735,000
	ML-901 W	—	34	2,623,000
	ML-901A	—	5	450,000
	ML-901X	—	243	16,438,000
	ML-911	—	14	475,000
	ML-911 W	—	142	8,658,000
	ML-911 X	—	10	770,000
	ML-911A	—	8	205,000
	ML-911X	—	336	14,710,000
		—	808	45,064,000
A10	A-10	3,689	—	278,421,629
	A-10I	—	6,202	396,324,349
	A-10S	—	5,974	350,411,170
		3,689	12,176	1,025,157,148
A10B	A-10B	19,189	—	2,481,429,480
	A-10IB	—	15,808	1,405,224,997
	A-10IBNJ	—	324	29,500,000
	A-10SB	—	21,967	1,726,249,304
	A-10SBNJ	—	579	48,287,840
		19,189	38,678	5,690,691,621

Exhibit I - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
BART	BART	615	—	56,082,000
	BART(85)	83	—	7,688,000
	BART(85) MO	179	—	16,681,000
	BART(85) MT	1	—	100,000
		878	—	80,551,000
BART 100	BART-100	408	—	70,873,712
	BART-100OR	3	—	750,000
	BART-101	—	16	2,615,001
	BART-102	—	34	2,147,200
	BART-200	12	—	2,115,000
	BART-300	409	—	58,325,599
		832	50	136,826,512
B20	B-20	41,043	—	5,111,385,327
	B-20I	—	6,580	669,617,925
	B-20S	—	25,750	2,503,896,739
		41,043	32,330	8,284,899,991
B20B	B-20B	46,306	—	7,127,569,620
	B-20IB	—	6,542	748,481,812
	B-20IBNJ	—	109	12,810,500
	B-20SB	—	29,056	3,394,085,205
	B-20SBNJ	—	1,052	152,046,000
		46,306	36,759	11,434,993,137
CART	CART	187	—	2,457,553
	CARTNS	786	—	14,375,131
	CARTNSR	—	106	1,713,336
	CARTS	26	—	400,751
	CARTSP	—	24	172,976
	CARTSR	—	3	28,750
	NO FORMCART	530	69	10,721,612
		1,529	202	29,870,109
CHILD RIDER	CH-25	—	99,987	2,037,471,000
	CP-CH	—	519,939	12,281,632,100
	ML-309 S	—	254	2,420,000
	ML-909	—	3,421	40,011,010
	ML-909 B	—	61,360	887,806,500
	ML-909A	—	1,263	16,124,000

Exhibit I - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
CHILD RIDER	ML-909AR	—	1,153	15,314,000
	ML-917	—	8	76,000
	PL-CR	—	101,605	1,923,587,000
		—	788,990	17,204,441,610
CONV DT100	DT-1000X	—	17	110,178
	NO FORM DTC	6,263	2,232	106,742,022
		6,263	2,249	106,852,200
CST	ML-T90	19,318	—	1,617,173,172
	ML-T90OR	114	—	9,902,000
	ML-T95	69,424	—	6,146,403,242
	ML-T95MD	2,439	—	225,706,120
	ML-867 S	—	92	4,990,000
	ML-867A	—	2,055	127,531,955
	ML-867AMD	—	67	4,016,000
	ML-867S	—	10	405,000
	ML-877A	—	33,118	1,786,297,369
	ML-877AMD	—	1,073	69,243,000
	ML-877S	—	9,181	439,663,292
	ML-877SOR	—	57	2,819,000
	ML-887 S	—	278	7,416,000
	ML-887A	—	1,774	48,475,900
	ML-887AMD	—	78	1,975,000
	ML-887S	—	28	545,000
		91,295	47,811	10,492,562,050
C25 LEVEL	C-25	36,565	—	5,298,618,351
	C-25I	—	2,691	327,332,299
	C-25IX	—	365	54,279,099
	C-25S	—	21,214	2,482,828,024
	C-25SX	—	3,703	521,706,299
	C-25X	5,897	—	1,067,003,314
		42,462	27,973	9,751,767,386
C25B	C-25B	63,418	—	10,484,273,839
	C-25IB	—	3,855	484,574,536
	C-25IBNJ	—	76	12,874,000
	C-25SB	—	33,356	4,618,655,588
	C-25SBNJ	—	1,482	253,885,000
		63,418	38,769	15,854,262,963
C4IBR10	C4-10IB	—	115,613	8,043,108,434
	C4-10SB	—	57,571	3,652,087,750
		—	173,184	11,695,196,184

Exhibit I - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
C4IBR5	C4-5IB	—	81,949	3,109,314,910
	C4-5SB	—	42,201	1,446,605,810
		—	124,150	4,555,920,720
C410	C4-I10	—	43,168	4,723,448,083
	C4-S10	—	138,215	10,608,149,425
	C4-10	200,844	—	22,578,357,011
		200,844	181,383	37,909,954,519
C415	C4-I15	—	18,674	2,322,209,846
	C4-S15	—	44,022	4,921,592,696
	C4-I5	64,986	—	9,046,327,346
		64,986	62,696	16,290,129,888
C420	C4-I20	—	23,609	3,622,066,590
	C4-S20	—	99,223	14,346,340,732
	C4-20	163,597	—	29,013,813,050
		163,597	122,832	46,982,220,372
C425	C4-I25	—	5,695	809,524,971
	C4-S25	—	19,968	3,643,093,897
	C4-25	28,333	—	6,388,962,299
		28,333	25,663	10,841,581,167
C430	C4-I30	—	9,953	1,776,376,796
	C4-S30	—	72,461	14,026,310,685
	C4-30	148,891	—	31,245,530,547
	C4-30MS	1	—	40,000
		148,892	82,414	47,048,258,028
C435	C4-I35	—	1,756	304,461,497
	C4-I35AFL	—	124	23,555,900
	C4-S35	—	12,845	2,340,377,398
	C4-S35AFL	—	692	138,740,000
	C4-35	40,206	—	6,841,254,800
	C4-35AFL	2,750	—	462,808,300
		42,956	15,417	10,111,197,895
C5IBR10	C5IBR	—	45,858	1,203,280,860
	C5SBR	—	20,304	506,651,400
		—	66,162	1,709,932,260

Exhibit I - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
C5IBR5	C5IBR	—	27,626	364,510,050
	C5SBR	—	12,562	156,868,150
		—	40,188	521,378,200
C510	C5	38,912	—	6,634,142,069
	C5IR	—	17,208	2,246,751,204
	C5SR	—	26,642	3,489,261,134
		38,912	43,850	12,370,154,407
C515	C5	29,286	—	4,657,708,223
	C5IR	—	8,792	1,207,355,616
	C5SR	—	17,211	2,418,471,303
		29,286	26,003	8,283,535,142
C520	C5	105,903	—	21,047,223,456
	C5IR	—	13,359	2,232,806,421
	C5SR	—	53,488	9,467,983,505
		105,903	66,847	32,748,013,382
C525	C525	21,952	—	5,231,434,200
	C525IR	—	2,770	466,281,600
	C525SR	—	12,307	2,526,419,300
		21,952	15,077	8,224,135,100
C530	C5	71,272	—	15,972,695,801
	C5IR	—	4,443	843,630,379
	C5SR	—	32,665	6,716,721,349
		71,272	37,108	23,533,047,529
C535	C5	77,401	—	13,263,063,232
	C5IR	—	2,189	392,047,100
	C5SR	—	20,498	3,772,519,599
		77,401	22,687	17,427,629,931
DECR TRM	ML-271	—	62	117,313
	ML-300	—	26	63,906
		—	88	181,219
DT65	ML-T100	6,259	—	231,309,412
	ML-T100OR	9	—	171,950
	ML-1000	—	1,641	45,971,915
	ML-1000OR	—	3	49,905
	ML-1001	—	3,656	97,104,210
	ML-1001OR	—	5	65,828
		6,268	5,305	374,673,219

Exhibit I - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
D05 BD	ML-D5	213	—	693,500
	ML-1000A	—	3	—
	ML-1001A	—	135	325,000
	ML-1002A	—	4	50,000
		213	142	1,068,500
D10 BD	ML-D10	527	—	2,619,500
	ML-1000B	—	7	—
	ML-1001B	—	324	1,378,500
	ML-1002B	—	7	125,000
		527	338	4,123,000
D25 MOD	D-25	2,354	—	219,340,620
	D-25X	462	—	67,305,000
		2,816	—	286,645,620
EAGLE IBR	PL-104	—	1,234	48,667,900
	PL-105	—	789	21,408,300
	PL-154	—	10,011	571,299,000
	PL-155	—	2,483	105,446,300
	PL-204	—	93,218	4,663,075,650
	PL-205	—	53,776	2,053,882,400
		—	161,511	7,463,779,550
EAGLE 10	PL-EAGLE 10	10,260	—	558,297,408
	PL-106	—	2,616	190,100,041
	PL-107	—	4,778	242,484,431
	PL-108	—	166	6,759,999
		10,260	7,560	997,641,879
EAGLE 10E	PL-EAGLE 10	86	—	1,049,000
	PL-106	—	3	24,000
	PL-107	—	8	96,000
		86	11	1,169,000
EAGLE 15	PL-EAGLE 15	18,165	—	2,450,079,228
	PL-156L	—	1,603	168,772,470
	PL-157L	—	5,591	574,374,174
	PL-158L	—	71	2,477,000
		18,165	7,265	3,195,702,872

Exhibit I - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
EAGLE 20	PL-EAGLE 20	191,096	—	22,860,717,525
	PL-206	—	11,940	1,103,253,571
	PL-207	—	110,592	10,195,409,737
	PL-208	—	2,700	98,881,499
		191,096	125,232	34,258,262,332
E15	E-15I	—	5,506	436,121,000
	E-15S	—	4,300	312,842,048
		—	9,806	748,963,048
E15B	E-15B	35,114	—	3,416,406,232
	E-15IB	—	8,917	788,792,244
	E-15IBNJ	—	132	14,536,000
	E-15SB	—	26,620	1,859,136,845
	E-15SBNJ	—	635	49,848,000
		35,114	36,304	6,128,719,321
FAMILY	ML-297 S	—	57	108,000
	ML-299 S	—	31	55,000
	NO FORM FAM	—	46	169,000
		—	134	332,000
F12	F-12	502	—	34,335,000
	F-12I	—	6	579,000
	F-12S	—	340	12,309,640
		502	346	47,223,640
IBR	ML-667	—	18,666	971,741,850
	ML-677	—	11,211	368,838,500
		—	29,877	1,340,580,350
IBR10	BI-10I	—	16,254	1,785,390,200
	BI-10S	—	8,543	775,353,900
		—	24,797	2,560,744,100
IBR10B	BI-10IB	—	29,926	3,368,247,500
	BI-10IBNJ	—	1,248	146,281,900
	BI-10SB	—	16,307	1,546,985,800
	BI-10SBNJ	—	539	52,796,000
		—	48,020	5,114,311,200
IBR5	BI-5I	—	23,977	1,505,154,400
	BI-5S	—	13,745	704,838,950
		—	37,722	2,209,993,350

Exhibit I - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
IBR5B	BI-5IB	—	30,369	1,964,729,850
	BI-5IBNJ	—	961	62,684,500
	BI-5SB	—	17,574	949,958,550
	BI-5SBNJ	—	477	26,569,500
		—	49,381	3,003,942,400
MOD-11	ML-301S 11	—	2	15,000
MOD-11 REN	ML-301 S 11	—	263	3,768,000
	TD-11 S	1,041	—	40,523,000
	TD-11 STX	185	—	7,351,000
		1,226	263	51,642,000
MOD15	MT85(15)ML	9,276	—	384,548,697
	MT85(15)MLM	1,162	—	39,579,835
	MT85-15MLM	511	—	17,560,000
	MT85-15MLMO	5,445	—	186,297,509
	MT85-15MLMT	8	—	272,000
	MT85ML NJ	165	—	6,389,000
		16,567	—	634,647,041
NL RIDER	ML-867 W	—	3,472	210,518,369
	ML-867W WA	—	55	3,556,000
	ML-867Y	—	3,636	206,083,500
	ML-877	—	3,341	151,116,495
	ML-877 W	—	2,836	138,021,600
		—	13,340	709,295,964
O-MOD15	CR-85(15)	—	735	26,460,500
	SR-85(15)	—	1,637	26,542,184
		—	2,372	53,002,684
OLDT15	T 15	3,368	—	44,490,569
PAIDUP	CTI(80)	2	—	10,000
	CTI(86)	23,710	—	219,109,000
	STI(80)	35	—	68,000
		23,747	—	219,187,000
PDP EAGLE 20	PL-EAGLE 20	45	—	2,440,000
	PL-206	—	1	26,000
	PL-207	—	17	682,000
		45	18	3,148,000

Exhibit I - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
PDP T20	ML-T20	72	—	5,753,000
	ML-867C	—	1	1,000
	ML-877C	—	20	1,300,000
		72	21	7,054,000
PLUSIBR10	CP-10IB	—	39,662	4,212,811,400
	CP-10SB	—	21,815	1,980,554,000
		—	61,477	6,193,365,400
PLUSIBR5	CP-5IB	—	36,270	2,132,619,570
	CP-5SB	—	20,737	1,044,154,500
		—	57,007	3,176,774,070
PLUS10	CP-I10	—	14,425	1,459,241,214
	CP-I10YWA	—	79	8,727,000
	CP-S10	—	21,146	1,993,368,164
	CP-S10YWA	—	163	18,001,750
	CP-10	23,716	—	3,138,021,509
	CP-10MS	259	—	27,552,000
	CP-10YWA	172	—	28,157,000
		24,147	35,813	6,673,068,637
PLUS15	CP-I15	—	8,458	903,605,421
	CP-I15YWA	—	47	5,297,000
	CP-S15	—	17,129	1,868,860,034
	CP-S15YWA	—	106	13,925,000
	CP-15	21,388	—	3,049,496,804
	CP-15MS	331	—	38,255,999
	CP-15YWA	129	—	23,253,000
		21,848	25,740	5,902,693,258
PLUS20	CP-I20	—	8,112	1,094,283,197
	CP-I20YWA	—	36	4,971,000
	CP-S20	—	35,745	5,254,206,955
	CP-S20YWA	—	175	27,437,000
	CP-20	55,453	—	10,178,381,894
	CP-20MS	636	—	96,182,000
	CP-20YWA	269	—	55,420,000
		56,358	44,068	16,710,882,046

Exhibit I - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
PLUS25	CP-I25	—	4,348	634,730,599
	CP-S25	—	35,652	5,945,760,896
	CP-25	66,597	—	12,408,101,481
	CP-25MS	947	—	133,876,000
		67,544	40,000	19,122,468,976
PLUS30	CP-I30YWA	—	17	2,952,500
	CP-S30YWA	—	232	40,806,000
	CP-30YWA	360	—	79,835,000
		360	249	123,593,500
SPECIAL CASES	A-10	1	—	125,000
	A-10B	4	—	205,000
	A-10SB	—	3	55,000
	A-10SP	—	1	10,000
	B-20B	1	—	150,000
	B-20IB	—	1	200,000
	C-25	1	—	75,000
	CP-10	3	—	225,000
	CP-20	2	—	350,000
	C4-S15	—	1	225,000
	E-15B	3	—	807,000
	E-15IBNJ	—	1	50,000
	E-15SB	—	1	21,000
	E-15SBNJ	—	1	50,000
	ML-T20	3	—	80,000
	ML-T90	2	—	375,000
	ML-T95	1	—	2,000,000
	ML-297 S	—	1	25,980
	ML-867C	—	2	210,000
	ML-877C	—	2	75,000
	ML-877S	—	1	61,000
	ML-967	—	2	245,000
	ML-977	—	2	100,000
	MT-85(M)LM	1	—	25,000
	MX-T95	1	—	10,000
	NO FORM SPC	56	12	3,680,263
	NOFORMOGC	402	—	10,013,750
	PL-EAGLE 10	1	—	100,000
	PL-EAGLE 20	1	—	150,000
	PL-207	—	1	150,000
	WL70	3	—	54,187
		486	32	19,903,180

Exhibit I - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
TI0 JUMBO RIDER	ML-967	—	8,481	1,123,433,220
	ML-977	—	5,690	519,843,967
	ML-987	—	138	12,983,000
		—	14,309	1,656,260,187
T15 BD	ML-T15	524	—	62,052,000
	ML-867B	—	4	465,000
	ML-877B	—	295	17,890,000
	ML-887B	—	34	1,505,000
		524	333	81,912,000
T20 BD	ML-T20	160,540	—	20,093,614,525
	ML-867C	—	2,505	164,703,629
	ML-877C	—	92,527	7,531,373,930
	ML-887C	—	2,993	109,458,000
		160,540	98,025	27,899,150,083
T2000	PL-I25	—	10,346	1,276,822,184
	PL-I25X	—	1,544	269,516,000
	PL-M25	33,452	—	3,522,137,246
	PL-M25X	6,188	—	801,747,900
	PL-S25	—	19,504	2,162,337,444
	PL-S25X	—	3,313	441,588,400
		39,640	34,707	8,474,149,174
ULTIMA TERM	ML-900	—	64	3,876,000
	ML-910	—	213	9,529,000
	MT90(15)MLX	287	—	34,326,000
		287	277	47,731,000
WHLE LIFE	MWL-110	7	—	294,000
		1,993,217	3,104,562	535,938,951,588

Exhibit II
Third Party Reinsurance

II-1

EXHIBIT II - THIRD PARTY REINSURANCE

REINSURER / AGREEMENT TYPE *		POLICIES	RIDERS	REINSURANCE AMOUNT
ACE LIFE INSURANCE CO	QS	354,442	480,539	10,182,917,910
ALLIANZ LIFE REINSURANCE	QS	289,576	443,856	5,119,945,446
GENERALI USA	CO	7,613	445	13,914,158
GENERALI USA	QS	977,897	1,393,214	50,651,871,392
MUNICH RE	CO	180,432	94,956	1,918,433,790
MUNICH RE	QS	624,659	1,001,043	34,535,423,977
CANADA LIFE ASSURANCE	QS	279,266	432,890	8,669,564,108
CHARTER SECURITY LIFE	CO	6,487	469	11,910,689
EMPLOYERS RE CORP	CO	335,867	204,840	1,261,287,786
SCOR GLOBAL LIFE	QS	977,772	1,393,152	50,092,374,065
REASSURANCE OF HANOVER	CO	250,738	151,238	269,488,301
REASSURANCE OF HANOVER	QS	291,276	509,031	13,273,885,387
REASSURANCE OF HANOVER	XL	80	32	11,775,455
LINCOLN NATIONAL LIFE	CO	66,796	10,238	575,612,779
LINCOLN NATIONAL RE	CO	399,982	257,151	6,009,492,365
LIFE REASSURANCE CORP	CO	463,813	267,277	6,441,512,922
MERCANTILE & GENERAL	QS	369,925	534,672	17,994,316,223
MUNICH AMERICAN RE	XL	49	15	2,588,939
SWISS RE	CO	270,574	153,439	1,069,504,653
SWISS RE	XL	79	31	6,687,092
OXFORD LIFE INS CO	CO	250,637	151,178	790,076,012
AMERICAN PHOENIX LIFE	QS	220,511	338,204	6,246,784,768
REINS GROUP OF AMERICA	QS	945,549	1,400,267	48,106,916,734
SCOR LIFE RE US	QS	640,927	920,825	24,995,041,915
SCOTTISH RE	QS	244,546	402,537	11,290,886,467
SWISS RE LIFE & HEALTH	QS	354,464	480,552	17,042,273,815
TEXAS RE LIFE INS CO	CO	166,947	105,960	84,329,176
TOA REINSURANCE COMPANY	QS	484,791	671,543	24,681,975,884
TRANSAMERICA OCCIDENTAL	CO	76,008	47,122	846,241,682
TRANSAMERICA OCCIDENTAL	QS	876,919	1,187,614	37,661,911,091
TRANSAMERICA OCCIDENTAL	XL	1	1	35,000
COMPANY TOTALS				379,858,979,981

* CO = COINSURANCE
 XL = EXCESS LOSS YRT
 QS = QUOTA SHARE YRT

Exhibit III

Form of Monthly Report

**Prime Re
Monthly Settlement Report**

[See attached]

Section 4.2 Allowances		DL01
		[•]
	MSCWPE2--1 Policy Exhibit	
	Beginning Direct inforce [first day of applicable month]	[•]
	Ending Direct inforce [last day of applicable month]	[•]
	Avg Direct Inforce	[•]
	*Expense Allowance @ 100%	[•]
	Expense Allowance @ Deal %	[•]
	Annual Expense Allowance	[•]
	Monthly Expense Allowance (1/12)	[•]
Section 4.3 Other Obligations		DL01
		[•]
(i) Other obligations		
MSCWRA1-1 Settlement Rpt (CO9999 for DL02)		
	Direct Premiums [applicable month]	[•]
	** Premium Tax Rate	[•]
	Premium taxes Incurred	[•]
		DL01
		[•]
(ii) Other obligations		
	# EOT Policy Conversions	[•]
	** Allowance	[•]
	Total EOT Conversion Allowance	[•]
	EOT Conversion Allowance per Deal%	[•]
		DL01
		[•]
(iv) Other obligations		
U/W expenses on Reinstatements		[•]
	Reinstatement U/W Expenses per Deal %	[•]
		DL01
		[•]
(iii) Other obligations		
	Conversion Bonus	[•]
	Continuation Bonus	[•]
Total EOT Bonus		[•]
	Bonus Funding Valn	[•]
	Legacy Total	[•]
	Commission Adj Per Deal %	[•]

[•]

- * Expense Allowance Rate for DLO1/DLO4/DLO3 is adjusted annually in January.
- * Expense Allowance Rate for DLO2 is adjusted annually in March. See 'Expense
- ** Per the coinsurance agreements, these rates do not change.

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Swiss Re Reinsurance Top Up Notice

	As of [•]
	Pecan Re 80% DL01
Reserve Report	
Direct Reserves	[•]
Ceded Reserves	[•]
	—
Direct Pending	[•]
Ceded Pending	[•]
Recoverables	[•]
	—
Economic Reserve	—
Excess Reserve	—
Reserve Report	—
	—
Required Reserve Balance	—
Security Balance as of [•]	
Fair Value of Trust	[•]
Fair Value of Economic Trust	—
Fair Value of Excess Trust	—
	—
Over/(Under) funded: Security Balance minus Required Reserve Balance	
-10% Economic Reserve	—
-10% Excess Reserve	—
Over/(Under) funded	—
102% of Required Reserves Balance	
Economic Reserve	—
Excess Reserve	—
	—
Excess Security Balance in Trust:	
Economic Trust > Economic Reserve	—
Excess Trust > Excess Reserve	—
	—
Security Balance minus 102% of Required Reserve Balance (105% for FRAC)	—
	—

Net Amount Due to Pecan Re

Coinsurance Agreement Article VIII Section 8.1 & 8.2	Report ID	Primerica Report ID / Name Report Name	File 1 [●]
Monthly Settlement Report	SCWRA1 --1	Monthly Settlement Report	✓
Policy Exhibit	SCWPE2 --1	Exhibit of Life Insurance	✓
	SCWPE3--1	Policy Exhibit Errors	✓
Non-Bordereau Claims Report	SCWRA4 --1	Bulk Claim	✓
Bordereau Report	SCWRA4 --2	NonBulk Claim	✓
Reserve Report	SCWRA3 -- 1	Monthly Reserve Report	✓
Claim Reserve Report	SCWRA2 -- 1	Claim Reserve Report	✓
	SCWRA4 --3	Detail Pending Claims and Recoverables	✓
Monthly Account Balance Reports	PSP419-MP	Pecan Re General Ledger Summary	✓
Top-Up Notice	PDF	Top Up Notice	✓
	SCWR07 --1	Monthly Settlement Report - Peoplesoft Ledger Balance	✓
	SCWR07 -- 2	Claim Reserve Report - Peoplesoft Ledger Balance	✓
	SCWR07 -- 3	Monthly Reserve Report - Peoplesoft Ledger Balance	✓
	PDF	Policy and Claim Reserve Recon to GL	✓
	Excel	N'Vision Report: Pecan Re	✓
	PDF	Settlement Statements - Pecan Re	✓
	PDF	Monthly Manual Deal Entries	✓
	Excel	GL Interface file	✓
	PDF	Reinsurance Recoverables Aging Report	✓
	PDF	Pending Litigation Claims Report	✓

System Generated Report - not available in Excel/Word format

Attached Excel Version of this report

Report provided in an Excel version already. Re-attached this report

	Report ID	Report Name
Coinsurance Agreement	Article VIII Section 8.1 & 8.2	
	Monthly Settlement Report	Monthly Settlement Report
	Policy Exhibit	Exhibit of Life Insurance
Non-Bordereau Claims Report	SCWRA1 --1	Policy Exhibit Errors
	SCWPE2 -- 1	Bulk Claim
	SCWPE3--1	NonBulk Claim
Bordereau Report	SCWRA4 -- 2	Monthly Reserve Report
Reserve Report	SCWRA3 --1	Claim Reserve Report
Claim Reserve Report	SCWRA2 -- 1	Detail Pending Claims and Recoverables
Monthly Account Balance Reports	SCWRA4 -- 3	General Ledger Summary-USD
	PSP419	General Ledger Summary-CAD
	PSP419	Top Up Notice (required quarterly)
Top-Up Notice	PDF	
Additional Reports provided		Settlement Statements - Pecan Re
	PDF	& Experience Refund - Pecan Re
	SCWR07 --1	Monthly Settlement Report - Peoplesoft Ledger Balance
	SCWR07 -- 2	Claim Reserve Report - Peoplesoft Ledger Balance
	SCWR07 --3	Monthly Reserve Report - Peoplesoft Ledger Balance
	PDF	Monthly Manual Deal Entries & Support (Expense Allowance, End of Term & Reinst U/W Expense detail)
	Excel	N'Vision Report: Pecan Re
	PDF	Policy and Claim Reserve Recon to GL
	Excel	GL Interface file
Total 26 files		
Manic Lefebvre		manic_lefebvre@swissre.com
[●]		[●]
[●]		[●]
[●]		[●]

		Pecan Re GAAP				Pecan Re STAT			
		DL01: 80%				DL01: 80%			
8.4 Business Unit 9.2 Business Unit 9.2 Deal ID 9.2 Book Code 9.2 Product		PR20	PR2G	PR2GG	Pecan Re_GP	PR20	PR2G	PR2S	Pecan Re_St
		Pecan	Pecan	Pecan		Pecan	Pecan	Pecan	
		Pecan80	Pecan80	Pecan80		Pecan80	Pecan80	Pecan80	
		Base Uncons	Comb Uncons	GAAP Uncons	Total GAAP	Base Uncons	Comb Uncons	STAT Uncons	Total STAT
Assets									
	Intercompany Legacy	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Premium Due and Unpaid	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Due From Rein-UW and Other	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Reinsurance Recoverable	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Ceded Pending	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Ceded Reserves	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Direct Pending	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Direct Reserves	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Due to Affiliates	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Deferred ACQ Cost (DAC)	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	T otal Assets	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Liabilities									
	Future Policy Benefits - Life	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Direct Pending Claims	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Accrued Taxes Licenses Fees	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Cost of Collection	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Advance Premium	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Due to Reinsurers	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Commissions Payable	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	T otal Liabilities	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Net Income	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Paid in Capital	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Retained Earnings	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total Equity		[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total Liabilities & Equity		[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Revenue									
	Premium	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Total Revenue	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Benefit									
	Claims - Life	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Change In Reserve - Life	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Total Benefits	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Commission & Expenses									
	Commissions - Net	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Amortization of DAC	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Allowances	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Legal Settlements	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Total Commissions & Expenses	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Total Benefit, Commissions & Expenses	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Net Income	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Exhibit IV

Form of Monthly Account Balance Report

[See attached]

IV-1

Prepared By: _____

Approved By: _____

[•]

Policy Reserves:	Direct Reserves	ETPR Reserves	Net	Total Reserves
DL01: PLIC 80% SCWRA3-1 balance	[•]	[•]	—	DL01 Σ (A) —
Manual Adjustments:				
DIS Monthly Inc./Stat Errors	[•]			
Adj. to [year] waiver clms-Lx	[•]			
Frozen Stat Reserves - Coin @ 80%		[•]		
Frozen Stat Reserves Qsyrt @ 80%		[•]		
CTR & Spouse Conversions incorrectly ceded to Citi	[•]	[•]		
Adjusted Rsrv Balance:	—	—	—	(A)

General Ledger: PSP030	B.U.	Deal ID	Book Code	Product
8.4 BU: PR2S	PrmRe	PrmRe80	stat	uncons
200109-FPB Reserves SW Asmd	[•]			
200119-Waiver Reserve SW Asmd	[•]			
141213-ETPR COI Reserves Frzn SW Asmd			[•]	
141218-ETPR YRT Reserves Frzn SW Asmd			[•]	
141207-ETPR COI Reserves SW Asmd			[•]	
141203-ETPR YRT Reserves SW Asmd			[•]	
	—	—	—	—
	—	—	—	—

[•]

Claim Reserves	Direct Pending	ETPR Pending	ETPR Recoverables	Net
DL01: PLIC 80% SCWRA2-1 balance	[•]	[•]	[•]	
<u>Manual Adjustments:</u>				
IBNR - Direct	[•]			
SSAP 55 (stat only adj)	[•]			
IBNR - Coin		[•]		
IBNR - Qsyrt		[•]		
CIm Accll	—			
CTR & Spouse Conversions incorrectly ceded to Citi	[•]	[•]		(A)
Adjusted Claim Rsrv:	—	—	—	—

General Ledger: PSP030

	B.U. PrmRe	Deal ID PrmRe80	Book Code comb stat	Product uncons	
8.4 BU: PR2G 201202-Direct Pending Claims SW Asmd	[•]				
PR2G 201213-Direct IBNR SW Asmd	[•]				
PR2S 201213-Direct IBNR SW Asmd	[•]				
PR2G 140803-ETPR Pending Clms YRT SW Asmd				[•]	
PR2G 140813-ETPR YRT IBNR SW Asmd				[•]	
PR2G 140807-ETPR Pending Clms COI SW Asmd				[•]	
PR2G 140818-ETPR COI IBNR SW Asmd				[•]	
PR2G 140823-ETPR Reins Recov Adj SW Asmd					-
PR2G 140603-ETPR Reins Recov YRT SW Asmd					[•]
PR2G 140607-ETPR Reins Recov COI SW Asmd					[•]
	—		—	—	—
	—		—	—	—

PFS_REINS_C	107									
Year	Period	Unit	Deal	Product	Book Code	Account	Sum Amount	Base Curr		
[•]		11	[•]	[•]	[•]	[•]	[•]	[•]	USD	
[•]		11	[•]	[•]	[•]	[•]	[•]	[•]	USD	

PFS_REINS_C	117									
Year	Period	Unit	Deal	Product	Book Code	Account	Sum Amount	Base Curr		
[•]		11	[•]	[•]	[•]	[•]	[•]	[•]	USD	
[•]		11	[•]	[•]	[•]	[•]	[•]	[•]	USD	

Exhibit V-A

Milliman Information

- 1) Inventories of term life insurance policies in force as of June 30, 2009, including computer files and other listings of these records.
- 2) Current set of assumptions actually used for pricing the Custom Advantage Policy as provided by the Ceding Company.
- 3) Mortality and lapse studies prepared by the Ceding Company for the business in force.
- 4) Product characteristics and data including premium rates, policy fees, banding, commission rates, product benefit features, etc.
- 5) Ceding Company methodology and basis regarding statutory reserves and tax reserves.
- 6) Information on the terms of existing reinsurance agreements with third parties.
- 7) Information with respect to the current unit expenses of the Ceding Company.

Exhibit V-B

Milliman Information

- 1) Actual recent financial data for the Covered Liabilities.

V-B-1

Exhibit VI
Milliman Report
[See attached]

**ACTUARIAL ANALYSIS OF
PRIMERICA LIFE INSURANCE COMPANY
AS OF JUNE 30, 2009**

PREPARED FOR:

Citigroup, Inc.

PREPARED BY:

Bruce W. Winterhof, F.S.A., M.A.A.A.
Yiping Yang, F.S.A., M.A.A.A.
Laird D. Zacheis, F.S.A., M.A.A.A.

September 14, 2009
Revised October 23, 2009

Milliman



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September 14, 2009
Revised October 23, 2009

Mr. James von Moltke
M&A Group Manager
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909 Third Avenue
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Mr. D. Richard Williams
Co-Chief Executive Officer &
Chief Operating Officer
Primerica Financial Services
3120 Breckinridge Boulevard
Duluth, Georgia 30099

Dear Sirs:

This report provides actuarial values and projections as of June 30, 2009 for the individual life and annuity business of Primerica Life Insurance Company. This report reflects updates to our September 14, 2009 report for certain reinsurance treaty terms and other refinements to the projections.

Section I outlines the scope and qualifications associated with the analysis. Actuarial values and yearly statutory profits are summarized in Section II. Section III and the Appendices summarize the methodology, models and actuarial assumptions underlying the developed values.

This report is a statement of actuarial opinion under guidelines promulgated by the American Academy of Actuaries. The undersigned professionals are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained herein.

The professionals responsible for developing the actuarial values in this report are available to answer any questions regarding the assumptions and procedures underlying the values. Please contact us if any questions are raised.

Sincerely,

/s/ Laird D. Zacheis
Laird D. Zacheis, F.S.A., M.A.A.A.
Consulting Actuary

/s/ Yiping Yang
Yiping Yang, F.S.A., M.A.A.A.
Consulting Actuary

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Offices in Principal Cities Worldwid

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Milliman

SECTION I

Introduction and Qualifications

Milliman, Inc. ("Milliman") was retained by Citigroup, Inc. ("Citi") to perform certain actuarial analyses with respect to the life insurance business in Primerica Life Insurance Company ("Primerica" or "PLIC"). PLIC is wholly owned through various holding companies by Citi.

Specifically, our assignment has been to develop projected statutory earnings arising from the existing and new individual life business of Primerica and to calculate present values of these future earnings using discount rates of 11%, 13% and 15%.

The Primerica business consists primarily of level term traditional life business. Primerica markets through a network of about 100,000 independent agents who are primarily part-time, and who are exclusive to Primerica. The term business sold through this network is referred to generally as "term" in this report.

Milliman is frequently engaged to prepare such analyses of life insurance companies. The approach followed in this situation is consistent with methodology we have generally employed in previous engagements.

We have prepared this report with the understanding that it will be used by Citi and its advisors to analyze the potential value of Primerica. The report is intended to provide certain actuarial information and analyses as of June 30, 2009 that would assist a qualified actuary, technically competent in the area of actuarial appraisals, to develop an estimate of (1) the adjusted statutory book value of the companies as of June 30, 2009; (2) the projected amounts and present values of future statutory profits from insurance in force as of June 30, 2009; and (3) the projected amounts and present values of future statutory profits from insurance written after June 30, 2009.

In order to fully comprehend this report, any user of this report should be advised by an actuary with a substantial level of expertise in areas relevant to this analysis to appreciate the significance of the underlying assumptions and the impact of those assumptions on the illustrated results. This report must be read in its entirety to be understood.

This report may not be distributed, disclosed, copied or otherwise furnished to any party without our prior consent. Any distribution of this report must be in its entirety.

Nothing included in this report is to be used in any filings with any public body, such as but not limited to the Securities and Exchange Commission or State Insurance Departments, without prior written consent from Milliman. We understand this report may be shared with the Massachusetts Department of Insurance.

We have projected future statutory profits computed according to regulatory reporting criteria. The validity of these projections depends on how well future experience conforms to our assumptions. Our assumptions for future mortality, persistency, expenses, investment return and other actuarial factors are based on our evaluation of recent experience of Primerica, industry experience and anticipated future trends. The approach employed to develop the projection assumptions is described below.

1. Mortality and persistency assumptions are based on the experience of Primerica and on general industry experience.
2. Expenses were projected as a combination of unit expense allowables and excess costs to reproduce the budgeted expenses of Primerica.
3. Future investment income reflects a new money investment yield of 5.70% based on assumptions for asset yield, quality, and maturity provided by Primerica. The projections are based on the June 30, 2009 interest rate environment.
4. Financing of excess level term reserves is reflected based on a net cost of 300 bp of outstanding amounts per year.
5. New business production assumptions were provided by Primerica and are summarized in Section II.

Actual experience may differ from that assumed in the projections. To the extent actual experience is different from the assumptions underlying this Report, so will actual results differ from the projected results shown here. Sensitivity of results to changes in assumptions is provided as part of Section II, Summary of Results.

Rationale for Statutory Approach

Our development of the projected amounts and actuarial values in this report reflect statutory accounting practices. Two reasons why we believe it is appropriate to analyze a life company using the statutory approach are:

- 1) Statutory accounting determines the availability of earnings for dividends to life company shareholders.
- 2) Statutory surplus constitutes the funds available for investments in new business or other ventures requiring capital.

Relationship to Market Value

An actuarial appraisal value does not necessarily represent the value of a company's stock in the open market. Rather, it is derived from a projection of future earnings and therefore reflects the value of a company's earnings potential under a specific set of assumptions. Assignment of a value to any business enterprise is also a matter of informed judgment. Purchase or sales price is determined by the parties involved, based on their respective evaluations of all relevant factors, including:

- 1) the perspective of the buyer and the seller and the level of confidence regarding the assumptions underlying projected earnings,
- 2) the desired rate of return and the associated cost of capital,
- 3) the degree of urgency associated with the sale or acquisition,
- 4) economies of scale and scope associated with the potential transaction, and
- 5) significant tax or other consequences/benefits, unique to a proposed transaction, which can have an effect on fair market value.

Data Reliance

We have relied on information supplied by Primerica as well as on published financial information. We performed no audits or independent verification of the information furnished to us. To the extent that there are any material errors in the information provided, the results of our analysis will be affected as well. The principal materials relied upon include:

- 1) Information contained in the public and internal statutory and GAAP financial statements of Primerica.
- 2) Inventory of insurance policies as of June 30, 2009, December 31, 2008 and December 31, 2007.
- 3) Information on business inforce, including schedules or electronic files of premiums, policy benefits, commission rates, cost of insurance charges, description of guaranteed benefits, and other policy benefits.
- 4) Information relating to Primerica's statutory reserve practices.
- 5) Current and historical pricing assumptions.
- 6) Information and analysis prepared by Primerica on recent mortality and persistency experience.
- 7) Information on invested assets as of June 30, 2009.
- 8) Information on new investment strategy.
- 9) Information on statutory/tax asset and reserve assumptions and differences and other information with respect to Federal income taxes.
- 10) Information on the terms of reinsurance agreements.

- 11) Information on future premium production volumes, products, and mix of riders and other guaranteed benefits.
- 12) Information on future expenses.
- 13) Information on excess reserve financing costs provided by Primerica and Citi.
- 14) Information on terms of reinsurance between Primerica and PrimeRe, a newly formed captive owned by Citi.

SECTION II

Summary of Results

Summary of Actuarial Appraisal Values

Table I summarizes the present value of future statutory profits from business inforce on June 30, 2009, and the development of the reinsurance ceding commission for 80% of the inforce business. The business values are based upon thirty years of projected profits. Amounts reflect cost of capital based on 300% of NAIC RBC (Company Action Level).

Table I
80% of PLIC Inforce Business
Actuarial Appraisal Value
(As of June 30, 2009, in millions)

	11%	13%	15%
Pre-Tax Value	\$ 3,667	\$ 3,361	\$ 3,108
Taxes	(1,070)	(959)	(867)
Cost of Capital at 300% RBC	(144)	(166)	(184)
Total After-tax	\$ 2,454	\$ 2,236	\$ 2,057
Tax Benefit on Reinsurance	1,047	923	819
Total Value	\$ 3,500	\$ 3,159	\$ 2,876

PLIC is coinsuring an additional 10% of the inforce to PrimeRe under a treaty that incorporates an experience refund for the business, as described later in this Section. The effect of the experience refund is to transfer back to PLIC the profits of the business on an economic reserve basis, subject to a cap on the mortality. For this treaty, the ceding commission is assumed to equal the difference between statutory and economic reserves, as estimated below:

PLIC
10% Coinsurance Treaty
(in millions)

Statutory Reserve	\$ 403
Economic Reserve	56
Ceding Commission	\$ 347

Tables II and III provide a summary of ten years of projected after-tax statutory profits for Primerica Life assuming ten years of projected new business, and after the reinsurance of the inforce business to

PrimeRe, a newly formed captive owned by Citi. No dividends are reflected out of PLIC. Tables IV and V provide a summary of the ten-year statutory income statements for PrimeRe.

Summaries of assumptions for each line of business are provided in Section III and in the Appendices. Detailed projections of annual statutory profits and present values of profit by line of business are provided in Appendix C.

Table II
Primerica Life
Line of Business Statutory Projection
(in millions of dollars)

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing Business at 06/30/2009											
Primerica - Net (Before New Conversions)	\$ 210.6	\$ 143.0	\$ 137.7	\$ 133.5	\$ 129.4	\$ 124.2	\$ 122.1	\$ 123.7	\$ 128.3	\$ 130.3	
Primerica New Conversions - Net	(42.4)	0.2	(0.1)	(1.7)	(3.0)	(3.4)	(3.8)	(12.2)	(13.0)	(18.5)	
Miscellaneous Primerica	12.3	12.0	11.9	11.9	12.0	12.0	12.0	12.0	12.0	11.9	
Total Existing Business	\$ 180.6	\$ 155.1	\$ 149.5	\$ 143.7	\$ 138.3	\$ 132.8	\$ 130.4	\$ 123.6	\$ 127.3	\$ 123.8	
Ten Years of New Business from 06/30/2009											
Traditional Life	\$ (200.8)	\$ (180.2)	\$ (157.0)	\$ (134.4)	\$ (109.9)	\$ (86.5)	\$ (60.7)	\$ (31.2)	\$ 1.7	\$ 38.2	
Primerica Waiver of Premium	0.6	1.5	2.3	3.1	3.9	4.8	5.7	6.6	7.6	8.7	
Primerica Retained Asset Account	0.2	0.5	0.9	1.3	1.7	2.3	2.9	3.5	4.3	5.1	
Total New Business	\$ (200.0)	\$ (178.2)	\$ (153.8)	\$ (130.0)	\$ (104.2)	\$ (79.4)	\$ (52.1)	\$ (21.1)	\$ 13.6	\$ 52.0	
Unallocated Expense	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	
Change in Internal Reserve Financing	23.4	(0.1)	(6.8)	(37.2)	(36.0)	(35.1)	(34.8)	(34.4)	(33.8)	(31.9)	
Interest Cost on Internal Reserve Financing	(30.1)	(32.1)	(32.1)	(31.5)	(28.3)	(25.2)	(22.1)	(19.1)	(16.1)	(13.2)	
Interest on Capital, Surplus & AVR	21.9	21.3	19.1	17.5	15.1	14.0	14.2	16.0	19.4	25.5	
Total Pre-Tax Earnings	\$ (20.9)	\$ (50.6)	\$ (40.7)	\$ (54.1)	\$ (31.7)	\$ (9.5)	\$ 18.8	\$ 48.4	\$ 93.8	\$ 139.6	
Federal Income Tax (35.0%)	—	—	—	—	—	—	—	—	—	(67.8)	
NBL Distributed Earnings	11.3	12.2	12.2	12.3	12.5	12.3	12.3	12.2	12.8	13.5	
After-Tax Earnings	\$ (9.7)	\$ (38.4)	\$ (28.5)	\$ (41.9)	\$ (19.2)	\$ 2.8	\$ 31.2	\$ 60.6	\$ 106.7	\$ 85.4	
Distributed Earnings (Target RBC Ratio=300%)	\$ 20.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
General Account Liabilities	\$ 673.7	\$ 682.3	\$ 731.7	\$ 832.4	\$ 978.1	\$ 1,163.9	\$ 1,387.8	\$ 1,645.5	\$ 1,927.3	\$ 2,247.5	\$ 2,605.5
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	
General Account Tax Reserve (Net of DAC)	(50.7)	(5.9)	90.8	232.1	409.3	615.6	846.6	1,096.7	1,354.2	1,631.0	1,928.1
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	
50% Inforce Internal Reserve Financing (w/LOC @300bp)	345.8	369.2	369.1	362.4	325.2	289.2	254.1	219.3	185.0	151.2	119.3
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	
Capital, Surplus & AVR Excluding NBL	384.0	374.3	335.9	307.4	265.6	246.4	249.2	280.4	341.0	447.7	533.0
NBL Carrying Value	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0
Capital, Surplus & AVR Including NBL	534.0	524.3	485.9	457.4	415.6	396.4	399.2	430.4	491.0	597.7	683.0
NAIC RBC (Company Action Level)	90.0	93.3	97.2	101.7	107.1	113.1	119.6	126.9	135.5	145.0	155.6
RBC Ratio (Company Action Level)	593.2 %	562.0 %	499.8 %	449.8 %	388.1 %	350.6 %	333.9 %	339.1 %	362.4 %	412.3 %	438.9 %

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

Table III
Primerica Life
Projected Statutory Operating Results
(in millions of dollars)

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing and New Business											
Gross Premium Income		\$ 422.6	\$ 546.2	\$ 666.1	\$ 787.2	\$ 911.3	\$ 1,040.6	\$ 1,176.9	\$ 1,345.0	\$ 1,539.9	\$ 1,736.5
Reinsurance Premiums (Net of Allowances)		(118.1)	(142.6)	(171.8)	(205.1)	(242.6)	(283.2)	(328.2)	(396.4)	(470.3)	(550.3)
Allowances From PrimeRe		92.1	85.3	80.8	77.3	74.3	71.5	69.2	65.1	61.3	57.8
Investment Income		79.3	82.4	84.7	89.9	96.6	106.6	119.8	136.0	155.8	180.2
Total Income		\$ 475.9	\$ 571.4	\$ 659.8	\$ 749.3	\$ 839.6	\$ 935.5	\$ 1,037.7	\$ 1,149.6	\$ 1,286.7	\$ 1,424.1
Surrender, Health and Other Benefits		\$ 33.7	\$ 12.7	\$ 8.4	\$ 7.7	\$ 8.1	\$ 9.0	\$ 10.6	\$ 12.2	\$ 14.4	\$ 16.5
Direct Death Benefits		182.1	207.0	235.9	269.4	306.9	348.3	393.8	456.1	534.4	616.3
Reinsurance Death Benefits		(103.9)	(126.4)	(152.4)	(182.3)	(215.9)	(253.1)	(293.7)	(348.4)	(417.1)	(490.6)
Cost of Financing		30.1	32.1	32.1	31.5	28.3	25.2	22.1	19.1	16.1	13.2
Reserve Increase		5.9	46.8	100.9	172.9	208.7	243.4	273.0	292.1	327.5	362.7
Expense (Other Than Premium Tax) (Incl Unalloc)		158.2	162.5	168.7	176.1	184.4	194.2	205.3	217.4	230.2	244.1
Premium Tax		35.1	36.0	37.4	39.0	40.8	42.9	45.1	47.5	50.2	53.1
Commission		155.6	251.4	269.4	289.1	310.1	335.2	362.8	405.3	437.2	469.2
Total Benefits and Expenses		\$ 496.8	\$ 622.0	\$ 700.5	\$ 803.5	\$ 871.3	\$ 945.0	\$ 1,018.9	\$ 1,101.2	\$ 1,192.9	\$ 1,284.5
Total Pre-Tax Earnings		\$ (20.9)	\$ (50.6)	\$ (40.7)	\$ (54.1)	\$ (31.7)	\$ (9.5)	\$ 18.8	\$ 48.4	\$ 93.8	\$ 139.6
Federal Income Tax (35.0%)		—	—	—	—	—	—	—	—	—	(67.8)
NBL Distributed Earnings		11.3	12.2	12.2	12.3	12.5	12.3	12.3	12.2	12.8	13.5
After-Tax Earnings		\$ (9.7)	\$ (38.4)	\$ (28.5)	\$ (41.9)	\$ (19.2)	\$ 2.8	\$ 31.2	\$ 60.6	\$ 106.7	\$ 85.4
Distributed Earnings (Target RBC Ratio=300%)		\$ 20.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
General Account Liabilities		\$ 673.7	\$ 682.3	\$ 731.7	\$ 832.4	\$ 978.1	\$ 1,163.9	\$ 1,387.8	\$ 1,645.5	\$ 1,927.3	\$ 2,247.5
Separate Account Liabilities		—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)		(50.7)	(5.9)	90.8	232.1	409.3	615.6	846.6	1,096.7	1,354.2	1,631.0
External Reserve Financing (w/LOC @300bp)		—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)		345.8	369.2	369.1	362.4	325.2	289.2	254.1	219.3	185.0	119.3
Interest Maintenance Reserve		—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR		534.0	524.3	485.9	457.4	415.6	396.4	399.2	430.4	491.0	597.7
NAIC RBC (Company Action Level)		90.0	93.3	97.2	101.7	107.1	113.1	119.6	126.9	135.5	155.6
RBC Ratio (Company Action Level)		593.2%	562.0%	499.8%	449.8%	388.1%	350.6%	333.9%	339.1%	362.4%	412.3%

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

Table IV PrimeRe
Line of Business Statutory Projection
(post-tax; in millions of dollars)

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing Business at 06/30/2009											
Term — Net (Before New Conversions)		\$ 534.4	\$ 572.0	\$ 550.7	\$ 533.9	\$ 517.4	\$ 496.8	\$ 488.5	\$ 477.0	\$ 453.7	\$ 421.9
Term — New Conversions - Net		(169.3)	0.7	(0.3)	(6.7)	(11.9)	(13.6)	(15.0)	(7.6)	(4.9)	2.2
Canada Segregated Funds		—	—	—	—	—	—	—	—	—	—
Miscellaneous		\$ 12.3	\$ 11.4	\$ 10.7	\$ 10.1	\$ 9.6	\$ 9.0	\$ 8.5	\$ 7.9	\$ 7.4	\$ 7.0
Total Existing Business		\$ 377.4	\$ 584.1	\$ 561.1	\$ 537.4	\$ 515.0	\$ 492.2	\$ 482.0	\$ 477.3	\$ 456.3	\$ 431.1
Ten Years of New Business from 06/30/2009											
N/A		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total New Business		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unallocated Expense		(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Change in Internal Reserve Financing		(23.4)	0.1	6.8	37.2	36.0	35.1	34.8	34.4	33.8	31.9
Interest Cost on Internal Reserve Financing		30.1	32.1	32.1	31.5	28.3	25.2	22.1	19.1	16.1	13.2
Interest on Capital, Surplus & AVR		17.3	16.3	15.2	14.4	13.5	12.6	11.9	11.2	10.4	9.6
Total Pre-Tax Earnings		<u>\$ 396.4</u>	<u>\$ 627.6</u>	<u>\$ 610.2</u>	<u>\$ 615.5</u>	<u>\$ 587.8</u>	<u>\$ 560.1</u>	<u>\$ 545.8</u>	<u>\$ 537.0</u>	<u>\$ 511.5</u>	<u>\$ 480.7</u>
Federal Income Tax (35.0%)		<u>(175.8)</u>	<u>(200.5)</u>	<u>(193.8)</u>	<u>(196.5)</u>	<u>(187.7)</u>	<u>(178.9)</u>	<u>(175.1)</u>	<u>(173.6)</u>	<u>(166.3)</u>	<u>(157.6)</u>
After-Tax Earnings		<u>\$ 220.6</u>	<u>\$ 427.0</u>	<u>\$ 416.5</u>	<u>\$ 419.0</u>	<u>\$ 400.1</u>	<u>\$ 381.2</u>	<u>\$ 370.7</u>	<u>\$ 363.4</u>	<u>\$ 345.2</u>	<u>\$ 323.1</u>
Distributed Earnings	\$ —	\$ 238.1	\$ 445.0	\$ 431.9	\$ 434.1	\$ 415.3	\$ 393.6	\$ 383.3	\$ 377.8	\$ 359.3	\$ 337.0
General Account Liabilities	\$ 3,443.7	\$ 3,635.0	\$ 3,615.4	\$ 3,556.5	\$ 3,438.6	\$ 3,294.6	\$ 3,130.8	\$ 2,936.1	\$ 2,717.3	\$ 2,471.8	\$ 2,208.8
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)	2,642.4	2,685.6	2,712.5	2,706.6	2,667.5	2,597.0	2,503.3	2,373.6	2,215.1	2,025.2	1,812.0
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)	(345.8)	(369.2)	(369.1)	(362.4)	(325.2)	(289.2)	(254.1)	(219.3)	(185.0)	(151.2)	(119.3)
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR	303.0	285.4	267.5	252.0	236.9	221.7	209.3	196.7	182.3	168.2	154.3
NAIC RBC (Company Action Level)	101.0	95.1	89.2	84.0	79.0	73.9	69.8	65.6	60.8	56.1	51.4
RBC Ratio (Company Action Level)	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

**Table V PrimeRe
Projected Statutory Operating
Results (in millions of dollars)**

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing and New Business											
Gross Premium Income		\$ 1,330.7	\$ 1,255.1	\$ 1,202.9	\$ 1,163.9	\$ 1,132.6	\$ 1,104.5	\$ 1,079.1	\$ 1,030.3	\$ 969.7	\$ 920.1
Reinsurance Premiums (Net of Allowances)		(421.0)	(435.9)	(452.3)	(470.4)	(489.8)	(505.1)	(519.0)	(515.0)	(507.7)	(501.5)
Seg Fund Policy Charges		—	—	—	—	—	—	—	—	—	—
Investment Income		205.7	212.9	209.3	204.1	197.4	189.3	180.3	169.9	157.5	143.8
Total Income		\$ 1,115.4	\$ 1,032.1	\$ 959.9	\$ 897.6	\$ 840.2	\$ 788.8	\$ 740.5	\$ 685.1	\$ 619.4	\$ 562.3
Surrender, Health and Other Benefits		\$ 46.7	\$ 45.0	\$ 41.7	\$ 39.5	\$ 37.8	\$ 36.3	\$ 34.8	\$ 33.7	\$ 32.2	\$ 30.7
Direct Death Benefits		665.3	661.3	671.3	684.7	698.7	712.4	723.9	721.0	702.8	682.3
Reinsurance Death Benefits		(366.7)	(373.2)	(387.1)	(402.5)	(418.7)	(434.1)	(447.5)	(450.2)	(441.2)	(428.9)
Cost of Financing		(30.1)	(32.1)	(32.1)	(31.5)	(28.3)	(25.2)	(22.1)	(19.1)	(16.1)	(13.2)
Reserve Increase		190.2	(20.4)	(59.0)	(117.6)	(142.4)	(162.0)	(192.7)	(219.7)	(246.8)	(262.3)
Expense Allowances		92.1	85.3	80.8	77.3	74.3	71.5	69.2	65.1	61.3	57.8
Other Expenses		5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Commission		116.6	33.6	29.0	27.2	26.0	24.8	24.0	12.6	10.8	10.3
Total Benefits and Expenses		\$ 719.0	\$ 404.6	\$ 349.6	\$ 282.1	\$ 252.4	\$ 228.7	\$ 194.7	\$ 148.3	\$ 107.9	\$ 81.7
Total Pre-Tax Earnings		<u>\$ 396.4</u>	<u>\$ 627.6</u>	<u>\$ 610.2</u>	<u>\$ 615.5</u>	<u>\$ 587.8</u>	<u>\$ 560.1</u>	<u>\$ 545.8</u>	<u>\$ 536.9</u>	<u>\$ 511.5</u>	<u>\$ 480.6</u>
Federal Income Tax (35.0%)		<u>(175.8)</u>	<u>(200.5)</u>	<u>(193.8)</u>	<u>(196.5)</u>	<u>(187.7)</u>	<u>(178.9)</u>	<u>(175.1)</u>	<u>(173.6)</u>	<u>(166.3)</u>	<u>(157.6)</u>
After-Tax Earnings		<u>\$ 220.6</u>	<u>\$ 427.0</u>	<u>\$ 416.5</u>	<u>\$ 419.0</u>	<u>\$ 400.1</u>	<u>\$ 381.2</u>	<u>\$ 370.7</u>	<u>\$ 363.3</u>	<u>\$ 345.1</u>	<u>\$ 323.0</u>
Distributed Earnings (Target RBC Ratio=300%)	\$ —	\$ 238.1	\$ 445.0	\$ 431.9	\$ 434.1	\$ 415.3	\$ 393.6	\$ 383.3	\$ 377.8	\$ 359.3	\$ 337.0
General Account Liabilities	\$ 3,443.7	\$ 3,635.0	\$ 3,615.4	\$ 3,556.5	\$ 3,438.6	\$ 3,294.6	\$ 3,130.8	\$ 2,936.1	\$ 2,717.3	\$ 2,471.8	\$ 2,208.8
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)	2,642.4	2,685.6	2,712.5	2,706.6	2,667.5	2,597.0	2,503.3	2,373.6	2,215.1	2,025.2	1,812.0
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)	(345.8)	(369.2)	(369.1)	(362.4)	(325.2)	(289.2)	(254.1)	(219.3)	(185.0)	(151.2)	(119.3)
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR	303.0	285.4	267.5	252.0	236.9	221.7	209.3	196.7	182.3	168.2	154.3
NAIC RBC (Company Action Level)	101.0	95.1	89.2	84.0	79.0	73.9	69.8	65.6	60.8	56.1	51.4
RBC Ratio (Company Action Level)	<u>300.0 %</u>	<u>300.0 %</u>	<u>300.0 %</u>	<u>300.0 %</u>	<u>300.0 %</u>	<u>300.0 %</u>	<u>300.0 %</u>	<u>300.0 %</u>	<u>300.0 %</u>	<u>300.0 %</u>	<u>300.0 %</u>

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

Discount Rates

The actuarial appraisal values were developed using discount rates of 11%, 13%, and 15%. Table I illustrates the importance of the discount rate in the determination of the value of profits from the business.

New Business

New business is projected to grow based on Primerica’s business plan. Life insurance production is stated in terms of annualized issued premium. No new production is assumed after ten years.

Primerica Production Amounts
(annualized issued premium, in millions of \$)

<u>Product Line</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Growth Rate</u>	
				<u>Years 4-5</u>	<u>Years 6+</u>
Life – U.S.	\$ 180.0	\$ 192.6	\$ 206.1	7 %	8 %

Of the U.S. life production, 7.5% is assumed to be in National Benefit Life (NBL), PLIC’s New York subsidiary.

Reserve Financing

Primerica Life reserves for all term business using segmented reserves, both before and after the introduction of Guideline XXX in 2000. The development of the ceding commission reflects reserve financing based on the following assumptions:

- For the business in PLIC, \$1 billion of reserve financing is assumed; spread pro-rata over the excess reserves on the inforce block of business.
- The amount of excess reserve is assumed to be the statutory reserve less the greater of the economic reserve or zero, for the block in total. Economic reserves are gross premium reserves over the level period only, and are defined in more detail in Section III. A summary of the reserves is shown below.

Primerica Life
Excess Reserve Summary by Issue Year
As of June 30, 2009
(in millions)

Issue Year	Statutory Reserve	Economic Reserve
2009	\$ 99	\$ (170)
2008	245	(301)
2007	275	(271)
2006	199	(200)
2005	218	(154)
2004	274	(110)
2003	255	(86)
2002	240	(58)
2001	253	(38)
2000	239	15
1999	154	13
1998	136	30
1997	138	27
1996	155	34
1995	134	29
1994	111	10
1993	114	7
1992	100	14
1991	73	15
1990	45	10
1989	(5)	(3)
Total	<u>\$ 3,451</u>	<u>\$ (1,188)</u>

- The cost of financing is assumed to be 300 bp of amounts outstanding.
- Tax reserves are projected based on the Company's current methodology.

The projections of the 20% of the inforce business remaining in PLIC, along with the new business, does not reflect any external reserve financing.

General Expense and Commissions

The unit expense assumptions were developed based on a combination of Primerica's internal pricing allowables for acquisition costs and target allowables for maintenance. The difference between Primerica's budgeted expenses and the unit cost allowable of \$29 million was reflected as an unallocated expense and held constant for a period consistent with new business production.

Primerica does not perform a detailed allocation of shared expenses to the non-life product lines. Therefore, a significant portion of the unallocated expense represents shared expenses that support other business segments. In addition, the unallocated expense includes amounts that provide shared support for Primerica's distribution system, for both life and non-life businesses.

PLIC has cost-sharing agreements and management agreements in place with its non-life affiliates. For purposes of a PLIC-only projection, excess experience is reduced by a net \$12 million for these agreements.

The projections reflect commission on a paid basis. Under the reinsurance treaty, PrimeRe will reimburse PLIC for commissions on an earned basis. In the first projection year, this results in an increase in the commission reimbursement by about \$61.6 million for 80% of the business, which is reflected as an aggregate adjustment in Table I, and the ten-year projections. Subsequent years are not impacted.

Statutory Surplus Levels, Cost of Required Capital, and Risk Based Capital

The approach used to project yearly profits underlying the present values reflects an assumption that all future earnings from inforce and new business are paid out as reported. Included in this calculation is provision for the minimum level of statutory net worth required to continue favorable regulatory and rating agency treatment. Tables II and III provide a projection of capital, surplus, and AVR levels assuming all statutory earnings are paid out in excess of the funds required to maintain a 300% NAIC RBC (Risk Based Capital - Company Action Level) ratio in Primerica.

The cost of retaining capital to support the ongoing insurance operations will depend on a) the level of capital believed necessary for the risks inherent in the insurance operations of Primerica and to achieve desired ratings from various rating agencies; and b) the differential between the rate of return realized on retained capital and a buyer's desired rate of return for an acquisition. The cost of capital based on maintaining 300% NAIC RBC is provided for in Table I. The detailed factors used to develop projected RBC are summarized in Appendix A.

Federal Income Taxes

The actuarial appraisal values summarized in Table I have been adjusted for the effect of Federal income taxes, assuming a 35% tax rate. In evaluating the potential effect of taxes on value, one should consider:

- a) Differences between tax and statutory reserves;
- b) Impact of the DAC proxy tax; and
- c) Other differences between tax and statutory amounts.

For purposes of this analysis, we have projected taxes as 35% of statutory income, adjusted as described below.

- The statutory reserve exceeds the tax reserve as of June 30, 2009 by approximately \$890 million. The difference represents reserves that will eventually flow into statutory income but not taxable income.
- The impact of Deferred Acquisition Cost (DAC) proxy tax is based on the establishment of an asset for purposes of calculating taxable income equal to 7.70% of life insurance or 1.75% of annuity non-qualified direct premiums and reinsurance net cashflow. The resulting tax asset is assumed to be amortized over ten years. We also projected the amortization of the June 30, 2009 tax DAC balance of \$635 million.

The 80% reinsurance transaction will be under an indemnity coinsurance arrangement. Under an indemnity coinsurance transaction, a reinsurer would receive a deduction of the tax-basis ceding commission. The Tax Benefit on Reinsurance in Table I is developed as follows:

- 1) DAC proxy tax is determined based on net consideration, including the initial net cash transfer, instead of premium
- 2) The excess ceding commission (on a tax basis) is assumed to be deductible immediately.

Reinsurance Between PLIC and Prime Re

The ten-year projections for PLIC and Prime Re reflect the following anticipated reinsurance terms:

- 1) PLIC coinsures 80% of the inforce Term business to Prime Re.
- 2) PLIC coinsures an additional 10% of the inforce Term business to Prime Re under a second treaty, which includes an experience refund. The experience refund is defined as:

$$\begin{aligned} \text{Experience Refund} &= \text{Premiums} - \text{Claims} - \text{Expense Allowances} \\ &\quad - \text{Increase in Economic Reserve (net of interest on economic reserve)} \\ &\quad - \text{Finance charge} \end{aligned}$$

The Finance charge is assumed to be 3% of excess reserves (statutory reserve — economic reserve).

In addition, the following terms are reflected for EOT conversions and renewals:

- EOT conversions beginning in year 8 of the projection are assumed to be written in PLIC
- Similarly, PLIC has the right to recapture new EOT renewals beginning in year 8, and the projections assume PLIC will exercise this option.

Sensitivity Analysis

We have developed values and projections under the following changes in assumptions:

- 1) 110% of baseline mortality
- 2) 120% of baseline lapses (other than shock lapse)
- 3) 400% of baseline default rates on assets
- 4) New business production growth reduced to 3% in all years.

Results are summarized below.

PLIC Inforce Business at 80%
Sensitivity Analysis
(after-tax, cost of capital, before reinsurance tax benefit)

Scenario	11%	13%	15%
Baseline	\$ 2,454	\$ 2,236	\$ 2,057
1) 110% Mortality	2,306	2,106	1,940
2) 120% Lapse	2,404	2,203	2,037
3) 400% Defaults	2,369	2,159	1,987

The ten-year projections are included on the following pages.

**Primerica Life: 110% Mortality
Line of Business Statutory Projection
(post-tax; in millions of dollars)**

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing Business at 06/30/2009											
Primerica - Net (Before New Conversions)		\$ 203.3	\$ 136.4	\$ 131.6	\$ 127.8	\$ 124.1	\$ 119.2	\$ 117.3	\$ 119.0	\$ 123.7	\$ 125.9
Primerica New Conversions - Net		(42.5)	(0.5)	(1.2)	(3.2)	(4.9)	(5.6)	(6.1)	(6.5)	(6.3)	(6.2)
Miscellaneous Primerica		13.1	12.9	12.8	12.8	12.9	13.0	13.0	13.0	13.0	12.9
Total Existing Business		\$ 173.9	\$ 148.8	\$ 143.2	\$ 137.5	\$ 132.1	\$ 126.6	\$ 124.2	\$ 125.5	\$ 130.3	\$ 132.6
Ten Years of New Business from 06/30/2009											
Traditional Life		\$ (201.1)	\$ (181.1)	\$ (158.2)	\$ (136.1)	\$ (112.0)	\$ (89.1)	\$ (63.8)	\$ (34.9)	\$ (2.6)	\$ 33.1
Primerica Waiver of Premium		0.6	1.5	2.3	3.1	3.9	4.8	5.7	6.6	7.6	8.7
Primerica Retained Asset Account		0.2	0.5	0.9	1.4	1.9	2.5	3.1	3.8	4.6	5.5
Total New Business		\$ (200.4)	\$ (179.1)	\$ (155.0)	\$ (131.6)	\$ (106.2)	\$ (81.9)	\$ (55.1)	\$ (24.5)	\$ 9.6	\$ 47.3
Unallocated Expense		(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)
Change in Internal Reserve Financing		23.3	(0.2)	(11.8)	(38.5)	(37.2)	(35.2)	(34.8)	(34.3)	(33.5)	(31.4)
Interest Cost on Internal Reserve Financing		(30.1)	(32.1)	(32.1)	(31.1)	(27.7)	(24.5)	(214)	(18.4)	(15.4)	(12.5)
Interest on Capital, Surplus & AVR		21.9	20.9	18.3	15.9	12.9	11.2	10.8	11.9	15.0	20.9
Total Pre-Tax Earnings		\$ (28.1)	\$ (58.3)	\$ (54.1)	\$ (64.5)	\$ (42.7)	\$ (20.4)	\$ 7.0	\$ 43.5	\$ 89.3	\$ 140.1
Federal Income Tax (35.0%)		0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(46.1)
NBL Distributed Earnings		11.3	12.2	12.2	12.3	12.5	12.3	12.3	12.2	12.8	13.5
After-Tax Earnings		(16.8)	(46.1)	(41.9)	(52.2)	(30.2)	(8.1)	19.3	55.7	102.1	107.6
Distributed Earnings (Target RBC Ratio=300%)	\$ 20.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
General Account Liabilities	\$ 673.7	\$ 709.2	\$ 759.0	\$ 860.6	\$ 1,007.5	\$ 1,194.6	\$ 1,419.9	\$ 1,679.0	\$ 1,968.9	\$ 2,289.9	\$ 2,638.2
Separate Account Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Account Tax Reserve (Net of DAC)	(50.7)	20.4	116.7	258.0	435.4	641.9	873.1	1,123.2	1,388.0	1,666.2	1,955.0
External Reserve Financing (w/LOC @300bp)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
50% Inforce Internal Reserve Financing (w/LOC @300bp)	345.8	369.1	368.9	357.1	318.6	281.5	246.3	211.5	177.3	143.7	112.3
Interest Maintenance Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital, Surplus & AVR Excluding NBL	384.0	367.2	321.1	279.2	227.0	196.8	188.7	208.1	263.8	365.9	473.5
NBL Carrying Value	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0
Capital, Surplus & AVR Including NBL	534.0	517.2	471.1	429.2	377.0	346.8	338.7	358.1	413.8	515.9	623.5
NAIC RBC (Company Action Level)	90.0	93.6	97.5	101.9	107.1	113.0	119.4	126.7	135.0	144.2	154.6
RBC Ratio (Company Action Level)		593.2%	552.3%	483.2%	421.4%	352.0%	306.8%	283.6%	282.6%	306.6%	357.7%

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

Primerica Life: 110% Mortality
Line of Business Statutory Projection
(post-tax; in millions of dollars)

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing and New Business											
Gross Premium Income		\$ 422.5	\$ 546.0	\$ 665.7	\$ 786.6	\$ 910.6	\$ 1,039.7	\$ 1,175.8	\$ 1,330.2	\$ 1,502.9	\$ 1,683.3
Reinsurance Premiums (Net of Allowances)		(118.0)	(142.5)	(171.6)	(204.8)	(242.3)	(282.9)	(327.7)	(383.9)	(445.8)	(514.5)
Allowances From PrimeRe		92.1	85.3	80.7	77.2	74.2	71.4	69.0	665	63.5	60.6
Investment Income		79.8	83.3	85.1	89.7	95.9	105.3	117.9	133.9	153.6	177.7
Total Income		\$ 476.4	\$ 572.1	\$ 659.9	\$ 748.6	\$ 838.3	\$ 933.4	\$ 1,035.0	\$ 1,146.7	\$ 1,274.3	\$ 1,407.0
Surrender, Health and Other Benefits		\$ 6.6	\$ 12.7	\$ 8.0	\$ 7.0	\$ 7.3	\$ 8.1	\$ 9.7	\$ 11.2	\$ 13.4	\$ 15.5
Direct Death Benefits		200.3	227.6	259.3	296.0	337.0	382.5	432.4	491.5	560.6	636.6
Reinsurance Death Benefits		(114.3)	(139.0)	(167.5)	(200.4)	(237.3)	(278.0)	(322.6)	(375.5)	(437.3)	(505.9)
Cost of Financing		30.1	32.1	32.1	31.1	27.7	24.5	21.4	18.4	15.4	12.5
Reserve Increase		32.8	47.2	106.8	175.3	211.1	244.7	274.3	300.0	328.0	352.5
Expense (Other Than Premium Tax) (Incl Unalloc)		158.2	162.4	168.6	176.1	184.3	194.1	205.2	217.2	230.1	243.9
Premium Tax		35.1	36.0	37.3	39.0	40.8	42.8	45.0	47.4	50.1	53.0
Commission		155.6	251.4	269.4	289.1	310.1	335.2	362.7	392.9	424.7	458.9
Total Benefits and Expenses		\$ 504.4	\$ 630.4	\$ 714.0	\$ 813.1	\$ 881.0	\$ 953.8	\$ 1,028.0	\$ 1,103.2	\$ 1,185.0	\$ 1,266.9
Total Pre-Tax Earnings		<u>\$ (28.1)</u>	<u>\$ (58.3)</u>	<u>\$ (54.1)</u>	<u>\$ (64.5)</u>	<u>\$ (42.7)</u>	<u>\$ (20.4)</u>	<u>\$ 7.0</u>	<u>\$ 43.5</u>	<u>\$ 89.3</u>	<u>\$ 140.1</u>
Federal Income Tax (35.0%)		0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(46.1)
NBL Distributed Earnings		11.3	12.2	12.2	12.3	12.5	12.3	12.3	12.2	12.8	13.5
After-Tax Earnings		<u>\$ (16.8)</u>	<u>\$ (46.1)</u>	<u>\$ (41.9)</u>	<u>\$ (52.2)</u>	<u>\$ (30.2)</u>	<u>\$ (8.1)</u>	<u>\$ 19.3</u>	<u>\$ 55.7</u>	<u>\$ 102.1</u>	<u>\$ 107.6</u>
Distributed Earnings (Target RBC Ratio=300%)	\$ 20.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
General Account Liabilities	\$ 673.7	\$ 709.2	\$ 759.0	\$ 860.6	\$ 1,007.5	\$ 1,194.6	\$ 1,419.9	\$ 1,679.0	\$ 1,968.9	\$ 2,289.9	\$ 2,638.2
Separate Account Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Account Tax Reserve (Net of DAC)	(50.7)	20.4	116.7	258.0	435.4	641.9	873.1	1,123.2	1,388.0	1,666.2	1,955.0
External Reserve Financing (w/LOC @300bp)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
50% Inforce Internal Reserve Financing (w/LOC @300bp)	345.8	369.1	368.9	357.1	318.6	281.5	246.3	211.5	177.3	143.7	112.3
Interest Maintenance Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital, Surplus & AVR	534.0	517.2	471.1	429.2	377.0	346.8	338.7	358.1	413.8	515.9	623.5
NAIC RBC (Company Action Level)	90.0	93.6	97.5	101.9	107.1	113.0	119.4	126.7	135.0	144.2	154.6
RBC Ratio (Company Action Level)	<u>593.2%</u>	<u>552.3%</u>	<u>483.2%</u>	<u>421.4%</u>	<u>352.0%</u>	<u>306.8%</u>	<u>283.6%</u>	<u>282.6%</u>	<u>306.6%</u>	<u>357.7%</u>	<u>403.2%</u>

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

**PrimeRe: 110% Mortality
Line of Business Statutory Projection
(post-tax; in millions of dollars)**

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing Business at 06/30/2009											
Term — Net (Before New Conversions)		\$ 505.4	\$ 545.7	\$ 526.3	\$ 511.2	\$ 496.4	\$ 476.9	\$ 469.3	\$ 458.7	\$ 436.7	\$ 406.2
Term — New Conversions - Net		(170.1)	(1.9)	(4.6)	(12.7)	(19.6)	(22.4)	(24.5)	(26.1)	(25.4)	(24.9)
Canada Segregated Funds		—	—	—	—	—	—	—	—	—	—
Miscellaneous		12.3	11.4	10.7	10.1	9.5	9.0	8.5	7.9	7.4	6.9
Total Existing Business		\$ 347.6	\$ 555.1	\$ 532.4	\$ 508.7	\$ 486.3	\$ 463.5	\$ 453.2	\$ 440.5	\$ 418.8	\$ 388.2
Ten Years of New Business from 06/30/2009											
N/A		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total New Business		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unallocated Expense		(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Change in Internal Reserve Financing		(23.3)	0.2	11.8	38.5	37.2	35.2	34.8	34.3	33.5	31.4
Interest Cost on Internal Reserve Financing		30.1	32.1	32.1	31.1	27.7	24.5	21.4	18.4	15.4	12.5
Interest on Capital, Surplus & AVR		17.3	16.3	15.2	14.3	13.5	12.6	11.9	11.2	10.4	9.6
Total Pre-Tax Earnings		\$ 366.7	\$ 598.7	\$ 586.5	\$ 587.6	\$ 559.7	\$ 530.7	\$ 516.3	\$ 499.4	\$ 473.1	\$ 436.8
Federal Income Tax (35.0%)		(165.4)	(190.5)	(185.6)	(186.9)	(178.0)	(168.9)	(165.1)	(160.5)	(153.4)	(143.1)
After-Tax Earnings		\$ 201.2	\$ 408.2	\$ 400.9	\$ 400.7	\$ 381.7	\$ 361.9	\$ 351.3	\$ 338.9	\$ 319.7	\$ 293.7
Distributed Earnings	\$ —	\$ 218.8	\$ 426.2	\$ 416.5	\$ 415.9	\$ 396.9	\$ 374.3	\$ 363.9	\$ 352.6	\$ 333.3	\$ 307.0
General Account Liabilities	\$ 3,443.7	\$ 3,634.0	\$ 3,613.3	\$ 3,548.6	\$ 3,428.6	\$ 3,282.8	\$ 3,118.4	\$ 2,923.4	\$ 2,697.7	\$ 2,452.9	\$ 2,201.3
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)	2,642.4	2,682.3	2,706.1	2,697.4	2,655.6	2,582.7	2,487.0	2,355.5	2,188.3	1,995.8	1,790.1
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)	(345.8)	(369.1)	(368.9)	(357.1)	(318.6)	(281.5)	(246.3)	(211.5)	(177.3)	(143.7)	(112.3)
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR	303.0	285.4	267.3	251.8	236.5	221.3	208.8	196.2	182.5	169.0	155.7
NAIC RBC (Company Action Level)	101.0	95.1	89.1	83.9	78.8	73.8	69.6	65.4	60.8	56.3	51.9
RBC Ratio (Company Action Level)	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

PrimeRe: 110% Mortality
Projected Statutory Operating Results
(post-tax; in millions of dollars)

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing and New Business											
Gross Premium Income		\$ 1,330.4	\$ 1,254.3	\$ 1,201.5	\$ 1,162.0	\$ 1,130.1	\$ 1,101.5	\$ 1,075.4	\$ 1,039.6	\$ 1,000.3	\$ 965.8
Reinsurance Premiums (Net of Allowances)		(420.8)	(435.5)	(451.7)	(469.5)	(488.7)	(503.7)	(517.4)	(525.2)	(529.4)	(534.0)
Seg Fund Policy Charges		—	—	—	—	—	—	—	—	—	—
Investment Income		204.9	212.0	208.3	203.1	196.3	188.3	179.2	168.4	155.8	142.3
Total Income		\$ 1,114.4	\$ 1,030.8	\$ 958.1	\$ 895.5	\$ 837.8	\$ 786.0	\$ 737.3	\$ 682.7	\$ 626.7	\$ 574.1
Surrender, Health and Other Benefits		\$ 46.8	\$ 45.0	\$ 41.7	\$ 39.6	\$ 37.8	\$ 36.3	\$ 34.8	\$ 33.7	\$ 32.2	\$ 30.7
Direct Death Benefits		731.7	727.0	737.6	751.8	766.7	781.3	793.5	799.0	795.5	786.4
Reinsurance Death Benefits		(403.4)	(410.3)	(425.4)	(442.1)	(459.6)	(476.3)	(490.8)	(500.8)	(504.3)	(502.5)
Cost of Financing		(30.1)	(32.1)	(32.1)	(31.1)	(27.7)	(24.5)	(21.4)	(18.4)	(15.4)	(12.5)
Reserve Increase		189.1	(21.5)	(64.8)	(119.6)	(144.2)	(162.6)	(193.1)	(226.6)	(246.1)	(250.9)
Expense Allowances		92.1	85.3	80.7	77.2	74.2	71.4	69.0	66.5	63.5	60.6
Other Expenses		5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Commission		116.6	33.6	29.0	27.2	26.0	24.8	24.0	25.0	23.3	20.6
Total Benefits and Expenses		\$ 747.8	\$ 432.1	\$ 371.7	\$ 307.9	\$ 278.1	\$ 255.3	\$ 221.0	\$ 183.4	\$ 153.6	\$ 137.4
Total Pre-Tax Earnings		\$ 366.7	\$ 598.7	\$ 586.5	\$ 587.6	\$ 559.7	\$ 530.7	\$ 516.3	\$ 499.4	\$ 473.1	\$ 436.7
Federal Income Tax (35.0%)		(165.4)	(190.5)	(185.6)	(186.9)	(178.0)	(168.9)	(165.1)	(160.5)	(153.4)	(143.1)
After-Tax Earnings		\$ 201.2	\$ 408.2	\$ 400.9	\$ 400.7	\$ 381.7	\$ 361.9	\$ 351.2	\$ 338.9	\$ 319.6	\$ 293.7
Distributed Earnings (Target RBC Ratio=300%)	\$ —	\$ 218.8	\$ 426.2	\$ 416.5	\$ 415.9	\$ 396.9	\$ 374.3	\$ 363.9	\$ 352.6	\$ 333.3	\$ 307.0
General Account Liabilities	\$ 3,443.7	\$ 3,634.0	\$ 3,613.3	\$ 3,548.6	\$ 3,428.6	\$ 3,282.8	\$ 3,118.4	\$ 2,923.4	\$ 2,697.7	\$ 2,452.9	\$ 2,201.3
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)	2,642.4	2,682.3	2,706.1	2,697.4	2,655.6	2,582.7	2,487.0	2,355.5	2,188.3	1,995.8	1,790.1
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)	(345.8)	(369.1)	(368.9)	(357.1)	(318.6)	(281.5)	(246.3)	(211.5)	(177.3)	(143.7)	(112.3)
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR	303.0	285.4	267.3	251.8	236.5	221.3	208.8	196.2	182.5	169.0	155.7
NAIC RBC (Company Action Level)	101.0	95.1	89.1	83.9	78.8	73.8	69.6	65.4	60.8	56.3	51.9
RBC Ratio (Company Action Level)	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

**Primerica Life: 120% Lapse
Line of Business Statutory Projection
(post-tax; in millions of dollars)**

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing Business at 06/30/2009											
Primerica - Net (Before New Conversions)		\$ 218.6	\$ 148.6	\$ 140.6	\$ 134.3	\$ 128.2	\$ 121.2	\$ 117.3	\$ 116.8	\$ 119.1	\$ 118.7
Primerica New Conversions - Net		(42.2)	0.6	0.2	(1.3)	(2.6)	(3.0)	(3.3)	(3.5)	(3.1)	(2.8)
Miscellaneous Primerica		12.3	11.7	11.5	11.4	11.4	11.3	11.3	11.2	11.0	10.9
Total Existing Business		\$ 188.6	\$ 160.9	\$ 152.4	\$ 144.4	\$ 136.9	\$ 129.5	\$ 125.2	\$ 124.5	\$ 127.0	\$ 126.8
Ten Years of New Business from 06/30/2009											
Traditional Life		\$ (201.4)	\$ (181.8)	\$ (160.7)	\$ (140.5)	\$ (118.9)	\$ (99.3)	\$ (78.0)	\$ (54.1)	\$ (27.8)	\$ 0.8
Primerica Waiver of Premium		0.6	1.4	2.2	2.9	3.6	4.4	5.2	6.0	6.9	7.8
Primerica Retained Asset Account		0.2	0.5	0.8	1.2	1.6	2.1	2.6	3.2	3.9	4.6
Total New Business		\$ (200.7)	\$ (179.9)	\$ (157.7)	\$ (136.4)	\$ (113.7)	\$ (92.8)	\$ (70.2)	\$ (44.9)	\$ (17.1)	\$ 13.2
Unallocated Expense		(17.4)	(17.4)	(17.4)	(17.4)	(17.4)	(17.4)	(17.4)	(17.4)	(17.4)	(17.4)
Change in Internal Reserve Financing		19.0	(4.8)	(13.1)	(39.1)	(36.9)	(35.1)	(34.0)	(32.9)	(31.9)	(29.7)
Interest Cost on Internal Reserve Financing		(30.1)	(31.7)	(31.3)	(30.2)	(26.8)	(23.6)	(20.5)	(17.5)	(14.7)	(11.9)
Interest on Capital, Surplus & AVR		21.9	21.5	19.2	17.2	14.4	12.6	11.8	12.2	14.3	18.4
Total Pre-Tax Earnings		<u>\$ (18.7)</u>	<u>\$ (51.5)</u>	<u>\$ (47.9)</u>	<u>\$ (61.5)</u>	<u>\$ (43.5)</u>	<u>\$ (26.8)</u>	<u>\$ (5.1)</u>	<u>\$ 23.9</u>	<u>\$ 60.3</u>	<u>\$ 99.4</u>
Federal Income Tax (35.0%)		—	(—)	—	—	—	—	—	—	—	—
NBL Distributed Earnings		11.3	12.2	12.2	12.3	12.4	12.3	12.3	12.2	12.8	13.5
After-Tax Earnings		<u>\$ (7.4)</u>	<u>\$ (39.3)</u>	<u>\$ (35.6)</u>	<u>\$ (49.3)</u>	<u>\$ (31.0)</u>	<u>\$ (14.4)</u>	<u>\$ 7.2</u>	<u>\$ 36.1</u>	<u>\$ 73.1</u>	<u>\$ 112.9</u>
Distributed Earnings (Target RBC Ratio=300%)	\$ 20.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
General Account Liabilities	\$ 673.7	\$ 675.9	\$ 713.1	\$ 796.6	\$ 918.6	\$ 1,073.8	\$ 1,259.9	\$ 1,472.9	\$ 1,710.2	\$ 1,972.1	\$ 2,255.2
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)	(50.7)	(10.2)	78.3	207.1	365.9	547.6	747.4	960.1	1,181.6	1,411.1	1,646.3
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)	345.8	364.8	360.0	346.9	307.8	270.9	235.8	201.7	168.8	136.9	107.2
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR Excluding NBL	384.0	376.6	337.3	301.6	252.4	221.4	206.9	214.1	250.2	323.3	436.1
NBL Carrying Value	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0
Capital, Surplus & AVR Including NBL	534.0	526.6	487.3	451.6	402.4	371.4	356.9	364.1	400.2	473.3	586.1
NAIC RBC (Company Action Level)	89.7	92.5	95.3	98.5	102.5	107.1	112.0	117.7	124.3	131.7	140.0
RBC Ratio (Company Action Level)	<u>595.5 %</u>	<u>569.2 %</u>	<u>511.6 %</u>	<u>458.7 %</u>	<u>392.6 %</u>	<u>346.9 %</u>	<u>318.6 %</u>	<u>309.3 %</u>	<u>322.1 %</u>	<u>359.4 %</u>	<u>418.6 %</u>

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

**Primerica Life: 120% Lapse
Projected Statutory Operating Results
(post-tax; in millions of dollars)**

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing and New Business											
Gross Premium Income		\$ 417.9	\$ 528.4	\$ 632.9	\$ 737.1	\$ 843.1	\$ 952.8	\$ 1,068.1	\$ 1,199.6	\$ 1,346.3	\$ 1,498.1
Reinsurance Premiums (Net of Allowances)		(116.4)	(137.8)	(163.1)	(191.7)	(223.8)	(258.1)	(295.8)	(343.3)	(395.1)	(451.9)
Allowances From PrimeRe		91.3	83.2	77.8	73.6	70.1	66.8	64.1	61.3	58.2	55.1
Investment Income		79.2	81.6	82.6	85.9	90.4	97.5	107.1	119.4	134.7	153.3
Total Income		\$ 472.0	\$ 555.5	\$ 630.2	\$ 705.0	\$ 779.8	\$ 859.0	\$ 943.6	\$ 1,037.0	\$ 1,144.2	\$1,254.6
Surrender, Health and Other Benefits		\$ 35.7	\$ 16.5	\$ 11.7	\$ 10.6	\$ 10.8	\$ 11.5	\$ 12.9	\$ 14.1	\$ 16.0	\$ 17.9
Direct Death Benefits		180.7	201.9	226.5	254.9	286.5	321.3	359.2	404.3	456.9	513.9
Reinsurance Death Benefits		(103.0)	(122.9)	(145.7)	(171.6)	(200.5)	(232.2)	(266.6)	(307.3)	(354.7)	(406.7)
Cost of Financing		30.1	31.7	31.3	30.2	26.8	23.6	20.5	17.5	14.7	11.9
Reserve Increase		(0.7)	34.5	85.6	147.3	175.8	203.1	225.8	245.2	267.1	286.0
Expense (Other Than Premium Tax) (Incl Unalloc)		158.2	160.9	165.8	171.9	178.9	187.4	197.2	208.0	219.5	231.9
Premium Tax		34.7	35.0	35.8	36.9	38.1	39.6	41.3	43.1	45.2	47.5
Commission		155.1	249.3	267.0	286.3	306.8	331.5	358.5	388.1	419.3	452.8
Total Benefits and Expenses		\$ 490.7	\$ 607.0	\$ 678.0	\$ 766.5	\$ 823.2	\$ 885.7	\$ 948.7	\$ 1,013.0	\$ 1,083.9	\$ 1,155.2
Total Pre-Tax Earnings		\$ (18.7)	\$ (51.5)	\$ (47.9)	\$ (61.5)	\$ (43.5)	\$ (26.8)	\$ (5.1)	\$ 23.9	\$ 60.3	\$ 99.4
Federal Income Tax (35.0%)		—	(—)	—	—	—	—	—	—	—	—
NBL Distributed Earnings		11.3	12.2	12.2	12.3	12.4	12.3	12.3	12.2	12.8	13.5
After-Tax Earnings		\$ (7.4)	\$ (39.3)	\$ (35.6)	\$ (49.3)	\$ (31.0)	\$ (14.4)	\$ 7.2	\$ 36.1	\$ 73.1	\$ 112.9
Distributed Earnings (Target RBC Ratio=300%)	\$ 20.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
General Account Liabilities	\$ 673.7	\$ 675.9	\$ 713.1	\$ 796.6	\$ 918.6	\$ 1,073.8	\$ 1,259.9	\$ 1,472.9	\$ 1,710.2	\$ 1,972.1	\$ 2,255.2
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)	(50.7)	(10.2)	78.3	207.1	365.9	547.6	747.4	960.1	1,181.6	1,411.1	1,646.3
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)	345.8	364.8	360.0	346.9	307.8	270.9	235.8	201.7	168.8	136.9	107.2
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR	534.0	526.6	487.3	451.6	402.4	371.4	356.9	364.1	400.2	473.3	586.1
NAIC RBC (Company Action Level)	89.7	92.5	95.3	98.5	102.5	107.1	112.0	117.7	124.3	131.7	140.0
RBC Ratio (Company Action Level)	595.5 %	569.2 %	511.6 %	458.7 %	392.6 %	346.9 %	318.6 %	309.3 %	322.1 %	359.4 %	418.6 %

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

PrimeRe: 120% Lapse
Line of Business Statutory Projection
(post-tax; in millions of dollars)

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing Business at 06/30/2009											
Term — Net (Before New Conversions)		\$ 566.2	\$ 594.5	\$ 562.4	\$ 537.2	\$ 512.7	\$ 484.8	\$ 469.2	\$ 451.2	\$ 423.2	\$ 388.3
Term — New Conversions - Net		(168.7)	2.2	1.0	(5.3)	(10.5)	(12.0)	(13.2)	(13.9)	(12.4)	(11.2)
Canada Segregated Funds		—	—	—	—	—	—	—	—	—	—
Miscellaneous		12.2	11.2	10.4	9.8	9.1	8.6	8.0	7.4	6.9	6.4
Total Existing Business		\$ 409.7	\$ 607.9	\$ 573.8	\$ 541.6	\$ 511.4	\$ 481.3	\$ 464.0	\$ 444.7	\$ 417.7	\$ 383.5
Ten Years of New Business from 06/30/2009											
N/A		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total New Business		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unallocated Expense		(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Change in Internal Reserve Financing		(19.0)	4.8	13.1	39.1	36.9	35.1	34.0	32.9	31.9	29.7
Interest Cost on Internal Reserve Financing		30.1	31.7	31.3	30.2	26.8	23.6	20.5	17.5	14.7	11.9
Interest on Capital, Surplus & AVR		17.3	16.1	14.9	13.9	12.9	12.0	11.2	10.4	9.6	8.9
Total Pre-Tax Earnings		\$ 433.1	\$ 655.5	\$ 628.0	\$ 619.8	\$ 582.9	\$ 547.0	\$ 524.7	\$ 500.7	\$ 468.9	\$ 428.9
Federal Income Tax (35.0%)		(185.5)	(207.7)	(198.1)	(196.7)	(185.1)	(173.9)	(167.6)	(160.8)	(151.9)	(140.2)
After-Tax Earnings		\$ 247.6	\$ 447.9	\$ 429.9	\$ 423.1	\$ 397.8	\$ 373.1	\$ 357.1	\$ 339.9	\$ 317.0	\$ 288.7
Distributed Earnings	\$ —	\$ 268.7	\$ 468.7	\$ 447.6	\$ 440.0	\$ 414.3	\$ 386.7	\$ 370.5	\$ 353.8	\$ 330.6	\$ 301.7
General Account Liabilities	\$ 3,443.7	\$ 3,594.2	\$ 3,530.4	\$ 3,430.7	\$ 3,280.6	\$ 3,110.6	\$ 2,927.1	\$ 2,719.8	\$ 2,488.9	\$ 2,244.8	\$ 1,998.5
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)	2,642.4	2,654.9	2,646.7	2,608.6	2,540.5	2,445.6	2,332.5	2,189.4	2,016.8	1,824.8	1,624.1
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)	(345.8)	(364.8)	(360.0)	(346.9)	(307.8)	(270.9)	(235.8)	(201.7)	(168.8)	(136.9)	(107.2)
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR	303.0	281.8	261.0	243.3	226.4	209.9	196.3	183.0	169.0	155.5	142.4
NAIC RBC (Company Action Level)	101.0	93.9	87.0	81.1	75.5	70.0	65.4	61.0	56.3	51.8	47.5
RBC Ratio (Company Action Level)	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

PrimeRe: 120% Lapse
Projected Statutory Operating Results
(post-tax; in millions of dollars)

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing and New Business											
Gross Premium Income		\$ 1,317.6	\$ 1,222.1	\$ 1,156.2	\$ 1,106.3	\$ 1,065.6	\$ 1,029.3	\$ 996.5	\$ 955.8	\$ 913.1	\$ 875.5
Reinsurance Premiums (Net of Allowances)		(415.2)	(424.0)	(435.0)	(447.9)	(462.2)	(472.8)	(482.1)	(486.1)	(486.9)	(488.5)
Seg Fund Policy Charges		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment Income		205.6	210.2	204.1	196.7	188.2	178.6	168.4	156.8	143.9	130.3
Total Income		\$ 1,108.1	\$ 1,008.4	\$ 925.3	\$ 855.1	\$ 791.6	\$ 735.1	\$ 682.8	\$ 626.5	\$ 570.0	\$ 517.3
Surrender, Health and Other Benefits		\$ 46.9	\$ 45.0	\$ 41.2	\$ 38.8	\$ 36.8	\$ 35.2	\$ 33.6	\$ 32.3	\$ 30.8	\$ 29.2
Direct Death Benefits		660.6	647.6	649.8	655.9	662.9	669.7	674.7	674.3	666.6	654.7
Reinsurance Death Benefits		(363.9)	(364.7)	(373.7)	(384.5)	(396.1)	(407.2)	(416.5)	(422.0)	(422.3)	(418.3)
Cost of Financing		(30.1)	(31.7)	(31.3)	(30.2)	(26.8)	(23.6)	(20.5)	(17.5)	(14.7)	(11.9)
Reserve Increase		149.1	(64.6)	(100.0)	(149.9)	(168.6)	(181.9)	(205.6)	(231.9)	(245.4)	(245.8)
Expense Allowances		91.3	83.2	77.8	73.6	70.1	66.8	64.1	61.3	58.2	55.1
Other Expenses		5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Commission		116.0	33.1	28.4	26.6	25.3	24.1	23.4	24.5	22.9	20.4
Total Benefits and Expenses		\$ 675.0	\$ 352.9	\$ 297.2	\$ 235.3	\$ 208.6	\$ 188.2	\$ 158.2	\$ 125.9	\$ 101.1	\$ 88.4
Total Pre-Tax Earnings		<u>\$ 433.1</u>	<u>\$ 655.5</u>	<u>\$ 628.0</u>	<u>\$ 619.8</u>	<u>\$ 583.0</u>	<u>\$ 547.0</u>	<u>\$ 524.7</u>	<u>\$ 500.6</u>	<u>\$ 468.9</u>	<u>\$ 428.8</u>
Federal Income Tax (35.0%)		<u>(185.5)</u>	<u>(207.7)</u>	<u>(198.1)</u>	<u>(196.7)</u>	<u>(185.1)</u>	<u>(173.9)</u>	<u>(167.6)</u>	<u>(160.8)</u>	<u>(151.9)</u>	<u>(140.2)</u>
After-Tax Earnings		<u>\$ 247.6</u>	<u>\$ 447.9</u>	<u>\$ 429.9</u>	<u>\$ 423.1</u>	<u>\$ 397.8</u>	<u>\$ 373.1</u>	<u>\$ 357.1</u>	<u>\$ 339.8</u>	<u>\$ 316.9</u>	<u>\$ 288.6</u>
Distributed Earnings (Target RBC Ratio=300%)	\$ 0.0	\$ 268.7	\$ 468.7	\$ 447.6	\$ 440.0	\$ 414.3	\$ 386.7	\$ 370.5	\$ 353.8	\$ 330.6	\$ 301.7
General Account Liabilities	\$ 3,443.7	\$ 3,594.2	\$ 3,530.4	\$ 3,430.7	\$ 3,280.6	\$ 3,110.6	\$ 2,927.1	\$ 2,719.8	\$ 2,488.9	\$ 2,244.8	\$ 1,998.5
Separate Account Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General Account Tax Reserve (Net of DAC)	2,642.4	2,654.9	2,646.7	2,608.6	2,540.5	2,445.6	2,332.5	2,189.4	2,016.8	1,824.8	1,624.1
External Reserve Financing (w/LOC @300bp)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
50% Inforce Internal Reserve Financing (w/LOC @300bp)	(345.8)	(364.8)	(360.0)	(346.9)	(307.8)	(270.9)	(235.8)	(201.7)	(168.8)	(136.9)	(107.2)
Interest Maintenance Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital, Surplus & AVR	303.0	281.8	261.0	243.3	226.4	209.9	196.3	183.0	169.0	155.5	142.4
NAIC RBC (Company Action Level)	101.0	93.9	87.0	81.1	75.5	70.0	65.4	61.0	56.3	51.8	47.5
RBC Ratio (Company Action Level)	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>	<u>300.0%</u>

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

Primerica Life: 400% Defaults
Line of Business Statutory Projection
(post-tax; in millions of dollars)

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing Business at 06/30/2009											
Primerica - Net (Before New Conversions)	\$ 205.4	\$ 137.7	\$ 132.5	\$ 128.4	\$ 124.4	\$ 119.5	\$ 117.7	\$ 119.6	\$ 124.5	\$ 126.9	
Primerica New Conversions - Net	(42.3)	(0.1)	(0.3)	(1.9)	(3.3)	(3.7)	(4.2)	(12.5)	(13.3)	(18.8)	
Miscellaneous Primerica	9.9	9.6	9.6	9.6	9.6	9.6	9.7	9.7	9.6	9.6	
Total Existing Business	\$ 172.9	\$ 147.2	\$ 141.7	\$ 136.0	\$ 130.8	\$ 125.4	\$ 123.2	\$ 116.7	\$ 120.8	\$ 117.6	
Ten Years of New Business from 06/30/2009											
Traditional Life	\$ (200.1)	\$ (179.7)	\$ (157.1)	\$ (135.3)	\$ (112.0)	\$ (90.1)	\$ (66.0)	\$ (38.4)	\$ (7.7)	\$ 26.4	
Primerica Waiver of Premium	0.6	1.5	2.3	3.1	3.9	4.8	5.7	6.6	7.6	8.7	
Primerica Retained Asset Account	0.2	0.4	0.7	1.1	1.4	1.9	2.3	2.9	3.4	4.1	
Total New Business	\$ (199.4)	\$ (177.9)	\$ (154.0)	\$ (131.2)	\$ (106.6)	\$ (83.4)	\$ (58.0)	\$ (29.0)	\$ 3.4	\$ 39.2	
Unallocated Expense	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	
Change in Internal Reserve Financing	23.4	(0.1)	(6.8)	(37.2)	(36.0)	(35.1)	(34.8)	(34.4)	(33.8)	(31.9)	
Interest Cost on Internal Reserve Financing	(30.1)	(32.1)	(32.1)	(31.5)	(28.3)	(25.2)	(22.1)	(19.1)	(16.1)	(13.2)	
Interest on Capital, Surplus & AVR	19.2	18.2	15.7	13.6	10.8	9.1	8.4	8.9	10.8	14.8	
Total Pre-Tax Earnings	<u>\$ (30.6)</u>	<u>\$ (61.3)</u>	<u>\$ (52.2)</u>	<u>\$ (66.9)</u>	<u>\$ (46.0)</u>	<u>\$ (25.8)</u>	<u>\$ 0.0</u>	<u>\$ 26.6</u>	<u>\$ 68.4</u>	<u>\$ 109.9</u>	
Federal Income Tax (35.0%)	—	(—)	—	—	(—)	—	—	—	—	(7.9)	
NBL Distributed Earnings	10.3	11.2	11.2	11.2	11.3	11.1	11.0	10.9	11.3	11.9	
After-Tax Earnings	<u>\$ (20.4)</u>	<u>\$ (50.1)</u>	<u>\$ (41.1)</u>	<u>\$ (55.7)</u>	<u>\$ (34.7)</u>	<u>\$ (14.7)</u>	<u>\$ 11.1</u>	<u>\$ 37.4</u>	<u>\$ 79.8</u>	<u>\$ 113.9</u>	
Distributed Earnings (Target RBC Ratio=300%)	\$ 20.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
General Account Liabilities	\$ 673.7	\$ 682.3	\$ 731.7	\$ 832.4	\$ 978.1	\$ 1,163.9	\$ 1,387.8	\$ 1,645.5	\$ 1,927.3	\$ 2,247.5	\$ 2,605.5
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	
General Account Tax Reserve (Net of DAC)	(50.7)	(5.9)	90.8	232.1	409.3	615.6	846.6	1,096.7	1,354.2	1,631.0	1,928.1
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	
50% Inforce Internal Reserve Financing (w/LOC @300bp)	345.8	369.2	369.1	362.4	325.2	289.2	254.1	219.3	185.0	151.2	119.3
Interest Maintenance Reserve	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Capital, Surplus & AVR Excluding NBL	384.0	363.6	313.5	272.5	216.7	182.1	167.3	178.4	215.9	295.6	409.5
NBL Carrying Value	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0
Capital, Surplus & AVR Including NBL	534.0	513.6	463.5	422.5	366.7	332.1	317.3	328.4	365.9	445.6	559.5
NAIC RBC (Company Action Level)	90.0	93.3	97.1	101.5	106.8	112.7	119.1	126.3	134.7	144.0	154.5
RBC Ratio (Company Action Level)	<u>593.2%</u>	<u>550.5%</u>	<u>477.2%</u>	<u>416.2%</u>	<u>343.4%</u>	<u>294.7%</u>	<u>266.5%</u>	<u>260.1%</u>	<u>271.6%</u>	<u>309.4%</u>	<u>362.2%</u>

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.00%.

Primerica Life: 400% Defaults
Projected Statutory Operating Results
(post-tax; in millions of dollars)

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing and New Business											
Gross Premium Income		\$ 422.6	\$ 546.2	\$ 666.1	\$ 787.2	\$ 911.3	\$ 1,040.6	\$ 1,176.9	\$ 1,345.0	\$ 1,539.9	\$ 1,736.5
Reinsurance Premiums (Net of Allowances)		(118.1)	(142.6)	(171.8)	(205.1)	(242.6)	(283.2)	(328.2)	(396.4)	(470.3)	(550.3)
Allowances From PrimeRe		92.1	85.3	80.8	77.3	74.3	71.5	69.2	65.1	61.3	57.8
Investment Income		69.5	71.8	73.2	77.1	82.3	90.3	101.0	114.2	130.4	150.4
Total Income		\$ 466.1	\$ 560.7	\$ 648.2	\$ 736.5	\$ 825.3	\$ 919.2	\$ 1,018.9	\$ 1,127.8	\$ 1,261.3	\$ 1,394.3
Surrender, Health and Other Benefits		\$ 33.7	\$ 12.7	\$ 8.4	\$ 7.7	\$ 8.1	\$ 9.0	\$ 10.6	\$ 12.2	\$ 14.4	\$ 16.5
Direct Death Benefits		182.1	207.0	235.9	269.4	306.9	348.3	393.8	456.1	534.4	616.3
Reinsurance Death Benefits		(103.9)	(126.4)	(152.4)	(182.3)	(215.9)	(253.1)	(293.7)	(348.4)	(417.1)	(490.6)
Cost of Financing		30.1	32.1	32.1	31.5	28.3	25.2	22.1	19.1	16.1	13.2
Reserve Increase		5.9	46.8	100.9	172.9	208.7	243.4	273.0	292.1	327.5	362.7
Expense (Other Than Premium Tax) (Incl Unalloc)		158.2	162.5	168.7	176.1	184.4	194.2	205.3	217.4	230.2	244.1
Premium Tax		35.1	36.0	37.4	39.0	40.8	42.9	45.1	47.5	50.2	53.1
Commission		155.6	251.4	269.4	289.1	310.1	335.2	362.8	405.3	437.2	469.2
Total Benefits and Expenses		\$ 496.8	\$ 622.0	\$ 700.5	\$ 803.5	\$ 871.3	\$ 945.0	\$ 1,018.9	\$ 1,101.2	\$ 1,192.9	\$ 1,284.5
Total Pre-Tax Earnings		\$ (30.6)	\$ (61.3)	\$ (52.2)	\$ (66.9)	\$ (46.0)	\$ (25.8)	\$ —	\$ 26.6	\$ 68.4	\$ 109.9
Federal Income Tax (35.0%)		(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(7.9)
NBL Distributed Earnings		10.3	11.2	11.2	11.2	11.3	11.1	11.0	10.9	11.3	11.9
After-Tax Earnings		\$ (20.4)	\$ (50.1)	\$ (41.1)	\$ (55.7)	\$ (34.7)	\$ (14.7)	\$ 11.1	\$ 37.4	\$ 79.8	\$ 113.9
Distributed Earnings (Target RBC Ratio=300%)	\$ 20.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
General Account Liabilities	\$ 673.7	\$ 682.3	\$ 731.7	\$ 832.4	\$ 978.1	\$ 1,163.9	\$ 1,387.8	\$ 1,645.5	\$ 1,927.3	\$ 2,247.5	\$ 2,605.5
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)	(50.7)	(5.9)	90.8	232.1	409.3	615.6	846.6	1,096.7	1,354.2	1,631.0	1,928.1
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)	345.8	369.2	369.1	362.4	325.2	289.2	254.1	219.3	185.0	151.2	119.3
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR	534.0	513.6	463.5	422.5	366.7	332.1	317.3	328.4	365.9	445.6	559.5
NAIC RBC (Company Action Level)	90.0	93.3	97.1	101.5	106.8	112.7	119.1	126.3	134.7	144.0	154.5
RBC Ratio (Company Action Level)	593.2%	550.5%	477.2%	416.2%	343.4%	294.7%	266.5%	260.1%	271.6%	309.4%	362.2%

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.00%.

PrimeRe: 400% Defaults
Line of Business Statutory Projection
(post-tax; in millions of dollars)

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing Business at 06/30/2009											
Term - Net (Before New Conversions)		\$ 513.4	\$ 550.9	\$ 529.8	\$ 513.5	\$ 497.7	\$ 478.0	\$ 470.7	\$ 460.5	\$ 438.7	\$ 408.3
Term - New Conversions - Net		(169.3)	(0.3)	(1.3)	(7.7)	(13.1)	(14.9)	(16.4)	(9.2)	(6.6)	0.5
Canada Segregated Funds		—	—	—	—	—	—	—	—	—	—
Miscellaneous		10.1	9.3	8.8	8.3	7.8	7.4	6.9	6.5	6.1	5.7
Total Existing Business		\$ 354.2	\$ 560.0	\$ 537.3	\$ 514.1	\$ 492.4	\$ 470.5	\$ 461.3	\$ 457.8	\$ 438.2	\$ 414.6
Ten Years of New Business from 06/30/2009											
N/A		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total New Business		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unallocated Expense		(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Change in Internal Reserve Financing		(23.4)	0.1	6.8	37.2	36.0	35.1	34.8	34.4	33.8	31.9
Interest Cost on Internal Reserve Financing		30.1	32.1	32.1	31.5	28.3	25.2	22.1	19.1	16.1	13.2
Interest on Capital, Surplus & AVR		15.1	14.3	13.4	12.6	11.8	11.1	10.5	9.8	9.1	8.4
Total Pre-Tax Earnings		\$ 371.1	\$ 601.4	\$ 584.5	\$ 590.4	\$ 563.6	\$ 536.8	\$ 523.7	\$ 516.1	\$ 492.2	\$ 463.0
Federal Income Tax (35.0%)		(167.0)	(191.4)	(184.8)	(187.7)	(179.2)	(170.8)	(167.4)	(166.3)	(159.6)	(151.4)
After-Tax Earnings		\$ 204.1	\$ 410.0	\$ 399.8	\$ 402.7	\$ 384.4	\$ 366.1	\$ 356.3	\$ 349.8	\$ 332.6	\$ 311.6
Distributed Earnings	\$ —	\$ 221.7	\$ 428.0	\$ 415.2	\$ 417.9	\$ 399.6	\$ 378.5	\$ 368.9	\$ 364.2	\$ 346.8	\$ 325.5
General Account Liabilities	\$ 3,443.7	\$ 3,635.0	\$ 3,615.4	\$ 3,556.5	\$ 3,438.6	\$ 3,294.6	\$ 3,130.8	\$ 2,936.1	\$ 2,717.3	\$ 2,471.8	\$ 2,208.8
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)	2,642.4	2,685.6	2,712.5	2,706.6	2,667.5	2,597.0	2,503.3	2,373.6	2,215.1	2,025.2	1,812.0
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)	(345.8)	(369.2)	(369.1)	(362.4)	(325.2)	(289.2)	(254.1)	(219.3)	(185.0)	(151.2)	(119.3)
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR	303.0	285.4	267.5	252.0	236.9	221.7	209.3	196.7	182.3	168.2	154.3
NAIC RBC (Company Action Level)	101.0	95.1	89.2	84.0	79.0	73.9	69.8	65.6	60.8	56.1	51.4
RBC Ratio (Company Action Level)	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%	300.0%

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.00%.

PrimeRe: 400% Defaults
Projected Statutory Operating Results
(post-tax; in millions of dollars)

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing and New Business											
Gross Premium Income		\$ 1,330.7	\$ 1,255.1	\$ 1,202.9	\$ 1,163.9	\$ 1,132.6	\$ 1,104.5	\$ 1,079.1	\$ 1,030.3	\$ 969.7	\$ 920.1
Reinsurance Premiums (Net of Allowances)		(421.0)	(435.9)	(452.3)	(470.4)	(489.8)	(505.1)	(519.0)	(515.0)	(507.7)	(501.5)
Seg Fund Policy Charges		—	—	—	—	—	—	—	—	—	—
Investment Income		180.5	186.7	183.6	179.0	173.1	166.1	158.2	149.0	138.1	126.1
Total Income		\$ 1,090.1	\$ 1,006.0	\$ 934.2	\$ 872.5	\$ 815.9	\$ 765.6	\$ 718.3	\$ 664.3	\$ 600.1	\$ 544.6
Surrender, Health and Other Benefits		\$ 46.7	\$ 45.0	\$ 41.7	\$ 39.5	\$ 37.8	\$ 36.3	\$ 34.8	\$ 33.7	\$ 32.2	\$ 30.7
Direct Death Benefits		665.3	661.3	671.3	684.7	698.7	712.4	723.9	721.0	702.8	682.3
Reinsurance Death Benefits		(366.7)	(373.2)	(387.1)	(402.5)	(418.7)	(434.1)	(447.5)	(450.2)	(441.2)	(428.9)
Cost of Financing		(30.1)	(32.1)	(32.1)	(31.5)	(28.3)	(25.2)	(22.1)	(19.1)	(16.1)	(13.2)
Reserve Increase		190.2	(20.4)	(59.0)	(117.6)	(142.4)	(162.0)	(192.7)	(219.7)	(246.8)	(262.3)
Expense Allowances		92.1	85.3	80.8	77.3	74.3	71.5	69.2	65.1	61.3	57.8
Other Expenses		5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Commission		116.6	33.6	29.0	27.2	26.0	24.8	24.0	12.6	10.8	10.3
Total Benefits and Expenses		\$ 719.0	\$ 404.6	\$ 349.6	\$ 282.1	\$ 252.4	\$ 228.7	\$ 194.7	\$ 148.3	\$ 107.9	\$ 81.7
Total Pre-Tax Earnings		\$ 371.1	\$ 601.4	\$ 584.5	\$ 590.4	\$ 563.6	\$ 536.8	\$ 523.7	\$ 516.0	\$ 492.1	\$ 462.9
Federal Income Tax (35.0%)		(167.0)	(191.4)	(184.8)	(187.7)	(179.2)	(170.8)	(167.4)	(166.3)	(159.6)	(151.4)
After-Tax Earnings		\$ 204.1	\$ 410.0	\$ 399.8	\$ 402.7	\$ 384.4	\$ 366.1	\$ 356.3	\$ 349.8	\$ 332.5	\$ 311.5
Distributed Earnings (Target RBC Ratio=300%)	\$ —	\$ 221.7	\$ 428.0	\$ 415.2	\$ 417.9	\$ 399.6	\$ 378.5	\$ 368.9	\$ 364.2	\$ 346.8	\$ 325.5
General Account Liabilities	3,443.7	3,635.0	3,615.4	3,556.5	3,438.6	3,294.6	3,130.8	2,936.1	2,717.3	2,471.8	2,208.8
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)	2,642.4	2,685.6	2,712.5	2,706.6	2,667.5	2,597.0	2,503.3	2,373.6	2,215.1	2,025.2	1,812.0
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)	(345.8)	(369.2)	(369.1)	(362.4)	(325.2)	(289.2)	(254.1)	(219.3)	(185.0)	(151.2)	(119.3)
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR	303.0	285.4	267.5	252.0	236.9	221.7	209.3	196.7	182.3	168.2	154.3
NAIC RBC (Company Action Level)	101.0	95.1	89.2	84.0	79.0	73.9	69.8	65.6	60.8	56.1	51.4
RBC Ratio (Company Action Level)	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %	300.0 %

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.00%.

Primerica Life: 3% Production Growth
Line of Business Statutory Projection
(post-tax; in millions of dollars)

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing Business at 06/30/2009											
Primerica - Net (Before New Conversions)		\$ 210.6	\$ 143.0	\$ 137.7	\$ 133.5	\$ 129.4	\$ 124.2	\$ 122.1	\$ 123.7	\$ 128.3	\$ 130.3
Primerica New Conversions - Net		(42.4)	0.2	(0.1)	(1.7)	(3.0)	(3.4)	(3.8)	(12.2)	(13.0)	(18.5)
Miscellaneous Primerica		12.3	12.0	11.9	11.9	12.0	12.0	12.0	12.0	12.0	11.9
Total Existing Business		\$ 180.6	\$ 155.1	\$ 149.5	\$ 143.7	\$ 138.3	\$ 132.8	\$ 130.4	\$ 123.6	\$ 127.3	\$ 123.8
Ten Years of New Business from 06/30/2009											
Traditional Life		\$ (200.8)	\$ (172.2)	\$ (141.5)	\$ (112.2)	\$ (81.6)	\$ (50.4)	\$ (17.6)	\$ 17.7	\$ 55.2	\$ 94.8
Primerica Waiver of Premium		0.6	1.4	2.2	2.9	3.6	4.3	5.0	5.6	6.3	7.0
Primerica Retained Asset Account		0.2	0.5	0.8	1.2	1.6	2.1	2.6	3.1	3.7	4.3
Total New Business		\$ (200.0)	\$ (170.2)	\$ (138.4)	\$ (108.0)	\$ (76.3)	\$ (44.0)	\$ (10.1)	\$ 26.4	\$ 65.2	\$ 106.0
Unallocated Expense		(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)	(16.7)
Change in Internal Reserve Financing		23.4	(0.1)	(6.8)	(37.2)	(36.0)	(35.1)	(34.8)	(34.4)	(33.8)	(31.9)
Interest Cost on Internal Reserve Financing		(30.1)	(32.1)	(32.1)	(31.5)	(28.3)	(25.2)	(22.1)	(19.1)	(16.1)	(13.2)
Interest on Capital, Surplus & AVR		21.9	21.3	19.6	18.9	17.9	18.6	21.1	25.8	32.3	38.5
Total Pre-Tax Earnings		<u>\$ (20.9)</u>	<u>\$ (42.6)</u>	<u>\$ (24.9)</u>	<u>\$ (30.7)</u>	<u>\$ (1.0)</u>	<u>\$ 30.5</u>	<u>\$ 67.9</u>	<u>\$ 105.7</u>	<u>\$ 158.2</u>	<u>\$ 206.6</u>
Federal Income Tax (35.0%)		—	—	—	—	—	—	—	(6.4)	(64.1)	(85.0)
NBL Distributed Earnings		11.3	12.5	12.7	13.0	13.5	13.7	14.0	14.1	15.0	15.9
After-Tax Earnings		<u>\$ (9.7)</u>	<u>\$ (30.1)</u>	<u>\$ (12.1)</u>	<u>\$ (17.7)</u>	<u>\$ 12.4</u>	<u>\$ 44.2</u>	<u>\$ 81.8</u>	<u>\$ 113.4</u>	<u>\$ 109.0</u>	<u>\$ 137.5</u>
Distributed Earnings (Target RBC Ratio=300%)	\$ 20.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
General Account Liabilities	\$ 673.7	\$ 682.3	\$ 731.3	\$ 829.6	\$ 968.6	\$ 1,141.6	\$ 1,344.3	\$ 1,570.2	\$ 1,806.9	\$ 2,066.3	\$ 2,345.4
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)	(50.7)	(5.9)	92.1	234.5	410.5	611.7	832.0	1,063.8	1,293.2	1,529.9	1,772.9
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)	345.8	369.2	369.1	362.4	325.2	289.2	254.1	219.3	185.0	151.2	119.3
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR Excluding NBL	384.0	374.3	344.2	332.1	314.4	326.8	371.0	452.9	566.3	675.3	812.8
NBL Carrying Value	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0
Capital, Surplus & AVR Including NBL	534.0	524.3	494.2	482.1	464.4	476.8	521.0	602.9	716.3	825.3	962.8
NAIC RBC (Company Action Level)	90.0	93.3	97.0	101.1	105.8	110.9	116.1	121.7	128.1	134.8	141.8
RBC Ratio (Company Action Level)	<u>593.2%</u>	<u>562.0%</u>	<u>509.3%</u>	<u>476.9%</u>	<u>438.8%</u>	<u>429.9%</u>	<u>448.8%</u>	<u>495.2%</u>	<u>559.3%</u>	<u>612.1%</u>	<u>679.0%</u>

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

**Primerica Life: 3% Production Growth
Projected Statutory Operating Results
(post-tax; in millions of dollars)**

Year Ending June 30,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Existing and New Business											
Gross Premium Income		\$ 422.6	\$ 542.7	\$ 653.1	\$ 759.2	\$ 862.6	\$ 964.1	\$ 1,064.5	\$ 1,188.1	\$ 1,329.4	\$ 1,462.6
Reinsurance Premiums (Net of Allowances)		(118.1)	(142.1)	(169.9)	(200.8)	(234.7)	(270.1)	(308.0)	(366.9)	(428.9)	(494.2)
Allowances From PrimeRe		92.1	85.3	80.8	77.3	74.3	71.5	69.2	65.1	61.3	57.8
Investment Income		79.3	82.6	85.5	91.6	99.3	110.4	124.6	141.7	161.7	182.4
Total Income		\$ 475.9	\$ 568.5	\$ 649.4	\$ 727.3	\$ 801.5	\$ 875.9	\$ 950.4	\$ 1,028.0	\$ 1,123.5	\$ 1,208.6
Surrender, Health and Other Benefits		\$ 33.7	\$ 12.8	\$ 8.9	\$ 8.3	\$ 8.8	\$ 9.8	\$ 11.6	\$ 13.3	\$ 15.5	\$ 17.6
Direct Death Benefits		182.1	206.4	233.6	264.3	297.7	333.4	371.0	423.2	488.8	555.1
Reinsurance Death Benefits		(103.9)	(125.9)	(150.6)	(178.2)	(208.4)	(240.7)	(274.8)	(320.9)	(378.8)	(438.8)
Cost of Financing		30.1	32.1	32.1	31.5	28.3	25.2	22.1	19.1	16.1	13.2
Reserve Increase		5.9	46.5	98.4	166.2	195.8	222.2	241.2	247.0	266.7	283.8
Expense (Other Than Premium Tax) (Incl Unalloc)		158.2	160.1	163.4	167.5	171.8	176.3	181.3	186.4	191.4	196.3
Premium Tax		35.1	36.0	37.1	38.5	39.9	41.3	42.8	44.4	46.0	47.6
Commission		155.6	243.2	251.3	260.0	268.8	277.9	287.3	309.8	319.6	327.2
Total Benefits and Expenses		\$ 496.8	\$ 611.2	\$ 674.3	\$ 758.0	\$ 802.6	\$ 845.4	\$ 882.5	\$ 922.3	\$ 965.3	\$ 1,002.0
Total Pre-Tax Earnings		\$ (20.9)	\$ (42.6)	\$ (24.9)	\$ (30.7)	\$ (1.0)	\$ 30.5	\$ 67.9	\$ 105.7	\$ 158.2	\$ 206.6
Federal Income Tax (35.0%)		—	—	—	—	—	—	—	(6.4)	(64.1)	(85.0)
NBL Distributed Earnings		11.3	12.5	12.7	13.0	13.5	13.7	14.0	14.1	15.0	15.9
After-Tax Earnings		\$ (9.7)	\$ (30.1)	\$ (12.1)	\$ (17.7)	\$ 12.4	\$ 44.2	\$ 81.8	\$ 113.4	\$ 109.0	\$ 137.5
Distributed Earnings (Target RBC Ratio=300%)	\$ 20.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
General Account Liabilities	\$ 673.7	\$ 682.3	\$ 731.3	\$ 829.6	\$ 968.6	\$ 1,141.6	\$ 1,344.3	\$ 1,570.2	\$ 1,806.9	\$ 2,066.3	\$ 2,345.4
Separate Account Liabilities	—	—	—	—	—	—	—	—	—	—	—
General Account Tax Reserve (Net of DAC)	(50.7)	(5.9)	92.1	234.5	410.5	611.7	832.0	1,063.8	1,293.2	1,529.9	1,772.9
External Reserve Financing (w/LOC @300bp)	—	—	—	—	—	—	—	—	—	—	—
50% Inforce Internal Reserve Financing (w/LOC @300bp)	345.8	369.2	369.1	362.4	325.2	289.2	254.1	219.3	185.0	151.2	119.3
Interest Maintenance Reserve	—	—	—	—	—	—	—	—	—	—	—
Capital, Surplus & AVR	534.0	524.3	494.2	482.1	464.4	476.8	521.0	602.9	716.3	825.3	962.8
NAIC RBC (Company Action Level)	90.0	93.3	97.0	101.1	105.8	110.9	116.1	121.7	128.1	134.8	141.8
RBC Ratio (Company Action Level)	593.2%	562.0%	509.3%	476.9%	438.8%	429.9%	448.8%	495.2%	559.3%	612.1%	679.0%

Note: Interest on Capital, Surplus, & AVR is based on a net earnings rate of 5.70%.

SECTION III

Product Descriptions, Methodology and Actuarial Assumptions

The table below summarizes the term insurance inforce as of June 30, 2009, along with a static validation of the model.

Primerica Term Business **Static Validation** **As of June 30, 2009** **(\$ in millions)**

	Primerica		
	Actual	Model	A/E
Policy Count	\$ 1,987,531	\$ 1,978,221	100%
Direct Face Amount	535,159	535,061	100
YRT Face Amount	354,361	355,936	100
Coinsurance Face Amount	20,859	20,823	100
Annualized Premium	1,688	1,679	101
Base Direct Stat Reserve	\$ 3,380	\$ 3,389	100%
- Base Ceded YRT Reserve	531	531	100
- Base Ceded Coinsurance Reserve	214	221	97
+ Deficiency Reserve	855	833	103
=Net Stat Reserve	\$3,489	\$ 3,470	101%

The model was projected for June 30, 2009 inforce based on seriatim data provided by Primerica. A detailed description of the model is provided in Appendix B as well as the detailed actuarial assumptions.

The projections extend for a 30 year period beginning June 30, 2009. The projections include premiums, death claims, expense allowances and statutory reserves on a direct and net of third party reinsurance basis. The projected cash flows are developed on an annual basis. Summarized below is a dynamic validation of the main cashflow items for the term model.

Primerica Term Business **Dynamic Validation** **(in millions of dollars)**

	7/1/2007-6/30/2008		7/1/2008-6/30/2009	
	Actual	Model	Actual	Model
Insurance Amount	\$ 534,081	\$ 534,011	\$ 536,715	\$ 535,061
Direct Premiums	1,611.1	1,607.0	1,676.8	1,685.4
YRT Premiums	345.2	359.1	380.0	399.5
Coinsurance Premiums	144.3	130.8	128.9	132.2
Direct Claims	797.4	801.6	836.4	854.9
YRT Claims	308.3	305.8	337.9	346.2
Coinsurance Claims	130.7	116.7	121.5	116.9
Coinsurance Allowances	23.0	19.1	28.2	18.4
Net Insurance Cash Flows	\$ 786.2	\$ 757.2	\$ 819.2	\$ 780.3
Commissions	\$ 294.0	\$ 290.2	\$ 275.7	\$ 266.8
Net Cash Flows	\$ 492.2	\$ 466.9	\$ 543.4	\$ 513.4

Product Descriptions

Primerica was an early leader in the U.S. term insurance market. The inforce business consists almost entirely of level term insurance with level periods of 10 to 30 years. Other minor term insurance is summarized in Appendix B. The business includes several optional riders: child term riders (CTR), spouse riders, increasing benefit riders (IBR), and waiver of premium. The policies inforce, other than the currently sold product, have exchange provisions which allow conversion to a recent plan without new underwriting, as described later in this section.

The following is a brief description of the product history and features.

Term Base Policy

The majority of the businesses consist of renewable 10, 15, 20, 30 and 35 - year term insurance, and decreasing term to age 65. Common Sense Term (CST) was introduced in the mid-1980's as a 20 year term product, followed by Banded CST with four different term periods, banded by size. The Eagle series was introduced in the early 1990's. The Custom A, Custom B, Custom Plus and Custom IV were introduced in that order in the late 1990's and early 2000's. Prior to the introduction of Custom Advantage in 2007, the products had three underwriting classes: preferred, non-tobacco and tobacco.

Custom Advantage, the only product that Primerica is currently selling, has an additional preferred plus underwriting class.

The premium patterns vary by product, but typically remain level during the minimum of the initial level term period and a specified attained age. After the initial level term period, the premium steps up to a new level premium period. There may be one or several step – up premium periods, until the policy becomes annual renewable term at a specified age in the contract.

The premium rates for each product series are unisex and vary by issue age, underwriting class and band. The premium bands are defined by the total face amount of the policy including riders and are as follows:

Banded CST, Eagle, Custom A:	\$0-100k, \$100-150k, \$150-200k, \$200-250k, \$250-500k, \$500k+
Eagle 2000:	\$0-100k, \$100-150k, \$150-200k, \$200k+
Custom B:	\$0-150k, \$150-250k, \$250-350k, \$350-500k, \$500k+
Custom Plus, Custom Advantage:	\$0-150k, \$150-250k, \$250-500k, \$500k+
Others:	No Band

Additionally, distribution summaries are provided in Appendix B.

Child Rider

A Child Rider may be added to any life policy. Each unit of this rider provides \$1,000 of death benefit on any covered child (or children). If the primary insured dies, each child will be provided with \$1,000 of term insurance per unit. There is no policy fee on the Child Rider.

Premiums are \$6.50 per unit for the rider, which covers all children of the primary insured. The rider expires on the policy expiration date or when the insured child reaches 25 years of age. Two children per policy has been assumed for policies that elect this rider.

Spouse Riders

Each product series offers a Spouse Rider which has the same rate as the base policy but for the spouse issue age and underwriting class. There is no policy fee on the Spouse Rider. The Spouse Rider amount is part of the total policy face amount for defining the band of each policy. The following table summarizes the amount of Spouse Rider inforce for the term block as of June 30, 2009.

Spouse Riders Inforce
As of June 30, 2009
(\$ millions)

Direct Face Amount	\$	151,652
YRT Reinsured Face Amount		106,833
Coinurance Face Amount		4,812
Net Face Amount	\$	40,007

IBR

The Increasing Benefit Rider (IBR) gives the policyholder the option to increase his or her face amount according to a specified schedule (either 5 or 10%) in policy years two through ten without undergoing additional underwriting. Each increase will have a separate premium rate according to the attained age, as specified in the rate book, which results in the total premium being the sum of the base policy premium plus each individual increase amount. The policyholder has the option to stop the face amount increases at any point, but is not allowed to re-start.

The following summarizes the amount of IBR inforce for the term block as of June 30, 2009.

IBR Inforce
As of June 30, 2009
(\$ millions)

	5% Annual Increase	10% Annual Increase	Total IBR
Direct Face Amount	\$ 33,087	\$ 15,048	\$ 48,134
YRT Reinsured Face Amount	29,235	9,618	38,852
Coinurance Face Amount	—	—	—
Net Face Amount	\$ 3,852	\$ 5,430	\$ 9,282

Conversion

Policies issued prior to the 2007 Custom Advantage Series may be exchanged at any time without evidence of insurability, to any plan available for conversion which is currently the Custom IV product with the same underwriting class available for exchange.

The converted business is modeled with premiums based on the premium schedule of the plan that the policy is converted into. The mortality is based on the point in scale mortality rate from original issue date, mortality era and issue age.

The vast majority of recent conversions have occurred at the end of the initial term period. The following table summarizes the amount of past end of term (EOT) conversions as of June 30, 2009.

Primerica Term Business (EOT Converted Business)
As of June 30, 2009
(\$ in millions)

Company	Block	Policy Count	Inforce Amount
Primerica Life	Direct	212,534	\$ 30,841
	Coinsurance Ceded	187,608	9,252
	YRT ceded	15,560	3,187
Net Primerica Life			\$ 18,402

Future Conversion

Future conversions are projected reflecting EOT conversions to the Custom IV product series, which is the product available for conversions. The conversion rate is based on a study from Primerica of conversions using EOT policies from November 2006 to June 2009. Assumptions for the conversion rate, conversion product distribution and the level of converted face amount are consistent with recent experience. Future conversions other than EOT are treated as persisting policyholders for purposes of modeling.

Based on the anticipated terms of the reinsurance agreement with PrimeRe, new EOT conversions and EOT renewals are assumed to revert to PLIC beginning in year 8 of the projections.

Waiver of Premium Rider

Approximately 40% of the policyholders elect a waiver of premium rider. The rider charges amounted to \$39.2 million in 2007, which account for approximately 2% of the total premium. The total premium waived in the last twelve months was \$17.4 million for the block.

Summary of Assumptions

A description of the primary actuarial assumptions is provided below.

Mortality

Primerica performs a very detailed mortality study annually. The study used for purposes of this analysis covered claim experience from 2001 up to December 31, 2008. The total claims in the study are \$3.7 billion. The study tracks duration from original issue date only. Therefore, business which was converted to a new level term plan prior to June 30, 2009 would be treated as issued from its original date of underwriting and not from date of conversion.

The mortality study includes most of the coverages of Primerica. It excludes business beyond the level term period, IBR, and certain coverages where the data is not available. A separate study is performed for coverages beyond the level term period.

There are three primary underwriting (or mortality eras) for Primerica which are described as follows:

- **Pre 1992 Issues:** This business was generally underwritten without blood testing. The underwriting classes are preferred non-smoker, standard non-smoker and smoker.
- **1992 – June 1999 Issues:** In 1992 Primerica began underwriting with blood testing in order for a policy to qualify for the preferred class; as a result, the majority of cases were underwritten with blood testing. The blood testing indicator is not available in the data which is used for the mortality study, so the mortality study for this era combines the exposures for blood and non-blood tested policies. Primerica also switched to a tobacco/non-tobacco basis in this era.

- July 1999 and Later Issues: The underwriting is the same as the previous mortality era, however the blood testing indicator is available in the data allowing the mortality study to analyze results on a blood tested and non blood tested basis.

The mortality assumptions are based on our evaluation of the recent experience of Primerica, primarily through the company studies. The base mortality assumption is a multiple of the 1975-80 15 Year Select and Ultimate Table for each model cell. The multiple varies by mortality era, underwriting class, issue age and sex. For converted business, we have assumed point in scale mortality from the original issue date, mortality era and issue age.

Additionally, annual mortality improvement of 1% for fifteen years is assumed. Mortality anti-selection according to the Dukes-MacDonald methodology is assumed for persisting policies (both renewals and conversions) after the initial level term period.

Further detail on the mortality assumption is described in Appendix B.

Sensitivity testing of the results under changes to mortality rates is provided in Section II.

Lapse Rates

The lapse assumption is based upon a persistency study using inforce amounts from December 31, 2005 to June 30, 2009 along with Primerica's recent experience study and pricing assumptions. Primerica's persistency studies show a consistent pattern for historical lapses from year to year for the term business.

Lapse experience at the end of the initial level term period will depend on whether there is an ART or a level period following the current level term period. Additional lapses are assumed each time there is an increase in premium level after the initial level term period premium increase. Detailed lapse assumptions are described in Appendix B.

Sensitivity testing of the results to changes to lapse rates is provided in Section II.

Expenses

Unit expenses of \$275 per policy for acquisition costs were developed based on Primerica's pricing allowables. Maintenance unit costs of \$42.50 per policy, plus 3% annual inflation, were based on target industry allowables.

Statutory Reserves

Statutory reserves have been calculated assuming reserves are calculated according to Primerica practices, which reflect Regulation XXX beginning in 2000 and a segmented basis prior to 2000. The total base statutory reserve after 1988 is equal to the interpolated terminal reserve plus an unearned premium liability for premiums already collected as of the valuation date but are not fully earned until after the valuation date. Issues in 1987 and prior were reserved on a mean basis. Reserves are semi-continuous.

The valuation mortality is equal to the 1958 CSO or 1980 CSO mortality prior to 2006, and 2001 CSO mortality thereafter. Interest rates vary by issue year depending on minimum regulatory requirements.

The valuation mortality for base reserves are smoker distinct and sex distinct, ultimate mortality tables for all policy years. The valuation mortality for deficiency reserves is based on select mortality including X-factors for non-EOT converted and non-converted policies. The ultimate mortality table is used for EOT converted deficiency reserve.

Tax Reserves

Tax reserves are calculated based on IRS requirements and Federally prescribed tax interest rates.

Economic Reserve

The economic reserve is calculated on U.S. level term business only, excluding Child Term Rider, and reflects the base case assumptions as described in this report. Economic reserves are defined as:

- Present value of future death claims, plus
- Present value of future expenses and financing costs, less
- Present value of future premiums including policy fee and modal loading

where the premiums, expenses and claims are all net of third party reinsurance. Reserve financing costs reflect 300 bp annual cost applied against the excess reserve. The economic reserve is calculated considering the level term period only. After the level term period, economic reserves are set equal to the statutory reserve, adjusted for applicable third party reinsurance. Present values were calculated by discounting at 5.71%.

Retained Asset Account

A liability of \$286.5 million as of June 30, 2009 is booked by Primerica for death benefits retained for beneficiaries. We have assumed the projected liability to be a constant percentage of future death benefits and an interest spread throughout consistent with the Company's current crediting rate practice.

APPENDIX A

Asset and Investment Assumptions

Asset Portfolio as of June 30, 2009

The tables below summarize the asset portfolio by investment category. For purposes of this report, a 5.7% net investment earnings rate is assumed, based on the new money reinvestment strategy as well as the current market yield on the portfolios.

PLIC Summary of Modeled Assets as of June 30, 2009 (in millions)

Asset Class	Par Value	Book Value	Market Value	Coupon Rate (AnnEff)	Book Yield (AnnEff)	Market Yield (AnnEff)
Public Bond	\$ 2,188.4	\$ 2,150.2	\$ 2,141.7	5.89 %	6.34 %	6.14 %
Private Bond	946.5	932.3	898.0	5.93	6.28	6.64
Government	4.7	4.9	5.1	4.47	3.22	1.44
Preferred Stock	19.4	19.5	13.0	6.73	9.95	12.55
Passthrough	638.9	630.9	660.3	5.55	5.91	4.09
ABS	79.5	79.1	63.9	4.07	3.62	16.75
CMBS	416.7	416.3	354.8	5.42	5.33	9.02
CMO	501.3	492.1	478.2	5.50	5.83	7.61
MortLoan	—	—	—	—	—	—
Total	\$ 4,795.4	\$ 4,725.5	\$ 4,615.0	5.74 %	6.10 %	6.48 %

Reinvestment Assumptions

The strategy for the investment of net cash flow is summarized below. Spreads, shown in the following table, are consistent with corporate bond equivalent (semi-annual) yield. Net yields, after deduction of investment expenses and expected defaults, are shown on an annual effective basis.

Primerica Investment Strategy Summary As of June 30, 2009

Asset Class	Allocation	Maturity	Treasury	Gross Spread	Gross Yield (BEY)	Gross Yield (AEY)	Investment Expenses	Expected Defaults	Net Yield (AEY)
Public Bond, A	8.18 %	5	2.54 %	2.48 %	5.02 %	5.08 %	0.075 %	0.15 %	4.86 %
Public Bond, BBB	7.11	5	2.54	3.25	5.79	5.87	0.075	0.34	5.46
Public Bond, BB	2.49	5	2.54	6.12	8.66	8.84	0.075	1.23	7.54
Public Bond, A	9.40	10	3.53	2.44	5.97	6.06	0.075	0.15	5.83
Public Bond, BBB	8.18	10	3.53	3.18	6.71	6.82	0.075	0.34	6.41
Public Bond, BB	3.73	10	3.53	5.98	9.51	9.74	0.075	1.23	8.43
Public Bond, A	2.86	20	4.30	2.30	6.60	6.71	0.075	0.15	6.49
Public Bond, BBB	2.49	20	4.30	3.10	7.40	7.54	0.075	0.34	7.12
Private Bond, A	3.33	5	2.54	2.73	5.27	5.34	0.075	0.15	5.11
Private Bond, BBB	3.33	5	2.54	3.55	6.09	6.18	0.075	0.34	5.77
Private Bond, A	5.56	10	3.53	2.69	6.22	6.31	0.075	0.15	6.09
Private Bond, BBB	5.56	10	3.53	3.48	7.01	7.13	0.075	0.34	6.72
Private Bond, A	2.22	20	4.30	2.55	6.85	6.97	0.075	0.15	6.75
Private Bond, BBB	2.22	20	4.30	3.40	7.70	7.85	0.075	0.34	7.43

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Primerica
Investment Strategy Summary
As of June 30, 2009

Asset Class	Allocation	Maturity	Treasury	Gross Spread	Gross Yield (BEY)	Gross Yield (AEY)	Investment Expenses	Expected Defaults	Net Yield (AEY)
ABS, AAA	4.44 %	7	3.19 %	3.12 %	6.31 %	6.41 %	0.075 %	0.01 %	6.32 %
ABS, AAA	1.11	30	4.32	1.99	6.31	6.41	0.075	0.01	6.32
CMBS, AAA	0.00	30	4.32	6.53	10.85	11.14	0.075	0.01	11.06
CMO, AAA	3.36	15	3.92	0.28	4.19	4.23	0.075	0.01	4.15
CMO, AAA	10.08	30	4.32	0.28	4.60	4.65	0.075	0.01	4.56
Passthrough, AAA	2.87	15	3.92	0.67	4.58	4.63	0.075	0.01	4.55
Passthrough, AAA	11.47	30	4.32	0.26	4.58	4.63	0.075	0.01	4.55
Total	100.00 %	14.5	3.55 %	2.37 %	5.92 %	6.02 %	0.075 %	0.23 %	5.71 %

For purposes of this analysis, the new money rate for U.S. business was assumed to be 5.70%. The yield on assets backing Primerica Canada general account liabilities was assumed to be 75 bp below the U.S. yields, producing an NIER of 4.95%.

Default Cost

Annual default costs are based on Moody's Data, covering the period from 1920 through 2008.

Quality	Default Cost
Aaa	0.01%
Aa1	0.02%
Aa2	0.04
Aa3	0.09
A1	0.09%
A2	0.17
A3	0.22
Baa1	0.23%
Baa2	0.36
Baa3	0.46
Ba1	0.88%
Ba2	1.42
Ba3	1.97
B1	2.21%
B2	2.66
B3	2.83
Caa-C	4.63%

Investment Expenses

Investment expenses of 7.5 basis points are included.

Treasury Yield Curve (Corporate Bond Equivalent)

The projections are based on the constant maturity Treasury yield curve as of June 30, 2009.

Yield Curves June 30, 2009		
Maturity	Constant Maturity Treasury	Corporate A-Rated
90-day	0.19%	0.79%
1 year	0.56	1.61
2 year	1.11	3.38
3 year	1.64	3.98
5 year	2.54	5.02
7 year	3.19	5.64
10 year	3.53	5.97
20 year	4.30	6.60
30 year	4.32	5.98

NAIC Risk Based Capital

The factors employed to illustrate future risk based capital amounts were developed from Primerica's RBC workpapers at June 30, 2009, as follows:

Risk Based Capital Factors: Primerica Life and National Benefit
(100% of NAIC Company Action Level)

Risk Component	Base	Factor	
		PLIC	NBL
C-1	General Account Liabilities	1.00%	2.05%
	Reinsurance Reserve Credit	0.50	0.50
C-2	Individual Life Net Amount at Risk (Net)	0.06%	0.15%
	NBL ST Disability Premium	—	10.00
C-3	Life Insurance Liabilities	0.75%	0.75%
C-4	Premium (Direct)	2.00%	2.00%

The projected required capital amounts at 100% NAIC Company Action Level are equal to 70% of the sum of C-1, C-2 and C-3 to reflect the impact of covariance for Primerica, plus 100% of C-4. The C-1 factors for PLIC and NBL reflect the underlying asset portfolio distributions, including size factors, after adjusting for the restructuring transactions.

The cost of capital calculation is based on the cost of retaining capital to support the liabilities of Primerica, assuming earnings on capital at the after-tax annual effective rate of 3.7%.

APPENDIX B

Liability Models and Assumptions

Model of Term Business

The following tables summarize the model inforce for the term life business as of June 30, 2009 based on seriatim data provided by the Company.

The inforce amounts summarized below are from the seriatim extracts. There are minor differences due to reporting timing from the seriatim extract to the actual booked amounts as of June 30, 2009 which is summarized at the beginning of Section IV.

The model reflects quinquennial issue ages, sex, underwriting class and face bands.

Inforce for Company and Model Plan As of June 30, 2009 (\$ in millions)

Company	Model Plan	Plan Description	Modeled Issue Age Range	Policy Count	Death Benefit	YRT Rein Amount	Coinsurance Amount	Stat Base Reserve	Tax Reserve	Gross Premium
Primerica Life	TCHD	Child Rider	—	—	\$ 17,371	—	\$ 13	\$ 30	\$ 30	\$ 64
	TRMJ	Mod 15	18-63	24,953	1,018	\$ 8	426	23	23	15
	TRMK	Ultima Term Rider	23-53	289	816	1	278	12	12	8
	TRML	Deer Term to 65	28-68	13,367	540	180	302	4	4	10
	TRMM	CST T-95	23-58	20,686	2,228	—	1,093	23	23	30
	TRMN	CST T-90	23-63	114,940	14,420	—	4,954	37	37	80
	TRMO	Jumbo 10 Rider	23-53	—	1,806	161	344	11	10	6
	TRMP	Banded CST	23-63	165,686	30,033	20	2,410	212	212	90
	TRMQ	Eagle	23-53	229,588	48,143	22,166	475	536	531	164
	TRMR	T-2000	18-63	40,561	8,673	6,371	26	168	144	21
	TRMS	Custom A	23-53	95,223	26,416	21,738	386	300	291	86
	TRMT	Custom B	23-65	172,368	49,441	38,088	2,233	527	514	152
	TRMU	Custom Plus	23-68	176,843	59,855	51,242	365	558	544	156
	TRMV	Custom IV	18-68	647,145	188,636	138,746	7,349	894	889	590
	TRMW	Custome Advantage	18-68	283,385	85,876	75,959	404	45	45	225
Total Primerica Life				1,985,034	\$ 535,272	\$ 354,681	\$ 21,058	\$ 3,380	\$ 3,309	\$ 1,697

Additional reserves on the US block include:

Primerica Life (in millions)	
Deficiency Reserve	\$ 855

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EOT Conversion

The table on the previous page reflects all business, including end of term (EOT) conversions. As of June 30, 2009, the EOT converted business in the term life block is as follows:

Past Conversion - EOT
As of June 30, 2009
(\$ in millions)

Company	Model Plan	Plan Description	Policy Count	Death Benefit	YRT Rein Amount	Coinsurance Amount	Stat Base Reserve	Tax Reserve	Gross Premium
Primerica Life	TCHD	Child Rider	—	—	—	—	—	—	—
	TRMJ	Mod 15	—	—	—	—	—	—	—
	TRMK	Ultima Term Rider	—	—	—	—	—	—	—
	TRML	Deer Term to 65	—	—	—	—	—	—	—
	TRMM	CST T-95	—	—	—	—	—	—	—
	TRMN	CST T-90	—	—	—	—	—	—	—
	TRMO	Jumbo 10 Rider	—	—	—	—	—	—	—
	TRMP	Banded CST	—	—	—	—	—	—	—
	TRMQ	Eagle	2	\$ —	\$ —	—	\$ —	\$ —	\$ —
	TRMR	T-2000	\$ —	—	—	—	—	—	—
	TRMS	Custom A	332	43	1	22	1	1	—
	TRMT	Custom B	35,064	4,519	17	1,764	78	77	29
	TRMU	Custom Plus	5,387	908	15	186	18	18	6
	TRMV	Custom IV	164,083	24,022	2,976	6,918	97	97	164
	TRMW	Custom Advantage	7,666	1,349	178	363	3	3	8
	Total Primerica Life		<u>\$ 212,534</u>	<u>\$ 30,841</u>	<u>\$ 3,187</u>	<u>\$ 9,252</u>	<u>\$ 197</u>	<u>\$ 195</u>	<u>\$ 207</u>

Future Business

100% of the future business production including riders (Spouse, CTR, Waiver and IBR) is assumed to be the Custom Advantage product.

Distribution of the Inforce

Distribution for the term life block by key characteristics are summarized below.

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Primerica Life
Inforce for Company and Model Term Period
As of June 30, 2009
(\$ in millions)

Term Period	Death Benefit	YRT Reinsurance Amount	Coinsurance Amount	Net Death Benefit
5 Year	\$ 134.0	\$ 9.6	\$ 44.2	\$ 80.2
10 Year	64,282.4	37,143.7	6,626.3	20,512.4
15 Year	44,850.0	30,429.1	2,698.6	11,722.3
20 Year	239,867.5	144,189.4	11,065.7	84,612.4
25 Year	72,818.7	61,397.4	254.7	11,166.6
30 Year	69,679.9	59,547.3	50.6	10,082.1
35 Year	25,728.7	21,783.8	2.7	3,942.3
Deer to Age 65	408.6	136.0	248.5	24.2
15 Year Deer	131.7	44.3	53.7	33.7
Child Rider	17,370.9	—	13.3	17,357.6
Total Primerica Life	\$ 535,272.5	\$ 354,680.6	\$ 21,058.1	\$ 159,533.8

Primerica Life
Inforce for Company and Model Issue Ages
As of June 30, 2009
(\$ in millions)

Model Issue Ages	Death Benefit	YRT Reinsurance Amount	Coinsurance Amount	Net Death Benefit
Child Rider	\$ 17,370.9	\$ —	\$ 13.3	\$ 17,357.6
18	1,366.2	1,134.2	24.7	207.3
23	40,428.3	29,762.8	876.2	9,789.3
28	96,135.0	67,966.7	2,340.5	25,827.7
33	120,111.4	83,906.0	3,050.1	33,155.3
38	100,343.7	71,372.1	2,571.0	26,400.7
43	69,219.8	48,977.0	2,570.5	17,672.4
48	44,442.6	28,465.9	3,300.7	12,676.0
53	27,217.3	14,812.6	3,328.1	9,076.7
58	12,442.2	5,892.1	1,857.6	4,692.6
63	4,640.4	1,932.7	788.7	1,918.9
68	1,554.7	458.6	336.8	759.2
Total Primerica Life	\$ 535,272.5	\$ 354,680.6	\$ 21,058.1	\$ 159,533.8

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Primerica Life
Inforce for Company and Smoking Class
As of June 30, 2009
(\$ in millions)

Model Smoking Class	Model Smoking Class	Death Benefit	YRT Reinsurance Amount	Coinsurance Amount	Net Death Benefit
Pre 1/1/92	Super Preferred NS	\$ 244.3	—	\$ 73.7	\$ 170.6
	Preferred NS	13,870.2	—	3,462.3	10,407.9
	Standard NS	53,844.6	—	15,856.7	37,987.9
	Smoker	3,766.8	—	1,018.4	2,748.4
	Child Rider	1,552.5	—	13.3	1,539.2
Pre 7/1/99	Super Preferred NS	\$ 157.0	\$ 94.9	\$ 0.3	\$ 61.9
	Preferred NS	20,464.4	10,391.1	35.8	10,037.4
	Standard NS	68,393.3	38,010.7	214.5	30,168.1
	Smoker	7,968.7	4,374.2	15.0	3,579.4
	Child Rider	3,207.8	—	—	3,207.8
Post 7/1/99	Blood Tested Super Preferred NS	\$ 14,328.3	\$ 12,866.0	\$ 3.6	\$ 1,458.7
	Blood Tested Preferred NS	83,295.2	71,551.8	48.0	11,695.5
	Blood Tested Standard NS	142,670.7	122,897.2	65.3	19,708.2
	Blood Tested Smoker	11,844.1	10,244.2	3.7	1,596.2
	Non-Blood Tested Standard NS	82,013.9	71,186.9	228.7	10,598.2
	Non-Blood Tested Smoker	15,040.2	13,063.6	18.8	1,957.8
	Child Rider	12,610.6	—	—	12,610.6
Total Primerica Life		<u>\$ 535,272.5</u>	<u>\$ 354,680.6</u>	<u>\$ 21,058.1</u>	<u>\$ 159,533.8</u>

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Primerica Life
Inforce for Company and Model Issue Years
As of June 30, 2009
(\$ in millions)

Model Issue Years	Death Benefit	YRT Reinsurance Amount	Coinsurance Amount	Net Death Benefit
1980	\$ 9.7	—	\$ 4.3	\$ 5.4
1981	46.1	—	30.1	16.0
1982	124.9	—	55.2	69.7
1983	280.3	—	79.5	200.8
1984	363.8	—	111.3	252.5
1985	569.7	—	272.1	297.6
1986	780.7	—	317.7	463.0
1987	1,360.8	—	686.0	674.8
1988	1,775.4	—	889.9	885.4
1989	8,127.0	—	3,567.9	4,559.1
1990	15,199.7	—	2,762.6	12,437.1
1991	11,250.8	—	545.1	10,705.7
1992	11,596.9	—	390.0	11,206.9
1993	11,050.9	—	212.6	10,838.4
1994	12,597.6	\$ 3,936.9	127.2	8,533.5
1995	12,334.9	7,900.5	71.6	4,362.8
1996	12,234.5	8,461.7	54.6	3,718.2
1997	12,113.6	9,366.2	82.4	2,665.1
1998	13,558.9	10,830.6	174.6	2,553.7
1999	17,243.6	13,316.9	444.7	3,482.0
2000	26,087.3	19,369.2	1,448.4	5,269.7
2001	28,464.7	22,116.0	742.4	5,606.4
2002	31,850.6	26,631.2	140.6	5,078.8
2003	35,291.5	29,342.7	150.7	5,798.2
2004	41,445.9	34,577.3	154.0	6,714.6
2005	39,776.4	33,204.2	164.3	6,407.9
2006	43,419.7	33,291.0	913.5	9,215.2
2007	53,249.2	32,981.5	2,200.9	18,066.7
2008	61,452.3	45,565.6	2,895.1	12,991.6
2009	31,614.7	23,789.1	1,368.7	6,457.0
Total Primerica Life	<u>\$ 535,272.5</u>	<u>\$ 354,680.6</u>	<u>\$ 21,058.1</u>	<u>\$ 159,533.8</u>

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Inforce for Company and Face Amount Per Life
As of June 30, 2009
(\$ in millions)

Size	Death Benefit	YRT Reinsurance Amount	Coinsurance Amount	Net Death Benefit
\$0 - \$100k	\$ 96,200	\$ 31,426	\$ 10,937	\$ 53,837
\$100k - \$250k	191,922	125,942	8,101	57,879
\$250k - \$500k	169,226	133,662	1,588	33,976
\$500k - \$750k	47,395	39,368	152	7,874
\$750k - \$1M	18,574	15,189	198	3,187
\$1M - \$1.5M	8,045	6,544	50	1,451
\$1.5M - \$2M	1,997	1,434	22	541
\$2M - \$2.5M	757	498	5	253
\$2.5M - \$3M	435	261	4	170
\$3M - \$3.5M	185	95	0	90
\$3.5M - \$4M	129	64	1	64
Above \$4M	409	196	0	212
Total Company	<u>\$ 535,272</u>	<u>\$ 354,681</u>	<u>\$ 21,058</u>	<u>\$ 159,534</u>

Actuarial Assumptions

Mortality

A. Mortality Table

For the US block, the assumed mortality is based on the 15 year SOA 75-80 S&U ANB table, except the Child Rider plan which is based on the Ultimate 75-80 ANB table.

For the Canadian block, the assumed mortality is based on the 15 year CIA 86-92 S&U ANB table, except the Child Rider plan which is based on the Ultimate 86-92 ANB table.

B. Mortality Scaling Factors

i. *Class Specific*

% of the 75-80 – 15 Year S&U Table
100% of Ultimate Table for Child Rider

	Prior to 1992						1/1/1992 to 6/30/1999						7/1/1999 + (3 Class) Excluding						Custom Advantage			
	PNS		SNS		SM		PNS		SNS		SM		Blood Tested		Blood Tested		Blood Tested		Non-Blood Tested		Non-Blood Tested	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
18-23	45	45	70	70	115	115	50	50	70	70	95	95	35	38	44	44	80	83	90	90	105	110
28	45	45	65	65	115	115	50	50	65	65	95	95	35	38	44	44	80	83	85	85	105	110
33	33	36	56	56	115	115	32	34	52	52	95	95	29	32	44	44	80	83	60	60	105	110
38	33	36	56	56	115	115	32	34	52	52	100	100	29	32	44	44	80	83	58	58	105	110
43	33	36	56	56	115	115	32	34	52	52	100	100	29	32	44	44	80	83	58	58	110	115
48	33	36	56	56	125	125	32	34	52	52	120	120	29	32	44	44	100	100	58	55	130	140
53	50	58	75	75	140	140	40	40	55	55	130	130	35	38	44	44	110	110	80	80	150	160
58	60	63	80	80	150	150	50	50	60	60	140	140	45	48	50	50	125	125	95	95	170	180
63	60	63	100	100	165	165	50	55	80	80	150	150	45	48	55	55	125	125	95	95	180	190
68	65	68	105	105	170	170	50	55	90	90	160	160	45	48	65	60	125	125	95	95	190	200

Multiples to the above:

- A. Certain smoker class policyholders in the mortality study are considered nonsmoker in the seriatim file for premium purposes. The smoker and SNS mortality rates are increased by the following to adjust for this discrepancy.

	SM/SNS
Prior to 92	103%
1/1/92 to 6/30/99	102
7/1/99+	101

- B. Since the mortality study was based on the data with historical exposures without mortality improvement, an additional multiple (0.99) 2.5 is applied to reflect mortality improvement between mid-point of the study years and the start of the projection.

ii. *First Year Adjustment 120%*

iii. *Substandard*

101.6% applied to all policies to reflect weighted average table weighting.

- iv. Custom Advantage has a new “preferred plus” underwriting class. The mortality factors for Custom Advantage are based on the factors of 3 class policies after July 1, 1999, with the following adjustments:

Preferred Plus Non Smoker	: 95.2% of PNS
Preferred Non Smoker	: 105.8% of PNS
Standard Non-Smoker	: 100% of SNS
Standard Smoker	: 100% of SM

C. Mortality Improvement

1% for 15 years from the beginning of the projection

D. Mortality Anti-Selection

Mortality anti-selection on level premium term products after the initial level term period was reflected based on the assumption that the high level of expected lapse at the end of the level premium period will include a disproportionate share of healthy lives resulting in increased mortality for the remaining lives. We calculated the impact of this anticipated mortality anti-selection using “Dukes/MacDonald theory” with an assumption that 80% of lapses in excess of a base lapse rate of 10% exhibit newly select mortality. Sample mortality anti-selection multiples are shown below for an original issue age 43 non-smoker, with an initial shock lapse of 30% for a 10 year plan and 40% for a 20 year plan.

Year After Level Premium Period	Issue Age 45	
	10 Year Plan	15 Year Plan
1	122%	131%
2	119	128
5	115	120
10	110	116
15	107	107

A scalar of 110% grading to 100% over fifteen years is applied on subsequent premium increases due to renewal or due to an initial increase going to ART.

Lapses

- A. Lapse experience varies by whether or not a policy is an EOT conversion. Base lapse rates in the level term period for the non-converted and the non-EOT converted policies are shown in the table below.

US Block																
Level Term (Excluding EOT Converted)																
Policy Year	Child Rider	Blood Tested									Non-Blood Tested					
		PNT			SNT			SM			SNT			SM		
		18-28	33-48	53+	18-28	33-48	53+	18-28	33-48	53+	18-28	33-48	53+	18-28	33-48	53+
1	24%	19%	15%	13%	24%	21%	17%	32%	26%	22%	31%	27%	19%	35%	31%	26%
2	16	14	10	9	17	13	11	20	17	13	19	17	13	25	20	16
3	12	11	9	7	13	11	9	16	15	9	15	12	9	16	15	10
4	10	9	7	6	11	9	8	13	12	7	11	9	7	12	10	8
5	8	8	6	5	10	9	8	10	10	7	10	8	7	10	8	7
6	7	8	5	5	9	8	7	10	9	6	9	7	6	9	8	7
7	7	7	5	5	8	7	6	8	8	5	8	6	6	9	7	6
8	6	6	5	5	7	6	5	7	7	4	7	6	5	8	7	6
9	6	5	4	4	6	5	4	6	6	4	6	5	5	7	6	5
10	5	5	4	4	5	4	3	5	4	3	5	4	4	6	5	4
11	5	4	3	3	4	3	3	4	3	3	4	3.5	3.5	5	4	4
12	4	3	3	3	3	3	3	3	3	3	4	3.5	3.5	4	4	4
13	3	2.5	2.5	2.5	2.5	2.5	2.5	3	3	3	3.5	3.5	3.5	3.5	3.5	3.5
14	3	2.5	2.5	2.5	2.5	2.5	2.5	3	3	3	3.5	3.5	3.5	3.5	3.5	3.5
15+	3	2.5	2.5	2.5	2.5	2.5	2.5	3	3	3	3	3	3	3	3	3

Base lapse rates for the EOT converted policies are the same as the above, but no higher than 5%.

- B. Lapse and Conversion at the end of initial Level Term Period (LTP).

Conversion rates at the end of the initial level term period are shown below, for all products except Custom Advantage.

End of Term (EOT) Conversion Rate	
Level Term Period	Rate
10	50%
15	50
20	50
25	40
30	35
35	30
Other	0

No future conversions are assumed for Custom Advantage since it does not have the conversion provision in the contract. No future conversions are assumed for policies that are beyond attained age 70 at the end of the level term period.

The lapse rates after the end of term are summarized in the following table, depending on whether ART period follows the original level term period. Renewals are not projected for 25, 30, or 35-year term business.

EOT Lapse Rates (% of exposure before conversion)														
	Non-ART							ART						
	Level Term Period (t)							Level Term Period						
	10	15	20	25	30	35	Other	10	15	20	25	30	35	Other
T	28%	30%	35%	60%	65%	70%	100%	28%	30%	35%	60%	65%	70%	100%
t+1	12	12	12					20	20	20				
t+2	12	12	12					15	15	15				
t+3	10	10	10					15	15	15				
t+4	7	7	7					15	15	15				
t+5	5	5	5					15	15	15				

EOT lapse rates and conversion rates are additive. For example, the total termination rate at the end of a 20-year level term period is 85%.

Lapse rates at the end of the level term period on Custom Advantage are shown below.

Custom Advantage				
	Non ART		ART	
	10-20	25-30	10-20	25-30
t	60%	100%	60%	100%
t+1	25		50	
t+2	10		25	
t+3	10		15	
t+4	5		15	

The shock lapse and conversion is assumed at the end of the current level term period immediately before the renewal period begins.

- C. 20% additional lapse is assumed each time there is an increase in premium level after the initial LTP premium increase. If in an ART renewal period, then the 20% is only at the start of the ART period.
- D. Lapse following an ART schedule excluding the end of the initial term period are 20% in the first year followed by 15% throughout.
- E. 115%, 105% and 100% of the base lapses is assumed in the first, second and third, respectively, and there after to reflect the deterioration of the lapse observed from 2008 and early 2009 experience which management believes is due to the economy and only temporary.

Expenses

The following expenses are assumed.

- A. Maintenance: \$42.5
- B. Inflation: 3%
- C. Premium Tax: 2% US
- D. Acquisition: \$275 New Issue
\$60 New Conversion

Commissions

All commissions are paid on cash premium excluding policy fees.

Commission for Advance (75% of net) - 1 st Year (Paid Immediately)									
LTP Band	Custom Advantage								Other
	10			15, 20				25, 30, 35	All
	1-2	3	4	1	2	3	4	1-4	All
18-25	67.3%	67.3%	56.1%	82.7%	82.7%	82.7%	71.5%	82.7%	91.5%
26-40	67.3	67.3	56.1	91.3	91.3	91.3	80.1	91.3	91.5
41-45	67.3	56.1	44.8	91.3	80.1	80.1	68.8	91.3	91.5
46-50	67.3	44.8	37.3	91.3	72.6	68.8	61.3	0	91.5
51-60	67.3	41.1	37.3	91.3	65.1	65.1	61.3	0	91.5
61-70	67.3	37.3	37.3	75.9	68.4	68.4	68.4	0	91.5

Modal Commission (25% of net) - 1 st Year Only*									
LTP Band	Custom Advantage								Other
	10			15, 20				25, 30, 35	All
	1-2	3	4	1	2	3	4	1-4	All
18-25	22.4%	22.4%	18.7%	27.6%	27.6%	27.6%	23.8%	27.6%	30.5%
26-40	22.4	22.4	18.7	30.4	30.4	30.4	26.7	30.4	30.5
41-45	22.4	18.7	14.9	30.4	26.7	26.7	22.9	30.4	30.5
46-50	22.4	14.9	12.4	30.4	24.2	22.9	20.4	0	30.5
51-60	22.4	13.7	12.4	30.4	21.7	21.7	20.4	0	30.5
61-70	22.4	12.4	12.4	25.3	22.8	22.8	22.8	0	30.5

* Modal commissions are paid only at months of 10,11 and 12 within the first issue year.

Bonus Advanced - 1 st Year Only (Paid Immediately)									
LTP Band	Custom Advantage								Other
	10			15, 20				25, 30, 35	All
	1-2	3	4	1	2	3	4	1-4	All
18-25	52.9%	52.9%	52.9%	49.8%	49.8%	49.8%	49.8%	49.8%	56.3%
26-40	52.9	52.9	52.9	52.9	52.9	52.9	52.9	52.9	56.3
41-45	52.9	52.9	52.9	52.9	52.9	52.9	52.9	52.9	56.3
46-50	52.9	52.9	52.9	52.9	52.9	52.9	52.9	0	56.3
51-60	52.9	52.9	52.9	52.9	52.9	52.9	52.9	0	56.3
61-70	52.9	52.9	52.9	44.6	44.6	44.6	44.6	0	56.3

The companies have charge-back provisions on the base commission on a declining scale for lapses during the first ten months, which have not been reflected in the modeling.

IBR Commissions

- Percent of Increased premium resulting from the IBR face amount increase, not total rider premium.
- No Bonus
- Percentage of cash premium (increased amount)

IA	
18-25	75%
26+	90%

Commission on Conversion

63% of first year modal premium, of which 52% is paid at issue and 11% is paid at months 10-12 of the first issue year.

B-10

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Reinsurance

Reinsurance on the inforce business is ceded on both a coinsurance and YRT basis. Beginning in 1994, Primerica has ceded its business primarily on an YRT basis so almost all coinsurance amounts on issues after 1994 are a result of past conversions. Coinsurance exists primarily from business written in the 1980s. The following summarizes the general reinsurance terms.

Coinsurance Allowances

Mod 15

25%

Ultima Term Rider

Issued Prior to 5/1/83:	2.5%
Issued 5/1/83 - 12/31/85:	35%
Issued 1/1/86+:	25%

Common Sense Term

Issued Prior to 1/1/88:	PNS:	2.5%
	SNS:	32.5
	SM:	37.5
Issued in 1988-1990:		12.5%
Issued in 1990+:	IY	
	1-20	16%
	21+	12.5

DL65

		1A 0-49	1A 41-49	1A 50+
Issued Prior to 1/1/90:	PNS	13.8%	8.5%	8.5%
	SNS	18.8	1.5	10.5
	SM	23.8	21.3	21.3
Issued 1//1/90+:	PNS	17.3	12.0	12.0
	SNS	22.3	18.5	14.0
	SM	27.3	24.8	24.8

Jumbo Term Rider 0.10%

0.10%

Bonded CST

19.5%

Eagle

Original IY	20LTP	15LTP	10LTP	
			1-10	15+
< 1990	20.0%	12.5%	5.0%	12.5%
1/1/90 - 6/30/91	25.0	12.5	5.0	12.5
7/1/91+	26.5	12.5	5.0	12.5

T2000 (Converted policy)

Base: 31.0% (WA w/ Record/Policy Count)
Spouse: 20.0%

Custom Series (converted policy)

Custom A, Custom B, and Custom Plus	LTP				
	10	15	20	25	30
	5%	12.5%	20%	20%	20%

YRT Reinsurance

YRT treaty terms are listed below. All YRT premium rates except for Custom Advantage are increased by 103.5% to account for the special pool arrangement where it is assumed to have 7% overall coverage at a 50% additional premium. Additional YRT premium on substandard policies reflects an overall factor of 101.6%, adjusted by a substandard allowance of 90% for the first policy year and 15% thereafter. Finally, the SNS and SM rates are increased by an additional amount consistent with the mortality assumption increase to account for discrepancies from the actual class for reinsurance versus the class on the seriatim file.

The YRT rates are as follows:

ERA	Issue Period	YRT Terms			
1	6/94 - 12/96	80% Quota share with max (1,000,000 per life) i.e., Rein Amt = max (\$1m, 80% Direct Amount) YRT Rates were provided by the Company. - Assume 100% of the rates defined in treaty			
2	1/97 - 5/99	90% Quota share w/ max of \$1m per life YRT rates are the same as Era 1.			
3	6/99 - 12/00	90% Quota share w/ max of \$1M per life YRT Rates = 100% of rates for non-blood. Rates provided by the Company 72% of rates defined in treaty			
4	1/01 - 12/02	90% Quota share w/max of \$1m per life YRT Rates = Percentage of 75-80 15 Year S&U Table (ANB) (SOA) 1st Year =0% Renewal:			
		Male		Female	
		Tested	Non-Tested	Tested	Non-Tested
	PNT	35.1%	—	35.1%	—
	SNT	46.0	59.9%	46.0	59.9%
	Tobacco	95.5	126.1	95.5	126.1

Rates do not vary by sex.

B-12

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ERA	Issue Period	YRT Terms			
5	1/03-12/03	90% Quota share w/max of \$1m per life			
		Percentage of 75-80			
		Tested		Non-Tested	
		PNT	33.7%	—	
		SNT	43.3	57.5%	
		Tobacco	94.4	125.9	
6	1/04 - 9/05	90% Quota share w/max of \$1m per life			
		Percentage of 75-80			
		Tested		Non-Tested	
		PNT	33.1%	—	
		SNT	42.9	57.5%	
		Tobacco	96.7	128.3	
7	10/05 - 12/05	90% Quota share w/max of \$1m per life			
		Percentage of 75-80			
		Tested		Non-Tested	
		1st Year	Renewal	1st Year	Renewal
		PNT	7.4%	33.4%	—
		SNT	9.1	42.9	57.6
		Tobacco	15.8	93.1	123.3
8	1/06 - 2/06	90% Quota share w/max of \$1m per life			
		Percentage of 75-80			
		Tested		Non-Tested	
		1st Year	Renewal	1st Year	Renewal
		PNT	14.67%	34.2%	—
		SNT	18.09	42.4	57.0%
		Tobacco	34.58	90.9	123.6
9	3/06 - 9/06	90% Quota share w/max of \$1m per life			
		Percentage of 75-80			
		Tested		Non-Tested	
		1st Year	Renewal	1st Year	Renewal
		PNT	19.81%	33.3%	—
		SNT	25.15	42.1	56.8%
		Tobacco	49.04	88.9	121.3
10	10/06+	72% Quota share w/max of \$1m per life			
		Percentage of 75-80			
		Tested		Non-Tested	
		1st Year	Renewal	1st Year	Renewal
		PNT	24.76%	33.1%	—
		SNT	31.44	42.1	56.4%
		Tobacco	61.30	88.2	119.9
11	Custom Advantage	90% Quota share w/max of \$1m per life			
		Percentage of 75-80			
		Tested		Non-Tested	
		1st Year	Renewal	1st Year	Renewal
	Female	Pref Plus	22.78%	33.53%	—
		PNT	25.32	37.25	—
		SNT	31.48	46.37	62.03%
		Tobacco	66.07	97.97	130.55
	Male	Pref Plus	21.90%	32.05%	—
		PNT	24.33	35.61	—
		SNT	29.91	44.04	60.09%
		Tobacco	61.27	92.55	124.88

Reinsurance on new business in the U.S. is assumed to be recaptured at the end of the level period, when the reinsurers generally have the option to increase YRT rates.

Miscellaneous Liabilities

The following provides a description of certain blocks of business which were projected on an aggregate basis.

1) Retained Asset Account:

Retained Asset Account Initial Reserve		
	PLIC	\$286.5 million
<ul style="list-style-type: none">• Future reserves are projected based on 33.5% of claims for PLIC.• Investment earnings rate: 5.00%• Credited rate: 3.00%		

2) Waiver of Premium:

- Disabled life reserve: \$303.1 million (PLIC). Future reserves are projected based on a 20- year straight-line runoff. Valuation rate is 3.5%. No gain or loss from morbidity experience is projected.
- Active life reserve: \$110.9 million (PLIC), with an average valuation rate of 4.5% (4.0% NBL). Future reserves are projected as a constant percent of waiver premium.
- Waiver premium: \$36.0 million (PLIC). Future premium is projected in proportionto PLIC total premium (about 2.2% of premium)
- Pre-tax profit margin: 25% of premium

APPENDIX C

Detailed Statutory Income Projections

Line of Business

Page

Business Inforce as of June 30, 2009 (100% of business)

• Primerica - Net (Before New Conversions)	C-2
• Primerica - New Conversions - Net	C-5
• Miscellaneous Primerica	C-8
• Total Existing Business - Primerica	C-11

New Business Issued July 2009 to June 2018

• Primerica Term	C-13
• Primerica Waiver of Premium	C-15
• Retained Asset Account	C-17
• Total Future Business - Primerica	C-19

C-1

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017CIG0115/0906	Puck(Rev) @ 06/30/09 - Sens: 7-Year Recapture and PLIC Inforce External Res Financing@28.9% (Preliminary)												10/21/09	
From PUCK0906B.XLS	Line of Business Projection												03:55 PM	
Existing Business at 06/30/2009 (000's)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Primerica - Net (Before New Conversions)														
GROSS PREMIUMS	440,511	387,383	337,677	303,420	278,522	265,352	244,863	223,479	204,668	179,872	155,783	133,976	113,325	81,672
REINSURANCE PREMIUMS (NET OF ALLOWANCE:	(303,319)	(263,588)	(215,361)	(177,770)	(178,870)	(178,559)	(177,944)	(176,767)	(152,134)	(124,130)	(101,572)	(85,562)	(67,987)	(30,419)
GROSS INVESTMENT INCOME PLUS FEE INCOME	20,170	11,007	4,023	373	(1,116)	(1,700)	(2,463)	(3,504)	(3,969)	(2,998)	(1,824)	(1,300)	(1,050)	(45)
ACCRUAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL INCOME	157,363	134,802	126,340	126,023	98,536	85,094	64,456	43,208	48,564	52,744	52,387	47,115	44,288	51,209
NET SURRENDERS	(1,837)	(1,876)	(1,917)	(1,910)	(1,777)	(1,680)	(1,557)	(1,388)	(1,244)	(1,120)	(1,004)	(892)	(779)	(2,656)
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
DIRECT DEATH BENEFITS	377,374	332,463	281,032	234,405	205,916	200,735	196,698	193,407	179,449	148,810	123,181	103,646	85,204	64,084
REINSURANCE DEATH BENEFITS	(266,032)	(231,964)	(194,913)	(159,052)	(138,015)	(136,921)	(136,706)	(137,175)	(127,838)	(103,732)	(83,762)	(69,602)	(57,687)	(51,995)
ACQUISITION EXPENSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
OTHER EXPENSES	29,675	26,003	22,217	18,989	17,365	16,609	15,813	14,970	13,517	11,215	9,305	7,896	6,598	4,982
NET COMMISSIONS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN LOADING	(532)	965	(249)	1,424	515	278	(481)	(1,010)	954	(359)	(780)	(833)	(867)	(4,428)
INCREASE IN RESERVES	(161,972)	(131,708)	(72,550)	(16,481)	(5,307)	(4,938)	(12,031)	(15,550)	10,634	16,828	7,784	999	4,117	15,058
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL DISBURSEMENTS	(23,323)	(6,116)	33,620	77,375	78,697	74,082	61,737	53,253	75,473	71,642	54,723	41,213	36,586	25,045
STATUTORY GAIN	180,686	140,919	92,719	48,648	19,840	11,012	2,720	(10,046)	(26,909)	(18,899)	(2,336)	5,902	7,702	26,164
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BOOK PROFIT	180,686	140,919	92,719	48,648	19,840	11,012	2,720	(10,046)	(26,909)	(18,899)	(2,336)	5,902	7,702	26,164
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
FEDERAL INCOME TAX	52,712	39,781	24,398	10,295	726	(1,434)	(3,617)	(7,543)	(12,672)	(9,560)	(3,583)	(566)	259	7,524
PROFITS RELEASED	127,974	101,137	68,321	38,353	19,114	12,446	6,336	(2,503)	(14,237)	(9,338)	1,247	6,468	7,443	18,640
STATUTORY RESERVE (GA) (Canada-GAAP)	203,145	71,437	(1,112)	(17,594)	(22,901)	(27,839)	(39,869)	(55,419)	(44,785)	(27,956)	(20,173)	(19,174)	(15,058)	—
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL LIABILITY (GA)	193,527	62,633	(10,061)	(27,653)	(33,844)	(39,543)	(49,916)	(63,964)	(52,886)	(35,237)	(26,492)	(24,417)	(19,206)	—
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TAX RESERVE (GA)	(33,526)	(137,162)	(186,846)	(185,205)	(173,629)	(164,219)	(161,539)	(164,082)	(143,708)	(117,643)	(100,997)	(91,403)	(79,229)	(55,356)
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
POLICIES IN FORCE (UNSCALED)	284,498	238,073	192,130	160,266	148,799	138,381	129,263	120,384	97,664	75,745	60,960	49,631	39,378	—
INSURANCE IN FORCE (NET)	19,677,811	15,433,294	11,866,442	9,182,259	8,439,733	7,753,031	7,013,809	6,386,939	5,338,440	4,334,747	3,619,827	2,617,631	1,939,061	—
CASH VALUE IN FORCE	301	(376)	(1,223)	(1,995)	(2,037)	(1,471)	(4)	1,169	184	(1,024)	(1,208)	(1,110)	(1,250)	—
ECONOMIC RESERVE (Canada-GAAP)	673,983	603,514	550,180	513,034	460,749	400,998	329,363	246,367	176,042	120,401	74,378	33,275	840	—
EXCESS RESERVE (STAT LESS ECON)	(470,838)	(532,077)	(551,293)	(530,627)	(483,650)	(428,837)	(369,232)	(301,786)	(220,827)	(148,358)	(94,551)	(52,449)	(15,898)	—
EXCESS RESERVE (STAT less ECON Floored at Zero)	(470,838)	(532,077)	(551,293)	(530,627)	(483,650)	(428,837)	(369,232)	(301,786)	(220,827)	(148,358)	(94,551)	(52,449)	(15,898)	—
GROSS DEFERRED PREMIUMS	14,489	14,641	14,537	17,070	18,470	19,509	17,371	14,859	15,369	14,189	12,447	10,537	8,576	—
NET DEFERRED PREMIUMS	9,618	8,804	8,949	10,059	10,943	11,705	10,047	8,545	8,101	7,280	6,319	5,242	4,148	—
PV AT 9.00% PROFITS RELEASED	2,566,273	2,587,713	2,601,001	2,607,844	2,610,973	2,612,842	2,613,715	2,613,399	2,611,748	2,610,754	2,610,876	2,611,455	2,612,067	2,613,472
PV AT 11.00% PROFITS RELEASED	2,316,647	2,332,103	2,341,509	2,346,266	2,348,402	2,349,655	2,350,230	2,350,025	2,348,977	2,348,358	2,348,432	2,348,780	2,349,141	2,349,956
PV AT 13.00% PROFITS RELEASED	2,107,045	2,118,252	2,124,952	2,128,281	2,129,748	2,130,594	2,130,975	2,130,842	2,130,172	2,129,782	2,129,828	2,130,040	2,130,255	2,130,731
PV AT 9.00% BOOK PROFITS	4,035,037	4,064,911	4,082,944	4,091,624	4,094,872	4,096,526	4,096,900	4,095,631	4,092,510	4,090,499	4,090,271	4,090,800	4,091,433	4,093,405
PV AT 11.00% BOOK PROFITS	3,637,538	3,659,073	3,671,839	3,677,873	3,680,090	3,681,198	3,681,445	3,680,624	3,678,643	3,677,390	3,677,251	3,677,568	3,677,942	3,679,085
PV AT 13.00% BOOK PROFITS	3,303,550	3,319,165	3,328,258	3,332,479	3,334,003	3,334,751	3,334,915	3,334,380	3,333,113	3,332,325	3,332,239	3,332,432	3,332,654	3,333,323
PV AT 9.00% FEDERAL INCOME TAX	1,468,764	1,477,198	1,481,943	1,483,780	1,483,899	1,483,683	1,483,185	1,482,232	1,480,762	1,479,745	1,479,395	1,479,345	1,479,366	1,479,933
PV AT 11.00% FEDERAL INCOME TAX	1,320,891	1,326,971	1,330,330	1,331,607	1,331,688	1,331,543	1,331,215	1,330,599	1,329,666	1,329,032	1,328,818	1,328,788	1,328,800	1,329,129
PV AT 13.00% FEDERAL INCOME TAX	1,196,505	1,200,913	1,203,305	1,204,199	1,204,255	1,204,157	1,203,940	1,203,538	1,202,941	1,202,543	1,202,411	1,202,392	1,202,400	1,202,592
Tax Reserve before unmort DAC	182,712	57,931	(11,365)	(27,865)	(34,021)	(39,700)	(50,072)	(64,141)	(53,111)	(35,490)	(26,756)	(24,673)	(19,436)	—
GAAP Benefit Reserve	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GAAP Expense Reserve	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Primerica - Net (Before New Conversions) - Cost c														
Capital (Based on 300% RBC (i=5.70%))	60,504	47,484	37,210	30,814	28,213	26,410	23,940	21,436	19,018	16,445	14,121	11,459	9,343	4,900
Capital: After-Tax int less change (i=5.70%)	15,891	15,262	12,033	7,775	3,742	2,848	3,449	3,391	3,212	3,277	2,933	3,185	2,541	4,788
PRE-TAX BOOK PROFIT	180,686	140,919	92,719	48,648	19,840	11,012	2,720	(10,046)	(26,909)	(18,899)	(2,336)	5,902	7,702	26,164
FEDERAL INCOME TAX	(52,712)	(39,781)	(24,398)	(10,295)	(726)	1,434	3,617	7,543	12,672	9,560	3,583	566	(259)	(7,524)
Profit After-Tax, After Cost of Capital	143,865	116,400	80,354	46,128	22,856	15,294	9,785	888	(11,025)	(6,061)	4,180	9,653	9,984	23,429
Present Values														
PV PRE-TAX BOOK PROFIT														
PV FEDERAL INCOME TAX														
PV Capital: After-Tax int less change (i=5.70%) less Init Cap														
PV After-Tax, After Cost of Capital														

Existing Business at 06/30/2009 (000's)	9.00%	11.00%	13.00%	15.00%
Primerica - Net (Before New Conversions)	Value of Existing Business at 06/30/2009 (000's)			
GROSS PREMIUMS	9,927,846	8,888,030	8,034,397	7,323,239
REINSURANCE PREMIUMS (NET OF ALLOWANCE:	(4,719,263)	(4,135,016)	(3,664,307)	(3,279,323)
GROSS INVESTMENT INCOME PLUS FEE INCOME	1,072,960	970,354	883,028	808,165
ACCRUAL OF DISCOUNT	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—
TOTAL INCOME	6,281,543	5,723,367	5,253,118	4,852,081
NET SURRENDERS	(29,802)	(26,285)	(23,504)	(21,261)
HEALTH BENEFITS	—	—	—	—
DIRECT DEATH BENEFITS	6,188,951	5,465,007	4,879,021	4,397,414
REINSURANCE DEATH BENEFITS	(4,030,003)	(3,533,332)	(3,133,019)	(2,805,482)
ACQUISITION EXPENSES	—	—	—	—
OTHER EXPENSES	655,453	587,700	532,018	485,580
NET COMMISSIONS	95,562	90,930	86,732	82,912
COST OF FINANCING	170,760	157,575	146,011	135,816
INCREASE IN LOADING	(651)	(575)	(554)	(559)
INCREASE IN RESERVES	(1,351,260)	(1,120,652)	(936,151)	(787,347)
INCR INRESERVE FINANCING LIABILITY	489,130	423,915	369,242	323,135
TOTAL DISBURSEMENTS	2,188,139	2,044,283	1,919,795	1,810,209
STATUTORY GAIN	4,093,405	3,679,085	3,333,323	3,041,872
CAPITAL GAINS	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—
BOOK PROFIT	4,093,405	3,679,085	3,333,323	3,041,872
INCREASE IN SURPLUS	—	—	—	—
FEDERAL INCOME TAX	1,479,933	1,329,129	1,202,592	1,095,491
PROFITS RELEASED	2,613,472	2,349,956	2,130,731	1,946,382

7C7IG01150906	Puck(Rev) @06/30/09 - Sens: 7-Year Recapture and PLIC Inforce External Res Financing@28.9% (Preliminary)										10/21/09 03:55PM									
From PUCK0906B.XLS	Line of Business Projection																			
Existing Business at 06/30/2009 (000's)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025			
Primerica New Conversions - Net																				
GROSS PREMIUMS	—	26,437	70,844	103,618	135,521	165,470	193,421	220,384	233,207	235,829	240,919	237,879	230,755	223,041	215,484	208,747	203,338			
REINSURANCE PREMIUMS (NET OF ALLOWANCES)	—	(14,300)	(21,579)	(26,368)	(31,477)	(37,516)	(54,686)	(73,665)	(80,472)	(88,298)	(96,786)	(96,880)	(96,694)	(95,274)	(93,461)	(91,163)	(82,561)			
GROSS INVESTMENT INCOME PLUS FEE INCOME	—	(705)	10,161	10,046	10,394	11,391	12,731	14,041	15,755	17,031	17,497	17,295	16,848	16,118	14,904	13,421	11,931			
ACCRUAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
TOTAL INCOME	—	11,432	59,425	87,297	114,437	139,345	151,467	160,759	168,490	164,562	161,630	158,294	150,909	143,885	136,927	131,005	132,708			
NET SURRENDERS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
DIRECT DEATH BENEFITS	—	17,706	51,327	77,506	103,974	130,281	156,775	183,704	202,673	214,985	229,339	230,412	219,047	209,342	198,136	186,492	174,617			
REINSURANCE DEATH BENEFITS	—	(7,996)	(18,547)	(24,267)	(30,096)	(36,265)	(48,876)	(67,165)	(78,674)	(84,067)	(90,742)	(91,457)	(88,772)	(87,553)	(85,993)	(84,194)	(79,629)			
ACQUISITION EXPENSES	—	3,116	2,433	1,974	1,841	1,783	1,623	1,776	610	767	813	147	162	154	134	139	81			
OTHER EXPENSES	—	1,709	4,547	6,535	8,421	10,132	11,670	13,158	13,955	14,212	14,611	14,114	13,023	12,131	11,257	10,453	9,651			
NET COMMISSIONS	—	22,329	25,487	22,155	21,954	22,455	22,724	23,672	11,162	10,487	11,188	3,216	2,219	2,248	2,016	2,001	1,302			
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
INCREASE IN LOADING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
INCREASE IN RESERVES	—	186,253	(6,675)	3,792	16,685	25,884	24,604	24,360	28,319	14,286	(6,376)	(9,745)	(14,332)	(23,825)	(29,118)	(32,177)	(26,257)			
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
TOTAL DISBURSEMENTS	—	223,117	58,572	87,695	122,780	154,270	168,521	179,505	178,044	170,670	158,834	146,686	131,346	112,497	96,433	82,714	79,765			
STATUTORY GAIN	—	(211,685)	853	(398)	(8,343)	(14,924)	(17,054)	(18,746)	(9,555)	(6,109)	2,796	11,609	19,563	31,388	40,494	48,291	52,943			
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
BOOK PROFIT	—	(211,685)	853	(398)	(8,343)	(14,924)	(17,054)	(18,746)	(9,555)	(6,109)	2,796	11,609	19,563	31,388	40,494	48,291	52,943			
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
FEDERAL INCOME TAX	—	(6,687)	(2,966)	(5,955)	(7,627)	(9,023)	(9,150)	(9,139)	(5,637)	(4,643)	(1,683)	2,880	6,751	10,365	13,140	15,578	17,318			
PROFITS RELEASED	—	(204,998)	3,819	5,557	(716)	(5,901)	(7,904)	(9,606)	(3,918)	(1,465)	4,478	8,729	12,812	21,023	27,354	32,712	35,626			
STATUTORY RESERVE (GA) (Canada+GAAP)	—	186,253	179,578	183,370	200,054	225,938	250,542	274,902	303,221	317,508	311,132	301,387	287,055	263,230	234,113	201,936	175,679			
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
TOTAL LIABILITY (GA)	—	186,253	179,578	183,370	200,054	225,938	250,542	274,902	303,221	317,508	311,132	301,387	287,055	263,230	234,113	201,936	175,679			
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
TAX RESERVE (GA)	—	(6,327)	(3,675)	16,733	46,865	83,606	117,299	149,025	183,894	205,338	206,565	200,201	186,144	164,094	137,928	109,532	86,738			
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
POLICIES IN FORCE (UNSCALED)	—	50,555	85,880	111,334	132,418	150,595	164,679	179,301	176,873	176,273	176,013	153,373	134,763	119,044	104,718	91,641	78,049			
INSURANCE IN FORCE (NET)	—	4,092,767	8,757,255	12,662,947	15,939,132	19,046,285	19,584,856	19,850,947	19,375,491	19,008,416	18,651,255	16,521,621	14,251,365	12,224,280	10,398,649	8,663,416	7,517,724			
CASH VALUE IN FORCE	—	(1,876)	(2,601)	(831)	1,176	3,011	3,786	3,993	3,116	1,223	(606)	(1,022)	(1,298)	(1,601)	(1,857)	(2,085)	(2,220)			
ECONOMIC RESERVE (Canada+GAAP)	—	11,759	30,369	50,499	72,220	98,188	128,631	156,486	171,053	174,534	166,478	160,682	152,311	140,034	125,185	109,549	97,348			
EXCESS RESERVE (STAT LESS ECON)	—	174,494	149,209	132,871	127,834	127,750	121,912	118,416	132,168	142,974	144,654	140,705	134,744	123,197	108,927	92,387	78,331			
EXCESS RESERVE (STAT less ECON Floored at Zero)	—	174,494	149,209	132,871	127,834	127,750	121,912	118,416	132,168	142,974	144,654	140,705	134,744	123,197	108,927	92,387	78,331			
GROSS DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
NET DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			
PV AT 9.00% PROFITS RELEASED	—	(188,072)	(184,858)	(180,567)	(181,074)	(184,909)	(189,622)	(194,877)	(196,844)	(197,518)	(195,627)	(192,244)	(187,689)	(180,831)	(172,646)	(163,665)	(154,692)			
PV AT 11.00% PROFITS RELEASED	—	(184,683)	(181,584)	(177,521)	(177,992)	(181,494)	(185,720)	(190,347)	(192,047)	(192,620)	(191,043)	(188,273)	(184,611)	(179,197)	(172,851)	(166,014)	(159,306)			
PV AT 13.00% PROFITS RELEASED	—	(181,414)	(178,424)	(174,573)	(175,012)	(178,215)	(182,011)	(186,094)	(187,568)	(188,056)	(186,737)	(184,461)	(181,505)	(177,213)	(172,271)	(167,040)	(162,000)			
PV AT 9.00% BOOK PROFITS	9.0 %	(194,207)	(193,489)	(193,796)	(199,706)	(209,406)	(219,575)	(229,829)	(234,625)	(237,437)	(236,256)	(231,757)	(224,802)	(214,564)	(202,446)	(189,189)	(175,854)			
PV AT 11.00% BOOK PROFITS	11.0 %	(190,707)	(190,015)	(190,306)	(195,802)	(204,659)	(213,776)	(222,805)	(226,951)	(229,339)	(228,355)	(224,672)	(219,080)	(210,997)	(201,602)	(191,510)	(181,541)			
PV AT 13.00% BOOK PROFITS	13.0 %	(187,332)	(186,664)	(186,940)	(192,057)	(200,157)	(208,348)	(216,316)	(219,911)	(221,944)	(221,120)	(218,094)	(213,581)	(207,172)	(199,856)	(192,135)	(184,644)			
PV AT 9.00% FEDERAL INCOME TAX	9.0 %	(6,135)	(8,631)	(13,229)	(18,632)	(24,497)	(29,953)	(34,952)	(37,781)	(39,919)	(40,630)	(39,514)	(37,113)	(33,733)	(29,801)	(25,524)	(21,162)			
PV AT 11.00% FEDERAL INCOME TAX	11.0 %	(6,024)	(8,431)	(12,786)	(17,809)	(23,164)	(28,056)	(32,458)	(34,904)	(36,719)	(37,312)	(36,398)	(34,469)	(31,800)	(28,751)	(25,495)	(22,234)			
PV AT 13.00% FEDERAL INCOME TAX	13.0 %	(5,918)	(8,240)	(12,367)	(17,045)	(21,942)	(26,337)	(30,222)	(32,342)	(33,888)	(34,384)	(33,633)	(32,076)	(29,959)	(27,585)	(25,094)	(22,644)			
Tax Reserve before unamort DAC	—	(4,854)	2,603	29,759	68,245	114,507	158,167	200,339	245,287	275,043	283,038	281,534	270,183	249,224	222,865	193,366	169,170			
GAAP Benefit Reserve	—	(952)	7,619	19,527	33,066	45,784	51,505	52,668	46,721	32,105	5,359	(28,237)	(61,220)	(95,542)	(130,152)	(166,247)	(200,378)			
GAAP Expense Reserve	—	24,217	49,107	68,927	87,150	104,613	121,093	137,654	156,131	172,846	186,454	193,053	202,279	212,700	221,647	229,898	237,285			
Primerica New Conversions - Net - Cost of Cap Calc																				
Capital (Based on 300% RBC (i=5.70%))	—	12,470	20,922	28,052	34,721	41,327	44,590	47,444	48,533	48,721	48,442	45,272	41,561	37,824	34,167	30,557	27,886			
Capital: After-Tax int less change (i=5.70%)	—	(12,470)	(7,990)	(6,355)	(5,629)	(5,320)	(1,732)	(1,201)	669	1,610	2,084	4,965	5,389	5,277	5,058	4,876	3,804			
PRE-TAX BOOK PROFIT	—	(211,685)	853	(398)	(8,343)	(14,924)	(17,054)	(18,746)	(9,555)	(6,109)	2,796	11,609	19,563	31,388						

017CIG01150906	Puck(Rev) @ 06/30/09 - Sens: 7-Year Recapture and PLIC Inforce External Res Financing@28.9% (Preliminary)												10/21/09	
From PUCK0906B.XLS	Line of Business Projection												03:55 PM	
Existing Business at 06/30/2009 (000's)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Primerica New Conversions - Net														
GROSS PREMIUMS	199,869	194,670	189,597	185,418	176,670	166,904	156,135	145,327	135,475	125,433	115,250	105,180	95,349	86,026
REINSURANCE PREMIUMS (NET OF ALLOWANCES)	(71,998)	(70,427)	(68,947)	(67,362)	(62,196)	(57,052)	(53,022)	(49,107)	(45,456)	(40,441)	(35,320)	(31,950)	(28,807)	(25,926)
GROSS INVESTMENT INCOME PLUS FEE INCOME	10,835	9,725	8,437	7,180	6,056	5,084	4,235	3,441	2,760	2,254	1,926	1,696	1,517	1,379
ACCURAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL INCOME	138,706	133,968	129,086	125,235	120,530	114,936	107,348	99,662	92,779	87,246	81,856	74,926	68,059	61,479
NET SURRENDERS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
DIRECT DEATH BENEFITS	160,579	150,030	143,216	135,327	125,357	114,311	104,158	94,505	85,118	76,207	67,966	60,398	53,465	46,853
REINSURANCE DEATH BENEFITS	(71,596)	(65,723)	(62,824)	(59,535)	(55,053)	(50,113)	(45,898)	(42,189)	(38,694)	(35,059)	(31,245)	(27,753)	(24,728)	(21,817)
ACQUISITION EXPENSES	77	155	155	132	14	6	6	4	20	28	21	14	8	2
OTHER EXPENSES	8,852	8,207	7,730	7,258	6,652	6,019	5,435	4,892	4,395	3,942	3,524	3,136	2,781	2,449
NET COMMISSIONS	1,145	2,284	2,327	1,897	393	94	83	55	285	430	338	229	130	36
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN LOADING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN RESERVES	(19,707)	(22,982)	(23,515)	(21,793)	(18,253)	(14,786)	(13,753)	(11,909)	(9,156)	(5,693)	(2,989)	(1,980)	(1,253)	(478)
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL DISBURSEMENTS	79,349	71,970	67,089	63,284	59,110	55,530	50,032	45,357	41,969	39,855	37,615	34,043	30,402	27,045
STATUTORY GAIN	59,357	61,998	61,998	61,951	61,420	59,406	57,317	54,305	50,811	47,391	44,241	40,882	37,656	34,435
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BOOK PROFIT	59,357	61,998	61,998	61,951	61,420	59,406	57,317	54,305	50,811	47,391	44,241	40,882	37,656	34,435
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
FEDERAL INCOME TAX	19,733	20,489	20,446	20,423	20,444	19,883	19,030	17,873	16,581	15,358	14,244	13,033	11,886	10,759
PROFITS RELEASED	39,624	41,509	41,552	41,528	40,976	39,523	38,286	36,432	34,229	32,033	29,998	27,850	25,771	23,675
STATUTORY RESERVE (GA) (Canada-GAAP)	155,972	132,990	109,475	87,682	69,429	54,643	40,890	28,980	19,825	14,132	11,142	9,163	7,910	7,432
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL LIABILITY (GA)	155,972	132,990	109,475	87,682	69,429	54,643	40,890	28,980	19,825	14,132	11,142	9,163	7,910	7,432
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TAX RESERVE (GA)	70,008	50,483	30,549	12,357	(2,887)	(15,075)	(25,883)	(34,555)	(40,275)	(42,457)	(41,902)	(40,235)	(37,791)	(34,574)
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
POLICIES IN FORCE (UNSCALED)	65,149	58,041	51,180	44,515	37,291	31,065	26,046	21,602	17,740	14,714	12,047	9,971	8,132	6,540
INSURANCE IN FORCE (NET)	6,481,856	5,820,179	5,174,906	4,530,794	3,872,361	3,230,937	2,674,506	2,171,183	1,708,530	1,406,311	1,153,198	953,209	778,727	628,833
CASH VALUE IN FORCE	(2,152)	(2,143)	(2,270)	(2,348)	(2,232)	(1,975)	(1,799)	(1,655)	(1,466)	(1,238)	(1,048)	(907)	(793)	(681)
ECONOMIC RESERVE (Canada-GAAP)	90,499	82,648	72,403	60,711	49,496	40,189	31,321	23,136	16,642	12,095	9,439	7,472	6,153	5,589
EXCESS RESERVE (STAT LESS ECON)	65,473	50,343	37,072	26,971	19,933	14,453	9,569	5,844	3,182	2,037	1,704	1,690	1,757	1,843
EXCESS RESERVE (STAT less ECON Floored at Zero)	65,473	50,343	37,072	26,971	19,933	14,453	9,569	5,844	3,182	2,037	1,704	1,690	1,757	1,843
GROSS DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
NET DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
PV AT 9.00% PROFITS RELEASED	(145,536)	(136,736)	(128,655)	(121,245)	(114,537)	(108,602)	(103,326)	(98,721)	(94,752)	(91,344)	(88,416)	(85,922)	(83,805)	(82,020)
PV AT 11.00% PROFITS RELEASED	(152,585)	(146,241)	(140,521)	(135,370)	(130,791)	(126,812)	(123,340)	(120,363)	(117,844)	(115,719)	(113,927)	(112,428)	(111,179)	(110,145)
PV AT 13.00% PROFITS RELEASED	(157,038)	(152,438)	(148,364)	(144,760)	(141,613)	(138,927)	(136,624)	(134,685)	(133,073)	(131,737)	(130,631)	(129,722)	(128,977)	(128,372)
PV AT 9.00% BOOK PROFITS	(162,138)	(148,995)	(136,937)	(125,883)	(115,829)	(106,907)	(99,010)	(92,145)	(86,253)	(81,211)	(76,893)	(73,232)	(70,138)	(67,543)
PV AT 11.00% BOOK PROFITS	(171,472)	(161,997)	(153,461)	(145,777)	(138,914)	(132,934)	(127,736)	(123,299)	(119,559)	(116,416)	(113,773)	(111,572)	(109,747)	(108,242)
PV AT 13.00% BOOK PROFITS	(177,211)	(170,341)	(164,261)	(158,885)	(154,168)	(150,130)	(146,683)	(143,793)	(141,400)	(139,424)	(137,792)	(136,458)	(135,370)	(134,489)
PV AT 9.00% FEDERAL INCOME TAX	(16,602)	(12,258)	(8,282)	(4,638)	(1,291)	1,695	4,317	6,576	8,499	10,133	11,523	12,690	13,667	14,478
PV AT 11.00% FEDERAL INCOME TAX	(18,887)	(15,756)	(12,941)	(10,408)	(8,123)	(6,122)	(4,396)	(2,935)	(1,715)	(696)	154	856	1,432	1,902
PV AT 13.00% FEDERAL INCOME TAX	(20,173)	(17,903)	(15,898)	(14,125)	(12,555)	(11,204)	(10,059)	(9,108)	(8,327)	(7,687)	(7,161)	(6,736)	(6,393)	(6,118)
Tax Reserve before unamort DAC	150,971	129,462	107,388	87,008	69,419	54,634	40,882	28,975	19,820	14,129	11,140	9,161	7,908	7,431
GAAP Benefit Reserve	(232,925)	(263,391)	(288,624)	(315,608)	(345,766)	(375,171)	(401,172)	(420,791)	(435,319)	(437,904)	(428,299)	(405,121)	(371,467)	(338,904)
GAAP Expense Reserve	243,504	251,121	249,090	236,846	221,960	206,401	191,349	175,742	166,426	159,662	150,329	139,355	125,405	110,440
Primerica New Conversions - Net - Cost of Cap Calc														
Capital (Based on 300% RBC (i=5.70%))	25,652	23,745	21,855	20,079	18,115	16,226	14,425	12,747	11,262	10,067	9,003	8,053	7,175	6,386
Capital: After-Tax int less change (i=5.70%)	3,267	2,857	2,770	2,586	2,708	2,560	2,402	2,213	1,956	1,612	1,437	1,284	1,177	1,055
PRE-TAX BOOK PROFIT	59,357	61,998	61,998	61,951	61,420	59,406	57,317	54,305	50,811	47,391	44,241	40,882	37,656	34,435
FEDERAL INCOME TAX	(19,733)	(20,489)	(20,446)	(20,423)	(20,444)	(19,883)	(19,030)	(17,873)	(16,581)	(15,358)	(14,244)	(13,033)	(11,886)	(10,759)
Profit After-Tax, After Cost of Capital	42,891	44,366	44,322	44,114	43,684	42,084	40,688	38,645	36,186	33,646	31,434	29,134	26,947	24,730
Present Values														
PV PRE-TAX BOOK PROFIT														
PV FEDERAL INCOME TAX														
PV Capital: After-Tax int less change (i=5.70%) less Init Cap														
PV After-Tax, After Cost of Capital														

Existing Business at 06/30/2009 (000's)

	9.00%	11.00%	13.00%	15.00%
Primerica New Conversions - Net				
GROSS PREMIUMS	1,688,876	1,390,073	1,163,649	988,411
REINSURANCE PREMIUMS (NET OF ALLOWANCE:	(583,850)	(477,248)	(396,287)	(333,676)
GROSS INVESTMENT INCOME PLUS FEE INCOME	109,855	92,962	79,620	68,925
ACCRUAL OF DISCOUNT	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—
TOTAL INCOME	1,214,880	1,005,787	846,982	723,660
NET SURRENDERS	24	11	6	3
HEALTH BENEFITS	—	—	—	—
DIRECT DEATH BENEFITS	1,394,167	1,151,854	965,746	820,192
REINSURANCE DEATH BENEFITS	(536,481)	(438,199)	(363,406)	(305,469)
ACQUISITION EXPENSES	12,217	11,361	10,611	9,948
OTHER EXPENSES	92,125	77,346	65,826	56,688
NET COMMISSIONS	136,878	125,842	116,257	107,868
COST OF FINANCING	—	—	—	—
INCREASE IN LOADING	—	—	—	—
INCREASE IN RESERVES	172,581	179,899	183,186	183,849
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—
TOTAL DISBURSEMENTS	1,271,511	1,108,115	978,224	873,079
STATUTORY GAIN	(56,631)	(102,328)	(131,242)	(149,419)
CAPITAL GAINS	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—
BOOK PROFIT	(56,631)	(102,328)	(131,242)	(149,419)
INCREASE IN SURPLUS	—	—	—	—
FEDERAL INCOME TAX	17,749	3,679	(5,141)	(10,625)
PROFITS RELEASED	(74,380)	(106,007)	(126,101)	(138,795)

07CIG01150906 From PUCK0906B.XLS	Puck(Rev) @06/30/09 - Sens: 7-Year Recapture and PLIC Inforce External Res Financing@28.9% (Preliminary)										10/21/09 03:55 PM						
Existing Business at 06/30/2009 (000's)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Miscellaneous Primerica	—	33,184	30,369	28,381	26,747	25,346	24,069	22,877	21,376	19,776	18,408	17,060	15,661	14,278	12,901	11,653	10,366
GROSS PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
REINSURANCE PREMIUMS (NET OF ALLOWANCES)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GROSS INVESTMENT INCOME PLUS FEE INCOME	—	38,281	36,315	35,111	34,205	33,394	32,620	31,835	30,839	29,473	27,924	26,369	24,710	22,922	21,049	19,053	16,982
ACCRUAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL INCOME	—	71,465	66,684	63,492	60,952	58,740	56,689	54,713	52,215	49,249	46,332	43,429	40,371	37,200	33,950	30,706	27,348
NET SURRENDERS	—	90,344	68,121	57,560	53,236	50,597	48,782	47,954	52,993	57,462	55,765	53,866	55,608	54,564	54,614	54,976	53,288
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
DIRECT DEATH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
REINSURANCE DEATH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ACQUISITION EXPENSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
OTHER EXPENSES	—	664	607	568	535	507	481	458	428	396	368	341	313	286	258	233	207
NET COMMISSIONS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN LOADING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN RESERVES	—	(44,217)	(25,419)	(17,265)	(14,851)	(13,875)	(13,593)	(14,222)	(20,951)	(27,352)	(27,567)	(27,551)	(31,213)	(32,162)	(34,220)	(36,540)	(36,881)
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL DISBURSEMENTS	—	46,790	43,309	40,863	38,919	37,229	35,670	34,190	32,470	30,505	28,567	26,656	24,708	22,687	20,653	18,669	16,614
STATUTORY GAIN	—	24,675	23,374	22,630	22,032	21,511	21,019	20,523	19,746	18,744	17,765	16,774	15,663	14,512	13,298	12,037	10,734
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BOOK PROFIT	—	24,675	23,374	22,630	22,032	21,511	21,019	20,523	19,746	18,744	17,765	16,774	15,663	14,512	13,298	12,037	10,734
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
FEDERAL INCOME TAX	—	9,486	8,869	8,476	8,148	7,858	7,585	7,316	6,944	6,494	6,063	5,677	5,292	4,891	4,466	4,029	3,575
PROFITS RELEASED	—	15,189	14,505	14,154	13,884	13,653	13,434	13,207	12,802	12,249	11,701	11,096	10,371	9,621	8,831	8,008	7,159
STATUTORY RESERVE (GA) (Canada-GAAP)	700,500	656,283	630,863	613,598	598,747	584,872	571,278	557,056	536,105	508,753	481,187	453,636	422,422	390,260	356,040	319,500	282,619
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL LIABILITY (GA)	700,500	656,283	630,863	613,598	598,747	584,872	571,278	557,056	536,105	508,753	481,187	453,636	422,422	390,260	356,040	319,500	282,619
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TAX RESERVE (GA)	700,500	653,855	626,470	607,618	591,518	576,703	562,458	547,857	526,813	499,649	472,523	445,525	414,854	383,230	349,547	313,533	277,172
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
POLICIES IN FORCE (UNSCALED)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INSURANCE IN FORCE (NET)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
CASH VALUE IN FORCE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ECONOMIC RESERVE (Canada-GAAP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
EXCESS RESERVE (STAT LESS ECON)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
EXCESS RESERVE (STAT less ECON Floored at Zero)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GROSS DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
NET DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
PV AT 9.00% PROFITS RELEASED	—	13,935	26,144	37,073	46,909	55,782	63,793	71,017	77,442	83,082	88,025	92,325	96,013	99,151	101,794	103,992	105,795
PV AT 11.00% PROFITS RELEASED	—	13,684	25,456	35,806	44,952	53,054	60,236	66,598	72,153	76,942	81,063	84,583	87,548	90,025	92,074	93,748	95,096
PV AT 13.00% PROFITS RELEASED	—	13,442	24,801	34,611	43,126	50,536	56,989	62,603	67,418	71,496	74,943	77,836	80,229	82,193	83,789	85,069	86,082
PV AT 9.00% BOOK PROFITS	9.0 %	22,637	42,311	59,785	75,394	89,374	101,907	113,134	123,043	131,674	139,178	145,678	151,247	155,980	159,960	163,264	165,968
PV AT 11.00% BOOK PROFITS	11.0 %	22,229	41,201	57,747	72,261	85,026	96,264	106,149	114,717	122,044	128,301	133,623	138,100	141,837	144,922	147,438	149,459
PV AT 13.00% BOOK PROFITS	13.0 %	21,836	40,142	55,825	69,338	81,013	91,109	99,832	107,260	113,499	118,733	123,106	126,719	129,682	132,085	134,009	135,528
PV AT 9.00% FEDERAL INCOME TAX	9.0 %	8,703	16,167	22,712	28,485	33,592	38,114	42,116	45,601	48,591	51,152	53,353	55,234	56,829	58,166	59,272	60,172
PV AT 11.00% FEDERAL INCOME TAX	11.0 %	8,546	15,744	21,941	27,309	31,972	36,027	39,551	42,564	45,103	47,238	49,040	50,552	51,812	52,848	53,690	54,363
PV AT 13.00% FEDERAL INCOME TAX	13.0 %	8,394	15,340	21,214	26,212	30,477	34,120	37,230	39,841	42,003	43,790	45,270	46,490	47,489	48,296	48,940	49,446
Tax Reserve before unamort DAC	700,500	656,283	630,863	613,598	598,747	584,872	571,278	557,056	536,105	508,753	481,187	453,636	422,422	390,260	356,040	319,500	282,619
GAAP Benefit Reserve	401,179	379,142	356,964	337,529	319,162	301,416	283,969	266,678	248,146	229,075	210,605	192,085	173,185	154,195	135,032	116,093	96,831
GAAP Expense Reserve	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous Primerica - Cost of Cap Calc																	
Capital (Based on 300% RBC (i=5.70%))	22,066	20,673	19,872	19,328	18,861	18,423	17,995	17,547	16,887	16,026	15,157	14,290	13,306	12,293	11,215	10,064	8,903
Capital: After-Tax int less change (i=5.70%)	—	2,210	1,567	1,280	1,184	1,136	1,111	1,115	1,310	1,487	1,462	1,429	1,513	1,506	1,533	1,567	1,535
	—	24,675	23,374	22,630	22,032	21,511	21,019	20,523	19,746	18,744	17,765	16,774	15,663	14,512	13,298	12,037	10,734
PRE-TAX BOOK PROFIT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
FEDERAL INCOME TAX	(9,486)	(8,869)	(8,476)	(8,148)	(7,858)	(7,585)	(7,316)	(7,136)	(6,944)	(6,494)	(6,063)	(5,677)	(5,292)	(4,891)	(4,466)	(4,029)	(3,575)
Profit After-Tax, After Cost of Capital	17,399	16,072	15,434	15,068	14,789	14,545	14,322	14,112	13,737	13,164	12,526	11,884	11,127	10,365	9,575	8,694	
PV's-Miscellaneous Primeric	—	9.00 %	11.00 %	13.00 %	15.00 %	20.00 %	16.00 %	—	—	—	—	—	—	—	—	—	—
PV PRE-TAX BOOK PROFIT	—	176,964	157,014	140,774	127,354	102,365	121,496	—	—	—	—	—	—	—	—	—	—
PV FEDERAL INCOME TAX	—	(63,782)	(56,843)	(51,168)	(46,458)	(37,626)	(44,395)	—	—	—	—	—	—	—	—	—	—
PV Capital: After-Tax int less change (i=5.70%)	—	(8,342)	(10,189)	(11,631)	(12,778)	(14,799)	(13,266)	—	—	—	—	—	—	—	—	—	—
less Init Cap	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
PV After-Tax, After Cost of Capital	—	104,840	89,981	77,974	68,118	49,940	63,835	—	—	—	—	—	—	—	—	—	—

TC1G01150906	Puck(Rev) @06/30/09 - Sens: 7-Year Recapture and PLIC Inforce External Res Financing@28.9% (Preliminary)													10/21/09
From PUCK0906B.XLS	Line of Business Projection													03:55 PM
Existing Business at 06/30/2009 (000's)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Miscellaneous Primerica														
GROSS PREMIUMS	9,115	8,016	6,987	6,278	5,763	5,491	5,067	4,624	4,235	3,722	3,224	2,772	2,345	—
REINSURANCE PREMIUMS (NET OF ALLOWANCES)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GROSS INVESTMENT INCOME PLUS FEE INCOME	14,901	12,838	10,774	8,755	7,392	6,832	6,495	6,173	5,771	5,120	4,368	3,734	3,183	2,445
ACCRUAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL INCOME	24,016	20,854	17,761	15,033	13,156	12,323	11,562	10,797	10,006	8,842	7,592	6,507	5,528	2,445
NET SURRENDERS	51,324	48,782	47,632	43,853	21,574	13,171	12,525	11,701	14,429	19,403	16,827	13,880	12,687	17,399
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
DIRECT DEATH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
REINSURANCE DEATH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ACQUISITION EXPENSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
OTHER EXPENSES	182	160	140	126	115	110	101	92	85	74	64	55	47	—
NET COMMISSIONS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN LOADING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN RESERVES	(36,930)	(36,289)	(36,962)	(34,784)	(13,894)	(6,032)	(5,847)	(5,505)	(8,670)	(14,237)	(12,374)	(10,063)	(9,436)	(16,098)
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL DISBURSEMENTS	14,577	12,654	10,809	9,195	7,796	7,249	6,779	6,289	5,844	5,241	4,518	3,872	3,298	1,301
STATUTORY GAIN	9,440	8,200	6,952	5,838	5,360	5,074	4,783	4,509	4,161	3,601	3,074	2,635	2,230	1,144
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BOOK PROFIT	9,440	8,200	6,952	5,838	5,360	5,074	4,783	4,509	4,161	3,601	3,074	2,635	2,230	1,144
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
FEDERAL INCOME TAX	3,125	2,698	2,269	1,894	1,744	1,665	1,578	1,494	1,383	1,192	1,011	860	720	292
PROFITS RELEASED	6,315	5,502	4,683	3,945	3,616	3,409	3,205	3,015	2,778	2,409	2,063	1,775	1,510	852
STATUTORY RESERVE (GA) (Canada=GAAP)	245,690	209,401	172,439	137,655	123,761	117,729	111,882	106,377	97,708	83,471	71,097	61,034	51,598	35,500
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL LIABILITY (GA)	245,690	209,401	172,439	137,655	123,761	117,729	111,882	106,377	97,708	83,471	71,097	61,034	51,598	35,500
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TAX RESERVE (GA)	240,754	204,956	168,463	134,108	120,591	114,875	109,302	104,038	95,579	81,538	69,349	59,464	50,200	34,413
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
POLICIES IN FORCE (UNSCALED)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INSURANCE IN FORCE (NET)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
CASH VALUE IN FORCE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ECONOMIC RESERVE (Canada=GAAP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
EXCESS RESERVE (STAT LESS ECON)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
EXCESS RESERVE (STAT less ECON Floored at Zero)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GROSS DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
NET DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
PV AT 9.00% PROFITS RELEASED	107,254	108,421	109,332	110,035	110,627	111,139	111,581	111,962	112,284	112,540	112,742	112,901	113,025	113,089
PV AT 11.00% PROFITS RELEASED	96,167	97,008	97,653	98,142	98,546	98,889	99,180	99,426	99,631	99,790	99,914	100,009	100,082	100,120
PV AT 13.00% PROFITS RELEASED	86,873	87,482	87,942	88,284	88,562	88,793	88,986	89,147	89,277	89,378	89,454	89,512	89,555	89,577
PV AT 9.00% BOOK PROFITS	168,149	169,887	171,239	172,281	173,159	173,921	174,580	175,149	175,632	176,015	176,315	176,551	176,734	176,821
PV AT 11.00% BOOK PROFITS	151,060	152,313	153,271	153,995	154,594	155,104	155,538	155,907	156,213	156,452	156,635	156,777	156,885	156,935
PV AT 13.00% BOOK PROFITS	136,710	137,619	138,300	138,807	139,219	139,564	139,851	140,091	140,287	140,437	140,551	140,637	140,701	140,730
PV AT 9.00% FEDERAL INCOME TAX	60,895	61,467	61,908	62,246	62,531	62,781	62,999	63,188	63,348	63,475	63,573	63,650	63,710	63,732
PV AT 11.00% FEDERAL INCOME TAX	54,893	55,306	55,618	55,853	56,048	56,215	56,358	56,480	56,582	56,661	56,722	56,768	56,803	56,816
PV AT 13.00% FEDERAL INCOME TAX	49,837	50,136	50,359	50,523	50,657	50,770	50,865	50,945	51,010	51,059	51,097	51,125	51,146	51,153
Tax Reserve before unamort DAC	245,690	209,401	172,439	137,655	123,761	117,729	111,882	106,377	97,708	83,471	71,097	61,034	51,598	35,500
GAAP Benefit Reserve	77,437	58,284	39,104	20,753	19,002	18,180	16,880	15,521	14,270	12,545	10,856	9,307	7,828	—
GAAP Expense Reserve	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous Primerica - Cost of Cap Calc														
Capital (Based on 300% RBC (i=5.70%))	7,739	6,596	5,432	4,336	3,898	3,708	3,524	3,351	3,078	2,629	2,240	1,923	1,625	1,118
Capital: After-Tax int less change (i=5.70%)	1,493	1,430	1,409	1,297	598	334	322	304	397	562	487	400	368	567
PRE-TAX BOOK PROFIT	9,440	8,200	6,952	5,838	5,360	5,074	4,783	4,509	4,161	3,601	3,074	2,635	2,230	1,144
FEDERAL INCOME TAX	(3,125)	(2,698)	(2,269)	(1,894)	(1,744)	(1,665)	(1,578)	(1,494)	(1,383)	(1,192)	(1,011)	(860)	(720)	(292)
Profit After-Tax, After Cost of Capital	7,808	6,932	6,092	5,242	4,214	3,743	3,526	3,319	3,176	2,972	2,550	2,175	1,878	1,420
PV's - Miscellaneous Primerica														
PV PRE-TAX BOOK PROFIT														
PV FEDERAL INCOME TAX														
PV Capital: After-Tax int less change (i=5.70%) less Init Cap														
PV After-Tax, After Cost of Capital														

Existing Business at 06/30/2009 (000's)	9.00%	11.00%	13.00%	15.00%
Miscellaneous Primerica				
GROSS PREMIUMS	205,303	183,840	166,207	151,509
REINSURANCE PREMIUMS (NET OF ALLOWANCES)	—	—	—	—
GROSS INVESTMENT INCOME PLUS FEE INCOME	275,157	244,194	218,960	198,091
ACCRUAL OF DISCOUNT	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—
TOTAL INCOME	480,460	428,034	385,168	349,600
NET SURRENDERS	549,747	480,096	425,140	380,986
HEALTH BENEFITS	—	—	—	—
DIRECT DEATH BENEFITS	—	—	—	—
REINSURANCE DEATH BENEFITS	—	—	—	—
ACQUISITION EXPENSES	—	—	—	—
OTHER EXPENSES	4,106	3,677	3,324	3,030
NET COMMISSIONS	—	—	—	—
COST OF FINANCING	—	—	—	—
INCREASE IN LOADING	—	—	—	—
INCREASE IN RESERVES	(250,357)	(212,752)	(184,070)	(161,770)
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—
TOTAL DISBURSEMENTS	303,496	271,021	244,394	222,246
STATUTORY GAIN	176,964	157,014	140,774	127,354
CAPITAL GAINS	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—
BOOK PROFIT	176,964	157,014	140,774	127,354
INCREASE IN SURPLUS	—	—	—	—
FEDERAL INCOME TAX	63,782	56,843	51,168	46,458
PROFITS RELEASED	113,182	100,171	89,605	80,896

017CIG00150906	Puck(Rev) @06/30/09 - Sens: 7-Year Recapture and PLIC Inforce External Res Financing@28.9% (Preliminary)										10/21/09 3:55 PM						
From PUCK0906B.XLS	Line of Business Projection																
Existing Business at 06/30/2009 (000's)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Existing Business - Primerica																	
GROSS PREMIUMS	—	1,663,328	1,568,852	1,503,569	1,454,853	1,415,711	1,380,683	1,348,863	1,287,638	1,211,314	1,148,920	1,079,415	1,003,285	927,321	851,874	783,556	714,671
REINSURANCE PREMIUMS (NET OF ALLOWANCES)	—	(526,264)	(544,816)	(565,316)	(587,946)	(612,207)	(631,303)	(648,656)	(643,315)	(633,854)	(625,817)	(612,076)	(589,509)	(561,293)	(526,112)	(481,502)	(429,772)
GROSS INVESTMENT INCOME PLUS FEE INCOME	—	193,290	202,074	198,787	194,442	193,171	190,518	186,234	179,884	170,874	159,775	147,085	132,294	115,220	97,579	79,683	60,936
ACCUAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL INCOME	—	1,330,354	1,226,110	1,137,040	1,061,349	996,675	939,897	886,441	824,207	748,334	682,878	614,423	546,070	481,248	423,342	381,737	345,834
NET SURRENDERS	—	85,105	63,709	53,893	50,006	47,650	45,989	45,209	50,315	54,784	53,031	51,385	53,325	52,366	52,488	52,920	51,369
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
DIRECT DEATH BENEFITS	—	831,597	826,626	839,169	855,851	873,335	890,506	904,893	901,233	878,524	852,907	827,141	790,427	750,598	704,271	649,460	593,955
REINSURANCE DEATH BENEFITS	—	(458,433)	(466,485)	(483,849)	(503,132)	(523,319)	(542,605)	(559,349)	(562,619)	(551,116)	(535,473)	(520,776)	(501,809)	(480,342)	(453,560)	(418,507)	(379,260)
ACQUISITION EXPENSES	—	3,116	2,433	1,974	1,841	1,783	1,623	1,776	610	767	813	147	162	154	134	139	81
OTHER EXPENSES	—	112,008	104,216	98,981	94,770	91,070	87,776	84,754	80,708	75,783	71,356	67,046	62,236	57,483	52,743	47,896	43,217
NET COMMISSIONS	—	68,707	42,046	36,286	34,007	32,488	30,971	29,970	15,697	13,485	12,853	4,200	2,219	2,248	2,016	2,001	1,302
COST OF FINANCING	—	30,465	30,465	30,465	30,052	27,101	23,980	20,987	17,998	15,018	12,146	9,485	6,823	4,057	1,538	—	—
INCREASE IN LOADING	—	(762)	(568)	(134)	(302)	1,107	660	569	(542)	(1,186)	1,596	(141)	(667)	(651)	(1,170)	2,361	130
INCREASE IN RESERVES	—	188,881	(26,440)	(61,131)	(94,864)	(128,523)	(153,755)	(193,328)	(232,939)	(273,532)	(298,679)	(334,835)	(382,062)	(387,592)	(366,494)	(332,328)	(269,452)
INCR IN RESERVE FINANCING LIABILITY	—	(13,756)	(1,733)	13,762	98,354	104,030	99,785	99,632	99,339	95,736	88,690	88,718	92,201	83,979	51,263	—	—
TOTAL DISBURSEMENTS	—	846,929	574,269	529,416	566,585	526,723	484,930	435,112	369,799	308,264	259,239	192,368	122,856	82,301	43,229	3,943	41,342
STATUTORY GAIN	—	483,425	651,841	607,624	494,764	469,952	454,967	451,329	454,409	440,070	423,639	422,055	423,215	398,946	380,113	377,794	304,492
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BOOK PROFIT	—	483,425	651,841	607,624	494,764	469,952	454,967	451,329	454,409	440,070	423,639	422,055	423,215	398,946	380,113	377,794	304,492
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
FEDERAL INCOME TAX	—	226,783	212,895	199,898	189,332	182,016	174,833	173,436	174,278	168,303	160,950	162,252	165,844	154,677	137,061	118,738	93,671
PROFITS RELEASED	—	256,642	438,946	407,726	305,433	287,936	280,135	277,893	280,131	271,767	262,689	259,804	257,371	244,270	243,052	259,056	210,821
STATUTORY RESERVE (GA) (Canada-GAAP)	4,170,489	4,359,370	4,332,930	4,271,799	4,176,934	4,048,411	3,894,656	3,701,328	3,468,389	3,194,857	2,896,178	2,561,342	2,179,281	1,791,689	1,425,194	1,092,867	823,415
RESERVE FINANCING (1,000,000)	(1,013,756)	(1,015,489)	(1,001,727)	(903,373)	(799,343)	(699,558)	(599,926)	(500,587)	(404,851)	(316,161)	(227,443)	(135,242)	(51,263)	—	—	—	—
TOTAL LIABILITY (GA)	3,158,800	3,334,650	3,306,817	3,259,513	3,262,271	3,236,847	3,181,286	3,085,668	2,952,683	2,775,333	2,566,079	2,320,754	2,031,668	1,728,848	1,413,879	1,081,932	813,160
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TAX RESERVE (GA)	3,268,543	3,279,868	3,295,605	3,284,787	3,241,361	3,165,844	3,065,728	2,925,908	2,749,395	2,531,249	2,285,778	1,998,931	1,659,220	1,313,413	986,955	693,550	461,638
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
POLICIES IN FORCE (UNSCALED)	1,978,221	1,752,155	1,594,900	1,472,724	1,365,506	1,268,463	1,182,547	1,102,618	1,005,547	916,075	836,542	758,807	680,313	608,289	538,887	470,013	408,183
INSURANCE IN FORCE (NET)	158,301,613	141,946,950	128,302,382	117,115,355	107,059,992	97,496,176	90,665,821	84,487,337	77,314,381	71,044,898	65,423,431	59,500,262	52,943,171	46,596,131	40,772,538	35,099,645	30,428,279
CASH VALUE IN FORCE	4,931	4,020	3,742	5,164	6,560	7,720	7,950	7,939	7,188	5,714	4,607	3,918	3,313	2,670	1,327	(130)	(1,055)
ECONOMIC RESERVE (Canada-GAAP) (1,169,667)	(724,336)	(320,909)	23,799	314,929	559,200	768,373	935,398	1,053,816	1,128,361	1,163,020	1,167,290	1,142,036	1,089,372	1,017,069	932,326	844,852	—
EXCESS RESERVE (STAT LESS ECON)	3,639,656	3,413,668	3,007,487	2,632,674	2,359,886	2,104,996	1,855,446	1,608,947	1,377,880	1,152,892	935,810	712,974	479,580	260,794	52,085	(158,960)	(304,056)
EXCESS RESERVE (STAT less ECON Floored at Zero)	2,641,038	2,847,286	2,828,290	2,632,674	2,359,886	2,104,996	1,855,446	1,608,947	1,377,880	1,152,892	935,810	712,974	479,580	260,794	52,085	(158,960)	(304,056)
GROSS DEFERRED PREMIUMS	16,793	15,305	14,397	14,198	14,628	16,666	18,916	21,406	20,249	18,618	19,478	18,545	17,103	15,660	14,227	16,208	15,658
NET DEFERRED PREMIUMS	11,690	10,964	10,624	10,559	11,291	12,221	13,812	15,733	15,118	14,673	13,937	13,146	12,370	11,579	11,316	10,935	10,255
PV AT 9.00% PROFITS RELEASED	—	235,451	604,904	919,743	1,136,119	1,323,257	1,490,292	1,642,310	1,782,898	1,908,027	2,018,990	2,119,672	2,211,176	2,290,852	2,363,584	2,434,705	2,487,805
PV AT 11.00% PROFITS RELEASED	—	231,209	587,468	885,593	1,086,791	1,257,667	1,407,438	1,541,288	1,662,844	1,769,085	1,861,600	1,944,031	2,017,598	2,080,501	2,136,888	2,191,032	2,230,728
PV AT 13.00% PROFITS RELEASED	—	227,117	570,876	853,451	1,040,778	1,197,058	1,331,612	1,449,733	1,555,107	1,645,574	1,722,960	1,790,690	1,850,067	1,899,938	1,943,852	1,985,272	2,015,103
PV AT 9.00% BOOK PROFITS	9.0 %	443,509	992,151	1,461,348	1,811,851	2,117,288	2,388,570	2,635,462	2,863,515	3,066,135	3,245,085	3,408,645	3,559,113	3,689,241	3,802,988	3,906,707	3,983,399
PV AT 11.00% BOOK PROFITS	11.0 %	435,518	964,567	1,408,856	1,734,773	2,013,666	2,256,910	2,474,297	2,671,477	2,843,511	2,992,710	3,126,621	3,247,593	3,350,328	3,438,512	3,517,473	3,574,806
PV AT 13.00% BOOK PROFITS	13.0 %	427,809	938,297	1,359,411	1,662,859	1,917,930	2,136,459	2,328,301	2,499,232	2,645,724	2,770,523	2,880,552	2,978,190	3,059,641	3,128,319	3,188,724	3,231,809
PV AT 9.00% FEDERAL INCOME TAX	9.0 %	208,058	387,247	541,605	675,733	794,030	898,277	993,153	1,080,617	1,158,108	1,226,095	1,288,973	1,347,936	1,398,389	1,439,404	1,472,002	1,495,595
PV AT 11.00% FEDERAL INCOME TAX	11.0 %	204,309	377,099	523,263	647,982	755,999	849,472	933,009	1,008,632	1,074,426	1,131,110	1,182,590	1,229,995	1,269,827	1,301,624	1,326,441	1,344,078
PV AT 13.00% FEDERAL INCOME TAX	13.0 %	200,693	367,421	505,960	622,081	720,872	804,847	878,568	944,124	1,000,150	1,047,564	1,089,862	1,128,124	1,159,703	1,184,467	1,203,452	1,216,706
Tax Reserve before unamort DAC	3,268,543	3,397,071	3,509,892	3,579,527	3,601,690	3,577,890	3,516,694	3,403,447	3,240,220	3,020,339	2,759,111	2,449,469	2,085,973	1,715,481	1,363,658	1,044,706	787,833
Capital (Based on 300% RBC (i=5.70%))	437,136	418,201	394,906	375,389	357,081	338,860	323,396	307,701	287,637	266,514	246,302	224,221	199,457	174,730	151,246	129,310	110,454
Capital: After-Tax int less change (i=5.70%)	—	35,131	38,790	34,148	32,216	31,451	28,019	27,676	31,465	31,780	30,086	31,207	33,072	32,117	29,957	27,540	23,647
PV's - Total Existing Business - Primerica																	
			9.00 %	11.00 %	13.00 %	15.00 %	20.00 %										
PV PRE-TAX BOOK PROFIT			4,213,738	3,733,770	3,342,854	3,019,808	2,418,748										
PV FEDERAL INCOME TAX			(1,561,464)	(1,389,651)	(1,248,620)	(1,131,324)	(911,330)										
PV Capital: After-Tax int less change (i=5.70%) less Init Cap			(149,320)	(184,563)	(212,863)	(235,946)	(278,077)										
PV After-Tax, After Cost of Capital			2,502,955	2,159,557	1,881,372	1,652,538	1,229,3										

017CIG01/15/0906	Puck(Rev) @ 06/30/09 - Sens: 7-Year Recapture and PLIC Inforce External Res Financing@28.9% (Preliminary)														10/21/09
From PUCK0906B.XLS	Line of Business Projection														3:55 PM
Existing Business at 06/30/2009 (000's)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	
Total Existing Business - Primerica	649,496	590,069	534,262	495,116	460,955	437,747	406,064	373,430	344,378	309,028	274,257	241,929	211,019	167,698	
GROSS PREMIUMS															
REINSURANCE PREMIUMS (NET OF ALLOWANCES)	(375,317)	(334,015)	(284,308)	(245,132)	(241,065)	(235,611)	(230,966)	(225,874)	(197,590)	(164,572)	(136,893)	(117,511)	(96,795)	(56,345)	
GROSS INVESTMENT INCOME PLUS FEE INCOME	45,907	33,570	23,233	16,308	12,332	10,217	8,268	6,110	4,561	4,376	4,471	4,130	3,650	3,780	
ACCRUAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
TOTAL INCOME	320,086	289,624	273,187	266,292	232,222	212,353	183,366	153,667	151,349	148,832	141,835	128,547	117,874	115,133	
NET SURRENDERS	49,486	46,906	45,715	41,943	19,798	11,491	10,968	10,313	13,185	18,284	15,823	12,988	11,909	14,743	
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
DIRECT DEATH BENEFITS	537,953	482,493	424,248	369,732	331,273	315,046	300,856	287,913	264,567	225,017	191,147	164,043	138,668	110,937	
REINSURANCE DEATH BENEFITS	(337,628)	(297,687)	(257,737)	(218,587)	(193,068)	(187,035)	(182,604)	(179,364)	(166,531)	(138,791)	(115,006)	(97,355)	(82,414)	(73,812)	
ACQUISITION EXPENSES	77	155	155	132	14	6	6	4	20	28	21	14	8	2	
OTHER EXPENSES	38,710	34,370	30,087	26,372	24,132	22,738	21,350	19,954	17,996	15,231	12,893	11,088	9,426	7,430	
NET COMMISSIONS	1,145	2,284	2,327	1,897	393	94	83	55	285	430	338	229	130	36	
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
INCREASE IN LOADING	(532)	965	(249)	1,424	515	278	(481)	(1,010)	954	(359)	(780)	(833)	(867)	(4,428)	
INCREASE IN RESERVES	(218,608)	(190,978)	(133,027)	(73,058)	(37,454)	(25,756)	(31,630)	(32,964)	(7,191)	(3,101)	(7,580)	(11,044)	(6,573)	(1,518)	
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
TOTAL DISBURSEMENTS	70,602	78,508	111,519	149,854	145,602	136,862	118,547	104,899	123,286	116,739	96,855	79,128	70,286	53,391	
STATUTORY GAIN	249,483	211,116	161,668	116,438	86,619	75,492	64,819	48,768	28,063	32,094	44,980	49,419	47,588	61,743	
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
BOOK PROFIT	249,483	211,116	161,668	116,438	86,619	75,492	64,819	48,768	28,063	32,094	44,980	49,419	47,588	61,743	
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
FEDERAL INCOME TAX	75,571	62,969	47,112	32,612	22,913	20,114	16,991	11,825	5,293	6,990	11,672	13,326	12,865	18,574	
PROFITS RELEASED	173,913	148,148	114,556	83,826	63,706	55,378	47,827	36,943	22,770	25,104	33,308	36,092	34,723	43,168	
STATUTORY RESERVE (GA) (Canada=GAAP)	604,807	413,829	280,802	207,744	170,289	144,533	112,903	79,939	72,747	69,646	62,067	51,022	44,450	42,932	
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
TOTAL LIABILITY (GA)	595,189	405,024	271,852	197,685	159,346	132,828	102,856	71,393	64,646	62,366	55,748	45,780	40,302	42,932	
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
TAX RESERVE (GA)	277,235	118,277	12,167	(38,740)	(55,925)	(64,419)	(78,120)	(94,599)	(88,405)	(78,562)	(73,549)	(72,174)	(66,820)	(55,517)	
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
POLICIES IN FORCE (UNSCALED)	349,647	296,114	243,310	204,781	186,090	169,446	155,309	141,986	115,404	90,459	73,007	59,602	47,510	6,540	
INSURANCE IN FORCE (NET)	26,159,667	21,253,473	17,041,348	13,713,053	12,312,094	10,983,967	9,688,315	8,558,122	7,046,969	5,741,058	4,773,025	3,570,839	2,717,788	628,833	
CASH VALUE IN FORCE	(1,851)	(2,519)	(3,493)	(4,343)	(4,269)	(3,446)	(1,804)	(486)	(1,283)	(2,262)	(2,257)	(2,017)	(2,042)	(681)	
ECONOMIC RESERVE (Canada=GAAP)	764,482	686,162	622,583	573,745	510,245	441,187	360,684	269,504	192,685	132,496	83,817	40,747	6,993	5,589	
EXCESS RESERVE (STAT LESS ECON)	(405,365)	(481,734)	(514,221)	(503,656)	(463,717)	(414,384)	(359,663)	(295,942)	(217,645)	(146,321)	(92,847)	(50,759)	(14,141)	1,843	
EXCESS RESERVE (STAT less ECON Floored at Zero)	(405,365)	(481,734)	(514,221)	(503,656)	(463,717)	(414,384)	(359,663)	(295,942)	(217,645)	(146,321)	(92,847)	(50,759)	(14,141)	1,843	
GROSS DEFERRED PREMIUMS	14,489	14,641	14,537	17,070	18,470	19,509	17,371	14,859	15,369	14,189	12,447	10,537	8,576	—	
NET DEFERRED PREMIUMS	9,618	8,804	8,949	10,059	10,943	11,705	10,047	8,545	8,101	7,280	6,319	5,242	4,148	—	
PV AT 9.00% PROFITS RELEASED	2,527,991	2,559,398	2,581,678	2,596,635	2,607,063	2,615,380	2,621,970	2,626,640	2,629,280	2,631,951	2,635,202	2,638,434	2,641,287	2,644,541	
PV AT 11.00% PROFITS RELEASED	2,260,229	2,282,869	2,298,641	2,309,038	2,316,157	2,321,732	2,326,069	2,329,088	2,330,764	2,332,429	2,334,419	2,336,361	2,338,045	2,339,930	
PV AT 13.00% PROFITS RELEASED	2,036,880	2,053,296	2,064,530	2,071,805	2,076,697	2,080,461	2,083,338	2,085,304	2,086,376	2,087,423	2,088,652	2,089,830	2,090,833	2,091,936	
PV AT 9.00% BOOK PROFITS	4,041,048	4,085,804	4,117,246	4,138,022	4,152,202	4,163,539	4,172,470	4,178,635	4,181,889	4,185,304	4,189,694	4,194,119	4,198,029	4,202,683	
PV AT 11.00% BOOK PROFITS	3,617,127	3,649,390	3,671,648	3,686,090	3,695,769	3,703,369	3,709,247	3,713,232	3,715,298	3,717,426	3,720,113	3,722,773	3,725,080	3,727,778	
PV AT 13.00% BOOK PROFITS	3,263,049	3,286,443	3,302,297	3,312,402	3,319,054	3,324,184	3,328,083	3,330,679	3,332,000	3,333,338	3,334,997	3,336,611	3,337,985	3,339,564	
PV AT 9.00% FEDERAL INCOME TAX	1,513,057	1,526,406	1,535,569	1,541,388	1,545,139	1,548,159	1,550,500	1,551,995	1,552,609	1,553,353	1,554,492	1,555,685	1,556,742	1,558,142	
PV AT 11.00% FEDERAL INCOME TAX	1,356,898	1,366,521	1,373,007	1,377,052	1,379,612	1,381,637	1,383,178	1,384,144	1,384,534	1,384,997	1,385,695	1,386,412	1,387,036	1,387,847	
PV AT 13.00% FEDERAL INCOME TAX	1,226,169	1,233,146	1,237,767	1,240,597	1,242,356	1,243,723	1,244,745	1,245,375	1,245,624	1,245,915	1,246,346	1,246,781	1,247,153	1,247,627	
Tax Reserve before unamort DAC	579,373	396,794	268,463	196,799	159,159	132,663	102,693	71,211	64,417	62,110	55,481	45,522	40,070	42,930	
Capital (Based on 300% RBC (i=5.70%))	93,895	77,825	64,497	55,229	50,226	46,344	41,889	37,533	33,358	29,141	25,364	21,435	18,143	12,404	
Capital: After-Tax init less change (i=5.70%)	20,651	19,549	16,211	11,657	7,049	5,743	6,172	5,908	5,566	5,452	4,857	4,869	4,086	6,411	
PV's — Total Existing Business - Primerica															
PV PRE-TAX BOOK PROFIT															
PV FEDERAL INCOME TAX															
PV Capital: After-Tax int less change (i=5.70%) less Init Cap															
PV After-Tax, After Cost of Capital															

Existing Business at 06/30/2009 (000's)	9.00%	11.00%	13.00%	15.00%
Total Existing Business - Primerica				
GROSS PREMIUMS	11,822,025	10,461,943	9,364,254	8,463,159
REINSURANCE PREMIUMS (NET OF ALLOWANCE:	(5,303,114)	(4,612,265)	(4,060,595)	(3,612,999)
GROSS INVESTMENT INCOME PLUS FEE INCOME	1,457,972	1,307,510	1,181,609	1,075,182
ACCRUAL OF DISCOUNT	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—
TOTAL INCOME	7,976,884	7,157,188	6,485,268	5,925,342
NET SURRENDERS	519,968	453,823	401,641	359,728
HEALTH BENEFITS	—	—	—	—
DIRECT DEATH BENEFITS	7,583,117	6,616,861	5,844,767	5,217,606
REINSURANCE DEATH BENEFITS	(4,566,484)	(3,971,531)	(3,496,426)	(3,110,950)
ACQUISITION EXPENSES	12,217	11,361	10,611	9,948
OTHER EXPENSES	751,685	668,724	601,168	545,298
NET COMMISSIONS	232,439	216,772	202,988	190,780
COST OF FINANCING	170,760	157,575	146,011	135,816
INCREASE IN LOADING	(651)	(575)	(554)	(559)
INCREASE IN RESERVES	(1,429,036)	(1,153,506)	(937,035)	(765,268)
INCR IN RESERVE FINANCING LIABILITY	489,130	423,915	369,242	323,135
TOTAL DISBURSEMENTS	3,763,146	3,423,418	3,142,414	2,905,534
STATUTORY GAIN	4,213,738	3,733,770	3,342,854	3,019,808
CAPITAL GAINS	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—
BOOK PROFIT	4,213,738	3,733,770	3,342,854	3,019,808
INCREASE IN SURPLUS	—	—	—	—
FEDERAL INCOME TAX	1,561,464	1,389,651	1,248,620	1,131,324
PROFITS RELEASED	2,652,274	2,344,119	2,094,235	1,888,484

017CIG00450906	Puck(Rev) @06/30/09 - Baseline: Inforce External Res Financing@0.0% (Preliminary)										10/21/09 06:01 PM																
From PUCK0906B.XLS	Line of Business Projection																										
Baseline Production																											
Future Business - 10 Years of New Business (000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025										
Primerica Term																											
GROSS PREMIUMS	—	87,735	226,780	356,449	484,083	612,872	745,819	885,055	1,031,793	1,187,309	1,353,073	1,349,534	1,248,360	1,175,432	1,117,425	1,068,917	1,028,408										
REINSURANCE PREMIUMS (NET OF ALLOWANCES)	—	(12,833)	(33,639)	(58,686)	(87,461)	(120,182)	(156,975)	(198,470)	(245,011)	(297,368)	(356,622)	(390,051)	(413,992)	(436,750)	(460,565)	(485,309)	(508,567)										
GROSS INVESTMENT INCOME PLUS FEE INCOME	—	(5,516)	(3,705)	696	7,717	17,213	28,912	42,778	58,698	76,509	96,053	128,786	148,451	164,340	176,062	183,553	186,785										
ACCRAUL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
TOTAL INCOME	—	69,386	189,436	298,459	404,339	509,903	617,756	729,363	845,480	966,450	1,092,504	1,088,270	982,820	903,022	832,922	767,161	706,626										
NET SURRENDERS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
DIRECT DEATH BENEFITS	—	15,777	41,650	68,111	98,212	132,184	170,233	212,807	260,267	313,188	372,516	405,658	423,028	445,834	469,131	493,074	520,544										
REINSURANCE DEATH BENEFITS	—	(12,244)	(33,130)	(55,639)	(81,686)	(111,280)	(144,548)	(181,846)	(223,507)	(270,042)	(322,279)	(351,872)	(366,496)	(383,948)	(401,057)	(418,287)	(435,210)										
ACQUISITION EXPENSES	—	55,379	59,255	63,403	67,842	72,590	78,398	84,670	91,443	98,759	106,659	—	—	—	—	—	—										
OTHER EXPENSES	—	6,045	15,803	24,858	33,785	42,832	52,204	62,049	72,453	83,505	95,306	95,286	88,190	83,307	79,558	76,511	73,895										
NET COMMISSIONS	—	203,504	242,958	262,178	282,306	303,562	329,022	356,750	386,640	418,885	453,713	68,013	20,956	19,891	15,696	13,826	11,722										
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
INCREASE IN LOADING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
INCREASE IN RESERVES	—	1,697	43,090	92,514	138,280	179,875	218,951	255,634	289,405	320,422	348,343	381,854	325,334	246,637	168,952	91,496	21,077										
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
TOTAL DISBURSEMENTS	—	270,157	369,625	455,427	538,738	619,763	704,260	790,062	876,701	964,716	1,054,259	598,940	491,012	409,811	332,280	256,620	192,028										
STATUTORY GAIN	—	(200,771)	(180,189)	(156,967)	(134,399)	(109,860)	(86,503)	(60,699)	(31,222)	1,734	38,245	489,330	491,808	493,210	500,642	510,542	514,598										
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
BOOK PROFIT	—	(200,771)	(180,189)	(156,967)	(134,399)	(109,860)	(86,503)	(60,699)	(31,222)	1,734	38,245	489,330	491,808	493,210	500,642	510,542	514,598										
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
FEDERAL INCOME TAX	—	(56,264)	(46,585)	(38,604)	(30,329)	(21,014)	(11,432)	(859)	10,980	23,991	38,181	168,238	165,099	169,168	170,413	173,922	174,557										
PROFITS RELEASED	—	(144,507)	(133,604)	(118,364)	(104,070)	(88,846)	(75,072)	(59,841)	(42,202)	(22,257)	64	321,093	326,710	326,042	330,229	336,620	340,041										
STATUTORY RESERVE (GA) (Canada=GAAP)	—	1,697	44,786	137,301	275,581	455,456	674,407	930,041	1,219,446	1,539,868	1,888,211	2,270,065	2,595,399	2,842,037	3,010,989	3,102,485	3,123,562										
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
TOTAL LIABILITY (GA)	—	1,697	44,786	137,301	275,581	455,456	674,407	930,041	1,219,446	1,539,868	1,888,211	2,270,065	2,595,399	2,842,037	3,010,989	3,102,485	3,123,562										
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
TAX RESERVE (GA)	—	(38,321)	(42,320)	3,523	94,059	224,114	389,224	586,611	813,423	1,067,033	1,344,532	1,735,037	2,080,469	2,342,693	2,525,393	2,630,511	2,667,451										
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
POLICIES IN FORCE (UNSCALED)	—	176,502	325,856	466,403	604,195	742,393	884,955	1,033,160	1,188,303	1,351,747	1,524,960	1,337,927	1,215,630	1,121,626	1,044,601	979,013	919,285										
INSURANCE IN FORCE (NET)	—	7,875,822	14,810,402	21,495,369	28,156,663	34,920,372	41,967,737	49,354,757	57,136,816	65,379,333	74,149,576	67,647,445	63,447,349	60,273,708	57,759,208	55,688,557	54,190,389										
CASH VALUE IN FORCE	—	2,122	6,058	9,816	13,515	17,232	21,034	24,984	29,116	33,461	38,062	38,384	35,136	32,497	30,274	28,332	26,591										
ECONOMIC RESERVE (Canada=GAAP)	—	(281,506)	(531,711)	(739,215)	(909,981)	(1,048,685)	(1,162,659)	(1,254,918)	(1,327,629)	(1,382,654)	(1,421,961)	(857,313)	(337,777)	110,002	494,479	821,306	1,095,873										
EXCESS RESERVE (STAT LESS ECON)	—	283,203	576,498	876,516	1,185,562	1,504,141	1,837,066	2,184,958	2,547,075	2,922,522	3,310,172	3,127,378	2,933,176	2,732,035	2,516,510	2,281,178	2,027,688										
EXCESS RESERVE (STAT less ECON Floored at Zero)	—	1,697	44,786	137,301	275,581	455,456	672,030	907,961	1,155,762	1,412,639	1,675,104	1,947,666	2,138,890	2,228,580	2,220,417	2,115,876	1,930,827										
GROSS DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
NET DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
PV AT 9.00% PROFITS RELEASED	—	(132,576)	(245,027)	(336,426)	(410,151)	(467,895)	(512,658)	(545,393)	(566,572)	(576,820)	(576,793)	(452,359)	(336,203)	(229,855)	(131,035)	(38,620)	47,026										
PV AT 11.00% PROFITS RELEASED	—	(130,187)	(238,623)	(325,169)	(393,723)	(446,449)	(486,585)	(515,408)	(533,721)	(542,421)	(542,399)	(440,522)	(347,135)	(263,174)	(186,563)	(116,208)	(52,181)										
PV AT 13.00% PROFITS RELEASED	—	(127,883)	(232,514)	(314,546)	(378,374)	(426,596)	(462,654)	(488,090)	(503,965)	(511,374)	(511,355)	(427,647)	(352,273)	(285,707)	(226,042)	(172,220)	(124,105)										
PV AT 9.00% BOOK PROFITS	9.0 %	(184,194)	(335,855)	(457,063)	(552,274)	(623,675)	(675,254)	(708,459)	(724,128)	(723,330)	(707,175)	(517,543)	(342,688)	(181,814)	(31,998)	108,165	237,776										
PV AT 11.00% BOOK PROFITS	11.0 %	(180,875)	(327,120)	(441,893)	(530,426)	(595,622)	(641,871)	(671,107)	(684,655)	(683,977)	(670,508)	(515,252)	(374,673)	(247,664)	(131,518)	(24,812)	72,083										
PV AT 13.00% BOOK PROFITS	13.0 %	(177,674)	(318,788)	(427,574)	(510,003)	(569,631)	(611,180)	(636,981)	(648,725)	(648,148)	(636,882)	(509,314)	(395,851)	(295,155)	(204,701)	(123,070)	(50,256)										
PV AT 9.00% FEDERAL INCOME TAX	9.0 %	(51,618)	(90,828)	(120,637)	(142,123)	(155,780)	(162,597)	(163,066)	(157,556)	(146,510)	(130,382)	(65,184)	(6,486)	48,041	99,037	146,785	190,750										
PV AT 11.00% FEDERAL INCOME TAX	11.0 %	(50,688)	(88,498)	(116,724)	(136,703)	(149,174)	(155,285)	(155,699)	(150,934)	(141,556)	(128,109)	(74,730)	(27,538)	15,510	55,045	91,396	124,263										
PV AT 13.00% FEDERAL INCOME TAX	13.0 %	(49,791)	(86,274)	(113,028)	(131,629)	(143,035)	(148,526)	(148,891)	(144,761)	(136,774)	(125,527)	(81,667)	(43,578)	(9,448)	21,341	49,150	73,849										
Tax Reserve before unamort DAC	—	(31,946)	(20,064)	49,217	169,606	335,025	540,314	782,112	1,057,024	1,361,905	1,693,356	2,127,455	2,499,508	2,775,614	2,962,021	3,062,769	3,089,346										
Capital (Based on 300% RBC (i=5.70%))	—	15,239	33,622	52,623	72,856	94,545	118,023	143,415	170,776	200,182	231,712	234,855	233,330	232,414	230,874	228,122	224,441										
Capital: After-Tax int less change (i=5.70%)	—	(15,239)	(17,819)	(17,755)	(18,283)	(18,990)	(19,975)	(21,019)	(22,048)	(23,079)	(24,114)	5,443	10,226	9,561	10,151	11,307	12,133										
PV's—Primerica Term			9.00 %	11.00 %	13.00 %	15.00 %	20.00 %																				
PV PRE-TAX BOOK PROFIT		944,817	567,331	298,643	107,076	(164,290)																					
PV FEDERAL INCOME TAX		(426,686)	(289,729)	(190,537)	(118,343)	(11,491)																					
PV Capital: After-Tax int less change (i=5.70%) less Init Cap		(67,799)	(73,755)	(75,480)	(74,795)	(68,537)																					
PV After-Tax, After Cost of Capital		450,332	203,847	32,626	(86,063)	(244,318)																					

017CIG01150906	Puck(Rev) @ 06/30/09 - Baseline: Inforce External Res Financing@0.0% (Preliminary)													10/21/09
From PUCK0906B.XLS	Line of Business Projection													06:01 PM
Baseline Production														
Future Business - 10 Years of New Business (000)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Primerica Term														
GROSS PREMIUMS	992,388	958,794	926,761	895,091	869,045	842,321	814,233	785,027	755,289	724,483	694,620	665,298	636,497	605,926
REINSURANCE PREMIUMS (NET OF ALLOWANCES)	(532,493)	(557,392)	(582,778)	(607,560)	(602,256)	(592,554)	(577,867)	(556,565)	(528,867)	(500,207)	(464,868)	(422,051)	(370,855)	(298,853)
GROSS INVESTMENT INCOME PLUS FEE INCOME	186,044	181,087	171,775	157,907	139,851	120,494	100,323	79,838	59,591	40,303	22,607	8,005	(2,394)	(6,678)
ACCURAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL INCOME	645,939	582,489	515,758	445,437	406,640	370,261	336,689	308,300	286,012	264,579	252,358	251,252	263,248	300,395
NET SURRENDERS	—	—	—	—	—	—	—	—	—	—	—	—	—	1,277
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
DIRECT DEATH BENEFITS	549,274	578,832	609,340	639,938	664,491	681,864	695,257	703,774	707,345	700,712	688,735	672,098	649,452	603,379
REINSURANCE DEATH BENEFITS	(451,225)	(467,812)	(484,840)	(501,571)	(499,606)	(490,885)	(478,475)	(461,441)	(439,534)	(414,181)	(386,233)	(352,228)	(311,442)	(261,694)
ACQUISITION EXPENSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
OTHER EXPENSES	71,546	69,449	67,538	65,727	63,918	61,902	59,763	57,482	55,067	52,700	50,438	48,087	45,624	42,894
NET COMMISSIONS	9,569	7,381	5,100	2,634	—	—	—	—	—	—	—	—	—	—
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN LOADING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN RESERVES	(53,370)	(130,011)	(210,283)	(295,358)	(319,043)	(335,360)	(343,788)	(342,672)	(329,123)	(306,347)	(255,412)	(185,799)	(94,770)	37,332
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL DISBURSEMENTS	125,795	57,839	(13,145)	(88,631)	(90,240)	(82,478)	(67,242)	(42,856)	(6,244)	32,885	97,529	182,158	288,865	423,188
STATUTORY GAIN	520,144	524,650	528,903	534,069	496,880	452,740	403,930	351,156	292,257	231,694	154,830	69,094	(25,617)	(122,793)
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BOOK PROFIT	520,144	524,650	528,903	534,069	496,880	452,740	403,930	351,156	292,257	231,694	154,830	69,094	(25,617)	(122,793)
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
FEDERAL INCOME TAX	175,594	176,424	177,407	179,024	167,121	152,448	135,876	117,803	97,535	76,546	49,971	20,341	(12,370)	(43,863)
PROFITS RELEASED	344,550	348,227	351,496	355,045	329,758	300,292	268,054	233,353	194,722	155,149	104,859	48,753	(13,247)	(78,930)
STATUTORY RESERVE (GA) (Canada=GAAP)	3,070,192	2,940,180	2,729,897	2,434,538	2,115,495	1,780,135	1,436,347	1,093,676	764,553	458,206	202,795	16,995	(77,775)	(40,443)
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL LIABILITY (GA)	3,070,192	2,940,180	2,729,897	2,434,538	2,115,495	1,780,135	1,436,347	1,093,676	764,553	458,206	202,795	16,995	(77,775)	(40,443)
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TAX RESERVE (GA)	2,632,527	2,523,099	2,334,842	2,062,056	1,762,403	1,444,218	1,116,143	788,047	472,509	179,154	(64,202)	(239,025)	(324,069)	(284,207)
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
POLICIES IN FORCE (UNSCALED)	866,154	818,273	774,374	733,053	691,844	651,026	610,141	568,931	527,312	491,149	455,183	418,967	382,247	325,504
INSURANCE IN FORCE (NET)	52,878,891	51,737,194	50,738,940	49,842,996	49,253,923	48,585,599	47,788,710	46,920,603	46,032,503	44,320,455	42,781,710	41,287,209	39,832,045	36,813,806
CASH VALUE IN FORCE	24,960	23,438	22,004	20,616	20,229	19,862	19,516	19,167	18,823	19,009	19,350	19,841	20,450	19,672
ECONOMIC RESERVE (Canada=GAAP)	1,318,759	1,489,742	1,607,210	1,668,825	1,698,435	1,695,460	1,662,308	1,602,721	1,519,988	1,418,842	1,308,112	1,193,845	1,083,120	985,562
EXCESS RESERVE (STAT LESS ECON)	1,751,433	1,450,438	1,122,687	765,714	417,060	84,675	(225,960)	(509,045)	(755,435)	(960,636)	(1,105,317)	(1,176,850)	(1,160,894)	(1,026,004)
EXCESS RESERVE (STAT less ECON Floored at Zero)	1,695,517	1,421,530	1,110,281	759,304	410,180	77,290	(233,888)	(517,555)	(761,428)	(967,109)	(1,112,308)	(1,184,400)	(1,176,626)	(1,034,113)
GROSS DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
NET DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
PV AT 9.00% PROFITS RELEASED	126,642	200,464	268,826	332,177	386,158	431,257	468,190	497,686	520,268	536,775	547,010	551,375	550,287	544,338
PV AT 11.00% PROFITS RELEASED	6,266	59,483	107,876	151,914	188,762	218,992	243,302	262,368	276,701	286,990	293,254	295,878	295,236	291,788
PV AT 13.00% PROFITS RELEASED	(80,962)	(42,374)	(7,905)	22,907	48,232	68,641	84,763	97,183	106,355	112,822	116,690	118,281	117,899	115,881
PV AT 9.00% BOOK PROFITS	357,968	469,190	572,056	667,351	748,689	816,682	872,336	916,724	950,617	975,267	990,380	996,567	994,462	985,207
PV AT 11.00% BOOK PROFITS	160,316	240,494	313,312	379,555	435,077	480,654	517,288	545,979	567,491	582,856	592,106	595,824	594,582	589,218
PV AT 13.00% BOOK PROFITS	14,875	73,013	124,879	171,227	209,386	240,156	264,450	283,141	296,906	306,564	312,275	314,531	313,791	310,652
PV AT 9.00% FEDERAL INCOME TAX	231,326	268,726	303,230	335,173	362,531	385,426	404,147	419,038	430,349	438,493	443,370	445,192	444,175	440,869
PV AT 11.00% FEDERAL INCOME TAX	154,050	181,011	205,436	227,641	246,316	261,662	273,985	283,611	290,790	295,866	298,851	299,946	299,346	297,430
PV AT 13.00% FEDERAL INCOME TAX	95,837	115,386	132,784	148,320	161,154	171,515	179,687	185,958	190,552	193,742	195,586	196,250	195,892	194,771
Tax Reserve before unamort DAC	3,039,659	2,912,620	2,705,459	2,414,026	2,098,114	1,765,558	1,424,466	1,084,420	757,798	453,754	200,334	16,058	(77,833)	(45,640)
Capital (Based on 300% RBC (i=5.70%))	219,013	211,628	202,089	190,128	178,175	165,588	152,503	139,294	126,438	113,169	101,715	92,454	86,026	81,518
Capital: After-Tax int less change (i=5.70%)	13,743	15,500	17,380	19,448	18,997	19,188	19,221	18,859	18,017	17,954	15,647	13,029	9,853	7,696
PV's - Primerica Term														
PV PRE-TAX BOOK PROFIT														
PV FEDERAL INCOME TAX														
PV Capital: After-Tax int less change (i=5.70%) less Init Cap														
PV After-Tax, After Cost of Capital														

17CIG0115/0906	Puck(Rev) @06/30/09 - Baseline: Inforce External Res Financing@0.0% (Preliminary)										10/21/09							
From PUCK0906B.XLS	Line of Business Projection										06:01 PM							
Baseline Production																		
Future Business - 10 Years of New Business (000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Primerica Waiver of Premium																		
GROSS PREMIUMS	—	2,193	5,669	8,911	12,102	15,322	18,645	22,126	25,795	29,683	33,827	33,738	31,209	29,386	27,936	26,723	25,710	
REINSURANCE PREMIUMS (NET OF ALLOWANCES:	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
GROSS INVESTMENT INCOME PLUS FEE																		
INCOME	—	16	40	63	86	109	133	158	184	211	241	240	222	209	199	190	183	
ACCRUAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
TOTAL INCOME	—	2,209	5,710	8,975	12,188	15,431	18,778	22,284	25,979	29,894	34,068	33,979	31,431	29,595	28,135	26,913	25,893	
NET SURRENDERS	—	1,601	4,139	6,505	8,835	11,185	13,611	16,152	18,830	21,668	24,694	24,629	22,783	21,452	20,393	19,508	18,768	
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
DIRECT DEATH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
REINSURANCE DEATH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
ACQUISITION EXPENSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
OTHER EXPENSES	—	44	113	178	242	306	373	443	516	594	677	675	624	588	559	534	514	
NET COMMISSIONS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
INCREASE IN LOADING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
INCREASE IN RESERVES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
TOTAL DISBURSEMENTS	—	1,645	4,252	6,683	9,077	11,491	13,984	16,595	19,346	22,262	25,370	25,304	23,407	22,039	20,952	20,042	19,283	
STATUTORY GAIN	—	564	1,458	2,291	3,112	3,940	4,794	5,689	6,632	7,632	8,698	8,675	8,025	7,556	7,183	6,871	6,611	
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
BOOK PROFIT	—	564	1,458	2,291	3,112	3,940	4,794	5,689	6,632	7,632	8,698	8,675	8,025	7,556	7,183	6,871	6,611	
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
FEDERAL INCOME TAX	—	254	649	1,009	1,354	1,693	2,036	2,388	2,753	3,133	3,532	3,433	3,061	2,785	2,567	2,388	2,245	
PROFITS RELEASED	—	310	808	1,282	1,758	2,246	2,758	3,301	3,880	4,499	5,166	5,242	4,964	4,770	4,616	4,483	4,366	
STATUTORY RESERVE (GA) (Canada-GAAP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
TOTAL LIABILITY (GA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
TAX RESERVE (GA)	—	(160)	(558)	(1,150)	(1,906)	(2,804)	(3,828)	(4,962)	(6,195)	(7,513)	(8,906)	(10,041)	(10,761)	(11,163)	(11,314)	(11,267)	(11,071)	
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
POLICIES IN FORCE (UNSCALED)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
INSURANCE IN FORCE (NET)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
CASH VALUE IN FORCE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
ECONOMIC RESERVE (Canada-GAAP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
EXCESS RESERVE (STAT LESS ECON)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
EXCESS RESERVE (STAT less ECON Floored at Zero)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
GROSS DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
NET DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
PV AT 9.00% PROFITS RELEASED	—	285	965	1,955	3,201	4,661	6,305	8,111	10,058	12,130	14,312	16,343	18,108	19,664	21,045	22,276	23,376	
PV AT 11.00% PROFITS RELEASED	—	280	936	1,873	3,031	4,364	5,839	7,429	9,112	10,871	12,691	14,354	15,773	17,001	18,072	19,009	19,831	
PV AT 13.00% PROFITS RELEASED	—	275	908	1,796	2,875	4,094	5,419	6,822	8,281	9,779	11,301	12,667	13,812	14,786	15,620	16,337	16,955	
PV AT 9.00% BOOK PROFITS	9.0 %	517	1,744	3,514	5,718	8,279	11,137	14,249	17,578	21,092	24,766	28,128	30,981	33,446	35,595	37,481	39,146	
PV AT 11.00% BOOK PROFITS	11.0 %	508	1,691	3,367	5,416	7,754	10,318	13,058	15,936	18,919	21,983	24,735	27,029	28,975	30,641	32,077	33,322	
PV AT 13.00% BOOK PROFITS	13.0 %	499	1,641	3,229	5,137	7,275	9,578	11,997	14,491	17,032	19,594	21,856	23,707	25,250	26,548	27,646	28,582	
PV AT 9.00% FEDERAL INCOME TAX	9.0 %	233	779	1,558	2,517	3,618	4,832	6,139	7,520	8,962	10,454	11,785	12,873	13,782	14,550	15,205	15,771	
PV AT 11.00% FEDERAL INCOME TAX	11.0 %	228	756	1,493	2,385	3,390	4,479	5,629	6,823	8,048	9,292	10,381	11,256	11,973	12,569	13,068	13,491	
PV AT 13.00% FEDERAL INCOME TAX	13.0 %	224	733	1,432	2,263	3,182	4,160	5,175	6,210	7,253	8,294	9,189	9,895	10,463	10,927	11,309	11,627	
Tax Reserve before unamort DAC	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Capital (Based on 300% RBC (i=5.70%))	—	132	340	535	726	919	1,119	1,328	1,548	1,781	2,030	2,024	1,873	1,763	1,676	1,603	1,543	
Capital: After-Tax int less change (i=5.70%)	—	(132)	(204)	(182)	(172)	(166)	(165)	(167)	(171)	(176)	(183)	81	227	179	152	135	120	
PRE-TAX BOOK PROFIT	—	564	1,458	2,291	3,112	3,940	4,794	5,689	6,632	7,632	8,698	8,675	8,025	7,556	7,183	6,871	6,611	
FEDERAL INCOME TAX	—	(254)	(649)	(1,009)	(1,354)	(1,693)	(2,036)	(2,388)	(2,753)	(3,133)	(3,532)	(3,433)	(3,061)	(2,785)	(2,567)	(2,388)	(2,245)	
PV's -- Primerica Waiver of Premium	—	9.00 %	11.00 %	13.00 %	15.00 %	20.00 %												
PV PRE-TAX BOOK PROFIT	—	50,681	41,001	33,767	28,243	19,094												
PV FEDERAL INCOME TAX	—	(19,486)	(15,977)	(13,312)	(11,248)	(7,761)												
PV Capital: After-Tax int less change (i=5.70%) less Init Cap	—	(574)	(628)	(648)	(647)	(605)												
PV After-Tax, After Cost of Capital	—	30,621	24,396	19,808	16,348	10,728												

17CIG0115/0906	Puck(Rev) @06/30/09 - Baseline: Inforce External Res Financing@0.0% (Preliminary)											10/21/09		
From PUCK0906B.XLS	Line of Business Projection											06:01 PM		
Baseline Production														
Future Business -10 Years of New Business (000)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Primerica Waiver of Premium														
GROSS PREMIUMS	24,810	23,970	23,169	22,377	21,726	21,058	20,356	19,626	18,882	18,112	17,365	16,632	15,912	15,148
REINSURANCE PREMIUMS (NET OF ALLOWANCES:	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GROSS INVESTMENT INCOME PLUS FEE INCOME	177	171	165	159	155	150	145	140	135	129	124	119	113	108
ACCRUAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL INCOME	24,986	24,141	23,334	22,537	21,881	21,208	20,501	19,765	19,017	18,241	17,489	16,751	16,026	15,256
NET SURRENDERS	18,111	17,498	16,913	16,335	15,860	15,372	14,860	14,327	13,784	13,222	12,677	12,142	11,616	11,058
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
DIRECT DEATH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
REINSURANCE DEATH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ACQUISITION EXPENSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
OTHER EXPENSES	496	479	463	448	435	421	407	393	378	362	347	333	318	303
NET COMMISSIONS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN LOADING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN RESERVES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL DISBURSEMENTS	18,607	17,977	17,377	16,783	16,295	15,794	15,267	14,719	14,162	13,584	13,024	12,474	11,934	11,361
STATUTORY GAIN	6,379	6,163	5,957	5,754	5,586	5,415	5,234	5,046	4,855	4,657	4,465	4,277	4,091	3,895
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BOOK PROFIT	6,379	6,163	5,957	5,754	5,586	5,415	5,234	5,046	4,855	4,657	4,465	4,277	4,091	3,895
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
FEDERAL INCOME TAX	2,127	2,027	1,945	1,876	1,832	1,784	1,727	1,665	1,600	1,531	1,464	1,398	1,334	1,264
PROFITS RELEASED	4,253	4,136	4,013	3,877	3,754	3,631	3,507	3,381	3,255	3,126	3,001	2,879	2,758	2,631
STATUTORY RESERVE (GA) (Canada-GAAP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL LIABILITY (GA)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TAX RESERVE (GA)	(10,767)	(10,396)	(9,996)	(9,603)	(9,251)	(8,932)	(8,633)	(8,345)	(8,062)	(7,779)	(7,496)	(7,214)	(6,933)	(6,648)
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
POLICIES IN FORCE (UNSCALED)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INSURANCE IN FORCE (NET)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
CASH VALUE IN FORCE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ECONOMIC RESERVE (Canada-GAAP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
EXCESS RESERVE (STAT LESS ECON)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
EXCESS RESERVE (STAT less ECON Floored at Zero)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GROSS DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
NET DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
PV AT 9.00% PROFITS RELEASED	24,358	25,235	26,016	26,707	27,322	27,867	28,350	28,778	29,155	29,488	29,781	30,039	30,265	30,463
PV AT 11.00% PROFITS RELEASED	20,552	21,185	21,737	22,218	22,637	23,003	23,321	23,597	23,837	24,044	24,223	24,378	24,512	24,627
PV AT 13.00% PROFITS RELEASED	17,487	17,946	18,339	18,676	18,964	19,211	19,422	19,602	19,755	19,885	19,996	20,090	20,170	20,237
PV AT 9.00% BOOK PROFITS	40,621	41,927	43,086	44,112	45,027	45,840	46,561	47,199	47,762	48,258	48,693	49,076	49,412	49,706
PV AT 11.00% BOOK PROFITS	34,404	35,346	36,166	36,880	37,504	38,049	38,524	38,936	39,293	39,602	39,869	40,099	40,298	40,468
PV AT 13.00% BOOK PROFITS	29,380	30,063	30,648	31,147	31,576	31,944	32,259	32,527	32,756	32,950	33,115	33,254	33,373	33,472
PV AT 9.00% FEDERAL INCOME TAX	16,262	16,692	17,070	17,405	17,705	17,973	18,211	18,421	18,607	18,770	18,913	19,038	19,147	19,243
PV AT 11.00% FEDERAL INCOME TAX	13,852	14,161	14,429	14,662	14,867	15,046	15,203	15,339	15,457	15,558	15,646	15,721	15,785	15,841
PV AT 13.00% FEDERAL INCOME TAX	11,893	12,118	12,308	12,471	12,612	12,733	12,837	12,926	13,001	13,065	13,119	13,164	13,203	13,235
Tax Reserve before unamort DAC	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Capital (Based on 300% RBC (i=5.70%))	1,489	1,438	1,390	1,343	1,304	1,263	1,221	1,178	1,133	1,087	1,042	998	955	909
Capital: After-Tax int less change (i=5.70%)	111	106	101	99	89	88	89	89	88	88	85	83	80	81
PRE-TAX BOOK PROFIT	6,379	6,163	5,957	5,754	5,586	5,415	5,234	5,046	4,855	4,657	4,465	4,277	4,091	3,895
FEDERAL INCOME TAX	(2,127)	(2,027)	(1,945)	(1,876)	(1,832)	(1,784)	(1,727)	(1,665)	(1,600)	(1,531)	(1,464)	(1,398)	(1,334)	(1,264)
PV's - Primerica Waiver of Premium														
PV PRE-TAX BOOK PROFIT														
PV FEDERAL INCOME TAX														
PV Capital: After-Tax int less change (i=5.70%) less Init Cap														
PV After-Tax, After Cost of Capital														

07CIG01150906	Puck(Rev) @06/30/09 - Baseline: Inforce External Res Financing@0.0% (Preliminary)										10/21/09						
From PUCK0906B.XLS	Line of Business Projection										06:01 PM						
Baseline Production																	
Future Business - 10 Years of New Business (000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Primerica Retained Asset Account																	
GROSS PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
REINSURANCE PREMIUMS (NET OF ALLOWANCES:	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GROSS INVESTMENT INCOME PLUS FEE INCOME	—	178	646	1,238	1,883	2,617	3,446	4,377	5,420	6,586	7,893	8,982	9,605	10,111	10,676	11,253	11,874
ACCRUAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL INCOME	—	178	646	1,238	1,883	2,617	3,446	4,377	5,420	6,586	7,893	8,982	9,605	10,111	10,676	11,253	11,874
NET SURRENDERS	—	(6,253)	(10,171)	(10,305)	(11,606)	(12,963)	(14,379)	(15,947)	(17,628)	(19,496)	(21,705)	(24,512)	(27,945)	(31,011)	(33,825)	(36,401)	(38,847)
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
DIRECT DEATH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
REINSURANCE DEATH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ACQUISITION EXPENSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
OTHER EXPENSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
NET COMMISSIONS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN LOADING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN RESERVES	—	6,253	10,309	10,670	12,205	13,830	15,550	17,461	19,526	21,824	24,512	27,495	30,745	34,266	38,061	42,131	46,576
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL DISBURSEMENTS	—	—	138	364	599	868	1,172	1,514	1,898	2,328	2,808	3,347	3,960	4,645	5,384	6,177	7,034
STATUTORY GAIN	—	178	509	873	1,284	1,750	2,274	2,863	3,522	4,259	5,086	5,945	6,845	7,786	8,768	9,791	10,854
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BOOK PROFIT	—	178	509	873	1,284	1,750	2,274	2,863	3,522	4,259	5,086	5,945	6,845	7,786	8,768	9,791	10,854
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
FEDERAL INCOME TAX	—	62	178	306	449	612	796	1,002	1,233	1,491	1,780	1,972	2,081	2,196	2,318	2,442	2,580
PROFITS RELEASED	—	116	331	568	835	1,137	1,478	1,861	2,289	2,768	3,306	3,663	3,864	4,079	4,304	4,535	4,791
STATUTORY RESERVE (GA) (Canada=GAAP)	—	6,253	16,562	27,232	39,437	53,267	68,818	86,279	105,805	127,628	152,141	166,372	174,317	184,275	194,386	204,734	216,412
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL LIABILITY (GA)	—	6,253	16,562	27,232	39,437	53,267	68,818	86,279	105,805	127,628	152,141	166,372	174,317	184,275	194,386	204,734	216,412
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TAX RESERVE (GA)	—	6,253	16,562	27,232	39,437	53,267	68,818	86,279	105,805	127,628	152,141	166,372	174,317	184,275	194,386	204,734	216,412
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
POLICIES IN FORCE (UNSCALED)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INSURANCE IN FORCE (NET)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
CASH VALUE IN FORCE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ECONOMIC RESERVE (Canada=GAAP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
EXCESS RESERVE (STAT LESS ECON)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
EXCESS RESERVE (STAT less ECON Floored at Zero)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GROSS DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
NET DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
PV AT 9.00% PROFITS RELEASED	—	106	385	823	1,414	2,153	3,035	4,053	5,202	6,476	7,873	9,292	10,666	11,997	13,285	14,530	15,736
PV AT 11.00% PROFITS RELEASED	—	104	373	788	1,338	2,013	2,803	3,699	4,693	5,775	6,939	8,101	9,206	10,256	11,255	12,203	13,105
PV AT 13.00% PROFITS RELEASED	—	103	361	755	1,267	1,884	2,594	3,385	4,246	5,168	6,142	7,096	7,988	8,821	9,599	10,324	11,001
PV AT 9.00% BOOK PROFITS	9.0 %	164	592	1,266	2,176	3,313	4,469	5,625	6,781	7,937	9,093	10,249	11,405	12,561	13,717	14,873	16,029
PV AT 11.00% BOOK PROFITS	11.0 %	161	573	1,212	2,058	3,096	4,312	5,691	7,219	8,884	10,675	12,463	14,163	15,779	17,315	18,773	20,161
PV AT 13.00% BOOK PROFITS	13.0 %	158	556	1,161	1,949	2,899	3,991	5,208	6,533	7,950	9,449	10,918	12,289	13,570	14,767	15,882	16,925
PV AT 9.00% FEDERAL INCOME TAX	9.0 %	57	207	443	761	1,160	1,634	2,182	2,801	3,487	4,239	5,003	5,743	6,460	7,153	7,824	8,473
PV AT 11.00% FEDERAL INCOME TAX	11.0 %	56	201	424	720	1,084	1,509	1,992	2,527	3,110	3,736	4,362	4,957	5,523	6,060	6,571	7,056
PV AT 13.00% FEDERAL INCOME TAX	13.0 %	55	195	407	682	1,014	1,397	1,823	2,286	2,783	3,307	3,821	4,301	4,750	5,168	5,559	5,924
Tax Reserve before unamort DAC	—	6,253	16,562	27,232	39,437	53,267	68,818	86,279	105,805	127,628	152,141	166,372	174,317	184,275	194,386	204,734	216,412
Capital (Based on 300% RBC (i=5.70%))	—	197	522	858	1,242	1,678	2,168	2,718	3,333	4,020	4,792	5,241	5,491	5,805	6,123	6,449	6,817
Capital: After-Tax int less change (i=5.70%)	—	(197)	(317)	(317)	(353)	(390)	(428)	(470)	(514)	(564)	(623)	(671)	(710)	(749)	(788)	(827)	(866)
PV's - Primerica Retained Asset Account			9.00 %	11.00 %	13.00 %	15.00 %	20.00 %										
PV PRE-TAX BOOK PROFIT			44,912	33,643	25,846	20,310	12,078										
PV FEDERAL INCOME TAX			(15,719)	(11,775)	(9,046)	(7,108)	(4,227)										
PV Capital, After-Tax int less change (i=5.70%) less Init Cap			(2,010)	(2,048)	(1,979)	(1,864)	(1,545)										
PV After-Tax, After Cost of Capital			27,183	19,819	14,821	11,337	6,306										

17CIG01150906	Puck(Rev) @06/30/09 - Baseline: Inforce External Res Financing@0.0% (Preliminary)													10/21/09
From PUCK0906B.XLS	Line of Business Projection													06:01 PM
Baseline Production														
Future Business - 10 Years of New Business (000)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Primerica Retained Asset Account														
GROSS PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
REINSURANCE PREMIUMS (NET OF ALLOWANCES)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GROSS INVESTMENT INCOME PLUS FEE INCOME	12,545	13,235	13,942	14,656	15,302	15,796	16,160	16,421	16,566	16,536	16,328	16,004	15,553	14,775
ACCRUAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL INCOME	12,545	13,235	13,942	14,656	15,302	15,796	16,160	16,421	16,566	16,536	16,328	16,004	15,553	14,775
NET SURRENDERS	(7,348)	(7,350)	(7,391)	(7,073)	(4,423)	(1,210)	602	2,751	4,900	9,039	11,205	13,041	15,395	24,266
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
DIRECT DEATH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
REINSURANCE DEATH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ACQUISITION EXPENSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
OTHER EXPENSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
NET COMMISSIONS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN LOADING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN RESERVES	12,109	12,378	12,691	12,652	10,281	7,293	5,642	3,617	1,548	(2,558)	(4,780)	(6,720)	(9,222)	(18,296)
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL DISBURSEMENTS	4,761	5,027	5,300	5,579	5,857	6,083	6,244	6,368	6,448	6,482	6,425	6,320	6,172	5,970
STATUTORY GAIN	7,784	8,208	8,642	9,077	9,445	9,713	9,916	10,053	10,118	10,054	9,903	9,683	9,381	8,805
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BOOK PROFIT	7,784	8,208	8,642	9,077	9,445	9,713	9,916	10,053	10,118	10,054	9,903	9,683	9,381	8,805
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
FEDERAL INCOME TAX	2,724	2,873	3,025	3,177	3,306	3,399	3,471	3,518	3,541	3,519	3,466	3,389	3,283	3,082
PROFITS RELEASED	5,059	5,335	5,617	5,900	6,139	6,313	6,446	6,534	6,577	6,535	6,437	6,294	6,098	5,724
STATUTORY RESERVE (GA) (Canada=GAAP)	228,521	240,899	253,589	266,241	276,522	283,815	289,457	293,074	294,622	292,064	287,285	280,564	271,342	253,046
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL LIABILITY (GA)	228,521	240,899	253,589	266,241	276,522	283,815	289,457	293,074	294,622	292,064	287,285	280,564	271,342	253,046
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TAX RESERVE (GA)	228,521	240,899	253,589	266,241	276,522	283,815	289,457	293,074	294,622	292,064	287,285	280,564	271,342	253,046
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
POLICIES IN FORCE (UNSCALED)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INSURANCE IN FORCE (NET)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
CASH VALUE IN FORCE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ECONOMIC RESERVE (Canada=GAAP)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
EXCESS RESERVE (STAT LESS ECON)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
EXCESS RESERVE (STAT less ECON Floored at Zero)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GROSS DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
NET DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
PV AT 9.00% PROFITS RELEASED	16,905	18,036	19,129	20,182	21,187	22,135	23,023	23,849	24,611	25,307	25,935	26,499	27,000	27,431
PV AT 11.00% PROFITS RELEASED	13,963	14,778	15,552	16,283	16,969	17,605	18,189	18,723	19,207	19,641	20,025	20,364	20,660	20,910
PV AT 13.00% PROFITS RELEASED	11,635	12,226	12,777	13,289	13,761	14,190	14,577	14,925	15,235	15,507	15,745	15,950	16,126	16,273
PV AT 9.00% BOOK PROFITS	26,008	27,748	29,429	31,049	32,595	34,053	35,420	36,690	37,864	38,933	39,900	40,767	41,538	42,202
PV AT 11.00% BOOK PROFITS	21,481	22,736	23,925	25,051	26,107	27,084	27,984	28,805	29,550	30,217	30,808	31,329	31,784	32,169
PV AT 13.00% BOOK PROFITS	17,900	18,810	19,657	20,445	21,170	21,830	22,427	22,962	23,438	23,857	24,223	24,539	24,810	25,035
PV AT 9.00% FEDERAL INCOME TAX	9,103	9,712	10,300	10,867	11,408	11,919	12,397	12,842	13,252	13,627	13,965	14,269	14,538	14,771
PV AT 11.00% FEDERAL INCOME TAX	7,518	7,957	8,374	8,768	9,137	9,480	9,794	10,082	10,342	10,576	10,783	10,965	11,125	11,259
PVAT 13.00% FEDERAL INCOME TAX	6,265	6,583	6,880	7,156	7,410	7,641	7,849	8,037	8,203	8,350	8,478	8,589	8,683	8,762
Tax Reserve before unamort DAC	228,521	240,899	253,589	266,241	276,522	283,815	289,457	293,074	294,622	292,064	287,285	280,564	271,342	253,046
Capital (Based on 300% RBC (i=5.70%))	7,198	7,588	7,988	8,387	8,710	8,940	9,118	9,232	9,281	9,200	9,049	8,838	8,547	7,971
Capital: After-Tax int less change (i=5.70%)	(129)	(123)	(119)	(103)	(13)	93	154	224	293	424	491	547	618	893
PV's - Primerica Retained Asset Account														
PV PRE-TAX BOOK PROFIT														
PV FEDERAL INCOME TAX														
PV Capital: After-Tax int less change (i=5.70%) less Init Cap														
PV After-Tax: After Cost of Capital														

017CIG00450906	Puck(Rev) @06/30/09 - Baseline: Inforce External Res Financing@0.0% (Preliminary)													10/21/09
From PUCK0906B.XLS	Line of Business Projection													06:01 PM
Baseline Production														
Future Business - 10 Years of New Business (000)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Total Future Business - Primerica														
GROSS PREMIUMS	1,017,198	982,764	949,930	917,468	890,771	863,379	834,589	804,652	774,171	742,595	711,985	681,930	652,409	621,074
REINSURANCE PREMIUMS (NET OF ALLOWANCES)	(532,493)	(557,392)	(582,778)	(607,560)	(602,256)	(592,554)	(577,867)	(556,565)	(528,867)	(500,207)	(464,868)	(422,051)	(370,855)	(298,853)
GROSS INVESTMENT INCOME PLUS FEE INCOME	198,766	194,493	185,882	172,723	155,308	136,441	116,628	96,399	76,291	56,968	39,059	24,127	13,273	8,204
ACCRUAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL INCOME	683,471	619,865	553,034	482,630	443,822	407,266	373,350	344,486	321,595	299,356	286,176	284,006	294,827	330,426
NET SURRENDERS	10,763	10,148	9,523	9,263	11,437	14,163	15,462	17,078	18,684	22,261	23,882	25,182	27,011	36,601
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
DIRECT DEATH BENEFITS	549,274	578,832	609,340	639,938	664,491	681,864	695,257	703,774	707,345	700,712	688,735	672,098	649,452	603,379
REINSURANCE DEATH BENEFITS	(451,225)	(467,812)	(484,840)	(501,571)	(499,606)	(490,885)	(478,475)	(461,441)	(439,534)	(414,181)	(386,233)	(352,228)	(311,442)	(261,694)
ACQUISITION EXPENSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
OTHER EXPENSES	72,043	69,929	68,002	66,174	64,352	62,324	60,171	57,874	55,445	53,062	50,786	48,420	45,942	43,197
NET COMMISSIONS	9,569	7,381	5,100	2,634	—	—	—	—	—	—	—	—	—	—
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN LOADING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
INCREASE IN RESERVES	(41,261)	(117,634)	(197,593)	(282,707)	(308,762)	(328,067)	(338,146)	(339,055)	(327,575)	(308,905)	(260,191)	(192,520)	(103,992)	19,036
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL DISBURSEMENTS	149,163	80,843	9,531	(66,269)	(68,088)	(60,601)	(45,731)	(21,769)	14,365	52,950	116,978	200,953	306,972	440,519
STATUTORY GAIN	534,307	539,021	543,503	548,900	511,910	467,867	419,081	366,255	307,230	246,405	169,198	83,054	(12,145)	(110,093)
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—
BOOK PROFIT	534,307	539,021	543,503	548,900	511,910	467,867	419,081	366,255	307,230	246,405	169,198	83,054	(12,145)	(110,093)
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
FEDERAL INCOME TAX	180,445	181,323	182,377	184,077	172,259	157,631	141,074	122,987	102,676	81,596	54,901	25,128	(7,753)	(39,518)
PROFITS RELEASED	353,862	357,698	361,126	364,823	339,652	310,236	278,006	243,268	204,553	164,810	114,297	57,925	(4,392)	(70,575)
STATUTORY RESERVE (GA) (Canada=GAAP)	3,298,713	3,181,079	2,983,486	2,700,780	2,392,017	2,063,950	1,725,804	1,386,750	1,059,175	750,270	490,079	297,559	193,567	212,603
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL LIABILITY (GA)	3,298,713	3,181,079	2,983,486	2,700,780	2,392,017	2,063,950	1,725,804	1,386,750	1,059,175	750,270	490,079	297,559	193,567	212,603
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—
TAX RESERVE (GA)	2,850,281	2,753,602	2,578,436	2,318,694	2,029,674	1,719,101	1,396,967	1,072,775	759,069	463,439	215,586	34,325	(59,660)	(37,809)
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—
POLICIES IN FORCE (UNSCALED)	866,154	818,273	774,374	733,053	691,844	651,026	610,141	568,931	527,312	491,149	455,183	418,967	382,247	325,504
INSURANCE IN FORCE (NET)	52,878,891	51,737,194	50,738,940	49,842,996	49,253,923	48,585,599	47,788,710	46,920,603	46,032,503	44,320,455	42,781,710	41,287,209	39,832,045	36,813,806
CASH VALUE IN FORCE	24,960	23,438	22,004	20,616	20,229	19,862	19,516	19,167	18,823	19,009	19,350	19,841	20,450	19,672
ECONOMIC RESERVE (Canada=GAAP)	1,318,759	1,489,742	1,607,210	1,668,825	1,698,435	1,695,460	1,662,308	1,602,721	1,519,988	1,418,842	1,308,112	1,193,845	1,083,120	985,562
EXCESS RESERVE (STAT LESS ECON)	1,751,433	1,450,438	1,122,687	765,714	417,060	84,675	(225,960)	(509,045)	(755,435)	(960,636)	(1,105,317)	(1,176,850)	(1,160,894)	(1,026,004)
EXCESS RESERVE (STAT less ECON Floored at Zero)	1,695,517	1,421,530	1,110,281	759,304	410,180	77,290	(233,888)	(517,555)	(761,428)	(967,109)	(1,112,308)	(1,184,400)	(1,176,626)	(1,034,113)
GROSS DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
NET DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—
PV AT 9.00% PROFITS RELEASED	167,906	243,736	313,971	379,066	434,667	481,259	519,563	550,313	574,035	591,569	602,725	607,913	607,552	602,232
PV AT 11.00% PROFITS RELEASED	40,781	95,446	145,165	190,415	228,368	259,599	284,813	304,689	319,746	330,675	337,503	340,621	340,408	337,325
PV AT 13.00% PROFITS RELEASED	(51,839)	(12,202)	23,212	54,872	80,956	102,041	118,762	131,710	141,345	148,214	152,430	154,321	154,195	152,390
PV AT 9.00% BOOK PROFITS	424,596	538,866	644,571	742,512	826,311	896,576	954,317	1,000,614	1,036,242	1,062,458	1,078,973	1,086,410	1,085,413	1,077,115
PV AT 11.00% BOOK PROFITS	216,201	298,576	373,404	441,486	498,688	545,788	583,795	613,720	636,335	652,675	662,783	667,253	666,664	661,855
PV AT 13.00% BOOK PROFITS	62,155	121,885	175,184	222,818	262,132	293,930	319,135	338,629	353,101	363,371	369,613	372,324	371,973	369,159
PV AT 9.00% FEDERAL INCOME TAX	256,691	295,130	330,600	363,445	391,644	415,317	434,755	450,301	462,208	470,889	476,248	478,498	477,861	474,883
PV AT 11.00% FEDERAL INCOME TAX	175,420	203,130	228,239	251,071	270,320	286,188	298,982	309,031	316,589	322,000	325,280	326,632	326,256	324,530
PV AT 13.00% FEDERAL INCOME TAX	113,995	134,087	151,972	167,947	181,176	191,889	200,374	206,920	211,756	215,157	217,182	218,003	217,779	216,768
Tax Reserve before unamort DAC	3,268,181	3,153,519	2,959,049	2,680,267	2,374,636	2,049,373	1,713,923	1,377,493	1,052,420	745,818	487,618	296,622	193,509	207,406
Capital (Based on 300% RBC (i=5.70%))	227,700	220,654	211,467	199,857	188,189	175,792	162,842	149,704	136,852	123,456	111,806	102,289	95,528	90,398
Capitol: After-Tax int less change (i=5.70%)	13,725	15,483	17,362	19,445	19,073	19,370	19,463	19,172	18,398	18,467	16,224	13,659	10,551	8,670
PV's - Total Future Business - Primerica														
PV PRE-TAX BOOK PROFIT														
PV FEDERAL INCOME TAX														
PV Capital: After-Tax int less change (i=5.70%) less Init Cap														
PV After-Tax, After Cost of Capital														

017CIG01150906	Puck(Rev) @ 06/30/09 - Baseline: Inforce External Res Financing@0.0% (Preliminary)										10/21/09							
From PUCK0906B.XLS	Line of Business Projection										06:01 PM							
Baseline Production																		
Future Business - 10 Years of New Business (000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Total Future Business - Primerica																		
GROSS PREMIUMS	—	89,928	232,449	365,360	496,185	628,194	764,465	907,182	1,057,588	1,216,992	1,386,900	1,383,273	1,279,569	1,204,818	1,145,361	1,095,640	1,054,119	
REINSURANCE PREMIUMS (NET OF ALLOWANCE:	—	(12,833)	(33,639)	(58,686)	(87,461)	(120,182)	(156,975)	(198,470)	(245,011)	(297,368)	(356,622)	(390,051)	(413,992)	(436,750)	(460,565)	(485,309)	(508,567)	
GROSS INVESTMENT INCOME PLUS FEE INCOME	—	(5,323)	(3,018)	1,997	9,686	19,939	32,491	47,312	64,302	83,307	104,187	138,009	158,279	174,660	186,937	194,997	198,842	
ACCRUAL OF DISCOUNT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
AMORTIZATION OF IMR	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
LESS INVESTMENT EXPENSE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
LESS INCOME LOST ON DEFAULTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
TOTAL INCOME	—	71,773	195,792	308,672	418,410	527,952	639,981	756,024	876,879	1,002,931	1,134,465	1,131,231	1,023,857	942,727	871,733	805,328	744,394	
NET SURRENDERS	—	(4,652)	(6,033)	(3,800)	(2,771)	(1,778)	(767)	205	1,203	2,173	2,989	13,745	18,498	15,329	14,335	13,437	11,594	
HEALTH BENEFITS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
DIRECT DEATH BENEFITS	—	15,777	41,650	68,111	98,212	132,184	170,233	212,807	260,267	313,188	372,516	405,658	423,028	445,834	469,131	493,074	520,544	
REINSURANCE DEATH BENEFITS	—	(12,244)	(33,130)	(55,639)	(81,686)	(111,280)	(144,548)	(181,846)	(223,507)	(270,042)	(322,279)	(351,872)	(366,496)	(383,948)	(401,057)	(418,287)	(435,210)	
ACQUISITION EXPENSES	—	55,379	59,255	63,403	67,842	72,590	78,398	84,670	91,443	98,759	106,659	—	—	—	—	—	—	
OTHER EXPENSES	—	6,089	15,916	25,036	34,027	43,138	52,576	62,491	72,969	84,098	95,983	95,961	88,814	83,894	80,117	77,045	74,410	
NET COMMISSIONS	—	203,504	242,958	262,178	282,306	303,562	329,022	356,750	386,640	418,885	453,713	68,013	20,956	17,981	15,696	13,826	11,722	
COST OF FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
INCREASE IN LOADING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
INCREASE IN RESERVES	—	7,950	53,399	103,184	150,485	193,705	234,502	273,095	308,931	342,245	372,856	396,085	333,279	256,595	179,064	101,844	32,755	
INCR IN RESERVE FINANCING LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
TOTAL DISBURSEMENTS	—	271,802	374,015	462,474	548,413	632,122	719,416	808,171	897,946	989,306	1,082,437	627,591	518,079	435,685	357,286	280,938	215,815	
STATUTORY GAIN	—	(200,029)	(178,222)	(153,803)	(130,003)	(104,170)	(79,435)	(52,147)	(21,067)	13,625	52,028	503,640	505,778	507,042	514,447	524,389	528,579	
CAPITAL GAINS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
GAIN ON CALLS AND ROLLOVER	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
LESS DEFAULT LOSSES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
LESS IMR CAPITALIZATION	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
BOOK PROFIT	—	(200,029)	(178,222)	(153,803)	(130,003)	(104,170)	(79,435)	(52,147)	(21,067)	13,625	52,028	503,640	505,778	507,042	514,447	524,389	528,579	
INCREASE IN SURPLUS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
FEDERAL INCOME TAX	—	(55,948)	(45,758)	(37,289)	(28,526)	(18,708)	(8,599)	2,532	14,966	28,614	43,493	173,643	170,240	172,150	175,297	178,752	179,382	
PROFITS RELEASED	—	(144,081)	(132,465)	(116,514)	(101,477)	(85,462)	(70,836)	(54,679)	(36,033)	(14,989)	8,535	329,997	335,538	334,892	339,149	345,637	349,197	
STATUTORY RESERVE (GA) (Canada=GAAP)	—	7,950	61,349	164,533	315,018	508,723	743,225	1,016,319	1,325,251	1,667,496	2,040,352	2,436,437	2,769,716	3,026,311	3,205,375	3,307,219	3,339,974	
RESERVE FINANCING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
TOTAL LIABILITY (GA)	—	7,950	61,349	164,533	315,018	508,723	743,225	1,016,319	1,325,251	1,667,496	2,040,352	2,436,437	2,769,716	3,026,311	3,205,375	3,307,219	3,339,974	
SEPARATE ACCOUNT LIABILITY	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
TAX RESERVE (GA)	—	(32,228)	(26,316)	29,606	131,590	274,578	454,214	667,928	913,033	1,187,148	1,487,766	1,891,368	2,244,025	2,515,804	2,708,465	2,823,978	2,872,793	
INTEREST MAINTENANCE RESERVE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
POLICIES IN FORCE (UNSCALED)	—	176,502	325,856	466,403	604,195	742,393	884,955	1,033,160	1,188,303	1,351,747	1,524,960	1,337,927	1,215,630	1,121,626	1,044,601	979,013	919,285	
INSURANCE IN FORCE (NET)	—	7,875,822	14,810,402	21,495,369	28,156,663	34,920,372	41,967,737	49,354,757	57,136,816	65,379,333	74,149,576	67,647,445	63,447,349	60,273,708	57,759,208	55,688,557	54,190,389	
CASH VALUE IN FORCE	—	2,122	6,058	9,816	13,515	17,232	21,034	24,984	29,116	33,461	38,062	38,384	35,136	32,497	30,274	28,332	26,591	
ECONOMIC RESERVE (Canada=GAAP)	—	(281,506)	(531,711)	(739,215)	(909,981)	(1,048,685)	(1,162,659)	(1,254,918)	(1,327,629)	(1,382,654)	(1,421,961)	(857,313)	(337,777)	110,002	494,479	821,306	1,095,873	
EXCESS RESERVE (STAT LESS ECON)	—	283,203	576,498	876,516	1,185,562	1,504,141	1,837,066	2,184,958	2,547,075	2,922,522	3,310,172	3,127,378	2,933,176	2,732,035	2,516,510	2,281,178	2,027,688	
EXCESS RESERVE (STAT less ECON Floored at Zero)	—	1,697	44,786	137,301	275,581	455,456	672,030	907,961	1,155,762	1,412,639	1,675,104	1,947,666	2,138,890	2,228,580	2,220,417	2,115,876	1,930,827	
GROSS DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
NET DEFERRED PREMIUMS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
PV AT 9.00% PROFITS RELEASED	—	(132,185)	(243,678)	(333,648)	(405,536)	(461,081)	(503,318)	(533,229)	(551,313)	(558,214)	(554,609)	(426,724)	(307,429)	(198,194)	(96,705)	(1,814)	86,138	
PV AT 11.00% PROFITS RELEASED	—	(129,803)	(237,314)	(322,508)	(389,354)	(440,072)	(477,943)	(504,280)	(519,915)	(525,775)	(522,769)	(418,067)	(322,156)	(235,917)	(157,236)	(84,996)	(19,245)	
PV AT 13.00% PROFITS RELEASED	—	(127,505)	(231,245)	(311,995)	(374,232)	(420,618)	(454,641)	(477,883)	(491,437)	(496,427)	(493,913)	(407,883)	(330,473)	(262,100)	(200,823)	(145,559)	(96,149)	
PV AT 9.00% BOOK PROFITS	9.0 %	(183,513)	(333,519)	(452,283)	(544,380)	(612,084)	(659,448)	(687,975)	(698,547)	(692,274)	(670,297)	(475,120)	(295,298)	(129,912)	24,035	167,999	301,132	
PV AT 11.00% BOOK PROFITS	11.0 %	(180,206)	(324,856)	(437,315)	(522,952)	(584,772)	(627,241)	(652,358)	(661,500)	(656,173)	(637,850)	(478,053)	(333,481)	(202,911)	(83,562)	26,038	125,565	
PV AT 13.00% BOOK PROFITS	13.0 %	(177,017)	(316,591)	(423,184)	(502,917)	(559,457)	(597,611)	(619,777)	(627,701)	(623,166)	(607,839)	(476,541)	(359,855)	(256,335)	(163,386)	(79,541)	(4,750)	
PV AT 9.00% FEDERAL INCOME TAX	9.0 %	(51,328)	(89,842)	(118,635)	(138,844)	(151,003)	(156,131)	(154,746)	(147,235)	(134,060)	(115,688)	(48,396)	12,131	68,282	120,739	169,814	214,995	
PV AT 11.00% FEDERAL INCOME TAX	11.0 %	(50,404)	(87,541)	(114,807)	(133,598)	(144,700)	(149,298)	(148,078)	(141,584)	(130,398)	(115,081)	(59,987)	(11,325)	33,006	73,674	111,034	144,810	
PV AT 13.00% FEDERAL INCOME TAX	13.0 %	(49,511)	(85,346)	(111,189)	(128,685)	(138,839)	(142,969)	(141,893)	(136,264)	(126,738)	(113,926)	(68,658)	(29,382)	5,765	37,437	66,018	91,400	
Tax Reserve before unamort DAC	—	(25,692)	(3,502)	76,449	209,043	388,292	609,131	868,390	1,162,828	1,489,533	1,845,497	2,293,827	2,673,824	2,959,889	3,156,408	3,267,503	3,305,759	
Capital (Based on 300% RBC (i=5.70%))	—	15,568	34,484	54,016	74,824	97,142	121,309	147,460	175,657	205,983	238,534	242,120	240,694	239,982	238,674	236,174	232,801	
Capital: After-Tax int less change (i=5.70%)	—	(15,568)	(18,340)	(18,254)	(18,808)	(19,546)	(20,568)	(21,657)	(22,733)	(23,819)	(24,919)	5,252	10,396	9,630	10,199	11,342	12,124	
PV's ~ Total Future Business - Primerica	9.00 %	11.00 %	13.00 %	15.00 %	20.00 %													
PV PRE-TAX BOOK PROFIT	1,040,410	641,974	358,257	155,628	(133,118)													
PV FEDERAL INCOME TAX	(461,892)	(317,480)	(212,895)	(136,700)	(23,480)													
PV Capital: After-Tax int less change (i=5.70%) less Init Cap	—	(70,383)	(76,432)	(78,107)	(77,306)	(70,687)												
PV After-Tax, After Cost of Capital	508,135	248,062	67,255	(58,377)	(227,285)													

EXECUTION VERSION

**AMENDED AND RESTATED
80% COINSURANCE TRUST AGREEMENT**

Dated as of March 31, 2016

among

PECAN RE INC.

as Grantor,

PRIMERICA LIFE INSURANCE COMPANY

as Beneficiary

and

THE BANK OF NEW YORK MELLON

as Trustee

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AMENDED AND RESTATED 80% COINSURANCE TRUST AGREEMENT

This **AMENDED AND RESTATED 80% COINSURANCE TRUST AGREEMENT** (together with any and all exhibits, this "Agreement") dated March 31, 2016, is made by and among Pecan Re Inc., a special purpose financial insurance company organized under Section 6048f of Title 8 of the Vermont Statutes Annotated (the "Grantor"), Primerica Life Insurance Company, a Massachusetts-domiciled stock life insurance company (the "Beneficiary"), and The Bank of New York Mellon, a banking corporation organized under the laws of the State of New York, as trustee (in such capacity, the "Trustee") (the Grantor, the Beneficiary and the Trustee are hereinafter each sometimes referred to individually as a "Party" and collectively as the "Parties"), and hereby amends and restates in its entirety that certain 80% Coinsurance Trust Agreement, dated as of March 29, 2010, by and among the Parties.

The Parties hereto agree as follows:

1. Deposit of Assets to the Trust Accounts

- (a) An account has been established in the name of "Prime-Funded Reserves Trust Account" with the Trustee (such account, the "Prime-Funded Reserves Trust Account") and the Trustee shall administer the Prime-Funded Reserves Trust Account in its name as Trustee for the sole use and benefit of the Beneficiary.
- (b) An account has been established in the name of "Pecan-Funded Reserves Trust Account" with the Trustee (such account, the "Pecan-Funded Reserves Trust Account", and together with the Prime-Funded Reserves Trust Account, the "Trust Accounts") and the Trustee shall administer the Pecan-Funded Reserves Trust Account in its name as Trustee for the sole use and benefit of the Beneficiary.
- (c) The Grantor has caused to be transferred and shall transfer (or cause to be transferred) to the Trustee, for deposit to the Trust Accounts, such assets as it may from time to time desire (all such assets actually received in the Trust Accounts are herein referred to individually as an "Asset" and collectively as the "Assets"). The Assets shall consist only of Eligible Securities (as hereinafter defined).
- (d) The Grantor hereby represents and warrants that title to any Assets transferred (or caused to be transferred) by the Grantor to the Trustee for deposit to the Trust Accounts will be recorded in the name of the Trustee, and any such Assets will be in such form that the Beneficiary whenever necessary may, and the Trustee upon direction by the Beneficiary will, negotiate any such Assets without consent or signature from the Grantor or any person in accordance with the terms of this Agreement. Any out-of-pocket costs of transfer of title between the Grantor and the Trustee shall be borne by the Grantor.

2. Withdrawal of Assets from the Trust Accounts

- (a) Without notice to or the consent of the Grantor, the Beneficiary shall have the right, at any time and from time to time, to withdraw from the Trust Accounts, upon providing a Beneficiary Withdrawal Notice, such Assets as are specified in such Beneficiary Withdrawal Notice. The Beneficiary need present no statement or document in addition to a Beneficiary Withdrawal Notice in order to withdraw any Assets. The Beneficiary Withdrawal Notice shall be substantially in the form attached as Exhibit A.
- (b) The Beneficiary (or any successor by operation of law of the Beneficiary, including, but not limited to, any liquidator, rehabilitator, receiver or conservator of the Beneficiary) agrees solely with the Grantor that it may only withdraw Assets for one or more of the following purposes, without diminution because of insolvency on the part of the Beneficiary or the Grantor:
 - (i) to pay, or reimburse the Beneficiary for payment of, the Reinsurer's Quota Share of premiums to be returned, but not yet recovered from the Grantor, to Policyholders because of cancellations of Reinsured Policies;
 - (ii) to pay, or reimburse the Beneficiary for payment of, the Grantor's Quota Share of Covered Liabilities payable pursuant to the provisions of the Reinsured Policies, but not yet recovered from the Grantor;

- (iii) to pay to the Beneficiary any Commutation Payment due the Beneficiary but not yet paid by the Grantor;
- (iv) in the event that the Beneficiary has received notification from the Grantor or Trustee of termination of the Trust Accounts and where the Reinsurer's Quota Share of obligations under this Agreement remain unliquidated and undischarged ten (10) days prior to the scheduled termination date, the Beneficiary may withdraw all the assets in the Trust Accounts and deposit such amounts, in the name of the Beneficiary, in any United States bank or trust account, apart from its general assets, in trust for such uses and purposes specified in (i) and (ii) above as may remain executory after such withdrawal and for any period after such termination date; or
- (v) to pay to the Grantor or its designated payee amounts held in the Trust Accounts in excess of the amount necessary to secure the credit or reduction from liability for reinsurance taken by the Beneficiary.

Any assets deposited into an account of the Beneficiary pursuant to clause (iv) of this Section 2(b) or withdrawn by the Beneficiary pursuant to clause (v) of this Section 2(b) and any interest or other earnings thereon shall be held by the Beneficiary in trust and separate and apart from any assets of the Beneficiary, for the sole purpose of funding the payments and reimbursements described in clauses (i) through (v), inclusive, of this Section 2(b). The Trustee shall have no obligation to confirm the Beneficiary's compliance with this Section 2(b).

- (c) The Beneficiary agrees solely with the Grantor that it shall use reasonable best efforts to make withdrawals from the Pecan-Funded Reserves Trust Account for so long as there are Assets in the Pecan-Funded Reserves Trust Account and to make withdrawals from the Prime-Funded Reserves Trust Account only and to the extent Assets in the Pecan-Funded Reserves Trust Account are inadequate to cover the amount sought to be withdrawn by the Beneficiary. The Trustee shall have no obligation to confirm the Beneficiary's compliance with this Section 2(c).
- (d) Upon receipt of a Beneficiary Withdrawal Notice, the Trustee shall immediately take any and all steps necessary to transfer absolutely and unequivocally all right, title and interest in the Assets in the Trust Account specified in such Beneficiary Withdrawal Notice, and shall deliver physical custody of such Assets to or for the account of the Beneficiary as specified in such Beneficiary Withdrawal Notice.
- (e) With the prior written permission of the Beneficiary, the Grantor may withdraw from the Pecan-Funded Reserves Trust Account, upon providing a Grantor Withdrawal Notice, such Assets as are specified in such Grantor Withdrawal Notice. Such withdrawals shall be delivered to the Grantor or such designee of the Grantor as is specified in any such Grantor Withdrawal Notice; provided, that, upon the Grantor's request, such designee may be the effective designee with respect to all future Grantor Withdrawal Notices, unless the Grantor notifies the Trustee of a change in its designee. The form of the Grantor Withdrawal Notice shall be substantially in the form attached as Exhibit B.
- (f) With the prior written permission of the Beneficiary, the Grantor may withdraw from the Prime-Funded Reserves Trust Account, upon providing a Grantor Withdrawal Notice, such Assets as are specified in such Grantor Withdrawal Notice. Such withdrawals shall be delivered to the Grantor or such designee of the Grantor as is specified in any such Grantor Withdrawal Notice; provided, that, upon the Grantor's request, such designee may be the effective designee with respect to all future Grantor Withdrawal Notices, unless the Grantor notifies the Trustee of a change in its designee. The form of the Grantor Withdrawal Notice shall be substantially in the form attached as Exhibit B.
- (g) Upon receipt of a fully executed Grantor Withdrawal Notice, the Trustee shall immediately take any and all steps necessary to transfer all right, title and interest in the Assets specified in such Grantor Withdrawal Notice, and shall deliver such Assets to or for the account of the Grantor or its designee, as applicable, as specified in such Grantor Withdrawal Notice.

- (h) The Beneficiary agrees that the Grantor may transfer Assets between the Pecan-Funded Reserves Trust Account and the Prime-Funded Reserves Trust Account without the prior consent of the Beneficiary; provided, that, for the avoidance of doubt, this Section 2(h) does not provide the Grantor with any right to make any withdrawal from a Trust Account that is not immediately transferred to another Trust Account.
- (i) Except as provided in Section 2 and Section 3 of this Agreement, in the absence of a Substitution Notice, Beneficiary Withdrawal Notice or Grantor Withdrawal Notice, the Trustee shall allow no substitution or withdrawal of any Asset from the Trust Accounts by the Grantor.

3. Redemption, Investment and Substitution of Assets.

- (a) The Trustee shall surrender for payment all maturing Assets and all Assets called for redemption and deposit the principal amount of the proceeds of any such payment to the Trust Accounts.
- (b) Grantor and Beneficiary agree that Conning Asset Management Company (“Conning”) or any replacement manager designated from time to time by the Grantor will be the investment manager for all Assets which may be held in the Prime-Funded Reserves Trust Account. Grantor and Beneficiary agree that Conning or any replacement manager designated from time to time by the Grantor will be the investment manager (the investment manager of the Assets in each of the Pecan-Funded Reserves Trust Account and the Prime-Funded Reserves Trust Account, each an “Investment Manager”) for all Assets which may be held in the Pecan-Funded Reserves Trust Account. Each Investment Manager shall be the agent of, and is acting on behalf of, the Grantor. The Grantor shall be solely responsible for all fees charged by and all other obligations to the Investment Managers in connection with the Trust Accounts.
- (c) From time to time, upon the written order and direction of the applicable Investment Manager of the Prime-Funded Reserves Trust Account or Pecan-Funded Reserves Trust Account, the Trustee shall invest Assets as specified by such Investment Manager, who shall limit all investments to the categories of securities set forth in the definition of “Eligible Securities” in Section 12 of this Agreement. Any instruction or order concerning the investment of securities shall be referred to herein as an “Investment Order.” The Trustee shall execute Investment Orders and settle securities transactions by itself or by means of an agent or broker. The Trustee shall not be responsible for any act or omission, or for the solvency, of any such agent or broker.
- (d) Each Investment Manager is hereby authorized to issue Investment Orders and direct the Trustee to invest the Assets in the Prime-Funded Reserves Trust Account or Pecan-Funded Reserves Trust Account, as applicable, without obtaining the consent of the Beneficiary prior to each investment; provided, however, all such investments are limited to Eligible Securities.
- (e) From time to time, subject to the other provisions of this Agreement including the requirement that title to Assets shall be recorded in the name of the Trustee, the Trustee is authorized to accept substitutions from the Grantor or the applicable Investment Manager of any Eligible Securities in the Trust Accounts for other Eligible Securities pursuant to a written notice (which shall also certify that such substitutions are Eligible Securities) (the “Substitution Notice”); provided that either the Grantor or the applicable Investment Manager certifies to the Trustee that the aggregate Pecan-Funded Reserves Fair Value or Prime-Funded Reserves Fair Value, as applicable, of the Assets to be deposited or credited to the Trust Accounts pursuant to such substitution or exchange is at least equal to the aggregate Pecan-Funded Reserves Fair Value or Prime-Funded Reserves Fair Value, as applicable, of the Assets being removed from the Trust Accounts.
- (f) The Grantor hereby covenants that all investments and substitutions of securities requested by it or by the Investment Managers in accordance with this Section 3 shall be in compliance with the relevant provisions set forth in the definition of “Eligible Securities” in Section 12 of this Agreement.
- (g) When the Trustee is directed to deliver Assets against payment, delivery will be made in accordance with generally accepted market practice.

- (h) Any loss incurred from any investment pursuant to the terms of this Section 3 shall be borne exclusively by the Trust Accounts.
- (i) For purposes of determining the fair market value of any Assets in the (i) Pecan-Funded Reserves Trust Account pursuant to this Agreement, the parties hereby agree (without any liability being incurred on the part of the Trustee for any incorrect fair valuation of Assets, howsoever caused) to use prices (on a bid basis, where applicable) based on prices published by a nationally recognized pricing service reasonably selected by the Grantor for Assets for which such prices are available and for Assets for which such prices are not available, the value assigned using methodologies consistent with those which the Grantor uses for determining the fair market value of assets held in the Grantor's general account (other than the Assets) in the ordinary course of business (the "Pecan-Funded Reserves Fair Value") and (ii) Prime-Funded Reserves Trust Account pursuant to this Agreement, the parties hereby agree (without any liability being incurred on the part of the Trustee for any incorrect fair valuation of Assets, howsoever caused) to use prices (on a bid basis, where applicable) published by a nationally recognized pricing service reasonably selected by the Grantor for Assets for which such prices are available and for Assets for which such prices are not available, to obtain at the expense of the Grantor and pursuant to its written recommendation, a major independent securities valuation firm to appraise the value of such Assets (the "Prime-Funded Reserves Fair Value"). If the Beneficiary shall dispute the Fair Value of any Asset, and the parties are unable to resolve such dispute within fourteen (14) days, the value of such Asset shall be determined by an independent appraisal firm which is mutually acceptable to the Grantor and the Beneficiary, and the parties shall be bound by such valuation. The Trustee shall not be a party to any dispute between the Grantor and the Beneficiary relating to the valuation of Assets.

4. Income. To the extent that the Trustee shall collect and receive payments of interest and dividends in respect of Assets in the Trust Accounts (hereinafter referred to as "Income") from the Trust Accounts, it shall pay over the amount of such Income upon the prior written direction of the Grantor and may deposit such Income in a separate account or accounts established in the name of the Grantor or in the name of any designee or designees designated in writing by the Grantor; provided, however, that the Trustee shall have no duties or obligations as Trustee with respect to the payment of Income by the issuer of the Assets or the deposit of such Income as provided herein. Any Income automatically posted and credited on the payment date to the Income Account which is not subsequently received by the Trustee shall be reimbursed by the Grantor to the Trustee and the Trustee may debit the Income Account for this purpose. Income shall be paid to the Grantor or any such designee in accordance with written instructions provided from time to time by the Grantor to the Trustee.

5. Right to Vote Assets. The Trustee shall forward all annual and interim stockholder reports and all proxies and proxy materials relating to the Assets in the Trust Accounts to the Grantor. Subject to other provisions of this Agreement and the requirement that title to Assets be recorded in the name of the Trustee, the Grantor shall have the full and unqualified right to vote any Assets in the Trust Accounts. Whenever there are voluntary rights that may be exercised or alternate courses of action that may be taken by reason of the Grantor's ownership of Eligible Securities, the Grantor shall be responsible for making any decisions relating thereto and for directing the Trustee to act. The Trustee shall notify the Grantor of rights or discretionary actions with respect to Eligible Securities as promptly as practicable under the circumstances, provided that the Trustee has actually received notice of such right or discretionary corporate action from the relevant depository, etc. Absent actual receipt of such applicable third-party notice, the Trustee shall have no liability for failing to so notify the Grantor of any rights or discretionary corporate actions with respect to Eligible Securities. Absent the Trustee's timely receipt of instructions from the Grantor, the Trustee shall not be liable for failure to take any action relating to or to exercise any rights conferred by such Eligible Securities.

6. Tax Treatment of Trusts. The parties agree to treat the Pecan-Funded Reserves Trust Account and the Prime-Funded Reserves Trust Account as mere security devices and not as separate entities for U.S. federal income tax purposes.

Additional Rights and Duties of the Trustee.

- (a) The Trustee shall notify the Grantor, any designee of the Grantor under Section 2(f) (at such address as may be provided by such designee to the Trustee in writing from time to time) and the Beneficiary in writing within five (5) business days following each deposit to, withdrawal from or transfer between the Trust Accounts; provided, however, the Trustee shall notify the Grantor and the Beneficiary in writing within three (3) business days following (i) each withdrawal from the Trust Account that totals an amount equal to or in excess of \$20,000,000 or (ii) any number of withdrawals that results in an amount equal to or in excess of \$20,000,000 if such withdrawals occur within a two day period of each other. The Trustee will be deemed to have delivered such notice of deposit, withdrawal and receipt of Grantor Withdrawal Notice or Beneficiary Withdrawal Notice, as applicable, if each such notice is available on one or more of the Trustee's systems for the delivery of electronic media to which system(s) Grantor and Beneficiary have access.
- (b) The Trustee shall not accept any Assets (other than cash) for deposit into the Trust Accounts unless the Trustee determines that it is or will be the registered owner of and holder of legal title to the Assets or that such Assets are in such form that the Trustee may, if applicable to such asset class, negotiate any such Assets, without consent or signature from the Grantor or any other person or entity. Any Assets received by the Trustee which, if applicable to such asset class, are not in such proper negotiable form or for which title has not been transferred to the Trustee shall not be accepted by the Trustee and shall be returned to the Grantor as unacceptable.
- (c) The Trustee shall have no responsibility whatsoever to determine that any Assets (other than cash) in the Trust Accounts are or continue to be Eligible Securities.
- (d) All Assets shall be held in a safe place by the Trustee at the Trustee's office in the United States, except that the Trustee may deposit any Assets in the Trust Accounts in a book entry account maintained at the Federal Reserve Bank of New York or in depositories such as the Depository Trust Company and the Participants Trust Company. Assets may be held in the name of a nominee maintained by the Trustee or by any such depository.
- (e) The Trustee shall accept and open all mail directed to the Grantor or the Beneficiary in care of the Trustee and shall forward such mail to the party to whom it is directed.
- (f) The Trustee shall furnish to the Grantor and the Beneficiary a statement of all Assets in the Trust Accounts at the inception of the Trust Accounts and at the end of each calendar month.
- (g) Upon the request of the Grantor or the Beneficiary, the Trustee shall promptly permit the Grantor or the Beneficiary, their respective agents, employees or independent auditors to examine, audit, excerpt, transcribe and copy, during the Trustee's normal business hours, any books, documents, papers and records relating to the Trust Accounts or the Assets.
- (h) Unless otherwise provided in this Agreement, the Trustee is authorized to follow and rely upon all instructions given by officers and by attorneys in fact acting under written authority furnished to the Trustee by the Grantor or the Beneficiary, including, without limitation, instructions given by letter, facsimile transmission, telegram, teletype, cablegram or electronic media, if the Trustee believes such instructions to be genuine and to have been signed, sent or presented by the proper Party or Parties. The Trustee shall not incur any liability to anyone resulting from actions taken by the Trustee in reliance in good faith on such instructions. The Trustee shall not incur any liability in executing instructions (i) from any attorney in fact or Investment Manager prior to receipt by it of notice of the revocation of the written authority of the attorney in fact or Investment Manager, or (ii) from any officer of the Grantor or the Beneficiary.
- (i) The duties and obligations of the Trustee shall only be such as are specifically set forth in this Agreement, as it may from time to time be amended, and no implied duties or obligations shall be read into this Agreement against the Trustee. The Trustee shall not be liable except for its own negligence, willful misconduct or lack of good faith, and in no event shall the Trustee be liable for special, punitive, or consequential losses or damages arising in connection with this Agreement.

- (j) No provision of this Agreement shall require the Trustee to take any action which, in the Trustee's reasonable judgment, would result in any violation of this Agreement or any provision of law. If any third party asserts a lien against any of the Assets, the Trustee shall, upon becoming aware of such assertion, promptly notify both the Grantor and the Beneficiary of such claim.
- (k) The Trustee shall not be responsible for the existence, genuineness or value of any of the Assets or for the validity, perfection, priority or enforceability of the liens in any of the Assets, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes negligence, bad faith or willful misconduct on the part of the Trustee, for the validity of title to the Assets, for insuring the Assets or for the payment of taxes, charges, assessments or liens upon the Assets.
- (l) The Trustee shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of Trustee such as to any act or provision of any present or future law or regulation or governmental authority, terrorism, any act of God or war, or the unavailability of the Federal Reserve Bank wire or telex.
- (m) The Trustee is not required to make advances of cash, securities or any other property on behalf of the Trust Accounts, or permit overdrafts in the Trust Accounts in connection with the acquisition or disposition of Assets in the Trust Accounts.
- (n) At any time in connection with the performance of its services under this Agreement, the Trustee may consult with counsel selected by it who may be counsel for Grantor, Grantor's designee under Section 2(f) or Beneficiary. The opinion of said counsel will be full and complete authority and protection for the Trustee with respect to any action taken, suffered or omitted by it in good faith and in accordance with the opinion of said counsel other than with respect to the withdrawal of Assets by Beneficiary.

8. The Trustee's Compensation, Expenses, etc.

- (a) The Grantor shall pay the Trustee, as compensation for its services under this Agreement, a fee which shall be mutually agreed upon in writing by the Trustee and Grantor, which shall be updated no more frequently than annually. The Grantor shall pay or reimburse the Trustee for all of the Trustee's appropriate expenses and disbursements in connection with its duties under this Agreement (including any reasonable attorney's fees and expenses), except any such expense or disbursement as may arise from the Trustee's negligence, willful misconduct, or lack of good faith. The Trustee shall notify the Grantor of all expenses and disbursements on a quarterly basis ("Trustee Invoice"). The Trustee Invoice shall state the nature and amount of such expenses and disbursements and such other information as the Grantor may reasonably request to make such payment to the Trustee. The Grantor shall pay such expenses and disbursements within a reasonable period of time after its receipt and review of such Trustee Invoice, unless the Trustee and Grantor agree otherwise in writing.
- (b) The Trustee may not invade the Trust Account Assets for the purpose of paying compensation to or reimbursing expenses of the Trustee, but the Trustee shall be entitled to deduct its compensation and expenses, which have been billed to the Grantor but have not been paid by the Grantor to the Trustee in accordance with Section 8(a) hereof, from payments of Income in respect of the Assets held in the Trust Accounts and deposited into the Income Account as provided in Section 4 of this Agreement. The Grantor hereby grants the Trustee a lien, right of set off and security interest in such funds and in such Income Account for the payment of any claim for compensation, reimbursement or indemnity hereunder, which has been billed but has not been paid to the Trustee within a reasonable period of time. The Grantor and the Beneficiary, jointly and severally, hereby indemnify the Trustee for, and hold it harmless against, any loss, liability, costs or expenses (including attorney's fees and expenses) incurred or made without negligence, willful misconduct or lack of good faith on the part of the Trustee, arising out of or in connection with the performance of its obligations in accordance with the provisions of this Agreement, including any loss, liability, costs or expenses arising out of or in connection with the status of the Trustee and its nominee as the holder of record of the Assets. The Grantor hereby acknowledges that the foregoing indemnities shall survive the resignation or discharge of the Trustee or the termination of this Agreement.

- (c) Except as specifically provided for in paragraph (b) above, no Assets shall be withdrawn from the Trust Accounts or used in any manner for paying compensation to, or reimbursement or indemnification of, the Trustee.

9. Resignation or Removal of the Trustee.

- (a) The Trustee may resign at any time by giving not less than 90 days written notice thereof to the Beneficiary and to the Grantor. The Trustee may be removed by the Grantor's delivery of not less than 90 days written notice of removal to the Trustee and the Beneficiary. Such resignation or removal shall become effective on the acceptance of appointment by a successor Trustee and the transfer to such successor Trustee of all Assets in the Trust Accounts in accordance with paragraph (b) of this Section 9.
- (b) Upon receipt by the proper Parties of the Trustee's notice of resignation or the Grantor's notice of removal, the Grantor, with the prior written consent of the Beneficiary, which consent shall not be unreasonably withheld, shall appoint a successor Trustee. Any successor Trustee shall be a bank that is a member of the Federal Reserve System or chartered in the Commonwealth of Massachusetts. Upon the acceptance of the appointment as Trustee hereunder by a successor Trustee and the transfer to such successor Trustee of all Assets in the Trust Accounts, the resignation or removal of the Trustee shall become effective. Thereupon, such successor Trustee shall succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Trustee, and the resigning or removed Trustee shall be discharged from any future duties and obligations under this Agreement, but the resigning or removed Trustee shall continue to be entitled to the benefits of the indemnities provided herein for the Trustee as well as responsible for its obligations, acts and omissions taken while acting as Trustee.

10. Termination of the Trust Accounts

- (a) The Trust Accounts and this Agreement, except for the indemnities provided herein, may be terminated only after (i) the Grantor, with the prior written consent of the Beneficiary, which consent shall not be unreasonably withheld, has given the Trustee written notice of its intention to terminate the Trust Accounts (the "Notice of Intention"), and (ii) the Trustee has given the Grantor and the Beneficiary the written notice specified in paragraph (b) of this Section 10. The Notice of Intention shall specify the date on which the notifying Party intends the Trust Accounts to terminate (the "Proposed Date").
- (b) Within three (3) days following receipt by the Trustee of the Notice of Intention, the Trustee shall give written notification (the "Termination Notice") to the Beneficiary and the Grantor of the date (the "Termination Date") on which the Trust Accounts shall terminate. The Termination Date shall be (i) the Proposed Date if the Proposed Date is at least 30 days but no more than 45 days subsequent to the date the Termination Notice is given; (ii) 30 days subsequent to the date the Termination Notice is given, if the Proposed Date is fewer than 30 days subsequent to the date the Termination Notice is given; or (iii) 45 days subsequent to the date the Termination Notice is given, if the Proposed Date is more than 45 days subsequent to the date the Termination Notice is given.
- (c) On the Termination Date, upon receipt of written approval of the Beneficiary, the Trustee shall transfer to the Grantor or any person designated in writing by the Grantor any Assets remaining in the Pecan-Funded Reserves Trust Account, at which time all liability of the Trustee with respect to such Assets shall cease.
- (d) On the Termination Date, upon receipt of written approval of the Beneficiary, the Trustee shall transfer to the Grantor or any person designated in writing by the Grantor any Assets remaining in the Prime-Funded Reserves Trust Account, at which time all liability of the Trustee with respect to such Assets shall cease.

Representations and Warranties.

- (a) The Trustee represents and warrants that the Trustee is a banking corporation, duly organized and validly existing and in good standing under the laws of the State of New York and has the requisite power and authority to carry on its respective business as now being conducted. The Trustee is duly qualified and authorized to do business and is in good standing in each jurisdiction where the Assets are maintained.
- (b) The Trustee represents and warrants that the Trustee has all requisite corporate power and authority to execute and deliver this Agreement and to perform its respective obligations under this Agreement. The execution, delivery and performance of this Agreement by the Trustee and the consummation of the transactions contemplated by this Agreement by the Trustee have been duly and validly authorized by all necessary corporate action on the part of the Trustee. This Agreement constitutes the legal, valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms, except as such enforceability may be limited by applicable laws relating to bankruptcy, insolvency, reorganization, or affecting creditors' rights generally and except to the extent that injunctive or other equitable relief is within the discretion of a court.
- (c) The Trustee represents and warrants that the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement do not and will not (i) violate or conflict with the Trustee's corporate charter or by-laws; or (ii) violate or conflict with any law or governmental regulation, or any judicial, administrative or arbitration order, award, judgment, writ, injunction or decree applicable to the Trustee.
- (d) The Grantor represents and warrants that the Grantor is a special purpose financial insurance company duly organized, validly existing and in good standing under the laws of the State of Vermont and has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on the operations of its business as they are proposed to be conducted.
- (e) The Grantor represents and warrants that the Grantor has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by the Grantor of this Agreement, and the performance by the Grantor of its obligations under this Agreement, have been duly authorized by all necessary corporate action and do not require any further authorization, action or consent of the Grantor or its stockholder. This Agreement, when duly executed and delivered by the Grantor, subject to the due execution and delivery by the Parties hereto, will be a valid and binding obligation of the Grantor, enforceable against the Grantor in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting enforcement of creditors' rights and to general equity principles.
- (f) The Grantor represents and warrants that the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not (i) violate any provision of the Articles of Incorporation, Bylaws or other charter or organizational document of the Grantor, or (ii) violate any order, judgment, injunction, award or decree of any court, arbitrator or Governmental Authority against, or binding upon, or any agreement with, or condition imposed by, any Governmental Authority, foreign or domestic, binding upon the Grantor, except when any such violation would not have a material adverse effect on this Agreement or the consummation of the transactions contemplated hereby.
- (g) The Beneficiary represents and warrants that the Beneficiary is a life insurance company duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts, and has all requisite corporate power and authority to carry on the operations of its business as they are now being conducted.

- (h) The Beneficiary represents and warrants that the Beneficiary has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by the Beneficiary of this Agreement, and the performance by the Beneficiary of its obligations under this Agreement, have been duly authorized by all necessary corporate action and do not require any further authorization, action or consent of the Beneficiary. This Agreement, when duly executed and delivered by the Beneficiary, subject to the due execution and delivery by the Parties hereto, will be a valid and binding obligation of the Beneficiary, enforceable against the Beneficiary in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting enforcement of creditors' rights and to general equity principles.
- (i) The Beneficiary represents and warrants that the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby in accordance with the respective terms and conditions hereof will not (i) violate any provision of the Articles of Incorporation or Bylaws of the Beneficiary, (ii) violate, conflict with or result in the breach of any of the terms of, result in any modification of, give any counterparty the right to terminate, or constitute a default under, any contract or other agreement to which the Beneficiary is a party, or (iii) violate any order, judgment, injunction, award or decree of any court, arbitrator or Governmental Authority against, or binding upon, or any agreement with, or condition imposed by, any Governmental Authority, foreign or domestic, binding upon the Beneficiary.

12. Definitions.

Except as the context shall otherwise require, the following terms shall have the following meanings for all purposes of this Agreement (the definitions to be applicable to both the singular and the plural forms of each term defined if both forms of such term are used in this Agreement):

The term "80% Coinsurance Agreement" means the Amended and Restated 80% Coinsurance Agreement, dated as of March 31, 2016, by and between the Beneficiary and the Grantor, as amended, supplemented, novated or otherwise modified from time to time.

The term "Affiliate" with respect to any corporation shall mean a corporation which directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such corporation.

The term "Beneficiary" shall include any successor of the Beneficiary by operation of law including, without limitation, any liquidator, rehabilitator, receiver or conservator.

The term "Beneficiary Withdrawal Notice" means a notice substantially in the form of the specimen notice attached to this Agreement as Exhibit A.

The term "Commutation Payment" shall have the meaning specified in the 80% Coinsurance Agreement.

The term "control" (including the related terms "controlled by" and "under common control with") shall mean the ownership, directly or indirectly, of more than 10% of the voting stock of a corporation.

The term "Covered Liabilities" shall have the meaning specified in the 80% Coinsurance Agreement.

The term "Eligible Securities" means cash in United States dollars, certificates of deposit issued by a United States bank and payable in United States dollars, and investments permitted by M.G.L. c. 175 or any combination of the above, provided investments in or issued by an entity controlling, controlled by or under common control with the Grantor or the Beneficiary shall not exceed 5% of total investments. Commercial paper and other obligations of institutions must be issued by a corporation (other than the Grantor or the Beneficiary, or any of their respective Affiliates) which is organized and existing under the laws of the United States of America, unless otherwise allowed by M.G.L. c. 175. The Eligible Securities are further subject to and limited by, the investment guidelines set forth in the attached Schedule A to this Agreement.

The term "Governmental Authority" means any federal, state, county, local, foreign or other governmental or public agency, instrumentality, commission, authority or self-regulatory organization, board or body.

The term "Grantor Withdrawal Notice" means a notice substantially in the form of the specimen notice attached to this Agreement as Exhibit B.

The term "Insolvency Proceeding" means any insolvency proceeding under Chapter 145 of Title 8 of the Vermont Statutes Annotated or any proceeding or petition seeking liquidation, reorganization, rehabilitation, dissolution, sequestration, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, insolvency, winding-up, receivership, conservatorship, debtor relief or any proceeding or relief for the appointment of any liquidator, rehabilitator, trustee, receiver, conservator, custodian, sequestrator, or similar official, marshalling of assets or any similar proceeding, in each case whether under the Bankruptcy Code, any state insurance insolvency statute or code similar to any of the foregoing, or any other federal, state or foreign law.

The term "Parent" shall mean an institution that, directly or indirectly, controls another institution.

The term "person" shall mean and include an individual, a corporation, a partnership, an association, a trust, an unincorporated organization or a government or political subdivision thereof.

The term "Policyholders" shall have the meaning specified in the 80% Coinsurance Agreement.

The term "Reinsured Policies" shall have the meaning specified in the 80% Coinsurance Agreement.

The term "Reinsurer's Quota Share" shall have the meaning specified in the 80% Coinsurance Agreement.

The term "Subsidiary" shall mean an institution controlled, directly or indirectly, by another institution.

The term "Substitution Notice" means a notice substantially in the form of the specimen notice attached to this Agreement as Exhibit C.

The term "Trust" shall mean the trust formed hereunder.

13. Governing Law.

This Agreement shall be subject to and construed in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to the principles of conflicts of law thereof. Each Party hereto hereby waives trial by jury in any judicial proceeding involving, directly or indirectly, any matter (whether sounding in tort, contract or otherwise) in any way arising out of or related to this agreement or the relationship established hereunder. This provision is a material inducement for the parties to enter into this Agreement. Each Party hereby irrevocably waives, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such proceeding brought in such a court and any claim that such proceeding brought in such a court has been brought in an inconvenient forum. The establishment and maintenance of the Trust Accounts, and all interests, duties and obligations with respect thereto, shall be governed by the laws of the Commonwealth of Massachusetts.

14. Successors and Assigns.

Except as expressly permitted by Section 9 of this Agreement, no Party may assign this Agreement or any of its rights or obligations hereunder without the prior written consent of both the Grantor and the Beneficiary; provided, that the Grantor may assign (on a case-by-case or ongoing basis) its contractual rights, including any associated enforcement rights, (a) under Section 2(e) to receive Assets withdrawn from the Pecan-Funded Reserves Trust Account in accordance therewith to any designee under Section 2(e) designated in accordance herewith, (b) under Section 2(f) to receive Assets withdrawn from the Prime-Funded Reserves Trust Account in accordance therewith to any designee thereunder designated in accordance herewith, (c) under Section 2(g) to receive Assets withdrawn from the Trust Accounts in accordance therewith to any designee thereunder designated in accordance herewith,

(d) under Section 4 to receive any Income payable under Section 4 to any designee under Section 4 designated in accordance herewith, (e) under Section 10(c) to receive any assets released from the Pecan-Funded Reserves Trust Account on the Termination Date with the prior written approval of the Beneficiary, to any designee under Section 10(c) designated in accordance herewith, or (f) under Section 10(d) to receive any assets released from the Prime-Funded Reserves Trust Account on the Termination Date with the prior written approval of the Beneficiary, to any designee under Section 10(d) designated in accordance herewith, subject in each case and in all respects to the rights of the Beneficiary hereunder. The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

15. Severability.

In the event that any provision of this Agreement shall be declared invalid or unenforceable by any regulatory body or court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.

16. Entire Agreement.

This Agreement constitutes the entire agreement among the Parties, and there are no conditions or qualifications relative to this Agreement which are not fully expressed in this Agreement.

17. Amendments.

This Agreement may be modified or otherwise amended, and the observance of any term of this Agreement may be waived, if such modification, amendment or waiver is in writing and signed by the Parties.

18. Notices.

Unless otherwise provided in this Agreement, any notice and other communication required or permitted hereunder shall be in writing and shall be (i) delivered personally, (ii) sent by electronic media (by SWIFT, emailed pdf. or other similar and reliable means), or in the event that electronic transmission is unavailable for any reason, by facsimile transmission (and immediately after transmission confirmed by telephone), or (iii) sent by certified, registered or express mail, postage prepaid; provided, however, that any Party delivering a communication by facsimile transmission shall retain the electronically generated confirmation of delivery, showing the telephone number to which the transmission was sent and the date and time of the transmission. Any such notice shall be deemed given when so delivered personally, sent by electronic media or by facsimile transmission (and immediately after such facsimile transmission confirmed by telephone) or, if mailed, on the date shown on the receipt therefor, as follows:

if to the Grantor:

Pecan Re Inc.
c/o Marsh Management Services, Inc.
P.O. Box 530
100 Bank Street, Suite 610
Burlington, Vermont 05402-0530
Attention: Kimberly Whitcomb

with copies to (which shall not constitute notice to the Grantor for purposes of this Section 18):

Swiss Re Life & Health America Inc.
175 King Street
Armonk, New York 10504
Attention: John Regan

and

Swiss Re Life & Health America Inc.
175 King Street
Armonk, New York 10504
Attention: Reka Koerner

and

Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022
Attention: Alexander R. Cochran

if to the Beneficiary:

Primerica Life Insurance Company
1 Primerica Parkway
Duluth, GA 30099-0001
Facsimile: (770) 564-6174

with copies to (which shall not constitute notice to the Beneficiary for purposes of this Section 18):

DLA Piper LLP (US)
1251 Avenue of the Americas, 27th Floor
New York, NY 10020
Attention: David D. Luce

If to the Trustee:

The Bank of New York Mellon
101 Barclay Street
Mailstop: 101-0850
New York, New York 10286
Attention: Insurance Trust and Escrow Group/Patricia Scrivano
Facsimile: (732) 667-9536

Each Party may from time to time designate a different address for notices, directions, requests, demands, acknowledgments and other communications by giving written notice of such change to the other Parties.

19. Third-party Beneficiaries. Nothing in this Agreement is intended to give any person, other than the parties to this Agreement, their successors and permitted assigns, any legal or equitable right remedy or claim under or in respect of this Agreement or any provision contained herein.
20. Headings. The headings of the Sections and the Table of Contents have been inserted for convenience of reference only and shall not be deemed to constitute a part of this Agreement.
21. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall constitute an original, but such counterparts together shall constitute but one and the same Agreement.
22. Non-Petition. The Trustee agrees that it shall not petition, request or take any action to commence to any Insolvency Proceeding in respect of the Grantor or a substantial part of its assets.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

PECAN RE INC., as Grantor

By: /s/ Brian Lo
Name: Brian Lo
Title: President

By: /s/ John Gribbon
Name: John Gribbon
Title: Sr. Vice President & CFO

PRIMERICA LIFE INSURANCE COMPANY, as Beneficiary

By: /s/ Dan Settle
Name: Dan Settle
Title: Executive Vice President

THE BANK OF NEW YORK MELLON, as Trustee

By: /s/ Ignazio Tamburello
Name: Ignazio Tamburello
Title: Vice President

[Signature Page to Amended and Restated Coinsurance Trust Agreement]

SCHEDULE A
INVESTMENT GUIDELINES

[Attached]

Pecan Re Inc.

**Operating Policy and
Investment Portfolio Guidelines
(for the Pecan-Funded Reserves Trust Account)**

Pecan Re Inc.

Pecan Re Inc. (“Pecan Re”) under the Trust Agreement (as defined below) shall be responsible for complying with the terms of the Trust Agreement and the Operating Policy and Investment Portfolio Guidelines. One of the purposes of the Trust Agreement is to permit Primerica Life Insurance Company (“PLIC”), in accordance with the Code of Massachusetts Regulations, 211 CMR 130.10, to take statutory financial statement credit for the reinsurance under the Coinsurance Agreement (as defined below).

Pecan Re and PLIC are parties to an 80% Coinsurance Agreement, pursuant to which Pecan Re reinsures 80% of certain of PLIC’s liabilities and benefits associated with its term life insurance business in force as of December 18, 2009 (the “Coinsurance Agreement”). In connection with the Coinsurance Agreement, Pecan Re will maintain two trust accounts. In connection with the Coinsurance Agreement, statutory reserves in excess of an amount of reserves set forth on an agreed schedule set forth in the Collateralized Stop Loss Reinsurance Agreement, dated as of March 31, 2016, by and between Pecan Re and Prime Reinsurance Company, Inc. (“PRC”) will be funded by Pecan Re and maintained in a trust with Pecan Re or its designee receiving interest from the trust (the “Pecan-Funded Reserve Trust Account”) and an amount of reserves set forth on such agreed schedule will be funded by PRC and maintained in a separate trust (the “Prime-Funded Reserve Trust Account”, together with the Pecan-Funded Reserve Trust Account, the “Trust Accounts”). The Trust Accounts were established pursuant to a trust agreement among Pecan Re, PLIC and Trustee, entered into simultaneously with the Coinsurance Agreement (the “Trust Agreement”).

As of March 31, 2016

Operating Policy

The objective of this Operating Policy is to identify and document investment parameters (“Managed Portfolio Parameters”) related to the Managed Portfolio (defined as certain investment accounts owned by those legal entities listed in Exhibit III to the Appendix).

This Operating Policy must be approved by Pecan Re’s Investment Committee whose members are listed in Exhibit II to the Appendix (“Investment Committee”), the CFO of Pecan Re, the Senior Risk Manager or designee and the PLIC designee each named in Exhibit II to the Appendix (jointly, the “Approvers”), the Massachusetts Division of Insurance (the “Division”) and agreed to by any investment adviser registered under the Investment Advisers Act of 1940 that has been formally appointed by Pecan Re (“Investment Adviser”) from time to time. The Operating Policy and the Portfolio Guidelines (attached as the Appendix) may only be amended with the joint approval of the Approvers and agreed to by the Investment Adviser and certain amendments to the Managed Portfolio Parameters must be approved by the Division; *provided* that Exhibit II and Exhibit IV may be amended by the Approvers without the approval of the Division or the consent of the Investment Adviser and the constituency of the Investment Committee may be changed from time to time solely by the Board of Directors of Pecan Re. Exhibit IV may be updated at the request of the Senior Risk Manager’s approver (Exhibit II) and communicated to the Investment Advisor.

The Managed Portfolio will be managed in compliance with all relevant laws and regulations including (i) limitations and regulations applied on a legal entity basis under the investment laws of each relevant state, (ii) requirements that transactions between affiliates be on terms that are fair and reasonable under the holding company acts, including Sections 23A and 23B of the Bank Holding Company Act and (iii) the requirements of M.G.L. c. 175, §20A and 211 CMR 130.07.

In addition, the Managed Portfolio will be managed by the Investment Adviser according to and in compliance with this Operating Policy and the Portfolio Guidelines. Meeting minutes will be prepared by the appointed Secretary of the Investment Committee and circulated to the Approvers for approval. Any additional approved investment strategy or policy will be provided to the Investment Adviser for implementation. The Investment Adviser will also comply with tax strategies as approved and communicated by Pecan Re’s CFO.

MANAGED PORTFOLIO PARAMETERS

The following sections contain the Managed Portfolio Parameters:

- I. Performance Objectives, Restrictions, Indicators & Evaluation**
- II. Investment Directives**
- III. Limits**
- IV. Accounting & Valuation**

Appendix: Pecan Re Investment Portfolio Guidelines

As of March 31, 2016

I. Performance Objectives, Restrictions, Indicators & Evaluation

Objectives for Pecan Re Investments

1. To allow PLIC to take statutory financial statement credit for the reinsurance under the Coinsurance Agreement.
2. To maximize Net Investment Income (“NII”) while preserving invested capital subject to the requirements and restrictions of the reinsurance businesses.
3. To provide adequate liquidity to meet claims or other cash needs.
4. Any other specific objective agreed to in writing by the Approvers and communicated to the Investment Adviser.

Restrictions

The Managed Portfolio Parameters must initially be approved by the Division and the Division shall have prior approval rights as set forth herein to the following changes to the Managed Portfolio Parameters and the Pecan Re Investment Portfolio Guidelines: (i) adding LOCs (as defined below) to the Managed Portfolio; (ii) changes to the Concentration Limits (as defined below) and Limits (as defined below); (iii) any exception to any Limit resulting from new investment purchases if such exception is in excess of 20%; and (iv) any exceptions to Eligible Investments.

Included within the requirements of M.G.L. c. 175, §20A and 211 CMR 130.07, there are allowable trust assets known as “evergreen” letters of credit (“LOCs”) issued or confirmed by qualified U.S. financial institutions. Prior to any LOCs becoming part of the assets of the Managed Portfolio, prior approval of the Division must be obtained.

Performance Evaluation

Investment results will be evaluated over the appropriate time horizons. There must be a quarterly “Investment Review” with attendance by the Investment Adviser’s investment team for the Managed Portfolio and the Approvers (or their designees). At least two members of the Investment Committee must be present at each Investment Review. The review will encompass:

- Portfolio Composition – Snapshot showing: money-market placements and new purchases and sales
- Actual performance versus Performance Indicators
- Portfolio DV01 Sensitivity – aggregated by all bonds in these four tenor buckets: 0-2 years; 2-5 years; 5-10 years; and 10+ years, for the following market risk factors:
 - parallel shifts of the yield curve
 - changes in the slope of the yield curve
 - changes in corporate credit spreads
 - changes in mortgage spreads
- Material credit migrations where an investment-grade credit has migrated to below investment grade or any of Moody’s, Fitch or S&P have noted a 3-rating category migration for any investment grade credit or a 1-rating category migration for any below-investment grade credit
- Limit excesses and exceptions (including derivatives)
- A list of securities that are being closely watched due to material potentially adverse consequences The Managed Portfolio’s performance will also be evaluated at least annually by the Approvers with the Investment Adviser’s senior management, concurrently with the budgeting process.

The Managed Portfolio’s performance will also be evaluated at least annually by the Approvers with the Investment Adviser’s senior management, concurrently with the budgeting process.

As of March 31, 2016

Performance Indicators

- NII vs. Budget
- Actual vs. Target asset allocation
- Realized gains and losses vs. Budget
- Other Benchmarks as agreed to by the parties in Writing

II. Investment Directives

Unrealized Loss Triggers

All securities with declines in market value by more than 20% will be included in the quarterly Investment Review.

Restructurings

Any restructuring of an investment in workout that exceeds \$10MM in value must be discussed with the Approvers in the quarterly Investment Review and an action plan shall be presented to the Approvers by the Investment Adviser.

Duration

The duration of the Managed Portfolio shall be managed in recognition of the mix of liabilities, the liability profile, and the projected reinsurance cash flows of Pecan Re as reviewed periodically.

Liquidity

The liquidity of the overall Managed Portfolio must be adequate to meet its emerging liability cash flows.

Asset Quality

The Managed Portfolio will have a weighted average credit quality for debt and preferred stock of at least A3/A-/A- on a rating agency basis. The Barclays methodology (namely, when the security is rated by more than one rating agency, use the second lowest rating and if only one rating, then that rating will be used) will be used for this average. If no rating agency has provided a rating for an asset, the internal investment rating will be used.

As of March 31, 2016

III. Concentration Limits

Monitoring of Limits

Exposures against the Concentration Limits stated in Exhibit I to the Appendix (“Concentration Limits”) and any other guideline in this Operating Policy or the Portfolio Guidelines (collectively, the “Limits”) shall be monitored daily.

New Exceptions to Limits

- An exception to any Limit resulting from new investment purchases must be pre-approved by the Approvers and if any such exception is in excess of 20% of such relevant Limit, such exception must be pre-approved by the Division. The exception request must include a reason for the purchase and a timeframe for reviewing the exception and deciding on the action to be taken upon review.
- An exception to any Limit that is caused by a rating migration must be approved by the CFO of Pecan Re if it is in excess of 10% of such relevant Limit and if it has not been resolved within 5 days. Any such exceptions that remain unresolved within 30 days must be approved by the Approvers. Further, any such exceptions that exceed 15% of such relevant Limit and remain unresolved within 45 days must be approved by the Division. Over limit issues caused by investment downgrades are included in the quarterly Investment Review.

Existing Exceptions to Limits

For existing names in excess of any Limit, the Investment Adviser will provide the Approvers in the quarterly Investment Review an update for exposures over these Limits including a plan for bringing exposures to within approved Limits or a recommendation to approve the over-Limit exception for a specified or indefinite time period.

IV. Accounting & Valuation

- The Investment Adviser must have documented policies that comply with U.S. GAAP, Statutory Accounting Principles, and other foreign reporting requirements as needed.
- The policies must include independent verification of the valuation process.

As of March 31, 2016

Appendix:

Pecan Re Inc.

Investment Portfolio Guidelines

As of March 31, 2016

Investment Portfolio Guidelines

A. ELIGIBLE INVESTMENTS

The Managed Portfolio(s) may be invested in the following “Eligible Investments”. All investments must be in compliance with Massachusetts Insurance Regulations. All Eligible Investments will be denominated in U.S. dollars. Any exceptions to the following list of Eligible Investments must be pre-approved by the Approvers and the Division.

A.I. Investment Securities

The Investment Adviser is hereby authorized to approve purchases of the following securities (“Investment Securities”) in accordance with the Concentration Limits and the other Portfolio Restrictions:

- a. obligations of the U.S. Government and of any agency of the U.S. Government, directly guaranteed or insured by the U.S. Government, including the following:
 - (1) Farmers Home Administration (FMHA)
 - (2) Financial Assistance Corporation (FAC)
 - (3) Government National Mortgage Association (GNMA)
 - (4) Federal Housing Administration (FHA)
 - (5) Housing and Urban Development Corp. (HUD)
 - (6) Veterans Administration (VA)

Any other agencies not guaranteed are subject to the corporate limitations based on ratings;
- b. bonds, notes or obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development (World Bank), the International Finance Corporation, the Inter- American Development Bank, the Asian Development Bank or the African Development Bank;
- c. obligations payable in U.S. dollars of:
 - (1) U.S. public utilities
 - (2) U.S. industrial, commercial, or financial companies
 - (3) U.S. government agencies not included under (a) above;
- d. obligations of state and local governments and agencies of state and local governments;
- e. mortgage pass-through obligations and collateralized mortgage obligations;
- f. asset backed and commercial mortgage-backed securities;
- g. preferred stock, convertible bonds and other convertible securities, except for the securities of Citigroup, Swiss Reinsurance Company Ltd, Primerica, Inc. or the Investment Adviser or any affiliated issuers of any of Citigroup, Swiss Reinsurance Company Ltd or Primerica, Inc. or the Investment Adviser;
- h. International and emerging markets securities (NAIC 1 or 2 only), issued in the public or 144A markets;
- i. private placements including tax advantaged structures (e.g., CAPCO), securitizations, structured and secured transactions and mezzanine financings offered by the issuer relying on a private placement exemption; and
- j. securities or other interests in investment vehicles including investment subsidiaries, loan participations, mutual funds and exchange-traded funds.

As of March 31, 2016

A.II. Money Market Securities

The Investment Adviser is hereby authorized to approve purchases of the following securities ("Money Market Securities") in accordance with the Concentration Limits and the other Portfolio Restrictions.

- a. securities described under Section 1(a), (b) and (c) above;
- b. commercial paper (other than that issued by Citibank or Swiss Reinsurance Company Ltd) maturing in one year or less of issuers described in Section 1(c) above, rated no less than A1 (S&P or Fitch) or P1 (Moody's); or if not rated, is issued by a company which at the date of investment has an outstanding debt issue rated AAA or AA (S&P or Fitch) or Aaa or Aa (Moody's), medium-term notes and short-term private placements, loan participations and mutual funds;
- c. corporate obligations that at the time of purchase have an original maturity of one year or less and at the time of investment are rated investment grade or higher;
- d. obligations of domestic banks (other than Citibank) or trust companies, each with capital, surplus and undivided profits in excess of \$500 million and maturing in one year or less, such as certificates of deposit, banker's acceptances, time deposits, and bank notes (includes obligations of foreign branches of the United States banks and United States branches or agencies of foreign banks meeting these requirements);
- e. obligations of foreign banks, each with capital, surplus and undivided profits in excess of \$500 million and maturing in one year or less, such as certificates of deposit, banker's acceptances, time deposits, bank notes and discount notes; and
- f. asset-backed securities (other than those issued by Citibank).

B. INVESTMENT AUTHORITIES

B.I. Concentration Limits

- Concentration Limits apply to all Eligible Investments except United States government, agency securities or other securities that are backed by the full faith and credit of the United States government.
- Concentration Limits are based on the sum of the statutory carry values (or cost/amortized cost in the case of a non-admitted asset) of all holdings of an issuer or group of related issuers.
- For purposes of which level of Concentration Limit should be used when aggregating all related issuers, the rating of the common ultimate credit party (e.g., the parent) shall be used. If there is no credit party other than the issuer or there are no affiliated issuers, then the rating of the single issuer (or its underlying credit) shall be used.
 - Although it is generally expected that a related issuer will be an entity that is considered an affiliate (i.e., controls, is controlled by, or under common control with, the issuer in question) in determining whether an entity is a related issuer for these purposes, the Investment Adviser may take into account such factors that it deems relevant and shall indicate in the Investment Review whether or not the issuer is deemed to be related to such other issuer and to the extent the Investment Adviser recommends separation of the issuers, any activity based on such recommendation shall require the approval of the Approvers.
- Concentration Limits and other Limits will be reviewed periodically at the discretion of the portfolio manager appointed to the Managed Portfolio by the Investment Adviser ("Portfolio Manager") with any proposed changes to be approved by the Approvers and the Division before implementation.

As of March 31, 2016

B.II. Aggregate Amounts

- a. The “Aggregate Amount” for Eligible Investments is defined as the total amount outstanding by an issuer or group of related issuers of Eligible Investments in the Managed Portfolio. The Aggregate Amount is the sum of the statutory carry values or cost/amortized cost in the case of a non-admitted asset, of all holdings of an issuer or group of related issuers and will take into account the credit exposure to derivative counterparties.

The Aggregate Amount for pass throughs and CMOs is defined as the total outstanding amount by an agency issuer or investment grade private label issuer in the Managed Portfolio. The Aggregate Amount is the sum of the statutory carry values of all holdings of any agency. Agency issuers are GNMA, FNMA, FHLMC, HUD, FHA, and VA or any issue collateralized by these securities.

- b. When calculating the Aggregate Amount for non-agency collateralized mortgage-backed securities or asset-backed securities, each trust issuer being purchased will generally be considered separately from the other similarly serviced trust and underlying servicing company/sponsor originator so long as the Investment Adviser determines that there is no cross-collateralization or cross defaults or other factors that would cause it to view such issuers to be related from a credit perspective. Non-agency issues (e.g., PruHome, Nascor, GECC, Countrywide and RFC) are backed by whole loans, and are not considered exposure to the originator.

(For example, the Aggregate Amount calculation for purchases of a Ford Motor Credit asset-backed security will not generally include the Managed Portfolio’s exposure to Ford or vice versa. Also, purchases of Ford Credit Auto Lease Trust’s asset-backed security will not generally include the Managed Portfolio’s exposure to Ford or Ford Credit Auto Owner Trusts or vice versa.)

B.III. Ratings

Except as provided in the Portfolio Restrictions stated below with respect to below investment grade securities, all other ratings shall be determined using the Barclays methodology or, where no external rating is available, internal investment quality rating of the class of securities being purchased, and is based on the underlying credit. In the Investment Review, the Portfolio Manager may recommend that the rating of any party providing credit enhancement should also be taken into account in determining the rating of the security and if so approved by the Approvers, the rating of the security may thereafter be determined to be different from that of the underlying credit due to such third party credit enhancement.

B.IV. Credit Authority

For mortgage-backed securities, forward transactions (purchase, sale and dollar rolls) are permitted only with counterparties that have been approved by the Investment Adviser and Approvers; forward transactions are any transactions settling more than two weeks from the current date.

B.V. Trading Authority

The Investment Adviser is hereby authorized to execute the purchase of Eligible Investments conforming to the Concentration Limits and the other Portfolio Restrictions and any sales of such investments.

C. INVESTMENT COMMITTEE

The Investment Committee shall review the investment results of the Managed Portfolio, investment policies and strategies. The members of the Investment Committee may be changed from time to time by the Board of Directors of Pecan Re.

For purposes of these Portfolio Guidelines, required Investment Committee approvals (as part of the “Approvers” group) shall pass with agreement of a majority of the Investment Committee acting in person, by telephone or by written consent.

As of March 31, 2016

D. PORTFOLIO RESTRICTIONS

1. Restricted Issuers

Citigroup, Swiss Reinsurance Company Ltd, Primerica, Inc., Prime Re, Pecan Re or the Investment Adviser or any of their respective affiliates that issue common stock and debt instruments where the credit is Citigroup, Swiss Reinsurance Company Ltd, Primerica, Inc., Prime Re, Pecan Re or the Investment Adviser, respectively, or an affiliate of any, may not be purchased.

2. Money Market Securities

Money market securities will not exceed a maturity of one year.

3. Debt-Like Securities

Non-redeemable preferred stock shall be treated as debt and will not exceed 10% of the total investment in the Managed Portfolio. Convertible preferred stock will not count toward the non-redeemable preferred stock limit.

Convertible debt and convertible preferred stocks shall be treated as debt. Total investments in these convertible debt and convertible preferred securities may not exceed 3% of the total investment in the Managed Portfolio.

Preferred stock and convertible debt securities which are rated below investment grade are not permitted.

4. Domestic and Foreign Investment Grade Corporate and Rule 144A Securities

Total investments in domestic, foreign and Rule 144A investment grade corporate investments will not exceed 75% of the total investment in the Managed Portfolio. This includes debt and redeemable preferred securities.

5. Privately Placed Debt

Total investments in privately placed debt will not exceed 15% of the total investment in the Managed Portfolio.

6. Asset-Backed Securities

Total investments in asset-backed securities will not exceed 25% of the total investment in the Managed Portfolio.

7. Mortgage-Backed Pass Through Securities

Total investments in mortgage-backed (pass through and CMO's) securities will not exceed 25% of the total investment in the Managed Portfolio.

8. Public/Private Tax Exempt Securities

Total investments in public/private tax exempt securities will not exceed 2% of the total investment in the Managed Portfolio.

9. Commercial Mortgage-Backed Securities

Total investments in commercial mortgage-backed securities will not exceed 15% of the total investment in the Managed Portfolio.

As of March 31, 2016

10. Investment in Foreign Issuers

The aggregate investment in securities issued by entities organized in a jurisdiction other than the United States (“Cross-Border Investments”) will be denominated in U.S. dollars and will not exceed the lesser of (i) 25% of the total investments in the Managed Portfolio or (ii) the foreign basket limitation stated in the relevant state regulations. Canadian investments owned by the Managed Portfolio shall not be subject to this limit. Cross-Border Investments shall also be subject to the aggregate limits specified in Exhibit IV for the countries specified therein, as modified from time to time by the Approvers.

11. Multiple Limits

A security or investment falling under more than one Limit shall be subject to each of such applicable Limits.

12. Below Investment Grade Securities

There will be no purchases made other than securities rated NAIC 1 or 2.

As of March 31, 2016

EXHIBIT I**Concentration Limits per Issuer**

Rating	2016	2017	2018	2019	2020	2021	2022+
AAA	\$27.61	\$31.45	\$35.38	\$41.55	\$48.49	\$54.04	\$57.52
AA	23.37	26.61	29.94	35.16	41.03	45.73	48.67
A1-Baa1	19.12	21.77	24.49	28.77	33.57	37.41	39.82
Baa2-Baa3	14.87	16.93	19.05	22.37	26.11	29.10	30.97

Dollars (\$) are in millions.

As of March 31, 2016

EXHIBIT II

Approvers (Joint)

(1) Investment Committee

Abigail Cole
Brian Lo
David Bell
John Gribbon

(2) Pecan Re CFO

John Gribbon

(3) Senior Risk Manager

Kathryn Hyland

(4) PLIC Designee

Michael Wells or designee

As of March 31, 2016

EXHIBIT III

Managed Portfolio

345846 – Pecan Funded Reserves Trust Account

As of March 31, 2016

EXHIBIT IV

Cross-Border Limits by Country in Millions of U.S. Dollars

Country	PRC Cross Border Limits	Country	PRC Cross Border Limits
ALGERIA	0	KAZAKHSTAN	0
ARGENTINA	0.4	KENYA	0
ARUBA	.08	LATVIA	0
AUSTRALIA	No Limit	LEBANON	0
BARBADOS	7.5	LIBERIA	0
BELGIUM	No Limit	LITHUANIA	0
BELIZE	0	LUXEMBOURG	No Limit
BERMUDA	No Limit	MACEDONIA	0
BOLIVIA	0	MALAYSIA	7.5
BOSNIA	0	MEXICO	55
BRAZIL	30	MOROCCO	0.8
BRITISH VIRGIN ISLANDS	0	NETHERLANDS	No Limit
BULGARIA	0	NEW ZEALAND	No Limit
CAMEROON	0	NICARAGUA	0
CANADA	No Limit	NIGERIA	0
CAYMAN ISLANDS	No Limit	NORWAY	No Limit
CHILE	7.5	OMAN	0
CHINA	7.5	PAKISTAN	0
COLOMBIA	11.25	PANAMA	7.5
COSTA RICA	7.5	PERU	11.25
CROATIA	0	PHILIPPINES	7.5
CYPRUS	0	POLAND	11.25
CZECH REPUBLIC	7.5	QATAR	22.50
DENMARK	No Limit	ROMANIA	0
DOMINICAN REPUBLIC	0	RUSSIA	0
ECUADOR	0	SERBIA	0
EGYPT	0	SINGAPORE	No Limit
EL SALVADOR	0.3	SLOVAKIA	0
ESTONIA	0	SLOVENIA	0
FINLAND	No Limit	SOUTH AFRICA	4.1
FRANCE	No Limit	SOUTH KOREA	15
GERMANY	No Limit	SPAIN	No Limit
GRENADA	0	SUPRANATIONAL	No Limit
GUATEMALA	0	SWEDEN	No Limit
HONDURAS	0	SWITZERLAND	No Limit
HONG KONG	No Limit	TAIWAN	No Limit
HUNGARY	0	THAILAND	0
ICELAND	0	TRINIDAD	0
INDIA	22.5	TUNISIA	7.5
IRELAND	No Limit	TURKEY	0
ISRAEL	9	UKRAINE	0
ITALY	No Limit	UNITED KINGDOM	No Limit
IVORY COAST	0	URUGUAY	7.5
JAMAICA	0	VENEZUELA	0
JAPAN	22.5	VIETNAM	0
JORDAN	0		

As of March 31, 2016

Prime Reinsurance Company, Inc.
Operating Policy and
Investment Portfolio Guidelines
(for the Prime-Funded Reserves Trust Account)

As of March 31, 2016

Prime Reinsurance Company, Inc.

Pecan Re Inc. (“Pecan Re”) under the Trust Agreement (as defined below) shall be responsible for complying with the terms of the Trust Agreement and the Operating Policy and Investment Portfolio Guidelines. One of the purposes of the Trust Agreement is to permit Primerica Life Insurance Company (“PLIC”), in accordance with the Code of Massachusetts Regulations, 211 CMR 130.10, to take statutory financial statement credit for the reinsurance under the Coinsurance Agreement (as defined below).

Pecan Re and PLIC are parties to an 80% Coinsurance Agreement, pursuant to which Pecan Re reinsures 80% of certain of PLIC’s liabilities and benefits associated with its term life insurance business in force as of December 18, 2009 (the “Coinsurance Agreement”). In connection with the Coinsurance Agreement, Pecan Re will maintain two trust accounts. In connection with the Coinsurance Agreement, statutory reserves in excess of an amount of reserves set forth on an agreed schedule set forth in the Collateralized Stop Loss Reinsurance Agreement, dated as of [●], by and between Pecan Re and Prime Reinsurance Company, Inc. (“PRC”) will be funded by Pecan Re and maintained in a trust with Pecan Re receiving interest from the trust (the “Pecan-Funded Reserve Trust Account”) and an amount of reserves set forth on such agreed schedule will be funded by PRC and maintained in a separate trust (the “Prime-Funded Reserve Trust Account”, together with the Pecan-Funded Reserve Trust Account, the “Trust Accounts”). The Trust Accounts were established pursuant to a trust agreement among Pecan Re, PLIC and Trustee, entered into simultaneously with the Coinsurance Agreement (the “Trust Agreement”).

Operating Policy

The objective of this Operating Policy is to identify and document investment parameters (“Managed Portfolio Parameters”) related to the Managed Portfolio (defined as certain investment accounts owned by those legal entities listed in Exhibit III to the Appendix).

This Operating Policy must be approved by PRC’s Investment Committee whose members are listed in Exhibit II to the Appendix (“Investment Committee”), the Citi Holdings Treasurer designee, the Senior Risk Manager or designee and the PLIC designee each named in Exhibit II to the Appendix (jointly, the “Approvers”), the Massachusetts Division of Insurance (the “Division”) and agreed to by any investment adviser registered under the Investment Advisers Act of 1940 that has been formally appointed by PRC (“Investment Adviser”) from time to time. The Operating Policy and the Portfolio Guidelines (attached as the Appendix) may only be amended with the joint approval of the Approvers and agreed to by the Investment Adviser and certain amendments to the Managed Portfolio Parameters must be approved by the Division; *provided* that Exhibit II and Exhibit IV may be amended by the Approvers without the approval of the Division or the consent of the Investment Adviser and the constituency of the Investment Committee may be changed from time to time solely by the Board of Directors of PRC. Exhibit IV may be updated at the request of the Senior Risk Manager’s approver (Exhibit II) and communicated to the Investment Adviser.

The Managed Portfolio will be managed in compliance with all relevant laws and regulations including (i) limitations and regulations applied on a legal entity basis under the investment laws of each relevant state, (ii) requirements that transactions between affiliates be on terms that are fair and reasonable under the holding company acts, including Sections 23A and 23B of the Bank Holding Company Act and (iii) the requirements of M.G.L. c. 175, §20A and 211 CMR 130.07.

In addition, the Managed Portfolio will be managed by the Investment Adviser according to and in compliance with this Operating Policy and the Portfolio Guidelines. Meeting minutes will be prepared by the appointed Secretary of the Investment Committee and circulated to the Approvers for approval. Any additional approved investment strategy or policy will be provided to the Investment Adviser for implementation. The Investment Adviser will also comply with tax strategies as approved and communicated by PRC’s CFO.

As of March 31, 2016

MANAGED PORTFOLIO PARAMETERS

The following sections contain the Managed Portfolio Parameters:

- I. Performance Objectives, Restrictions, Indicators & Evaluation**
- II. Investment Directives**
- III. Limits**
- IV. Accounting & Valuation**

Appendix: PRC Investment Portfolio Guidelines

I. Performance Objectives, Restrictions, Indicators & Evaluation

Objectives for PRC Investments

1. To maximize PRC's Net Investment Income ("NII") while preserving invested capital subject to the requirements and restrictions of the Collateralized Stop Loss Reinsurance Agreement.
2. To provide adequate liquidity to meet payments under the Collateralized Stop Loss Reinsurance Agreement or other cash needs.
3. Any other specific objective agreed to in writing by the Approvers and communicated to the Investment Adviser.

Restrictions

The Managed Portfolio Parameters must initially be approved by the Division and the Division shall have prior approval rights as set forth herein to the following changes to the Managed Portfolio Parameters and the PRC Investment Portfolio Guidelines: (i) adding LOCs (as defined below) to the Managed Portfolio; (ii) changes to the Concentration Limits (as defined below) and Limits (as defined below); (iii) any exception to any Limit resulting from new investment purchases if such exception is in excess of 20%; (iv) any exception to any Limit that is caused by a rating migration if such exception is in excess of 15% and remains unresolved within 45 days; and (v) any exceptions to Eligible Investments.

Included within the requirements of M.G.L. c. 175, §20A and 211 CMR 130.07, there are allowable trust assets known as "evergreen" letters of credit ("LOCs") issued or confirmed by qualified U.S. financial institutions. Prior to any LOCs becoming part of the assets of the Managed Portfolio, prior approval of the Division must be obtained.

Performance Evaluation

Investment results will be evaluated over the appropriate time horizons. There must be a monthly "Investment Review" with attendance by the Investment Adviser's investment team for the Managed

Portfolio and the Approvers (or their designees). At least two members of the Investment Committee must be present at each Investment Review. The review will encompass:

- Portfolio Composition – Snapshot showing: money-market placements and new purchases and sales
- Actual performance versus Performance Indicators
- Portfolio DV01 Sensitivity – aggregated by all bonds in these four tenor buckets: 0-2 years; 2-5 years; 5-10 years; and 10+ years, for the following market risk factors:
 - parallel shifts of the yield curve
 - changes in the slope of the yield curve
 - changes in corporate credit spreads
 - changes in mortgage spreads

As of March 31, 2016

- Material credit migrations where an investment-grade credit has migrated to below investment grade or any of Moody's, Fitch or S&P have noted a 3-rating category migration for any investment grade credit or a 1-rating category migration for any below-investment grade credit
- Limit excesses and exceptions (including derivatives)
- A list of securities that are being closely watched due to material potentially adverse consequences

The Managed Portfolio's performance will also be evaluated at least annually by the Approvers with the Investment Adviser's senior management, concurrently with the budgeting process.

Performance Indicators

- NII vs. Budget
- Actual vs. Target asset allocation
- Realized gains and losses vs. Budget
- Other Benchmarks as agreed to by the parties in writing

II. Investment Directives

Realized Gains and Losses / Trading Parameters

The realization of gains on security sales greater than \$5MM per calendar quarter or in excess of \$1MM gain per transaction must be pre approved by PRC's CFO. The realization of losses must be made in accordance with PRC's Other Than Temporary Impairment (OTTI) policy.

Unrealized Loss Triggers

All securities with declines in market value by more than 20% will be included in the monthly Investment Review.

Restructurings

Any restructuring of an investment in workout that exceeds \$10MM in value must be discussed with the Approvers in the monthly Investment Review and an action plan shall be presented to the Approvers by the Investment Adviser.

Impairments

Unrealized losses will be reviewed in accordance with PRC's OTTI policy. PRC will work with Citigroup as is appropriate.

Duration

The overall effective duration of the Managed Portfolio is to be maintained at 10 years or less.

Liquidity

The liquidity of the overall Managed Portfolio must be adequate to meet its emerging liability cash flows.

As of March 31, 2016

Asset Quality

The Managed Portfolio will have a weighted average credit quality for debt and preferred stock of at least A3/A-/A- on a rating agency basis. The Barclays methodology (namely, when the security is rated by more than one rating agency, use the second lowest rating and if only one rating, then that rating will be used) will be used for this average. If no rating agency has provided a rating for an asset, the internal investment rating will be used.

III. Concentration Limits

Monitoring of Limits

Exposures against the Concentration Limits stated in Exhibit I to the Appendix ("Concentration Limits") and any other guideline in this Operating Policy or the Portfolio Guidelines (collectively, the "Limits") shall be monitored daily.

New Exceptions to Limits

- An exception to any Limit resulting from new investment purchases must be pre-approved by the Approvers and if any such exception is in excess of 20% of such relevant Limit, such exception must be pre-approved by the Division. The exception request must include a reason for the purchase and a timeframe for reviewing the exception and deciding on the action to be taken upon review.
- An exception to any Limit that is caused by a rating migration must be approved by the Senior Risk Manager of the Approvers if it is in excess of 10% of such relevant Limit and if it has not been resolved within 1 day. Any such exceptions that remain unresolved within 30 days must be approved by the Approvers. Further, any such exceptions that exceed 15% of such relevant Limit and remain unresolved within 45 days must be approved by the Division. Over limit issues caused by investment downgrades are included in the monthly Investment Review.

Existing Exceptions to Limits

For existing names in excess of any Limit, the Investment Adviser will provide the Approvers in the monthly Investment Review an update for exposures over these Limits including a plan for bringing exposures to within approved Limits or a recommendation to approve the over-Limit exception for a specified time period.

IV. Accounting & Valuation

- The Investment Adviser must have documented policies that comply with U.S. GAAP, Statutory Accounting Principles, and other foreign reporting requirements as needed.
- The policies must include independent verification of the valuation process.
- The policies must be approved by PRC's CFO.

As of March 31, 2016

Appendix:

Prime Reinsurance Company, Inc.

Investment Portfolio Guidelines

As of March 31, 2016

A. ELIGIBLE INVESTMENTS

The Managed Portfolio(s) may be invested in the following “Eligible Investments”. All investments must be in compliance with Massachusetts Insurance Regulations. All Eligible Investments will be denominated in U.S. dollars. Any exceptions to the following list of Eligible Investments must be pre-approved by the Approvers and the Division.

A.I. Investment Securities

The Investment Adviser is hereby authorized to approve purchases of the following securities (“Investment Securities”) in accordance with the Concentration Limits and the other Portfolio Restrictions:

- a. obligations of the U.S. Government and of any agency of the U.S. Government, directly guaranteed or insured by the U.S. Government, including the following:
 - (1) Farmers Home Administration (FMHA)
 - (2) Financial Assistance Corporation (FAC)
 - (3) Government National Mortgage Association (GNMA)
 - (4) Federal Housing Administration (FHA)
 - (5) Housing and Urban Development Corp. (HUD)
 - (6) Veterans Administration (VA)
- Any other agencies not guaranteed are subject to the corporate limitations based on ratings;
- b. bonds, notes or obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development (World Bank), the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank or the African Development Bank;
- c. obligations payable in U.S. dollars of:
 - (1) U.S. public utilities
 - (2) U.S. industrial, commercial, or financial companies
 - (3) U.S. government agencies not included under (a) above;
- d. obligations of state and local governments and agencies of state and local governments;
- e. mortgage pass-through obligations and collateralized mortgage obligations;
- f. asset backed and commercial mortgage-backed securities;
- g. preferred stock, convertible bonds and other convertible securities, except for the securities of Citigroup, Swiss Reinsurance Company Ltd, Primerica, Inc. or the Investment Adviser or any affiliated issuers of any of Citigroup, Swiss Reinsurance Company Ltd or Primerica, Inc. or the Investment Adviser;
- h. International and emerging markets securities (NAIC 1 or 2 only), issued in the public or 144A markets;
- i. private placements including tax advantaged structures (e.g., CAPCO), securitizations, structured and secured transactions and mezzanine financings offered by the issuer relying on a private placement exemption; and
- j. securities or other interests in investment vehicles including investment subsidiaries, loan participations, mutual funds and exchange-traded funds.

As of March 31, 2016

A.II. Money Market Securities

The Investment Adviser is hereby authorized to approve purchases of the following securities ("Money Market Securities") in accordance with the Concentration Limits and the other Portfolio Restrictions.

- a. securities described under Section 1(a), (b) and (c) above;
- b. commercial paper (other than that issued by Citibank or Swiss Reinsurance Company Ltd) maturing in one year or less of issuers described in Section 1(c) above, rated no less than A1 (S&P or Fitch) or P1 (Moody's); or if not rated, is issued by a company which at the date of investment has an outstanding debt issue rated AAA or AA (S&P or Fitch) or Aaa or Aa (Moody's), medium-term notes and short-term private placements, loan participations and mutual funds;
- c. corporate obligations that at the time of purchase have an original maturity of one year or less and at the time of investment are rated investment grade or higher;
- d. obligations of domestic banks (other than Citibank) or trust companies, each with capital, surplus and undivided profits in excess of \$500 million and maturing in one year or less, such as certificates of deposit, banker's acceptances, time deposits, and bank notes (includes obligations of foreign branches of the United States banks and United States branches or agencies of foreign banks meeting these requirements);
- e. obligations of foreign banks, each with capital, surplus and undivided profits in excess of \$500 million and maturing in one year or less, such as certificates of deposit, banker's acceptances, time deposits, bank notes and discount notes; and
- f. asset-backed securities (other than those issued by Citibank).

B. INVESTMENT AUTHORITIES

B.I. Concentration Limits

- Concentration Limits apply to all Eligible Investments except United States government, agency securities or other securities that are backed by the full faith and credit of the United States government.
- Concentration Limits are based on the sum of the statutory carry values (or cost/amortized cost in the case of a non-admitted asset) of all holdings of an issuer or group of related issuers.
- For purposes of which level of Concentration Limit should be used when aggregating all related issuers, the rating of the common ultimate credit party (e.g., the parent) shall be used. If there is no credit party other than the issuer or there are no affiliated issuers, then the rating of the single issuer (or its underlying credit) shall be used.
 - Although it is generally expected that a related issuer will be an entity that is considered an affiliate (i.e., controls, is controlled by, or under common control with, the issuer in question) in determining whether an entity is a related issuer for these purposes, the Investment Adviser may take into account such factors that it deems relevant and shall indicate in the Investment Review whether or not the issuer is deemed to be related to such other issuer and to the extent the Investment Adviser recommends separation of the issuers, any activity based on such recommendation shall require the approval of the Approvers.
- Concentration Limits and other Limits will be reviewed periodically at the discretion of the portfolio manager appointed to the Managed Portfolio by the Investment Adviser ("Portfolio Manager") with any proposed changes to be approved by the Approvers and the Division before implementation.

As of March 31, 2016

B.II. Aggregate Amounts

- a. The “Aggregate Amount” for Eligible Investments is defined as the total amount outstanding by an issuer or group of related issuers of Eligible Investments in the Managed Portfolio. The Aggregate Amount is the sum of the statutory carry values or cost/amortized cost in the case of a non-admitted asset, of all holdings of an issuer or group of related issuers and will take into account the credit exposure to derivative counterparties.

The Aggregate Amount for pass throughs and CMOs is defined as the total outstanding amount by an agency issuer or investment grade private label issuer in the Managed Portfolio. The Aggregate Amount is the sum of the statutory carry values of all holdings of any agency. Agency issuers are GNMA, FNMA, FHLMC, HUD, FHA, and VA or any issue collateralized by these securities.

- b. When calculating the Aggregate Amount for non-agency collateralized mortgage-backed securities or asset-backed securities, each trust issuer being purchased will generally be considered separately from the other similarly serviced trust and underlying servicing company/sponsor originator so long as the Investment Adviser determines that there is no cross-collateralization or cross defaults or other factors that would cause it to view such issuers to be related from a credit perspective. Non-agency issues (e.g., PruHome, Nascor, GECC, Countrywide and RFC) are backed by whole loans, and are not considered exposure to the originator.

(For example, the Aggregate Amount calculation for purchases of a Ford Motor Credit asset-backed security will not generally include the Managed Portfolio’s exposure to Ford or vice versa. Also, purchases of Ford Credit Auto Lease Trust’s asset-backed security will not generally include the Managed Portfolio’s exposure to Ford or Ford Credit Auto Owner Trusts or vice versa.)

B.III. Ratings

Except as provided in the Portfolio Restrictions stated below with respect to below investment grade securities, all other ratings shall be determined using the Barclays methodology or, where no external rating is available, internal investment quality rating of the class of securities being purchased, and is based on the underlying credit. In the Investment Review, the Portfolio Manager may recommend that the rating of any party providing credit enhancement should also be taken into account in determining the rating of the security and if so approved by the Approvers, the rating of the security may thereafter be determined to be different from that of the underlying credit due to such third party credit enhancement.

B.IV. Credit Authority

For mortgage-backed securities, forward transactions (purchase, sale and dollar rolls) are permitted only with counterparties that have been approved by the Investment Adviser and Approvers; forward transactions are any transactions settling more than two weeks from the current date.

B.V. Trading Authority

The Investment Adviser is hereby authorized to execute the purchase of Eligible Investments conforming to the Concentration Limits and the other Portfolio Restrictions and any sales of such investments. Sales at a loss must be in accordance with PRC’s OTTI policy.

C. INVESTMENT COMMITTEE

The Investment Committee shall review the investment results of the Managed Portfolio, investment policies and strategies. The members of the Investment Committee may be changed from time to time by the Board of Directors of PRC.

For purposes of these Portfolio Guidelines, required Investment Committee approvals (as part of the “Approvers” group) shall pass with agreement of a majority of the Investment Committee acting in person, by telephone or by written consent.

As of March 31, 2016

D. PORTFOLIO RESTRICTIONS

1. Restricted Issuers

Citigroup, Swiss Reinsurance Company Ltd, Primerica, Inc., PRC, Pecan Re or the Investment Adviser or any of their respective affiliates that issue common stock and debt instruments where the credit is Citigroup, Swiss Reinsurance Company Ltd, Primerica, Inc., PRC, Pecan Re or the Investment Adviser, respectively, or an affiliate of any, may not be purchased.

2. Money Market Securities

Money market securities will not exceed a maturity of one year.

3. Debt-Like Securities

Non-redeemable preferred stock shall be treated as debt and will not exceed 10% of the total investment in the Managed Portfolio. Convertible preferred stock will not count toward the non-redeemable preferred stock limit.

Convertible debt and convertible preferred stocks shall be treated as debt. Total investments in these convertible debt and convertible preferred securities may not exceed 3% of the total investment in the Managed Portfolio.

Preferred stock and convertible debt securities which are rated below investment grade are not permitted.

4. Domestic and Foreign Investment Grade Corporate and Rule 144A Securities

Total investments in domestic, foreign and Rule 144A investment grade corporate investments will not exceed 75% of the total investment in the Managed Portfolio. This includes debt and redeemable preferred securities.

5. Privately Placed Debt

Total investments in privately placed debt will not exceed 15% of the total investment in the Managed Portfolio.

6. Asset-Backed Securities

Total investments in asset-backed securities will not exceed 25% of the total investment in the Managed Portfolio.

7. Mortgage-Backed Pass Through Securities

Total investments in mortgage-backed (pass through and CMO's) securities will not exceed 25% of the total investment in the Managed Portfolio.

8. Public/Private Tax Exempt Securities

Total investments in public/private tax exempt securities will not exceed 2% of the total investment in the Managed Portfolio.

9. Commercial Mortgage-Backed Securities

Total investments in commercial mortgage-backed securities will not exceed 15% of the total investment in the Managed Portfolio.

As of March 31, 2016

10. Investment in Foreign Issuers

The aggregate investment in securities issued by entities organized in a jurisdiction other than the United States (“Cross-Border Investments”) will be denominated in U.S. dollars and will not exceed the lesser of (i) 25% of the total investments in the Managed Portfolio or (ii) the foreign basket limitation stated in the relevant state regulations. Canadian investments owned by the Managed Portfolio shall not be subject to this limit. Cross-Border Investments shall also be subject to the aggregate limits specified in Exhibit IV for the countries specified therein, as modified from time to time by the Approvers.

11. Multiple Limits

A security or investment falling under more than one Limit shall be subject to each of such applicable Limits.

12. Below Investment Grade Securities

There will be no purchases made other than securities rated NAIC 1 or 2.

As of March 31, 2016

EXHIBIT I

Concentration Limits per Issuer

Rating	2016	2017	2018	2019	2020	2021	2022+
AAA	30.16	26.33	22.40	16.23	9.29	3.73	0.26
AA	25.52	22.28	18.95	13.73	7.86	3.16	0.22
A1-Baa1	20.88	18.23	15.51	11.23	6.43	2.59	0.18
Baa2-Baa3	16.24	14.18	12.06	8.74	5.00	2.01	0.14

Dollars (\$) are in millions.

As of March 31, 2016

EXHIBIT II

Approvers (Joint)

(1) Investment Committee

Reza Shah
Francisco Tobias Marin
Laurie Hesslein
Pantelis Apeessos
Keith Crider
Scott Van Pelt

(2) Citi Holdings Treasurer Designee

Pantelis Apeessos

(3) Senior Risk Manager

Junaid Siddiqui

(4) PLIC Designee

Michael Wells or designee

As of March 31, 2016

EXHIBIT III

Managed Portfolio

345845 – Prime Funded Reserves Trust Account

As of March 31, 2016

EXHIBIT IV

Cross-Border Limits by Country in U.S. Dollars

Country	PRC Cross Border Limits	Country	PRC Cross Border Limits
ALGERIA	0	KAZAKHSTAN	0
ARGENTINA	0.4	KENYA	0
ARUBA	.08	LATVIA	0
AUSTRALIA	No Limit	LEBANON	0
BARBADOS	7.5	LIBERIA	0
BELGIUM	No Limit	LITHUANIA	0
BELIZE	0	LUXEMBOURG	No Limit
BERMUDA	No Limit	MACEDONIA	0
BOLIVIA	0	MALAYSIA	7.5
BOSNIA	0	MEXICO	55
BRAZIL	30	MOROCCO	0.8
BRITISH VIRGIN ISLANDS	0	NETHERLANDS	No Limit
BULGARIA	0	NEW ZEALAND	No Limit
CAMEROON	0	NICARAGUA	0
CANADA	No Limit	NIGERIA	0
CAYMAN ISLANDS	No Limit	NORWAY	No Limit
CHILE	7.5	OMAN	0
CHINA	7.5	PAKISTAN	0
COLOMBIA	11.25	PANAMA	7.5
COSTA RICA	7.5	PERU	11.25
CROATIA	0	PHILIPPINES	7.5
CYPRUS	0	POLAND	11.25
CZECH REPUBLIC	7.5	QATAR	22.50
DENMARK	No Limit	ROMANIA	0
DOMINICAN REPUBLIC	0	RUSSIA	0
ECUADOR	0	SERBIA	0
EGYPT	0	SINGAPORE	No Limit
EL SALVADOR	0.3	SLOVAKIA	0
ESTONIA	0	SLOVENIA	0
FINLAND	No Limit	SOUTH AFRICA	4.1
FRANCE	No Limit	SOUTH KOREA	15
GERMANY	No Limit	SPAIN	No Limit
GRENADA	0	SUPRANATIONAL	No Limit
GUATEMALA	0	SWEDEN	No Limit
HONDURAS	0	SWITZERLAND	No Limit
HONG KONG	No Limit	TAIWAN	No Limit
HUNGARY	0	THAILAND	0
ICELAND	0	TRINIDAD	0
INDIA	22.5	TUNISIA	7.5
IRELAND	No Limit	TURKEY	0
ISRAEL	9	UKRAINE	0
ITALY	No Limit	UNITED KINGDOM	No Limit
IVORY COAST	0	URUGUAY	7.5
JAMAICA	0	VENEZUELA	0
JAPAN	22.5	VIETNAM	0
JORDAN	0		

As of March 31, 2016

EXHIBIT A

FORM OF BENEFICIARY WITHDRAWAL NOTICE

From: Primerica Life Insurance Company (the “Beneficiary”)

To: The Bank of New York Mellon [or its successor] (the “Trustee”)

Date:

Re: 80% Coinsurance Trust Agreement among Pecan Re Inc., the Beneficiary, and the Trustee, dated as of March 31, 2016 (the “Trust Agreement”) and [Prime-Funded] [Pecan-Funded] Reserves Trust Account #[345845] [345846]

Dear Sirs:

We hereby give you notice pursuant to Section 2(a) of the Trust Agreement that the Beneficiary is entitled to withdraw the sum of \$_____ from the [Prime-Funded] [Pecan-Funded] Reserves Trust Account. Payment should be immediately made to _____ by the following method:

The Beneficiary hereby demands payment of the above-specified amount in accordance with Section 2(a) of the Trust Agreement.

Yours faithfully,

For and on behalf of Beneficiary

EXHIBIT B

FORM OF GRANTOR WITHDRAWAL NOTICE

From: Pecan Re Inc. (the “Grantor”)

To: The Bank of New York Mellon [or its successor] (the “Trustee”)

Date:

Re: 80% Coinsurance Trust Agreement among the Grantor, Primerica Life Insurance Company (the “Beneficiary”), and the Trustee, dated as of March 31, 2016 (“Trust Agreement”) and [Prime-Funded] [Pecan-Funded] Reserves Trust Account #[345845] [345846]

Dear Sirs:

We hereby give you notice pursuant to Section [2(e)][2(f)] of the Trust Agreement that the Grantor is entitled to withdraw the sum of \$_____ from the [Prime-Funded] [Pecan-Funded] Reserves Trust Account. Payment should be immediately made to _____ by the following method: :

The Grantor hereby demands payment of the above-specified amount in accordance with Section [2(e)][2(f)] of the Trust Agreement.

Yours faithfully,

For and on behalf of Grantor

Agreed to:

For and on behalf of Beneficiary

EXHIBIT C

FORM OF SUBSTITUTION NOTICE

From: Pecan Re Inc. (the “Grantor”)

To: The Bank of New York Mellon [or its successor] (the “Trustee”)

Date:

Re: 80% Coinsurance Trust Agreement among the Grantor, Primerica Life Insurance Company (the “Beneficiary”), and the Trustee, dated as of March 31, 2016 (“Trust Agreement”) and [Prime-Funded] [Pecan-Funded] Reserves Trust Account #[345845] [345846]

Dear Sirs:

We hereby give you notice pursuant to Section 3(e) of the Trust Agreement for the Trustee to transfer _____ from _____ to the [Prime-Funded] [Pecan-Funded] Reserves Trust Account.

We hereby give you notice pursuant to Section 3(e) of the Trust Agreement for the Trustee to transfer from the [Prime-Funded] [Pecan-Funded] Reserves Trust Account to .

The Grantor hereby certifies to the Trustee that such substitutions are Eligible Securities. The Grantor hereby certifies to the Trustee that the aggregate [Prime-Funded Reserves Fair Value] [Pecan-Funded Reserves Fair Value] of the assets to be deposited or credited to the [Prime- Funded] [Pecan-Funded] Reserves Trust Account pursuant to this substitution is at least equal to the aggregate [Prime-Funded Reserves Fair Value] [Pecan-Funded Reserves Fair Value] of the assets being removed from the [Prime-Funded] [Pecan-Funded] Reserves Trust Account.

Yours faithfully,

For and on behalf of Grantor

Agreed to:

For and on behalf of Beneficiary

COINSURANCE AMENDING AGREEMENT

THIS COINSURANCE AMENDING AGREEMENT is made effective as of December 31, 2011, between PRIMERICA LIFE INSURANCE COMPANY OF CANADA, a life insurance company incorporated under the *Insurance Companies Act* (Canada) (together with its successors and permitted assigns, the "Ceding Company"), and FINANCIAL REASSURANCE COMPANY 2010, LTD., a reinsurance company incorporated in Bermuda and registered as an insurer pursuant to the Insurance Act 1978 of Bermuda (together with its successors and permitted assigns, the "Reinsurer").

WHEREAS the Ceding Company and the Reinsurer are parties to a coinsurance agreement dated March 31, 2010 (the "Coinsurance Agreement") pursuant to which the Ceding Company cedes certain liabilities to the Reinsurer on an indemnity reinsurance basis; and

AND WHEREAS, in connection with the arrangements contemplated by the Coinsurance Agreement, the Ceding Company and the Reinsurer entered into a reinsurance trust agreement dated March 15, 2010 (the "Reinsurance Trust Agreement") with RBC Dexia Investor Services Trust ("RBC Dexia"), as trustee, and OSFI, pursuant to which the Reinsurer is maintaining security in Canada in respect of its potential liabilities under the Coinsurance Agreement;

AND WHEREAS, to reflect a change in OSFI's guidelines on reinsurance arrangements and implement the new arrangements contemplated thereby, the Ceding Company and the Reinsurer wish to terminate the Reinsurance Trust Agreement and enter into a reinsurance security agreement dated as of December 31, 2011 (the "Reinsurance Security Agreement") with RBC Dexia, as custodian, and perform their respective obligations thereunder;

AND WHEREAS, in connection therewith, the Ceding Company and the Reinsurer wish to make certain amendments to the Coinsurance Agreement to reflect these changes;

AND WHEREAS all capitalized terms used herein that are not otherwise defined shall have the meaning set forth in the Coinsurance Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Termination of Reinsurance Trust Arrangements.** The Ceding Company and the Reinsurer hereby agree to take all such steps, including filing all required forms with, and obtaining all consents required from, OSFI, so as to terminate the Reinsurance Trust Agreement and the arrangements contemplated thereby, it being acknowledged that such agreement and arrangements will be replaced with the Reinsurance Security Agreement and the arrangements contemplated thereby. Notwithstanding the termination of the Reinsurance Trust Agreement, the Coinsurance Agreement shall continue in full force and effect.

2. **Amendments to the Definitions.**

- (a) Eligible Assets: Section 1.1(s) of the Coinsurance Agreement is hereby amended by deleting the definition of "Eligible Assets" and replacing it with the following:

"Eligible Assets" means assets permitted to be deposited in the Reinsurance Security Account pursuant to the Reinsurance Security Agreement and the Investment Guidelines; provided, however, investments in or issued by an entity controlling, controlled by or under common control with either the Ceding Company or the Reinsurer shall not exceed 5% of total investments. The Eligible Assets are further subject to, and limited by, the Investment Guidelines.

- (b) Reinsurance Security Account: Section 1.1(zz) of the Coinsurance Agreement is hereby amended by deleting the definition of "Reinsurance Trust Account" and replacing it with the following:

“**Reinsurance Security Account**” shall have the meaning specified in Section 15.1.

- (c) **Reinsurance Security Account Balance:** Section 1.1(aaa) of the Coinsurance Agreement is hereby amended by deleting the definition of “Reinsurance Trust Account Balance” and replacing it with the following:

“**Reinsurance Security Account Balance**” means, as of the last day of each calendar quarter following the date hereof, the aggregate Market Value as of such date of the Eligible Assets maintained in the Reinsurance Security Account.

- (d) **Reinsurance Security Agreement:** Section 1.1(bbb) of the Coinsurance Agreement is hereby amended by deleting the definition of “Reinsurance Trust Agreement” and replacing it with the following:

“**Reinsurance Security Agreement**” shall have the meaning specified in Section 15.1.

- (e) **Required Balance:** Section 1.1(jjj) of the Coinsurance Agreement is hereby amended by deleting the definition of “Required Balance” and replacing it with the following:

“**Required Balance**” means, as of any date, the amount equal to the greater of (i) the Reinsurer’s Quota Share of the Subject Reserves with respect to the Reinsured Policies, and (ii) the amount of assets necessary at any particular point in time under the MCCR Guideline in order for the Ceding Company to take full Financial Statement Credit for the unlicensed reinsurance in the same manner as if licensed reinsurance was being provided that enables the Ceding Company to maintain its OSFI target capital ratio as well as to be able to meet all Dynamic Capital Adequacy Testing adverse scenarios that may be required by OSFI with respect to the Reinsurer’s Quota Share of the Subject Reserves. For greater certainty, the amount of Collateral held pursuant to the Reinsurance Security Agreement shall at no time be less than a minimum of an amount equal to 100% of the aggregate liability ceded (if greater than zero) plus 70% of the offsetting reserves ceded (MCCR Guideline section 1.2.3.2) plus 150% of the Regulatory Required Capital for the Ceded Business as defined by the MCCR Guideline, as calculated in Schedule C as of December 31, 2009.

3. **Additional Definitions.** Section 1.1 of the Coinsurance Agreement is hereby amended by adding the following definitions:

(j.1) “**Collateral**” shall have the meaning specified in Section 15.2(a).

(p.1) “**Custodian**” means RBC Dexia Investor Services Trust, or such successor custodian as may be appointed from time to time under the Reinsurance Security Agreement.

4. **Removal of Definitions.** Section 1.1 of the Coinsurance Agreement is hereby amended by deleting Subsections 1.1 (ttt) and (uuu) (being the definitions of “Trust Assets” and “Trustee”) in their entirety.

5. **Deposit in Reinsurance Security Account** Concurrent with the termination of the Reinsurance Trust Agreement (which, for greater certainty, is subject to receipt of written approval of such termination from OSFI), the Ceding Company and the Reinsurer acknowledge and agree that the Reinsurer shall cause RBC Dexia, in its capacity as trustee under the Reinsurance Trust Agreement, to transfer the assets held in trust pursuant to the Reinsurance Trust Agreement to the Reinsurance Security Account, or otherwise designate the account previously maintained under the Reinsurance Trust Agreement as the Reinsurance Security Account.

6. **Settlements.** Section 8.3(b) of the Coinsurance Agreement is hereby amended by deleting each reference to the “Reinsurance Trust Account Balance” and replacing it with a reference to the “Reinsurance Security Account Balance”.

7. **Recapture.** Section 11.1(f) of the Coinsurance Agreement is hereby amended by deleting the reference to the “Reinsurance Trust Account” and replacing it with a reference to the “Reinsurance Security Account”.

8. **Insolvency.** Section 13.1 of the Coinsurance Agreement is hereby deleted in its entirety and replaced with the following:

**Article XIII
Insolvency**

Section 13.1 **Insolvency**

- (a) *Insolvency Defined.* A party to this Agreement will be deemed insolvent when it:
- i. applies for or consents to the appointment of a receiver, rehabilitator, conservator, liquidator or statutory successor of its properties or assets, or any other similar Person for itself or for a substantial portion of its assets; or
 - ii. passes a directors' or shareholders' corporate resolution authorizing any of the actions described in clause (i) above; or
 - iii. is adjudicated as bankrupt or insolvent; or
 - iv. files or consents to the filing of a petition in bankruptcy, seeks reorganization to avoid insolvency or makes formal application for any bankruptcy, dissolution, liquidation or similar law or statute; or
 - v. becomes the subject of an order to rehabilitate or an order to liquidate as defined by the insurance code of the jurisdiction of the party's domicile.
- (b) *Insolvency of the Ceding Company*
- i. In the event of the insolvency of the Ceding Company, all reinsurance payments due to the Ceding Company under this Agreement will be payable directly to the liquidator, rehabilitator, receiver, or statutory successor of the Ceding Company, without diminution because of the insolvency, for those claims allowed against the Ceding Company by any court of competent jurisdiction or by the liquidator, rehabilitator, receiver or statutory successor having authority to allow such claims.
 - ii. In the event of insolvency of the Ceding Company, the liquidator, rehabilitator, receiver, or statutory successor will give written notice to the Reinsurer of all pending claims against the Ceding Company on any Reinsured Policy within a reasonable time after such Claim is filed in the insolvency proceedings. While a Claim is pending, the Reinsurer may investigate and interpose, at its own expense, in the proceedings where the Claim is adjudicated, any defense or defenses that it may deem available to the Ceding Company or its liquidator, rehabilitator, receiver, or statutory successor.
 - iii. The expense incurred by the Reinsurer will be chargeable, subject to court approval, against the Ceding Company as part of the expense of liquidation to the extent of a proportionate share of the benefit that may accrue to the Ceding Company solely as a result of the defense undertaken by the Reinsurer. Where two or more reinsurers are participating in the same claim and a majority in interest elect to interpose a defense or defenses to any such Claim, the expense will be apportioned in accordance with the terms of this Agreement as though such expense had been incurred by the Ceding Company.
 - iv. The Reinsurer will be liable only for the amounts reinsured and will not be or become liable for any amounts or reserves to be held by the Ceding Company on Reinsured Policies under this Agreement.
- (c) *Insolvency of the Reinsurer.* In the event of the Reinsurer's insolvency, the Ceding Company may terminate this Agreement upon written notice to the Reinsurer and recapture all of the inforce business reinsured by the Reinsurer hereunder in accordance with Article XI. The effective date for termination of this Agreement will be no earlier than the effective date of the Reinsurer's insolvency.
- (d) Subject to, and without limitation to the rights set out in, Section 8.4, in the event of the insolvency of the Ceding Company, the Reinsurer shall be entitled to set off any debts due or accruing due to the Ceding Company under this Agreement at the commencement of the winding-up of the Ceding Company against any debts due or accruing due to the Reinsurer by the Ceding Company under this Agreement at the commencement of the winding-up of the Ceding Company. For greater certainty, it is understood and agreed that the Reinsurer shall not be entitled for any reason whatsoever to exercise any set off rights (whether by operation of law, equity, agreement or otherwise) other than as set forth in the previous sentence or in Section 8.4.

9. **Security.** Article XV of the Coinsurance Agreement is hereby deleted in its entirety and replaced with the following:

ARTICLE XV
REINSURANCE SECURITY ACCOUNT

Section 15.1 Reinsurance Security Agreement. Contemporaneously with the execution of this Coinsurance Amending Agreement, the Ceding Company, the Reinsurer and the Custodian will enter into a reinsurance security agreement, in the form attached hereto as Exhibit V and otherwise meeting the requirements of OSFI (such agreement, as it may be amended from time to time, being the “**Reinsurance Security Agreement**”), and the Custodian shall open an account or otherwise designate an existing account (in either case, such account being the “**Reinsurance Security Account**”) for the purposes contemplated under the Reinsurance Security Agreement and thereafter maintain such Reinsurance Security Account in accordance with the Reinsurance Security Agreement. The Collateral held within the Reinsurance Security Account must be maintained at all times in accordance with the terms and conditions of the Reinsurance Security Agreement, the *Insurance Companies Act* (Canada), its applicable regulations and any applicable instructions, advisories or guidelines issued by OSFI.

Section 15.2 Investment of Collateral.

- (a) The assets held in the Reinsurance Security Account from time to time (the “**Collateral**”) shall consist of Eligible Assets.
- (b) The Reinsurer shall appoint either a third-party investment manager or a Citigroup Inc. affiliate to manage the assets held in the Reinsurance Security Account, pursuant to an investment management agreement in a form acceptable to the Ceding Company. The Reinsurer shall be responsible for all fees arising from the services provided by such third-party investment manager or Citigroup Inc. affiliate.

Section 15.3 Adjustment of Collateral and Withdrawals.

- (a) Any adjustments of Collateral or withdrawal of assets from the Reinsurance Security Account shall be in compliance with the terms of the Reinsurance Security Agreement.
- (b) The amount of Collateral to be maintained in the Reinsurance Security Account shall be adjusted following the end of each calendar quarter or at such other time as OSFI may specify in accordance with the Reserve Report for the last calendar month of each calendar quarter provided to the Reinsurer pursuant to the terms of Section 8.1 or the instructions of OSFI. Such report shall set forth the amount by which the Reinsurance Security Account Balance equals or exceeds the Required Balance, in each case as of the end of the immediately preceding calendar quarter or at such other time as OSFI may specify.
- (c) If the Reinsurance Security Account Balance exceeds 105% of the Required Balance, in each case as of the end of the immediately preceding calendar quarter or at such other time as OSFI may specify, then the Reinsurer shall have the right to seek approval from the Ceding Company (which shall not be unreasonably or arbitrarily withheld, conditioned or delayed) to withdraw excess Collateral, provided that the amount of such withdrawal of excess Collateral would not reduce the Securities Account Balance to less than 105% of the Required Balance as of the end of the immediately preceding month or at such other time as OSFI may specify, and if so approved, such excess shall be withdrawn in accordance with the Reinsurance Security Agreement.
- (d) The Reinsurer shall, no later than twenty (20) Business Days following receipt of the Top-Up Notice or at such earlier time as OSFI may specify, place additional Collateral into the Reinsurance Security Account so that the Reinsurance Security Account Balance, as of the date such additional Collateral are so placed, is no less than the Required Balance as of the end of the immediately preceding calendar quarter or at such other time as OSFI may specify.
- (e) Without limitation of the other provisions of this Section 15.3, subject to obtaining the Ceding Company’s prior consent (which shall not be unreasonably or arbitrarily withheld, conditioned or delayed), the Reinsurer may remove Collateral from the Reinsurance Security Account in accordance with the Reinsurance Security Agreement; provided, however, that the Reinsurer, at the time of such withdrawal, replaces the withdrawn assets with Collateral permitted under the terms of the Reinsurance Security Agreement and by OSFI and having a Market Value equal to or greater than the Market Value of the Collateral withdrawn so that the Reinsurance Security Account Balance, as of the date of such withdrawal, is no less than the Required Balance as of the end of the immediately preceding calendar quarter or such other time as OSFI may specify.

Section 15.4 Cost of Reinsurance Security Account The cost of maintaining the Reinsurance Security Account shall be borne by the Reinsurer.

10. **Third Party Beneficiary.** Section 16.1 of the Coinsurance Agreement is hereby amended by deleting each reference to the “Reinsurance Trust Agreement” and replacing it with a reference to the “Reinsurance Security Agreement”.

11. **Title to Collateral.** Section 17.3(e) of the Coinsurance Agreement is hereby deleted in its entirety and replaced with the following:

(e) **Good and Marketable Title to Collateral.** The Reinsurer will have good and marketable title, free and clear of all liens, to all Collateral immediately prior to the deposit thereof in the Reinsurance Security Account.

12. **Indemnification.** Section 18.1(b) of the Coinsurance Agreement is hereby deleted in its entirety and replaced with the following:

The Reinsurer agrees to indemnify and hold harmless the Ceding Company and its directors, officers, employees, agents, representatives, successors, permitted assigns and Affiliates from and against any and all Indemnification Claims relating to this Agreement and to the Reinsurance Security Agreement to the extent arising from:

- (i) any breach or falsity of any representation, warranty or covenant of the Reinsurer;
- (ii) the breach of or failure to perform any of the duties, obligations, covenants or agreements of the Reinsurer contained in this Agreement or the Reinsurance Security Agreement; or
- (iii) any amount owing to the Ceding Company pursuant to the Reinsurance Security Agreement, including any amount paid by the Ceding Company to the Custodian in order to indemnify or make payments to the Custodian in accordance with sections 25 and 26 of the Reinsurance Security Agreement.

13. **Regulatory Matters.** Section 19.1(b) of the Coinsurance Agreement is hereby amended by deleting the phrase “deposit in trust all such Trust Assets” in its entirety and replacing it with the following: “deposit into the Reinsurance Security Account all such Collateral”.

14. **Duration and Entire Agreement.** Each of Sections 20.1 and 21.1 of the Coinsurance Agreement are hereby amended by deleting the references to the “Reinsurance Trust Agreement” and replacing them with references to the “Reinsurance Security Agreement”.

15. **Consent to Jurisdiction.** Section 21.6 of the Coinsurance Agreement is hereby deleted in its entirety and replaced with the following “Intentionally Deleted”.

16. **Replacement of References.** For greater certainty and without limiting the generality of the foregoing, and after giving effect to the other amendments contemplated in this Coinsurance Amending Agreement, all references within the Coinsurance Agreement to: (a) the “Reinsurance Trust Agreement” are hereby deleted and replaced with a reference to the “Reinsurance Security Agreement”, (b) the “Reinsurance Trust Account” are hereby deleted and replaced with a reference to the “Reinsurance Security Account”, and (c) the “Reinsurance Trust Account Balance” are hereby deleted and replaced with a reference to the “Reinsurance Security Account Balance”.

17. **Exhibit V.** Exhibit V of the Coinsurance Agreement is hereby amended by changing the title thereof to “Form of Reinsurance Security Agreement” and deleting the attachment thereto in its entirety and replacing with the form of reinsurance security agreement attached hereto as Appendix 1.

18. **Exhibit VII.** Exhibit VII of the Coinsurance Agreement is hereby amended by replacing each reference to the “Reinsurance Trust Account” with a reference to the “Reinsurance Security Account”, and each reference to the “Reinsurance Trust Agreement” with a reference to the “Reinsurance Security Agreement”.

19. **Further Assurances.** Each of the parties hereto hereby covenants and agrees to promptly do, execute and deliver, or cause to be done, executed and delivered all such further acts, documents and things as may be necessary or desirable to give full force and effect to the terms and conditions of this Coinsurance Amending Agreement.

20. **Headings.** The inclusion of headings in this Coinsurance Amending Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Coinsurance Amending Agreement.

21. **Entire Agreement.** This Coinsurance Amending Agreement, together with the Coinsurance Agreement, constitutes the entire agreement among the parties hereto pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, warranties, representations or other agreements (whether oral or written, express or implied, statutory or otherwise) between the parties hereto in connection with the subject matter of this Coinsurance Amending Agreement, except as specifically set out herein.

22. **Governing Law.** This Coinsurance Amending Agreement shall be governed by, and enforced, construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

23. **Assignment, Successors and Assigns.** This Coinsurance Amending Agreement shall enure to the benefit of and be binding on the parties hereto, and their respective predecessors, successors, and assigns. Neither this Coinsurance Amending Agreement, nor any rights or obligations hereunder, may be assigned by either of the parties hereto, except as set forth expressly in the Coinsurance Agreement.

24. **Counterparts.** This Coinsurance Amending Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same document. Counterparts may be executed either in original, faxed or electronic form and the parties hereto adopt any signatures received by a receiving fax machine or in portable document format (PDF) as original signatures of the parties; provided, however, that any party providing its signature in such manner will promptly forward to the other party hereto an original of the signed copy of this Agreement which was so faxed or sent by PDF.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

By: /s/ John A. Adams
Name: John A. Adams
Title: CEO

FINANCIAL REASSURANCE COMPANY 2010, LTD.

By: /s/ Reza Shah
Name: Reza Shah
Title: PRESIDENT

Appendix 1

Form of Reinsurance Security Agreement

[see attached]

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Coinsurance amending Agreement

FINANCIAL REASSURANCE COMPANY 2010, LTD.

as Pledgor

and

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

as Secured Party

and

RBC DEXIA INVESTOR SERVICES TRUST

as Custodian

REINSURANCE SECURITY AGREEMENT

December 31, 2011

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REINSURANCE SECURITY AGREEMENT

Reinsurance Security Agreement dated as of the 31st day of December, 2011 made between:

Financial Reassurance Company 2010, Ltd., a reinsurance company incorporated under the laws of Bermuda and registered as an insurer pursuant to the Insurance Act 1978 of Bermuda, and having its head office located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda (together with its successors and permitted assigns, the “Pledgor”);

-and-

Primerica Life Insurance Company of Canada, an insurance company incorporated under the federal laws of Canada and having its head office located at 2000 Argenta Road, Plaza V, Suite 300, Mississauga, Ontario L5N 2R7, Canada (together with its successors and permitted assigns, the “Secured Party”);

-and-

RBC Dexia Investor Services Trust, a trust company incorporated under the laws of Canada and having its head office located at 155 Wellington Street West, 10th Floor, Toronto, Ontario M5V 3L3 (together with its successors and permitted assigns, the “Custodian”)

RECITALS:

- (i) The Secured Party is authorized to carry on insurance business in Canada under the *Insurance Companies Act* (Canada) (the “ICA”);
- (ii) The Pledgor and the Secured Party have entered into the 2010 Coinsurance Agreement, pursuant to which the Pledgor has agreed to reinsure certain risks for the benefit of the Secured Party;
- (iii) The Pledgor is not authorized under the ICA to reinsure risks in Canada;
- (iv) The Secured Party will only receive credit for capital purposes under the ICA for reinsurance ceded under the 2010 Coinsurance Agreement if security is maintained in Canada in respect of the reinsurance liabilities of the Pledgor in accordance with the Superintendent’s guidance on reinsurance arrangements;
- (v) The Pledgor has agreed to provide security to the Secured Party for its obligations pursuant to the 2010 Coinsurance Agreement and has agreed to enter into this Agreement and to perform the obligations of the Pledgor described hereunder;
- (vi) The Pledgor and the Secured Party desire to retain the Custodian to act as custodian of the Collateral in accordance with the terms of this Agreement and to provide safekeeping and custodial services in respect of the Collateral; and
- (vii) The Custodian has agreed to act as custodian of the Collateral and to provide safekeeping and custodial services in respect of the Collateral, all on the terms and conditions of this Agreement.

In consideration of the foregoing and the mutual agreements herein set forth and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows.

Section 1 Defined Terms and Interpretation.

- (1) As used in this Agreement, the following terms have the following meanings:

“**Affiliate**” shall have the meaning set out in the *Canada Business Corporations Act*, as amended from time to time, and any successor legislation thereto as in effect from time to time.

“**Agent**” means any agent, service provider, advisor or other entity appointed by the Custodian to assist in providing services under this Agreement, and may include Affiliates and subsidiaries of the Custodian, but for greater certainty, shall not include any agent or Affiliate of the Pledgor or the Secured Party.

“**Agreement**” means this Reinsurance Security Agreement, as supplemented or amended, restated or replaced from time to time.

“Applicable Law” means in relation to any person, any existing or future laws, regulations, policies or orders made and promulgated under statutory authority by any governmental or regulatory body, commission or agency purporting to have jurisdiction over such person whether or not having the force of law, including, without limitation, laws in relation to taxation, all as the same may be amended from time to time.

“Blocking Service” has the meaning specified in Section 2(4)

“Business Day” means a day, other than a Saturday or a Sunday, on which banks are open for general business in Toronto, Ontario.

“Collateral” has the meaning specified in Section 3.

“Contractual Settlement Date” means:

- (i) with respect to the purchase or sale of any security, the date the parties have contracted to settle the trade;
- (ii) with respect to the purchase or sale of any short term money market investments, the date specified by the Pledgor at the time at which it gave instructions to the Custodian;
- (iii) with respect to the maturity of a security, the maturity date; and
- (iv) with respect to interest and dividend payments, the due date established by the payor.

“Corporate Action” means any conversion privileges, subscription rights, warrants or other rights or options available to the holder in connection with any securities which form part of the Collateral, including those relating to the reorganization, recapitalization, takeover, consolidation, amalgamation, merger, liquidation, filing for or declaration of bankruptcy or plans of arrangement of any corporation or association.

“Custodian” means RBC Dexia Investor Services Trust, a trust company continued under the laws of Canada, and any successor Custodian appointed pursuant hereto, and their respective successors and assigns.

“Custodian Security Interest” has the meaning specified in Section 23(5).

“Declaration” means a declaration in the form and with the supplementary information approved by the Superintendent, setting out the Market Value of the Collateral as of the date of such report.

“Depository” means any authorized domestic depository or clearing or settlement agency or system, including a transnational book-based system, and shall include CDS Clearing and Depository Services Inc. and its successors and assigns.

“Direction” means any directions, notices, requests, instructions and any other communication of the Pledgor, the Secured Party or any Investment Manager (including, for greater certainty, Entitlement Orders) given to the Custodian in accordance with the terms of this Agreement and “Direct” means to give a Direction.

“Entitlement Order” means an “entitlement order” as defined in the STA.

“Event of Default” has the meaning specified in Section 9.

“Expenses” has the meaning specified in Section 4(b).

“Fee Schedule” means the schedule of fees payable hereunder as agreed to by the parties, as amended from time to time.

“Investment Manager” means any person or entity designated by the Pledgor as an investment manager pursuant to Section 7.

“Lien” means (i) any mortgage, charge, pledge, hypothecation, security interest, assignment by way of security, encumbrance, lien (statutory or otherwise), hire purchase agreement, conditional sale agreement, deposit arrangement, title retention agreement or arrangement, or any other assignment, arrangement or condition that in substance secures payment or performance of an obligation, (ii) any trust arrangement, or (iii) any agreement to grant any such rights or interests.

“Market Value” means the market value of the Collateral, as determined by the Custodian in accordance with the terms of this Agreement.

“Minimum Market Value” means the amount required pursuant to the Guideline on the Minimum Continuing Capital and Surplus Requirement for Life Companies, as amended from time to time, in order to avoid any capital deduction or margin requirement as a result of entering into, and ceding risks to the Pledgor pursuant to the terms of the 2010 Coinsurance Agreement.

“Notice of Exclusive Control” means a notice from the Secured Party to the Custodian and the Pledgor in substantially the form attached hereto as Schedule “B”.

“Overdraft” has the meaning specified in Section 23(1).

“Permitted Investments” means Eligible Assets as defined in the Reinsurance Agreement and set out in the document titled “FINANCIAL REASSURANCE COMPANY 2010, LTD - PRIMERICA LIFE INSURANCE COMPANY OF CANADA TRUST ACCOUNT - ACCOUNT NUMBER 110335034 - INVESTMENT PORTFOLIO GUIDELINES” dated as of March 3, 2010, provided that they are held and settled through CDS Clearing and Depository Services Inc. or are represented by physical certificates delivered to, and registered or endorsed in the name of, the Custodian or its nominee.

“Person” means any natural person, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, company, limited liability company, institution, public benefit corporation, investment or other fund, government (whether federal, provincial, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof) or other entity of any nature.

“Pledgor Obligations” has the meaning specified in Section 23(5).

“PPSA” means the *Personal Property Security Act* (Ontario), including any regulation promulgated thereunder, as amended from time to time.

“Release Date” means the date on which all the Secured Obligations have been indefeasibly paid and discharged in full and the Secured Party and the Pledgor have no further dealings pursuant to which further Secured Obligations might arise. For greater certainty, “Release Date” shall include the date on which the Secured Party recaptures all of the reinsurance liabilities of the Pledgor under the 2010 Coinsurance Agreement or the 2010 Coinsurance Agreement is terminated in accordance with Article XX therein.

“Secured Obligations” has the meaning specified in Section 4(a).

“Securities Account” means each account opened or maintained by the Pledgor with the Custodian for purposes of this Agreement or which the parties may agree is to be a Securities Account for purposes of this Agreement.

“Security Interest” has the meaning specified in Section 4.

“STA” means the *Securities Transfer Act, 2006* (Ontario) and the regulations promulgated thereunder, as amended from time to time.

“Standard of Care” has the meaning specified in Section 27(1).

“Superintendent” mean the Superintendent of Financial Institutions, appointed pursuant to the Office of the Superintendent of Financial Institutions Act.

“2010 Coinsurance Agreement” means the reinsurance agreement between the Secured Party and the Pledgor described in Schedule “A”, as amended or supplemented from time to time.

“Voting Materials” means all proxies, proxy solicitation materials and other communications received by the Custodian relating to any securities which form part of the Collateral and that call for voting.

- (2) Terms defined in the PPSA or the STA and used but not otherwise defined in this Agreement have the same meanings as in the PPSA or STA, as the case may be. For greater certainty, the terms **“investment property”**, **“money”** and **“proceeds”** have the meanings given to them in the PPSA; and the terms **“certificated security”**, **“control”**, **“deliver”**, **“entitlement holder”**, **“entitlement order”**, **“financial asset”**, **“security”**, **“securities account”**, **“securities intermediary”**, **“security entitlement”** and **“uncertificated security”** have the meanings given to them in the STA.
- (3) In this Agreement the words **“including”**, **“includes”** and **“include”** mean **“including (or includes or include) without limitation”**. The expressions **“Section”** and other subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement.
- (4) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (5) The division of this Agreement into Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.

- (6) Any reference in this Agreement to this Agreement, any other agreement or any instrument, means this Agreement, such other agreement, or such instrument, in each case, as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached thereto. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

Section 2 The Securities Account.

- (1) The Custodian shall open and maintain the Securities Account as an account of, and in the name of, the Pledgor, or shall designate an existing account as a Securities Account for purposes of this Agreement. The parties hereby agree that the account described in Schedule "C" is and shall be a "Securities Account" for purposes of this Agreement.
- (2) The Securities Account shall be opened and maintained at the offices of the Custodian in Toronto, Ontario. The Custodian will not change the location, name or account number of any Securities Account without the prior written consent of the Pledgor and the Secured Party. The Securities Account shall be administered upon the terms and conditions set forth herein. The Custodian agrees to hold the Collateral as client property separate and apart from its general property. Notwithstanding Section 17.1(l)(c) of the PPSA, or equivalent legislation in any other jurisdiction, the Custodian shall not lend, re-pledge or re-hypothecate the Collateral.
- (3) The Pledgor shall, from time to time, deposit, contribute or deliver property to the Securities Account as required by the terms of the 2010 Coinsurance Agreement.
- (4) The Pledgor shall ensure that all property deposited, contributed or delivered by it to the Securities Account, or in which it Directs that amounts in the Securities Account be invested, consists of Permitted Investments and cash deposited in the Securities Account in the normal course of operating an investment securities account. While it is the Pledgor's obligation to ensure that all property delivered by it to the Securities Account consists of Permitted Investments and the Secured Party has access to statements of the Securities Account to permit it to confirm that the assets in the Securities Account are Permitted Investments, as a supplemental control, the Custodian may, at its sole discretion, block the settlement of property that is non-CDS eligible into the Securities Account (the "**Blocking Service**"). On each occasion that the Custodian provides the Blocking Service, it shall promptly notify the Secured Party and the Pledgor of any property that has not settled into the Securities Account due to the Blocking Service. The Pledgor and the Secured Party shall not Direct the Custodian to use any part of the Collateral in a securities lending program.
- (5) The Custodian shall determine the Market Value of the Collateral at such times as required for purposes of this Agreement. In determining such Market Values, the Custodian shall use nationally recognized pricing services for property for which such prices are available, and for property for which such prices are not available, the Market Value shall be the market value or estimated market value agreed by the Secured Party and the Pledgor (or the Investment Manager on its behalf). The Custodian shall not be liable for any loss, damage or expense, arising as a result of (i) an error in such data sources, or (ii) market values or estimated market values provided by the Pledgor or the Secured Party or for any delay or failure of either party providing such market values or estimated market values.
- (6) The Pledgor shall ensure that the Market Value of the Permitted Investments forming part of the Collateral shall at all times be at least equal to the Minimum Market Value. If the Market Value of the Permitted Investments forming part of the Collateral shall at any time fall below the Minimum Market Value, the Pledgor shall promptly deposit in the Securities Account additional Collateral with a Market Value sufficient to bring the Market Value of the Permitted Investments forming part of the Collateral to at least the Minimum Market Value.
- (7) The Pledgor may not withdraw, and the Custodian shall not comply with any Entitlement Order issued by the Pledgor to withdraw, any of the Collateral from the Securities Account without the joint written Direction of the Pledgor and the Secured Party. Upon any withdrawal made in accordance with this Section 2(7), the Collateral withdrawn shall cease to be subject to the Security Interest and shall cease to be Collateral. The Security Interest shall not otherwise terminate except by means of the earlier of (i) the Release Date or (ii) a discharge in writing executed by the Secured Party in accordance with Section 30. The Custodian shall be entitled to set off against any Collateral withdrawn by the Pledgor pursuant to this Section 2(7) any fees and expenses due and payable to it by the Pledgor pursuant to this Agreement.
- (8) No withdrawal of Collateral pursuant to Section 2(7) shall prejudice the right of the Secured Party to subsequently require, or the obligation of the Pledgor to make, delivery of new Collateral in accordance with the terms of the 2010 Coinsurance Agreement and this Agreement.

- (9) Notwithstanding anything in this Agreement to the contrary, the Custodian agrees that it will comply with any Entitlement Orders originated by the Secured Party, without the further consent of the Pledgor. Upon receipt by the Custodian of a written notice from the Secured Party of a Notice of Exclusive Control, the Custodian shall promptly cease to comply with Entitlement Orders of the Pledgor or the Investment Manager with respect to the Collateral or the Securities Account (including without limitation Directions pursuant to Section 7(1) and Section 7(2)). In complying with any such Notice of Exclusive Control, the Custodian shall be entitled to a reasonable period of time to implement the Notice of Exclusive Control and shall not be required to cease processing a pending transaction not involving the withdrawal of property from the Securities Account pursuant to a Direction that was received by the Custodian prior to receiving the Notice of Exclusive Control. Other than the delivery of an Entitlement Order, no other statement or document need be presented by the Secured Party to withdraw any of the Collateral from the Securities Account, except that the Secured Party shall acknowledge to the Custodian receipt of such withdrawn Collateral.
- (10) As between the Secured Party and the Pledgor, the Secured Party agrees that it may only deliver a Notice of Exclusive Control to the Custodian if an Event of Default has occurred and is continuing.

Section 3 Grant of Security.

The Pledgor grants to the Secured Party a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Secured Party, the following (collectively, the **"Collateral"**):

- (a) the Securities Account
- (b) all of the credit balances, security entitlements, securities, cash, and other financial assets and other property (or their value) from time to time held in the Securities Account;
- (c) all securities and other property derived from any dealing with or distribution of any property referred to in this Section 3;
- (d) all substitutions and replacements of, increases and additions to the property described in Section 3(a), Section 3(b) and Section 3(c), including as a result of any merger, amalgamation, arrangement, consolidation, subdivision, reclassification, stock dividend or other adjustment; and
- (e) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 3(a), Section 3(b), Section 3(c) and Section 3(d), including the proceeds of such proceeds.

Section 4 Secured Obligations.

The security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement (collectively, the **"Security Interest"**) secures the payment and performance of:

- (a) all of the Pledgor's present and future obligations to the Secured Party to pay the Pledgor's share of any loss or liability or both (including where required by the 2010 Coinsurance Agreement, any loss or liability on account of claims incurred but not reported) sustained by the Secured Party for which the Pledgor is liable under the 2010 Coinsurance Agreement and all of the Pledgor's other present and future debts, liabilities and obligations to the Secured Party, direct or indirect, absolute or contingent, whether alone or with others, pursuant to or in connection with the 2010 Coinsurance Agreement or this Agreement (collectively, and together with the Expenses, the **"Secured Obligations"**); and
- (b) all reasonable legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral upon the Security Interest becoming enforceable, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters (collectively, the **"Expenses"**).

Section 5 Attachment.

- (1) The Pledgor acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Secured Party (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this Agreement.
- (2) At the request of the Secured Party, the Pledgor will take all action that the Secured Party deems advisable to cause the Secured Party to have control over any securities or other investment property delivered by the Pledgor pursuant to the 2010 Coinsurance Agreement or this Agreement or that is now or at any time becomes Collateral, including (i) causing the Collateral to be transferred to or registered in the name of the Custodian or its nominee, (ii) endorsing any certificated securities to the Custodian or its nominee by an effective endorsement, (iii) directing CDS Clearing and Depository Services Inc. that the Collateral is to be credited to an account in the name of the Custodian or its nominee, (iv) delivering the Collateral to the Custodian, and (v) delivering to the Custodian any and all consents or other documents or agreements which may be necessary to effect the transfer of any Collateral to the Custodian.

Section 6 Duties of the Secured Party.

- (1) The Secured Party has no obligation to exercise any option or right in connection with any Collateral. The Secured Party has no obligation to protect or preserve any Collateral from depreciating in value or becoming worthless and is released from all responsibility for any loss of value whether such Collateral is in the possession of, is a security entitlement of, or is subject to the control of, the Secured Party, the Custodian, the Pledgor or any other Person. The Custodian shall comply with its Standard of Care in the physical keeping of any Collateral.

Section 7 Rights of the Pledgor.

- (1) Until the Secured Party has delivered a Notice of Exclusive Control, the Pledgor shall be entitled, subject to Section 2(4), Section 2(6) and Section 2(7), to Direct the Custodian as to the manner of investment of the Collateral and to otherwise deal with the Collateral in the ordinary course of business. The Custodian may establish reasonable requirements relative to the time or times by which Direction must be given and shall advise the Pledgor of those requirements. The Pledgor may, by Direction to the Custodian and the Secured Party, designate an Investment Manager to manage the investment of some or all of the Collateral as identified by the Pledgor, and to provide Directions to the Custodian with regard to the investment of the Collateral. The Custodian may assume that the designation of an Investment Manager continues in force until it receives a written Direction from the Pledgor to the contrary. Whenever a Notice of Exclusive Control has been delivered to the Custodian, all rights of the Pledgor, or any Investment Manager, to Direct the Custodian as to the manner of investment of the Collateral shall terminate and all such rights shall become vested solely and absolutely in the Secured Party.
- (2) Until the Secured Party has delivered a Notice of Exclusive Control, the Pledgor shall be entitled to Direct the Custodian with respect to the exercise of the voting rights attached to the securities and other financial assets that are part of the Collateral. The Custodian may establish reasonable requirements relative to the time or times by which any such Directions must be given and shall advise the Pledgor of those requirements. Following delivery to the Custodian of a Notice of Exclusive Control, all rights of the Pledgor to vote or to Direct the voting (including under any proxy given by the Custodian or the Secured Party (or a nominee) or otherwise) shall cease and all such rights become vested solely and absolutely in the Secured Party.
- (3) All dividends, interests, distributions and other amounts related to the Collateral shall be collected by the Custodian, credited to the Securities Account and shall constitute Collateral, unless and until released in accordance with Section 2(7). Any dividend, interest, cash or other amounts received by the Pledgor contrary to this Section 7(3) will be held by the Pledgor as trustee for the Secured Party and shall be immediately paid over to the Custodian, or after the giving of a Notice of Exclusive Control, to or to the order of the Secured Party.

Section 8 Expenses.

The Pledgor is liable for and will pay on demand by the Custodian or Secured Party, as the case may be, any and all Expenses of the Custodian or the Secured Party. For greater certainty, each party hereto shall be responsible for all expenses, including legal fees, incurred by such party in connection with the negotiation of this Agreement. As between the Pledgor and the Secured Party only, each shall pay for their own legal opinions, any financing statements delivered or filed in accordance herewith, and any other filing fees and disbursements related thereto, and any legal fees incurred in connection therewith, and neither of the Pledgor or the Secured Party shall be responsible for such expenses incurred by the other party.

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Section 9 Enforcement.

- (1) The Security Interest shall become and be enforceable against the Pledgor upon the occurrence of any one or more of the following events (each, an **Event of Default**):
- (a) the Pledgor is no longer authorized in its home jurisdiction to carry on the business of reinsurance;
 - (b) the Pledgor fails to make any payment when due (following the expiry of any cure period provided for in the 2010 Coinsurance Agreement) under the 2010 Coinsurance Agreement (whether on a scheduled payment date or upon default or termination);
 - (c) the Pledgor defaults in any of its other duties and obligations under the 2010 Coinsurance Agreement (following the expiry of any cure period provided for in the 2010 Coinsurance Agreement);
 - (d) any representation or warranty made by the Pledgor in this Agreement is breached or is incorrect in any respect and the Pledgor fails to remedy such breach and cause such representation or warranty to become correct in all respects within three Business Days of receipt of notice from the Secured Party requiring it to do so;
 - (e) the Pledgor fails to perform any of its undertakings, covenants or agreements in this Agreement and such failure is not remedied on or before the third Business Day following the day in which notice of such failure has been given by the Secured Party to the Pledgor;
 - (f) the Pledgor becomes insolvent or unable to pay its debts as they fall due or fails or admits in writing its inability to pay its debts as they fall due;
 - (g) the Pledgor institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or liquidation, or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof provided the Pledgor is diligently pursuing the dismissal, discharge, stay or restrain during such time;
 - (h) one or more supervisory or regulatory authorities takes control of all or substantially all of the assets of the Pledgor, with the intention that such authority or authorities act as administrator, liquidator or provisional liquidator, receiver or interim receiver, trustee, custodian or other similar officer; or
 - (i) a liquidator or receiver of the Pledgor or of any part of the insurance business of the Pledgor is appointed under the provisions of any statute or pursuant to any agreement between the Pledgor and a third party.
- (2) The Pledgor and the Secured Party hereby acknowledge and agree that the Custodian shall in no way be required to confirm or verify that an Event of Default has occurred or is continuing prior to acting upon a Notice of Exclusive Control or an Entitlement Order given to the Custodian in accordance with the terms of this Agreement.

Section 10 Remedies.

The Secured Party and the Pledgor agree that, upon the occurrence and during the continuance of an Event of Default, the Secured Party may realize upon the Collateral and enforce the rights of the Secured Party by:

- (a) delivering a Notice of Exclusive Control to the Custodian;
- (b) realizing upon or otherwise disposing of or contracting to dispose of the Collateral by sale, transfer or delivery;
- (c) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Secured Party were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Secured Party or its nominee if not already done);
- (d) collecting any proceeds arising in respect of the Collateral;
- (e) directing the Custodian to transfer all Collateral held by the Custodian in the Securities Account to another account maintained with, by or on behalf of the Secured Party or otherwise as the Secured Party may Direct, and the Custodian shall comply with any such Direction;
- (f) applying any proceeds arising in respect of the Collateral in accordance with Section 32(11); and
- (g) exercising any other remedy or proceeding authorized or permitted under the PPSA or otherwise by Applicable Law or equity.

Section 11 Exercise of Remedies.

The remedies under Section 10 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Secured Party however arising or created. The Secured Party is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Secured Party in respect of the Secured Obligations including the right to claim for any deficiency.

Section 12 Appointment of Attorney.

Effective upon the occurrence and during the continuance of an Event of Default, the Pledgor hereby irrevocably constitutes and appoints the Secured Party (and any officer of the Secured Party) the true and lawful attorney of the Pledgor to take any and all appropriate action and to execute any and all documents as, in the opinion of the Secured Party, may be necessary to accomplish the purposes of this Agreement. As the attorney of the Pledgor, the Secured Party has the power to exercise for and in the name of the Pledgor with full power of substitution, at any time that the Security Interest is enforceable, any of the Pledgor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Secured Party, its nominees or transferees, and the Secured Party and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Pledgor might do. This power of attorney is irrevocable until the Release Date, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Pledgor. This power of attorney extends to and is binding upon the Pledgor's successors and assigns. The Pledgor authorizes the Secured Party to delegate in writing to another Person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation. For greater certainty, this power of attorney is revoked upon the termination of this Agreement.

Section 13 Dealing with the Collateral.

In exercising its rights upon the occurrence and the continuance of an Event of Default:

- (a) the Secured Party is not obliged to exhaust its recourse against the Pledgor or any other Person or against any other security it may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Party may consider desirable;
- (b) the Secured Party may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Pledgor and with other Persons, sureties or securities as it may see fit without prejudice to the Secured Obligations, the liability of the Pledgor or the rights of the Secured Party in respect of the Collateral; and
- (c) except as otherwise provided by Applicable Law or this Agreement, the Secured Party is not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

Section 14 Standards of Sale.

Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable after the occurrence and during the continuance of an Event of Default, the Pledgor acknowledges that:

- (a) the Collateral may be disposed of in whole or in part;
- (b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Collateral may be the Secured Party or a customer of the Secured Party;
- (d) any sale conducted by the Secured Party will be at such time and place, on such notice and in accordance with such procedures as the Secured Party, in its sole discretion, may deem advantageous;

- (e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of Applicable Law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) a disposition of the Collateral may be on such terms and conditions as to credit or otherwise as the Secured Party, in its sole discretion, may deem advantageous; and
- (g) the Secured Party may establish an upset or reserve bid or price in respect of the Collateral.

Section 15 Dealings by Third Parties.

- (1) No Person dealing with the Secured Party or an agent or receiver appointed at the instance of the Secured Party is required to determine (i) whether the Security Interest has become enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Secured Party or the Custodian by the Pledgor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Secured Party with the Collateral, or (vi) how any money paid to the Secured Party has been applied.
- (2) Any bona fide purchaser of all or any part of the Collateral from the Secured Party or any receiver or agent will hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Pledgor, which it specifically waives (to the fullest extent permitted by Applicable Law) as against any such purchaser together with all rights of redemption, stay or appraisal which the Pledgor has or may have under any rule of law or statute now existing or hereafter adopted.

Section 16 Representations, Warranties and Covenants of the Pledgor.

The Pledgor represents and warrants (which representations and warranties will be deemed to be repeated as of each date on which the Pledgor delivers Collateral) and undertakes to the Secured Party and the Custodian that:

- (a) the Pledgor is an insurance company duly incorporated and validly existing under the laws of its jurisdiction of incorporation and is not in liquidation, is authorized in its jurisdiction of incorporation to carry on the business of reinsurance and has the corporate power and authority to enter into this Agreement and to exercise its rights and perform its obligations hereunder and has taken all corporate and other action required to authorise its execution and performance of this Agreement;
- (b) the Pledgor owns, or will at the time of it being credited to the Securities Account own, the Collateral free and clear of all Liens (other than the Security Interest and the Custodian Security Interest) and other adverse claims and the Pledgor is entitled to grant the Security Interest and the Custodian Security Interest created pursuant to this Agreement;
- (c) this Agreement does not conflict in any material respect with any contractual or other obligation binding upon the Pledgor or with the constitutional documents of the Pledgor;
- (d) the Security Interest created pursuant to this Agreement constitutes and will constitute a first priority security interest over the Collateral, not subject to any prior or pari passu security interest (other than the Custodian Security Interest);
- (e) this Agreement has been duly executed and delivered by the Pledgor and constitutes the legal, valid and binding obligations of the Pledgor, enforceable in accordance with its terms;
- (f) other than with the prior written consent of the Secured Party, the Pledgor shall not dispose of the Collateral, shall not create any Liens, other than the Security Interest and the Custodian Security Interest created by this Agreement, in respect of the Collateral (irrespective of whether ranking behind the Security Interest created hereby), shall not permit the existence of any such Lien, and shall not grant control over any of the Collateral to any Person other than the Secured Party;
- (g) to the Pledgor's knowledge, no transfer restrictions apply to any of the Collateral, except as have been complied with;
- (h) the Pledgor does not know of any claim to or interest in any Collateral, including any adverse claims. If any Person asserts any Lien, encumbrance or adverse claim against any of the Collateral, the Pledgor will promptly notify the Secured Party;

- (i) the Pledgor has not consented to, will not consent to, and has no knowledge of any control by any Person with respect to any Collateral, other than the Secured Party;
- (j) the Pledgor will notify the Secured Party immediately upon becoming aware of any change in an “issuer’s jurisdiction” within the meaning of the STA and the equivalent legislation in any other jurisdiction in respect of any Collateral that are uncertificated securities;
- (k) the Pledgor will not change its name in any manner or its jurisdiction of incorporation without providing at least 30 days’ prior written notice to the Secured Party and the Custodian;
- (l) the head office and chief executive office of the Pledgor is located at the location specified in the 2010 Coinsurance Agreement or otherwise provided to the Secured Party, and the Pledgor will not change the jurisdiction of its head office or chief executive office without providing at least 30 days’ prior written notice to the Secured Party; and
- (m) the Pledgor will grant to the Secured Party such further security interests, assignments, mortgages, charges, hypothecations and pledges in such of the Collateral that is not effectively subject to a valid and perfected first ranking security interest pursuant to this Agreement, and in each relevant jurisdiction as reasonably determined by the Secured Party. The Pledgor will perform all acts, execute and deliver all agreements, documents and instruments and take such other steps as are reasonably requested by the Secured Party at any time to register, file, signify, publish, perfect, maintain, protect, and enforce the Security Interest including: (i) executing, recording and filing of financing or other statements, and paying all taxes, fees and other charges payable, (ii) placing notations on its books of account to disclose the Security Interest, (iii) delivering acknowledgements, confirmations and subordinations that may be necessary to ensure that the Security Interest constitutes a valid and perfected first ranking security interest, (iv) executing and delivering any certificates, endorsements, instructions, agreements, documents and instruments, required to register, file, signify, publish, perfect, maintain, protect and enforce the Security Interest. The documents contemplated by this paragraph must be in form and substance reasonably satisfactory to the Secured Party.

Section 17 Collateral Matters.

- (1) The Custodian acknowledges and agrees that:
 - (a) the Collateral is and will at all times be held by the Custodian in Canada;
 - (b) the Custodian represents and warrants to the Secured Party that it is a Canadian financial institution and is not an Affiliate of the Pledgor, and covenants to remain a Canadian financial institution and not an Affiliate of the Pledgor so long as this Agreement remains in force;
 - (c) subject to the provisions set out herein, it has not acquired and will not acquire any right, title or interest in the Collateral on its own behalf other than such rights as it may have as securities intermediary with respect thereto (including the Custodian Security Interest) and to hold and administer the same in accordance with the terms of this Agreement;
 - (d) it has not entered into, and will not enter into, any agreement, other than this Agreement, in which it agrees to comply with any Entitlement Order or other instruction or direction in respect of the Collateral or any portion thereof and it will not accept or act upon an Entitlement Order, instruction or direction in respect of the Collateral or the Securities Account, except as provided in this Agreement;
 - (e) all property (whether a credit balance, a security, an instrument or other property whatsoever) credited to or held in the Securities Account is to be treated as a financial asset under the STA and the equivalent legislation in other jurisdictions;
 - (f) the Securities Account is a “securities account” for purposes of the STA, and the equivalent legislation in other jurisdictions;
 - (g) it is acting as a “securities intermediary”, for purposes of the STA and the equivalent legislation in other jurisdictions, in respect of the Collateral and any security entitlements credited to the Securities Account; and
 - (h) its “securities intermediary’s jurisdiction” for purposes of the STA, and the equivalent legislation in other jurisdictions, is the Province of Ontario, Canada.

- (2) Each of the Pledgor and the Secured Party acknowledges and agrees that
- (a) the Custodian shall have no obligation to register any financing statement or other personal property security filings in respect of any of the Collateral, or to perfect or maintain the perfection of any Lien, other than its obligation to open and maintain the Securities Account in accordance with the terms of this Agreement; and
 - (b) the Custodian shall not be responsible for determining the amount of Collateral required to be delivered by the Pledgor at any time pursuant to the 2010 Coinsurance Agreement or to determine whether the Collateral held in the Securities Account are either Permitted Investments or cash.

Section 18 Appointment and Duties of the Custodian.

- (1) The Custodian agrees to act as Custodian and, in that connection, agrees to maintain the Securities Account in accordance with the terms of this Agreement. In particular, the Custodian agrees that:
- (a) except as otherwise provided herein, all securities and all other property delivered to the Custodian pursuant to this Agreement or the 2010 Coinsurance Agreement for credit to the Securities Account, or otherwise as Collateral, shall promptly be credited to, and shall be held in, the Securities Account. The Custodian shall hold the Collateral in accordance with the terms and conditions of this Agreement. The Custodian shall hold the Collateral as client property separate and apart from its general property. All Collateral shall at all times and in all circumstances be clearly recorded in the books and records of the Custodian as being separate and apart from the assets of the Custodian and in a manner which reflects the Pledgor as the beneficial owner of the securities and other property in the Securities Account. The Custodian shall make notations in its records that the Securities Account is subject to a security interest in favour of the Secured Party;
 - (b) the Custodian shall promptly credit and deposit all cash or other amounts received as dividends, interest, distributions or other payment related to the Collateral, including all cash or other amounts received pursuant to Section 7(3), to the Securities Account;
 - (c) the Custodian shall, with respect to Corporate Actions, use reasonable efforts to promptly forward to the Pledgor, or, on Direction from the Pledgor, to the Investment Manager, or, following the delivery of a Notice of Exclusive Control to the Custodian, the Secured Party, a corporate action notice that contains a summary of information which has actually been received by the Custodian from third party sources believed by the Custodian to be reliable, and request Directions with respect to such Corporate Action where required. The Custodian shall, with respect to Voting Materials, use reasonable efforts to promptly forward, or arrange to have promptly forwarded, to the Pledgor (or to the Investment Manager which the Pledgor has designated as having responsibility for the relevant security) or, following the delivery of a Notice of Exclusive Control to the Custodian, the Secured Party, all Voting Materials which the Custodian receives in respect of securities forming part of the Collateral. The Custodian shall be under no duty to investigate, participate in or take affirmative action concerning any Corporate Actions or Voting Materials, except in accordance with a Direction given in accordance with this Agreement, and upon such indemnity and provision for fees and expenses as the Custodian may require. For greater certainty, other than as described in this paragraph and in (1)(e) below, the Custodian shall not be obligated to forward or summarize any other shareholder communications, including shareholder mailings, notices or reports, and the Custodian shall have no responsibility or liability for ensuring the accuracy or adequacy of such third party information contained in any such Voting Materials or Corporate Action notice;
 - (d) the Custodian shall register the Collateral in the Custodian's own name in the name of a Depository or in the name of a nominee, or in bearer form, if the security is not capable of being registered or registration of it would not be in the best interests of the Pledgor and the Secured Party;
 - (e) the Custodian shall account for all Collateral in the Securities Account and shall provide monthly statements of account. Additional statements as required to satisfy the requirements of the Superintendent and any other regulatory or administrative agencies will also be provided as requested by the Secured Party, the Pledgor, the Superintendent or such other regulatory or administrative agency, all at the expense of the Pledgor. Upon the expiration of one hundred and twenty (120) days from the date of mailing of any statement, the Custodian shall be fully released and discharged from any liability or accountability to any party with respect to the acts or transactions disclosed in such statement, except when the Custodian has breached its Standard of Care and in respect of those certain acts and transactions which the Pledgor or the Secured Party has identified by giving written notice to the Custodian;

- (f) the Custodian shall respond to any direct inquiries of the Pledgor, the Secured Party, the Superintendent, or any of their representatives, concerning the Securities Account or the Collateral, and shall upon reasonable prior notice provide to the Pledgor, the Secured Party and the Superintendent detailed inventories of all securities and other property held in the Securities Account, and the Custodian shall, upon reasonable prior notice, and subject to such commercially reasonable requirements as the Custodian may impose, permit the Pledgor, the Secured Party, the Superintendent, or any of their representatives, to examine and audit all securities and other property held in the Securities Account. The Custodian shall promptly provide notice to the Secured Party and the Pledgor concerning audits of the Superintendent. The parties acknowledge that copies of statements and confirmations relating to the Securities Account are available through the Custodian's client access web portal, and the Pledgor hereby consents to the Custodian granting access to the Secured Party to information regarding the Securities Account by such web portal and such consent to access may not be withdrawn without the consent of the Secured Party. The Pledgor and the Secured Party hereby consent to the Custodian granting access to the Superintendent to the information regarding the Securities Account by the Custodian's client access web portal;
- (g) the Custodian shall keep records of the administration of the Securities Account. The Pledgor, the Superintendent, the Secured Party and/or any other persons to whom the Custodian is legally obligated to provide access, may examine such records upon reasonable prior notice during business hours through any person or persons duly authorized in writing by the Pledgor, the Superintendent, the Secured Party and/or such other person, as the case may be;
- (h) the Custodian shall notify the Pledgor and the Secured Party of any claim of which the Custodian has actual notice against the Collateral or any part thereof exerted by any Person, or of any loss, destruction of or damage to the Collateral or any part thereof;
- (i) the Custodian shall, on the receipt from the Secured Party of an Entitlement Order, or notice from the Secured Party that such surrender or transfer is required in connection with a realization effected in accordance with Section 10, surrender possession of all or part of the Collateral or transfer all or part of the Collateral from the Securities Account to the Secured Party, another Person or to an account designated by the Secured Party, all as Directed by the Secured Party;
- (j) the Custodian will, on or before the fifteenth day of each calendar month, or, if the fifteenth day is not a business day of the Custodian, on or before the first business day of the Custodian following the fifteenth day, prepare and file with the Superintendent, in a form acceptable to the Superintendent, a Declaration with respect to the Collateral, in such form as the Superintendent may require from time to time, together with paper and electronic copies of information all as may be required from time to time by the Superintendent with respect to the Collateral. The Secured Party hereby appoints the Custodian as its agent for the purpose of filing such Declaration and authorizes the Custodian to file each such Declaration on its behalf. The Secured Party acknowledges that such Declaration may as an administrative matter be filed by the Custodian as part of a larger filing made in respect of other similar arrangements with other clients;
- (k) notwithstanding Section 17.1(l)(c) of the PPSA, the equivalent legislation in any other jurisdictions or any other provision of Applicable Law, the Custodian shall not lend, re-pledge or re-hypothecate the Collateral; and
- (l) the Custodian shall not permit any of the Collateral to be used as part of the Custodian's securities lending program.

Section 19 Directed Powers.

- (1) The Custodian shall exercise the following powers and authority in the administration of the Securities Account only upon Direction of the Pledgor or its Investment Manager and, to the extent required by Section 2, the consent of the Secured Party and, after receipt of a Notice of Exclusive Control from the Secured Party, only upon the Direction of the Secured Party:
 - (a) settle the purchase and sale of Collateral; and
 - (b) complete and process such Voting Materials and process Corporate Actions as the Custodian may be Directed, provided that the Custodian has received Directions within the time frames specified by the Custodian in any such Voting Materials or Corporate Action notice applicable thereto. Where Directions have not been provided within such time frames, the Custodian will take no action except only in the case of Corporate Actions and where a default option exists, such default option as outlined in the notice will apply. In the event that Directions are provided after such time frames, the Custodian shall use reasonable efforts to process such Corporate Actions or Voting Materials.

Section 20 Contractual Settlement.

The Custodian shall, in jurisdictions where settlement practices permit, credit the Securities Account with Collateral, in connection with the receipt of interest or dividends or the sale or redemption of any security held hereunder, and debit such Securities Account, in connection with the purchase of any security, on the Contractual Settlement Date with respect thereto, whether or not such monies have been received, or payment made, by the Contractual Settlement Date. However, if after a reasonable time (as determined by the Custodian) following the Contractual Settlement Date any such payment or receipt shall fail to take place for any reason other than the failure of the Custodian to make payment against delivery or delivery against payments, all related credits and debits shall be reversed and adjusted to reflect the failure of the transaction to take place.

Section 21 Services to be Performed without Direction.

(1) The Custodian may, without Direction, perform the following duties with respect to the Collateral in accordance with accepted industry practice in the relevant market:

- (a) hold securities forming part of the Collateral through a Depository on the terms of business of the operators of such Depository, and may effect settlement in accordance with the customary or established trading and processing practices and procedures in the jurisdiction or market in which any transaction in respect of the Collateral occurs. The Custodian shall be fully protected and absolved from any liability howsoever arising from effecting transactions in the foregoing manner except to the extent that such liability arises out of the Custodian's breach of its Standard of Care in carrying out Directions in relation to such transactions.

The Custodian may commingle Collateral held through a Depository with property of other clients of the Custodian (but not with property held for the Custodian's own account).

Where the Collateral is so held through a Depository, the Pledgor and the Secured Party confirm that they will not assert any claim in respect of such Collateral which would be contrary to the rules and procedures of such Depository, and will not knowingly act in any way which could result in the Custodian being in breach of any rule or procedure of such Depository;

- (b) enter into and settle foreign exchange transactions, on behalf of the Pledgor, for purposes of facilitating settlement of trades of Collateral or otherwise, and any such transactions may be entered into with such counterparties (including but not limited to the Custodian acting as principal) as the Custodian may choose in its sole discretion, including Affiliates of the Custodian, unless the Pledgor otherwise Directs;
- (c) to the extent it may do so in the ordinary course of its business, (i) collect income payable to and distributions due to the Securities Account and sign on behalf of the Pledgor or the Secured Party any declarations, affidavits, certificates of ownership and other documents required to collect income and principal payments, including but not limited to, tax reclamations, rebates and other withheld amounts, and (ii) collect proceeds from securities or other property which may mature, provided that whenever a security or other property offers the Custodian the option of receiving dividends in shares or cash, the Custodian is authorized to select the cash option unless the Custodian receives a Direction to the contrary. The Custodian shall not be responsible for the failure to receive payment of (or late payment of) distributions with respect to securities or other property held in the Securities Account;
- (d) present for redemptions or exchange any securities or other property which may be recalled, redeemed, withdrawn or retired provided that timely receipt of written notice of the same is received by the Custodian from the issuer;
- (e) retain uninvested cash balances from time to time on hand in the Securities Account and may, in its sole discretion, hold such cash balances on deposit with a bank or another deposit taking institution, including the Custodian or its Affiliates, in such interest bearing account as the Custodian may, in its sole discretion, determine.

For greater certainty, the parties agree that all free credit balances standing to the credit of any Securities Account, including un-invested cash balances and all interests earned, shall constitute "financial assets" for the purposes of the STA and shall be subject to the Security Interest; and

- (f) do all such acts, take all such proceedings and exercise all such rights and privileges, although not specifically mentioned in this Agreement, as the Custodian may deem necessary to carry out its rights and obligations under this Agreement.

(2) The Custodian may appoint Agents and nominees (which may be Affiliates of or otherwise connected to the Custodian) to perform any of the services to be performed by the Custodian as required under the Agreement.

(3) The Custodian shall act in accordance with its Standard of Care in the selection and monitoring of Agents and nominees.

- (4) The Custodian shall not be liable in any circumstances for the acts or omissions of any agent appointed by the Secured Party or Pledgor. For greater certainty, Depositories are not agents of the Custodian.
- (5) For greater certainty, any rights, powers, authorities, benefits, and limitations on liability or responsibility whatsoever granted to the Custodian under this Agreement or conferred upon the Custodian otherwise at law shall be deemed to have been granted to, or conferred upon, any and all Agents and nominees duly appointed by the Custodian, and in furtherance thereof, any references to "the Custodian" herein shall be construed as references to such Agents or nominees, as the context requires.
- (6) Settlements of transactions may be effected in accordance with trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Pledgor acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash and, in such circumstances, the Pledgor shall have sole responsibility for non receipt of payment (or late payment) by the counterparty.

Section 22 Express Provisions.

Notwithstanding any of the foregoing provisions, the Custodian, in the administration of the Securities Account, is to be bound solely by the express provisions of this Agreement, and such further written and signed Directions as the appropriate party or parties may, under the conditions herein provided, deliver to the Custodian. The Custodian shall have no duties or obligations under any other agreement, notwithstanding that such other agreement may be referred to in this Agreement. The Custodian shall be under no obligation to enforce the Pledgor's or the Secured Party's obligations under this Agreement, except as otherwise expressly provided or Directed pursuant hereto in accordance with the terms hereof.

Section 23 Security Interest, Set-Off and Deduction

- (1) If a Direction from the Pledgor, or the settlement of a transaction would create a debt owing, overdraft or short position in the Securities Account (an "**Overdraft**"), then the Custodian is authorized to, but shall not be obliged to, act on such Direction or complete such transaction.
- (2) Interest on any Overdraft shall be calculated on the daily balance of the amount owing (before and after demand, default and judgment) at an annual rate established and declared by the Custodian from time to time, subject to such minimum charges as declared from time to time, with interest on overdue interest at the same rate. Interest is payable monthly and shall form part of the Overdraft.
- (3) The Pledgor agrees to pay to the Custodian promptly upon notice, the amount of any Overdraft together with any interest that has accrued in accordance with Section 23(2).
- (4) Notwithstanding any other provision of this Agreement, the Custodian, in its reasonable discretion, shall be entitled to decline to act upon any Direction of the Pledgor unless and until all the amounts due and owing to the Custodian under this Agreement have been paid in full. The Custodian shall give the parties notice of its decision not to act on any such Direction as soon as practicable thereafter.
- (5) The Pledgor hereby assigns, conveys, mortgages, pledges, hypothecates, and charges in favour of, and grants a security interest (the "**Custodian Security Interest**") to the Custodian in the Collateral and all proceeds thereof as continuing collateral security for, and in an amount not to exceed the amount of, any obligations, liabilities and indebtedness of the Pledgor to the Custodian from time to time, whether present or future, absolute or contingent, liquidated or unliquidated, of whatsoever nature or kind, in any currency or otherwise, arising pursuant to this Agreement, with respect to (i) any unpaid fees, disbursements and expenses, and (ii) Overdraft amounts (collectively, the "**Pledgor Obligations**").

The Pledgor and the Custodian agree that it is their intention that the Custodian Security Interest shall attach immediately to any Collateral in which the Pledgor has an interest on the date hereof, and, with respect to after-acquired Collateral, forthwith at the time the Pledgor acquires an interest therein, all in accordance with the terms hereof.

The Pledgor and the Secured Party acknowledge and agree that the Custodian Security Interest shall have priority over any other security interest in the Collateral granted by the Pledgor (including the Security Interest granted hereunder in favour of the Secured Party), and the Custodian shall be under no obligation to waive, subordinate or discharge the Custodian Security Interest except upon the indefeasible payment and satisfaction in full of the Pledgor Obligations.

- (6) If and to the extent that at any time any Pledgor Obligations owing to the Custodian hereunder are outstanding and unpaid, in addition to any right or remedy that the Custodian may otherwise have hereunder or under any Applicable Law, the Custodian is hereby authorized, in its discretion (upon reasonable notice to the Pledgor and the Secured Party and in accordance with Applicable Law), both before and after demand or judgment, and whether or not default has occurred hereunder:
- (a) to sell, as agent for the Pledgor, such portion of the Collateral (which, for the purposes of this Section 23 shall include any account with any third party with whom cash has been deposited by the Custodian on behalf of the Pledgor) as may be required to satisfy any such unpaid Pledgor Obligations, on such commercially reasonable terms as it thinks fit in its discretion; and
 - (b) set off against and deduct from the proceeds of any such sale amounts owing to the Pledgor in respect of unpaid Pledgor Obligations, and account for any surplus in excess of such amount to the Pledgor, or as provided in this Agreement,

it being agreed and understood by the Pledgor that the exercise of the Custodian's rights under this Section 23(6) shall not be construed as the exercise of a right of realization in respect of the Custodian Security Interest but a separate right of set-off.

Section 24 Waiver by Custodian.

Subject to Section 2(7) and Section 23, the Custodian acknowledges and agrees that it has not acquired any right, title or interest in the Collateral on its own behalf other than such rights as it may have as a securities intermediary and the right and obligation to hold and administer the Collateral in accordance with the terms of this Agreement.

Section 25 Charges of the Custodian.

The Pledgor agrees to pay all reasonable costs, fees or expenses charged by the Custodian for acting as the Custodian pursuant to this Agreement, including fees incurred by the Custodian for legal services deemed reasonably necessary by the Custodian as a result of the Custodian's so acting. Following the delivery of a Notice of Exclusive Control, the Secured Party shall be required to pay all fees and expenses otherwise required to be paid by the Pledgor pursuant to this Section 25.

Section 26 Indemnification of Custodian.

- (1) The Pledgor shall indemnify and hold the Custodian, its directors, officers, employees, representatives and agents harmless from and against any and all taxes, charges, costs, expenses, damages, claims, demands and liabilities to which they, or any of them, may become subject, including legal and accounting costs, for or in respect of anything done or omitted to be done in connection with this Agreement or in respect of the Collateral, except for the negligence, wilful misconduct, fraud or lack of good faith of the Custodian, such indemnification to survive the resignation or removal of the Custodian and the termination of this Agreement.
- (2) Following the delivery of a Notice of Exclusive Control, the Secured Party shall indemnify and hold the Custodian, its directors, officers, employees, representatives and agents harmless from and against any and all taxes, charges, costs, expenses, damages, claims, demands and liabilities to which they, or any of them, may become subject, including legal and accounting costs, for or in respect of anything done or omitted to be done in connection with this Agreement or in respect of the Collateral following the delivery of a Notice of Exclusive Control, except for the negligence, wilful misconduct, fraud or lack of good faith of the Custodian, such indemnification to survive the resignation or removal of the Custodian and the termination of this Agreement.
- (3) Whenever an action by the Custodian is authorized by Direction pursuant to the provisions of this Agreement and such action is taken in accordance with such Direction, the party or parties authorizing such action by way of Direction hereby agree to indemnify the Custodian against all losses, damages, costs and expenses, including reasonable attorneys' fees, resulting from any action so taken by the Custodian.

Section 27 Limitation of Custodian Liability.

- (1) The Custodian, in carrying out its duties in respect of the safekeeping of, and dealing with, the Collateral, shall exercise the degree of care, diligence and skill that a prudent Canadian trust company would exercise in comparable circumstances (the "**Standard of Care**").

- (2) Except to the extent that the Custodian has not complied with the Standard of Care, or to the extent of its own negligence, wilful misconduct, fraud or lack of good faith, the Custodian shall not be liable for any act or omission in the course of, or connected to, rendering services hereunder. Without limitation, the Custodian shall not be liable for any losses to, or diminution of, the Collateral, except to the extent that such loss or diminution is directly caused by the Custodian's breach of the Standard of Care. In no event shall the Custodian be liable for any consequential or special damages, including but not limited to loss of reputation, goodwill or business. Notwithstanding the foregoing or any other provision of this Agreement, the Custodian's liability arising from the Blocking Service shall in no event exceed the aggregate amount of fees received by the Custodian with respect to the specific Securities Account in the preceding six (6) months.
- (3) The Custodian shall not be responsible for:
- (a) any property until it has been received by the Custodian;
 - (b) the title, validity or genuineness of any property or evidence of title to any Collateral or any defect in ownership or title;
 - (c) any act or omission required or demanded by any governmental, taxing, regulatory or other competent authority in any country in which all or part of the Collateral is held or which has jurisdiction over the Custodian the Pledgor or the Secured Party;
 - (d) any loss resulting from official action (including nationalisation and expropriation), currency restrictions or devaluations, acts or threat of war or terrorism, insurrection, revolution or civil disturbance, acts of God, strikes or work stoppages, inability of any Depository or other settlement system to settle transactions, interruptions in postal, telephone, telex and/or other communication systems or in power supply, the failure of any third party appointed by the Pledgor to fulfil its obligations hereunder, or any other event or factor beyond the reasonable control of the Custodian;
 - (e) any failure to act on Directions, if the Custodian reasonably believed that to do so might result in breach of Applicable Law or the terms of this Agreement; or
 - (f) any Collateral which it does not hold or which is not directly controlled by the Custodian or its appointed Agents.
- (4) The Custodian's duties and responsibilities in connection with this Agreement will be limited to those expressly set forth in this Agreement. The Custodian is not a principal, participant, party or beneficiary in any transaction underlying this Agreement and will have no duty to inquire beyond the terms and provisions hereof. Save and except for carrying out Directions as provided herein, the Custodian shall have no responsibility for trading in securities which form part of the Collateral, or for any investment management or investment decision. The Custodian shall not be held responsible for the sufficiency of the Collateral or for any market decline in the value of the Collateral and shall have no obligation to notify either the Pledgor or the Secured Party of any such decline. The Custodian will not be liable for any error in judgement, any act or omission, any mistake of law or fact, or for anything it may do or refrain from doing in connection herewith, except for its own negligence, wilful misconduct, fraud or lack of good faith.
- (5) Should any dispute arise in respect of the Collateral or this Agreement, or should the Custodian in good faith be uncertain as to what action to take under this Agreement, it will be entitled to withhold delivery of all or any part of the Collateral until the dispute is resolved, any conflicting demands are withdrawn or any uncertainty is resolved. Should the Custodian be threatened with litigation or become involved in litigation or arbitration in any manner whatsoever in connection with this Agreement or the Collateral, the Pledgor hereby agrees to reimburse the Custodian for its lawyers' fees and any and all other expenses, losses, costs and damages incurred by the Custodian in connection with such threatened or actual litigation or arbitration. Notwithstanding any other term of this Agreement, the Custodian shall have no responsibility or liability to the Pledgor for complying with a Notice of Exclusive Control or an Entitlement Order concerning the Securities Account issued by the Secured Party, and shall have no responsibility to investigate the appropriateness of any such Entitlement Order, even if the Pledgor notifies the Custodian that the Secured Party is not legally entitled to originate any such Entitlement Order, unless the Custodian has been served with an injunction, restraining order or other legal process issued by a court of competent jurisdiction ("**Court Order**") enjoining it from complying and has had a reasonable opportunity to act on such Court Order.
- (6) The Custodian may employ and retain and consult with legal counsel or professional advisors satisfactory to it concerning any questions relating to its duties or responsibilities hereunder or otherwise in connection herewith and the Pledgor shall reimburse the Custodian for all reasonable costs and expenses associated therewith. Provided that no conflict exists as in relation to the issue between the Pledgor and the Secured Party, the Custodian may consult with counsel to the Secured Party or the Pledgor, as the Custodian may determine. The Custodian shall be entitled to rely on and may act upon advice of such legal counsel or professional advisors and shall not be liable for any action taken, suffered or omitted by it in good faith in relying thereon, provided the advice so acted or relied upon by the Custodian was within the area of professional competence of the person from whom it was received.

- (7) The Pledgor shall notify the Custodian in writing of any taxes payable in respect of the Collateral. The Custodian shall use reasonable efforts, based upon the information available to it, to assist the Pledgor with respect to any taxes. If the Custodian is responsible under any Applicable Law for any taxes in respect of the Securities Account, the Pledgor shall inform the Custodian in writing of such taxes, shall Direct the Custodian with respect to the payment of such taxes and shall provide the Custodian with the necessary funds and all information required to fund, pay or meet such taxes. The Custodian shall have no responsibility or liability for and shall be indemnified and held harmless by the Pledgor for any assistance provided to the Pledgor and for any taxes now or hereafter imposed on the Securities Account or the Pledgor or the Custodian in respect of the Securities Account by any taxing authorities, domestic, foreign or international.
- (8) Each of the Pledgor and the Secured Party shall provide the Custodian with an incumbency certificate substantially in the form set out in Schedule "D" setting out the names and sample signatures of persons authorized to give Directions to the Custodian hereunder. The Custodian shall be entitled to rely on such certificate until a revised certificate is provided to it hereunder. Unless otherwise expressly provided, each Direction shall continue in full force and effect until superseded or cancelled by another written instruction. Any Directions shall, as against the Pledgor and the Secured Party, if applicable, and in favour of the Custodian, be conclusively deemed to be Directions for the purposes of this Agreement notwithstanding any error in the transmission thereof or that such written instruction may not be genuine, if believed by the Custodian acting in good faith, to be genuine. Provided however that the Custodian, subject to Section 27(9), may in its discretion decline to act upon any Direction: (a) that is insufficient or incomplete; or (b) that is not received by the Custodian in sufficient time to give effect to such written instructions; or (c) where the Custodian has reasonable grounds for concluding that the same has not been accurately transmitted or is not genuine. If the Custodian declines to give effect to any Directions for any reason set out in the preceding sentence, it shall notify the person giving such instruction forthwith after it so declines.
- (9) Except as otherwise expressly provided in this Agreement, any statement, certificate, notice, request, consent, approval, or other instrument to be delivered or furnished by the Pledgor or the Secured Party shall be sufficiently executed if executed in the name of the Pledgor or the Secured Party by persons named in the incumbency certificate delivered pursuant to Section 27(8). The Custodian shall be protected in acting upon any written statement or other instrument made by such officers or agents of the Pledgor or the Secured Party with respect to the authority conferred on it.

Section 28 Removal and Resignation of the Custodian.

- (1) The Custodian may at any time resign from, and terminate its capacity hereunder by delivery of written notice of resignation, effective not less than ninety (90) days after receipt by both the Secured Party and the Pledgor. The Custodian may be removed by the Pledgor and the Secured Party delivering to the Custodian of a joint written notice of removal, effective not less than ninety (90) days after receipt by the Custodian. Notwithstanding the foregoing, no such resignation by the Custodian or removal by the Pledgor and the Secured Party shall be effective until a successor to the Custodian shall have been duly appointed by the Pledgor and approved by the Secured Party and all Collateral in the Securities Account have been duly transferred to such successor. The Pledgor and the Secured Party, upon receipt of the written notice of resignation of the Custodian or issuance of a notice of removal of the Custodian, shall undertake to obtain the agreement of a qualified, successor depository, agreeable to each of the Secured Party and the Pledgor, to act as a successor Custodian in accordance with all agreements of the Custodian herein. Neither the Secured Party nor the Pledgor shall unreasonably withhold approval of such Custodian.
- (2) Any successor Custodian appointed hereunder shall execute an instrument accepting such appointment hereunder and shall deliver the same to the Pledgor and the Secured Party and to the then acting Custodian. Thereupon such successor Custodian shall, without any further act, assume the obligations and duties of the Custodian under this Agreement with like effect as if originally named herein; but the predecessor Custodian shall nevertheless, when requested in writing by the successor Custodian, execute an instrument or instruments assigning such of its rights and powers, and shall duly assign, transfer and deliver to the Custodian all property and money held by such predecessor hereunder. The predecessor Custodian shall be entitled to reimbursement in accordance with Section 26 for all reasonable expenses it incurs in connection with the settlement of its account and the transfer and delivery of the Collateral to its successor. The predecessor Custodian shall continue to be indemnified by reason of such entity being or having been a Custodian in accordance with the terms hereof.

Section 29 No Conflict.

- (1) The Custodian represents and warrants to the Secured Party and the Pledgor that, at the time of the execution and delivery of this Agreement, no material conflict of interest exists with respect to the Custodian's role hereunder. The Custodian shall resign by giving notice in accordance with Section 28 if a material conflict of interest arises with respect to its role as custodian hereunder that is not eliminated within ninety (90) days after the Custodian becomes aware of such conflict of interest. Immediately after the Custodian becomes aware that it has a material conflict of interest, it shall provide the Secured Party and the Pledgor with written notice of the nature of that conflict.
- (2) The Pledgor and the Secured Party agree that the Custodian, and any of its divisions, branches or Affiliates, may take any one or more of the following actions without creating a conflict of interest; and without being liable to account therefor or being in breach of this Agreement:
 - (a) purchase, hold, sell, invest in or otherwise deal with securities or other property of the same class and nature as may be part of the Collateral, whether on its own account or for the account of another (in a fiduciary capacity or otherwise);
 - (b) act as a market maker in any securities that form part of the Collateral;
 - (c) provide brokerage services to other clients;
 - (d) act as financial adviser to the issuer of such securities;
 - (e) act in the same transaction as agent for more than one client;
 - (f) act as a deposit taking institution holding the cash balances in the Securities Account;
 - (g) have a material interest in any issue of securities that form part of the Collateral;
 - (h) subject to Section 31(1), use in other capacities knowledge gained in its capacity as Custodian hereunder; and
 - (i) earn profits from any of the activities listed herein.

Section 30 Communications and Directions.

- (1) All communications hereunder (including, for greater certainty, Directions) must be given by one of the following methods of communication:
 - personal or courier delivery;
 - prepaid ordinary mail;
 - authenticated telex;
 - facsimile;
 - S.W.I.F.T.;
 - one of the Custodian's secured client access channels, including RBC Dexia OnLine;
 - directly between electromechanical or electronic terminals (including, subject to Section 30(5), the internet or unsecured lines of communication); or
 - telephone (subject to Section 30(3)).
- (2) Communications should be addressed, as applicable, as follows:
 - (i) to the Pledgor at:

Financial Reassurance Company 2010, Ltd.,
Clarendon House
2 Church Street, Hamilton
HM 11, Bermuda

Attention:Dawna Ferguson
Facsimile:+1 (441) 298-7800

with a copy to:

Conyers Dill & Pearman Limited
Clarendon House, 2 Church Street
PO Box HM 666, Hamilton
HM CX, Bermuda

Attention: Michael G. Frith
Facsimile: +1 (441) 292 7876

with an additional copy to:

485 Lexington Avenue
17th Floor
New York
NY 10017

Attention: Reza Shah
Facsimile: (212) 793 5585

(ii) to the Secured Party at:

Primerica Life Insurance Company of Canada
2000 Argentia Road, Plaza V, Suite 300
Mississauga, Ontario L5N 2R7, Canada

Attention: General Counsel
Facsimile: (905) 813-5314

(iii) to the Custodian at:

RBC Dexia Investor Services Trust
155 Wellington Street West, 7th Floor
P.O. Box 7500, Station A
Toronto, Ontario M5W 1P9

Attention: Senior Manager, Client Service Insurance
Facsimile: 1-416-955-2600

Any party may change its address and number for communications by notifying the other parties in accordance with the notice provision above. Any communication delivered personally shall be deemed to have been given and received on the day it is so delivered (or if that day is not a Business Day, on the next succeeding Business Day). Subject to disruptions in the postal service, any communication sent by prepaid ordinary mail shall be deemed to have been given and received on the fifth Business Day following the date of mailing. Any communication given by authenticated telex, facsimile, S.W.I.F.T., one of the Custodian's secured client access channels or directly between electromechanical or electronic terminals (including, subject to Sections 30(5) and 30(6), the internet or unsecured lines of communication) shall be deemed to have been given and received on the Business Day it is transmitted provided that it was received before 3:00 p.m. (Toronto time), and, if received after 3:00 p.m. (Toronto time), it shall be deemed to have been given and received on the Business Day following the day of transmission provided in each case that confirmation of transmission is available from the party giving the communication.

- (3) With respect to telephone Directions, the party giving such Directions shall endeavour to forward written Directions confirming such telephone Directions on the same day that such telephone Directions are given to the Custodian. The fact that such confirming written Directions are not received or that contrary Directions are received by the Custodian shall in no way affect the validity of any transactions effected by the Custodian on the basis of the telephone Directions.

The parties acknowledge and agree that some or all telephone communications between the parties, including, without limitation, Directions, may be recorded by the Custodian. In the event of any disagreement as to the content of any communication given by telephone, the Custodian's recording will be conclusive and determinative of the contents of such communication.

- (4) Without limiting the foregoing, in the case of Directions sent through one of the Custodian's secured access channels, including RBC Dexia Online, or sent directly between electromechanical or electronic terminals (including, subject to Sections 30(5) and 30(6), the internet or unsecured lines of communication), the parties acknowledge that it may not be possible for such Directions to be executed, however the Custodian shall nevertheless be protected in relying on such Directions as if they were written Directions from the party issuing same. The Custodian shall be entitled, without further inquiry or investigation, to assume that such Directions have been duly and properly issued by the Pledgor, the Investment Manager, or the Secured Party, as the case may be, and that the sender(s) is/are duly authorized to act, and to provide Directions, on behalf of the Pledgor, the Investment Manager, or the Secured Party, as case may be.
- (5) The parties acknowledge and agree that the Custodian, in providing the services hereunder, may forward reports and information to the parties or an Investment Manager, and may receive and act upon communications and instructions (including without limitation, Directions) received from the parties or an Investment Manager, through use of the internet or any other electronic means of communication which is not secure.

The parties acknowledge and agree that the internet is not a secure or confidential means of communication, and that accordingly, there are certain risks inherent in its use. The parties therefore agree that the Custodian shall bear no responsibility or liability whatsoever for any errors and omissions, or direct, indirect or consequential losses or damages that are directly attributable to the use of the internet as a means of communication, including any losses or damages arising from viruses or worms, or the interception, tampering or breach of confidentiality of data or information transmitted which is not encrypted and authenticated in accordance with the Custodian's encryption standards.

The parties also agree that the Custodian may rely and act upon any email instructions or Directions received via the internet from the parties, without the Custodian having to take any further actions of any kind to verify or otherwise ascertain the validity of such instructions or Directions, and any such instructions or Directions shall be binding on the Party on whose behalf the e-mail instructions or Directions shall have been given and that such Party shall not make any claim or take any action or proceedings against the Custodian for any losses or damages whatsoever suffered by reason of the Custodian accepting and acting upon such instructions or Directions.

- (6) Nothing in this Agreement shall create an obligation for the Custodian to constantly monitor its electronic communication equipment, provided that reasonable monitoring is performed within business hours of the Custodian where communications are sent and the Custodian will not be held liable for an omission to act from not receiving electronically transmitted communications (including, without limitation, Directions). The party giving an electronic communication is responsible to ensure that it has been transmitted and received by the correct recipient. In the event of any disagreement as to whether electronic communications (including, without limitation, Directions) have been received by the Custodian, the sender will have the onus of proving that such electronic communication have been so received by the correct recipient.
- (7) The Custodian shall:
- (a) be fully protected in acting upon any Direction believed by it to be genuine and presented by the proper person(s); and
 - (b) be under no duty to make any investigation or inquiry as to any statement contained in any such Direction but may accept such statement as conclusive evidence of the truth and accuracy of such statement.

Section 31 Confidentiality.

- (1) Each party shall hold in confidence all information relating to the Collateral and this Agreement (“**Confidential Information**”) and may only release such information to others where required by Applicable Law, where such information was within such party’s possession on a non-confidential basis prior to it being provided to such party, such information is or becomes generally available to the public or as otherwise agreed between the parties. The parties hereby consent to the delivery and availability of a copy of this Agreement, and any amendment thereto, to the Superintendent.
- (2) Without limitation of Section 31(1) above, the parties agree that the Custodian may share Confidential Information, on a need-to-know basis, with its Agents, service providers, Affiliates, related companies, subsidiaries, parent companies and their respective parent companies, Affiliates, related companies and subsidiaries, for the purposes of marketing, administration, to prevent fraud, to verify the identity of the parties and to prevent money laundering. For greater certainty, information disclosed for marketing purposes shall be on a no-names basis and shall be aggregated with similar information of other clients of the Custodian and shall form part of the collective internal client database used by the Custodian on an ongoing basis to assess and change how it promotes and performs its services to its clients. The Custodian will also provide the information relative to the Pledgor and the Secured Party’s information, including Confidential Information, to any federal or provincial legal or regulatory body if required by Applicable Law to do so.

The parties also agree and acknowledge that it may from time to time be necessary for the Custodian to disclose Confidential Information to third parties where the Custodian is compelled by Applicable Law.

- (3) Unless otherwise prohibited by Applicable Law, in the event that the Custodian becomes legally obligated to disclose any of the Confidential Information, the Custodian shall provide the parties with notice, as soon as reasonably practicable given the circumstances, of such requirements so that one or both of the parties may seek a protective order or other appropriate remedy or waive compliance with the terms of this section, which waiver may not be unreasonably withheld. The Custodian will reasonably cooperate with a party’s effort to obtain such protective order or other remedy at the applicable party’s sole expense. In the event that such protective order or other remedy is not obtained within a reasonable period of time or that the parties waive compliance with the provisions of this section or that the Custodian is compelled to forthwith provide the Confidential Information, the Custodian agrees to provide only that portion of the Confidential Information which is legally required and the Custodian will use commercially reasonable efforts to obtain confidential treatment for any Confidential Information that is so disclosed.
- (4) The Pledgor and Secured Party acknowledge that the Custodian may from time-to-time be required to transfer, store and process Confidential Information outside of Canada. The parties further acknowledge and agree that the contractual or other measures that the Custodian may use to protect such information are subject to the legal requirements of the jurisdiction where such information may be transferred, stored or processed, and that the Custodian may be required by Applicable Law to disclose Confidential Information to the lawful authorities operating within that jurisdiction. The parties further agree and acknowledge that the Custodian shall in no way be liable or responsible in any way for any damages, costs or expenses whatsoever that the parties may face as a result of the Custodian being legally obligated to disclose any such Confidential Information.

Section 32 General.

- (1) The Agreement shall not be terminated until the earlier of (i) the Release Date and (ii) the delivery to the Pledgor of a written release or discharge signed by the Secured Party. Upon termination of the Agreement and at the request and expense of the Pledgor, the Secured Party will execute and deliver to the Pledgor such financing statements and other releases, discharges, documents or instruments as the Pledgor may reasonably require and the Custodian will redeliver to the Pledgor, or as the Pledgor may otherwise Direct the Custodian, any Collateral in its possession.
- (2) This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Secured Party will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Secured Party in respect of the Secured Obligations. The representations, warranties and covenants of the Pledgor in this Agreement survive the execution and delivery of this Agreement. Notwithstanding any investigation made by or on behalf of the Custodian or the Secured Party, the covenants, representations and warranties continue in full force and effect.

- (3) The Pledgor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Secured Party may require and take all further actions as the Secured Party may require for (i) protecting the Collateral, (ii) perfecting, preserving and protecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Secured Party and the Custodian. After the Security Interest becomes enforceable, the Pledgor will do all acts and things and execute and deliver all documents and instruments that the Secured Party may require for facilitating the sale or other disposition of the Collateral in connection with its realization, or for enforcing any of its other rights and remedies hereunder or under Applicable Law.
- (4) This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Secured Party.
- (5) This Agreement is binding on the Pledgor, its successors and assigns, and enures to the benefit of the Secured Party, the Custodian, and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior written consent of the other parties hereto.
- (6) The Pledgor acknowledges and agrees that in the event it amalgamates or merges with any other Person, it is the intention of the parties that the Security Interest (i) extends to: (A) all of the Collateral that any of the amalgamating corporations then own, (B) all of the Collateral that the amalgamated corporation thereafter acquires, (C) all of the Collateral in which any of the amalgamating corporations then has any interest and (D) all of the Collateral in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Secured Party in any currency, however or wherever incurred, and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Security Interest attaches to the additional Collateral at the time of amalgamation and to any Collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired. Upon any such amalgamation, the defined term **"Pledgor"** will extend to and include the amalgamated corporation and the defined term **"Secured Obligations"** will extend to and include the Secured Liabilities of the amalgamated corporation.
- (7) If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.
- (8) This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Secured Party, the Custodian and the Pledgor.
- (9) No consent or waiver by the Secured Party in respect of this Agreement is binding unless made in writing and signed by an authorized officer of the Secured Party. Any consent or waiver given by the Secured Party under this Agreement is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision.
- (10) A failure or delay on the part of the Secured Party in exercising a right under this Agreement does not operate as a waiver of, or impair, any other right of the Secured Party however arising. A single or partial exercise of a right on the part of the Secured Party does not preclude any other or further exercise of that right or the exercise of any other right by the Secured Party.
- (11) All monies collected by the Secured Party upon the enforcement of its rights and remedies under this Agreement, including any sale or other disposition of the Collateral, will be applied on account of the Secured Obligations at such times, in such manner and in such order as the 2010 Coinsurance Agreement may require or as the Secured Party may determine.
- (12) This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (13) The Pledgor irrevocably attorns and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Ontario sitting in Toronto, Ontario in any action or proceeding arising out of or relating to this Agreement. The Pledgor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section 32(13) limits the right of the Secured Party to bring proceedings against the Pledgor in the courts of any other jurisdiction.
- (14) Any action or proceeding against the Custodian arising out of or relating to this Agreement may only be brought in a court of competent jurisdiction in the Province of Ontario.
- (15) The Pledgor hereby irrevocably consents to the service of any and all process in any such action or proceeding by the delivery of copies of such process to the Pledgor at the address set out in relation to the Pledgor in Section 30(2). Nothing in this Section 32(15) limits the right of the Secured Party to serve process in any other manner permitted by Applicable Law.

IN WITNESS WHEREOF this agreement has been executed and delivered as of the date first above written.

**FINANCIAL REASSURANCE COMPANY
2010, LTD.**

Per: [Illegible]
Authorized Signing Officer

Per: _____
Authorized Signing Officer

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

Per: [Illegible]
Authorized Signing Officer

Per: [Illegible]
Authorized Signing Officer

**RBC DEXIA INVESTOR SERVICES
TRUST, as Custodian**

Per: Lydia Moffitt
Authorized Signing Officer

Per: Meredith MacMillan
Authorized Signing Officer

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SCHEDULE "A"

TO THE REINSURANCE SECURITY AGREEMENT

DATED AS OF THE 31st DAY OF DECEMBER, 2011

2010 COINSURANCE AGREEMENT

Coinsurance Agreement by and Between Primerica Life Insurance Company of Canada and Financial Reassurance Company 2010, Ltd. dated as of March 31, 2010.

12519155.10
Legal*6759570.3
TA17132 Dec 2011

COINSURANCE AGREEMENT

by and between

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

(the “Ceding Company”)

FINANCIAL REASSURANCE COMPANY 2010, LTD

(the “Reinsurer”)

DATED March 31, 2010

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COINSURANCE AGREEMENT

This COINSURANCE AGREEMENT (together with the Exhibits hereto, this “**Agreement**”) is made by and between PRIMERICA LIFE INSURANCE COMPANY OF CANADA, a life insurance company incorporated under the *Insurance Companies Act* (Canada) (together with its successors and permitted assigns, the “**Ceding Company**”) having its principal business office located at 2000 Argentia Road, Plaza V, Suite 300, Mississauga, Ontario L5N 2R7 and Financial Reassurance Company 2010, Ltd, a reinsurance company incorporated in Bermuda and registered as an insurer pursuant to the Insurance Act 1978 of Bermuda (together with its successors and permitted assigns, the “**Reinsurer**”) having its registered office located at the Emporium Building, 69 Front Street, Hamilton HM 12, Bermuda.

WHEREAS, the Ceding Company is authorized to engage in the business of issuing certain life insurance policies and certain related riders;

WHEREAS, the Reinsurer is authorized and registered in Bermuda to conduct long term insurance business;

WHEREAS, the Ceding Company desires to cede to the Reinsurer on an indemnity reinsurance basis certain liabilities with respect to the Reinsured Policies (as defined herein); and

WHEREAS, the Reinsurer is willing to reinsure on an indemnity reinsurance basis the liabilities that the Ceding Company desires to cede hereunder on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual and several promises and undertakings herein contained, and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Ceding Company and the Reinsurer (individually, a “**Party**” and collectively, the “**Parties**”) hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. The following terms, when used in this Agreement, shall have the meanings set forth in this Article I.

- (a) “**Administrative Practices**” shall have the meaning specified in Section 17.2(a).
 - (b) “**Affiliate**” means, with respect to a Party, any entity that controls, is controlled by or is under common control with such Party.
 - (c) “**Agreement**” shall have the meaning specified in the Preamble.
 - (d) “**Applicable Law**” means any domestic or foreign, federal, provincial, state or local statute, law, ordinance or code, or any written rules, regulations or administrative interpretations or guidelines issued by any Governmental Authority pursuant to any of the foregoing, in each case applicable to any Party, and any order, writ, injunction, directive, judgment or decree of a court of competent jurisdiction applicable to the Parties.
 - (e) “**Bermuda Monetary Authority**” means the regulatory authority in Bermuda that is responsible for the registration and on-going supervision of the Reinsurer.
 - (f) “**Business Day**” means any day other than a day on which banks in the Province of Ontario or Bermuda are permitted or required to be closed.
 - (g) “**Ceding Company**” shall have the meaning specified in the Preamble.
 - (h) “**CGAAP**” means applicable Canadian generally accepted accounting principles as modified by the requirements, if any, of OSFI.
 - (i) “**Change of Control**” shall have the meaning specified in Section 21.10.
 - (j) “**Claims**” means any and all claims, requests, demands or notices made under a Reinsured Policy for payment of benefits or other obligations, including death benefits, waived premiums, returned premium or any other payments alleged to be due in accordance with the terms and conditions of such Reinsured Policy.
 - (k) “**Commissions**” means the contractual amounts earned by and the bonuses paid to the Ceding Company's sales representatives in connection with the Reinsured Policies on and after the Effective Date.
 - (l) “**Commutation Payment**” shall have the meaning specified in Section 11.5.
-

- (m) **“Confidential Information”** shall have the meaning specified in Section 21.10.
- (n) **“Conversion”** means the issuance by the Ceding Company of a new Coverage in replacement of a Coverage under a Reinsured Policy pursuant to an option granted under the terms of such Reinsured Policy; provided, however, in no event shall Conversions include any Renewal.
- (o) **“Coverage”** means, with respect to any Policy, one or more life insurance coverages issued by the Ceding Company. A single Policy may have multiple Coverages issued to multiple individuals and such multiple Coverages, in turn, may have different Original Initial Level Premium Periods, all within a single Policy.
- (p) **“Covered Liabilities”** means all liabilities incurred by the Ceding Company under the express terms of the Reinsured Policies (including End of Term Renewals) and all Reinsured ECOs; provided, however, in no event shall Covered Liabilities include any Excluded Liabilities.
- (q) **“Direct Premiums”** means all premiums actually received from the Policyholders attributable to the Reinsured Policies from and after the Effective Date and waived premiums on such Policies.
- (r) **“Effective Date”** means January 1, 2010.
- (s) **“Eligible Assets”** means assets permitted to be vested in trust pursuant to the Reinsurance Trust Agreement and the Investment Guidelines(**“Eligible Assets”**); provided, however, investments in or issued by an entity controlling, controlled by or under common control with either the Ceding Company or the Reinsurer shall not exceed 5% of total investments. The Eligible Assets are further subject to and limited by, the Investment Guidelines.
- (t) **“End of Term Conversion”** means, with respect to a Coverage under a Reinsured Policy, a Conversion that occurs (i) at any time during the two year period ending on the last day of the Original Initial Level Premium Period of a Coverage or (ii) after the last day of such period.
- (u) **“End of Term Renewal”** means a Renewal that occurs at the end of the Original Initial Level Premium Period.
- (v) **“Excluded Liabilities”** shall have the meaning specified in Section 2.2.
- (w) **“Existing Practice”** shall have the meaning specified in Section 17.2(a).
- (x) **“Expense Allowance”** means an annualized per base policy expense allowance equal to the Reinsurer's Quota Share multiplied by C\$42.50 for each Reinsured Policy payable on a monthly basis, which amount shall be increased (i) by 3% on the first anniversary date of the Effective Date and (ii) thereafter, by a compounded rate equal to the percentage increase, if any, in the labour cost index published by Statistics Canada on each subsequent anniversary date of the Effective Date.
- (y) **“Extra-Contractual Obligations”** means all liabilities, obligations and expenses not arising under the express terms and conditions of any Reinsured Policy, whether such liabilities, obligations or expenses are owing to an insured, a Governmental Authority or any other Person in connection with such Reinsured Policy, including (a) any liability for punitive, exemplary, consequential, special, treble, tort, bad faith or any other form of extra-contractual damages, (b) damages or claims in excess of the applicable policy limits of the Reinsured Policies, (c) statutory or regulatory damages, fines, penalties, administrative monetary amounts, forfeitures and similar charges of a penal or disciplinary nature, and (d) liabilities and obligations arising out of any act, error or omission, whether or not intentional, in bad faith or otherwise, including any act, error or omission relating to (i) the form, marketing, production, issuance, sale, cancellation or administration of Reinsured Policies or (ii) the failure to pay or the delay in payment of claims, benefits, disbursements or any other amounts due or alleged to be due under or in connection with Reinsured Policies (exclusive of interest on payments to Policyholders, as determined in accordance with the laws of the jurisdiction applicable to such Reinsured Policy). For avoidance of doubt, any liabilities, obligations and expenses relating to any change in the Reinsured Policies arising out of or resulting from litigation, arbitration or settlements will be deemed Extra-Contractual Obligations.
- (z) **“Financial Statement Credit”** means credit for reinsurance permitted by OSFI on the Ceding Company's financial statements and MCCSR calculations filed with OSFI with respect to the Reinsured Policies as though licensed reinsurance was provided.
- (aa) **“Governmental Authority”** means any federal, provincial, state, county, local, foreign or other governmental or public agency, instrumentality, commission, authority or self-regulatory organization, board or body, including OSFI and other insurance regulatory authorities.
- (bb) **“Indemnification Claims”** shall have the meaning specified in Section 18.1.
- (cc) **“Investment Guidelines”** means the investment guidelines attached as Exhibit VIII.

- (dd) **“Initial Ceding Commission”** means the sum of C\$74,000,000 as determined in accordance with the actuarial report originally dated October 21,2009 and revised as of November 25,2009.
- (ee) **“Market Value”** shall have the meaning specified in the Reinsurance Trust Agreement.
- (ff) **“MCCSR”** means minimum continuing capital and surplus requirements determined in accordance with the MCCSR Guideline.
- (gg) **“MCCSR Guideline”** means Guideline A - entitled “Minimum Continuing Capital and Surplus Requirements for Life Insurance Companies dated December 2009.
- (hh) **“Milliman”** shall have the meaning specified in Section 17.1(e).
- (ii) **“Milliman Information”** shall have the meaning specified in Section 17.1(e).
- (jj) **“Milliman Report”** shall mean the report attached hereto as Exhibit VII.
- (kk) **“Monthly Account Balance Report”** shall have the meaning specified in Section 8.2.
- (ll) **“Monthly Report”** shall have the meaning specified in Section 8.1.
- (mm) **“Net Premium”** shall have the meaning specified in Section 4.1(b).
- (nn) **“Original Initial Level Premium Period”** means, with respect to each Reinsured Policy, the period beginning with the original issue date of a Coverage and ending with the first premium increase date identified within such Reinsured Policy on which premiums for such Coverage will increase without a corresponding increase in the terms or limits of such Coverage.
- (oo) **“OSFI”** means the Office of the Superintendent of Financial Institutions, Canada.
- (pp) **“Parties”** shall have the meaning specified in the Preamble.
- (qq) **“Person”** means any natural person, corporation, limited liability company, unlimited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.
- (rr) **“Policies”** means term life insurance base policies and riders thereto issued by the Ceding Company.
- (ss) **“Policyholders”** means the owners or holders of one or more of the Reinsured Policies.
- (tt) **“Premium Taxes”** means any Taxes imposed on premiums relating to the Reinsured Policies.
- (uu) **“Prime Rate”** means, as of any day, a fluctuating interest rate per annum equal to the “prime” rate of interest announced publicly by The Royal Bank of Canada. If the Royal Bank of Canada does not publicly announce a prime rate, the Ceding Company and the Reinsurer (or its designee) shall jointly select another bank that publicly announces a prime rate and the prime rate publicly announced by that bank shall be used.
- (vv) **“Primerica”** means Primerica, Inc., a Delaware corporation.
- (ww) **“Recapture Fee”** shall have the meaning specified in Section 11.3.
- (xx) **“Recapture Notice”** shall have the meaning specified in Section 11.2.
- (yy) **“Reinstatement”** shall have the meaning specified in Section 7.1.
- (zz) **“Reinsurance Trust Account”** shall have the meaning specified in Section 15.1.
- (aaa) **“Reinsurance Trust Account Balance”** means, as of the last day of each calendar quarter following the date hereof, the aggregate Market Value as of such date of the Eligible Assets maintained in the Reinsurance Trust Account
- (bbb) **“Reinsurance Trust Agreement”** shall have the meaning specified in Section 15.1.
- (ccc) **“Reinsured ECOs”** means (i) Extra-Contractual Obligations paid by the Ceding Company to a single (or joint) policyholder or beneficiary in the ordinary course of business, consistent with prudent business practices and (ii) Extra-Contractual Obligations arising in circumstances where the Reinsurer is an active party and directs or consents to the act, omission or course of conduct occurring after the date hereof that resulted in such Extra-Contractual Obligation; provided, however, that Reinsured ECOs shall not include any liabilities: (x) relating to class actions of any kind; (y) relating to sales, marketing or distribution practices of the Ceding Company or its sales representatives directed or applied to any specific class of policyholders, as indicated on the underwriting records of the Ceding Company; or (z) relating to or based on violations of, or noncompliance with, Applicable Law by the Ceding Company.

- (ddd) **“Reinsured Policies”** means Policies issued (i) on the policy forms identified in Exhibit I and riders thereto in force as of 11:59 p.m. (EST) on December 18, 2009; and (ii) as a result of any Conversions thereto, but not including any End of Term Conversions arising from Coverages with an Original Initial Level Premium Period ending on or after January 1, 2017. For greater certainty, the Reinsured Policies do not include any segregated fund business.
- (eee) **“Reinsurer”** shall have the meaning specified in the Preamble.
- (fff) **“Reinsurer's Quota Share”** means eighty percent (80%) or such other percentage as modified to reflect a partial recapture of the Reinsurer's Quota Share of the Reinsured Policies pursuant to the terms and conditions specified in Article XI.
- (ggg) **“Renewal”** means the continuation of coverage under a Reinsured Policy after the end of the Original Initial Level Premium Period of such coverage in accordance with the terms of the Reinsured Policy.
- (hhh) **“Renewal Recapture Right”** shall have the meaning specified in Section 11.4.
- (iii) **“Representatives”** shall have the meaning specified in Section 12.1.
- (jjj) **“Required Balance”** means, as of any date, the amount equal to the greater of (i) the Reinsurer's Quota Share of the Subject Reserves with respect to the Reinsured Policies, and (ii) the amount of assets held in trust necessary at any particular point in time under the MCCSR Guideline in order for the Ceding Company to take full Financial Statement Credit for the unlicensed reinsurance in the same manner as if licensed reinsurance was being provided that enables the Ceding Company to maintain its OSFI target capital ratio as well as to be able to meet all Dynamic Capital Adequacy Testing adverse scenarios that may be required by OSFI with respect to the Reinsurer's Quota Share of the Subject Reserves. For greater certainty, the amount of Trust Assets held in trust shall at no time be less than a minimum of an amount equal to 100% of the aggregate liability ceded (if greater than zero) plus 70% of the offsetting reserves ceded (MCCSR Guideline section 1.2.3.2) plus 150% of the Regulatory Required Capital for the Ceded Business as defined by the MCCSR Guideline, as calculated in Schedule C hereto as of December 31, 2009.
- (kkk) **“Required Regulatory Capital”** means the amount of capital necessary to be maintained by the Ceding Company under the MCCSR Guideline with respect to the Subject Reserves.
- (lll) **“Subject Reserves”** means, as of any date, all reserves set forth on Schedule A as of such date corresponding to liabilities of a type or kind identified as Covered Liabilities, related to the Reinsured Policies, such amount as determined by the Ceding Company in accordance with the methodologies used by the Ceding Company to calculate such amounts for purposes of its financial statements prepared in accordance with CGAAP, or such other accounting standards as may be applicable during the term of this agreement, and generally consistent with past practices as of all dates without giving effect to this Agreement or as may otherwise be required to be maintained pursuant to the *Insurance Companies Act* (Canada) and its applicable regulations as well as any instructions, advisories or guidelines issued by OSFI, including the MCCSR Guideline.
- (mmm) **“Superintendent”** means the Superintendent of Financial Institutions (Canada).
- (nnn) **“Tax Authority”** means the Canada Revenue Agency and any other domestic or foreign Governmental Entity responsible for the administration of any Taxes.
- (ooo) **“Taxes”** means all forms of taxation, whether of Canada or elsewhere and whether imposed by a local, municipal, provincial, state, federal, foreign or other body or instrumentality, and shall include, without limitation, income, excise, sales, use, gross receipts, value added and premium taxes, together with any related interest, penalties and additional amounts imposed by any taxing authority.
- (ppp) **“Then Current Practice”** shall have the meaning specified in Section 17.2(a).
- (qqq) **“Third Party Reinsurance”** means reinsurance of the Reinsured Policies placed with third party reinsurers, as identified and summarized in Exhibit II (as such Exhibit II may be amended from time to time).
- (rrr) **“Third Party Reinsurance Premiums”** means all premiums paid by the Ceding Company on or after the Effective Date for coverage under Third Party Reinsurance, net of refunds of unearned premiums on lapse (except that the refund of unearned premiums shall only apply for premiums payable under Third Party Reinsurance on or after the Effective Date).
- (sss) **“Top-Up Notice”** shall have the meaning specified in Section 8.3.
- (ttt) **“Trust Assets”** shall have the meaning specified in Section 15.2(a).
- (uuu) **“Trustee”** shall have the meaning specified in Section 15.1.

ARTICLE II

REINSURANCE

Section 2.1 Reinsurance. Subject to the terms and conditions of this Agreement, the Ceding Company hereby cedes on an indemnity basis to the Reinsurer, and the Reinsurer hereby accepts and agrees to reinsure on an indemnity basis, the Reinsurer's Quota Share of the Covered Liabilities, provided, however, in the event of a recapture involving a pro rata portion of the Reinsurer's Quota Share of the Reinsured Policies pursuant to Article XI hereof, the Reinsurer's Quota Share of the Covered Liabilities will be proportionately reduced. The Reinsurer's Quota Share of Covered Liabilities shall be reduced, but not below zero, by the Reinsurer's Quota Share of Third Party Reinsurance for Covered Liabilities in accordance with the respective terms thereof, to the extent such Third Party Reinsurance is actually collected.

Section 2.2 Exclusions. Notwithstanding any provision of this Agreement to the contrary, the Reinsurer shall not be liable for any liabilities or obligations of the Ceding Company that are not Covered Liabilities, including:

- (a) liabilities relating to benefits, including, but not limited to, terminal illness benefits, other than life insurance death benefits, any related waiver of premium coverages and write-offs of terminal illness policy loan balances;
- (b) any liabilities resulting from any coverage added after the Effective Date to a Reinsured Policy that is not a Conversion or Renewal or otherwise required or permitted by the terms of such Reinsured Policy in effect on the Effective Date, unless such additional coverage is required by applicable law or has been approved in writing in advance by the Reinsurer;
- (c) any liabilities relating to deaths occurring prior to the Effective Date;
- (d) Extra-Contractual Obligations, other than Reinsured ECOs;
- (e) any loss or liabilities relating to or arising from the Ceding Company's Retained Asset Account for the Reinsured Policies;
- (f) any losses or liabilities arising under any End of Term Conversion occurring on or after January 1, 2017;
- (g) any loss or liabilities relating to or arising from actions taken by the Ceding Company without the consent of the Reinsurer as required by Section 17.2(b) hereof;
- (h) any loss or liabilities relating to or arising from claims made, or lawsuits brought, by agents of the Ceding Company; and
- (i) all liabilities or obligations of any kind or nature whatsoever that do not relate to the Reinsured Policies (collectively, (a)-(i) constitute the **"Excluded Liabilities"**).

Section 2.3 Territory. The reinsurance provided under this Agreement shall apply to the Covered Liabilities covering lives and risks wherever resident or situated.

ARTICLE III

COMMENCEMENT OF THE REINSURER'S LIABILITY

Section 3.1 Commencement of the Reinsurer's Liability. Except as otherwise set forth in this Agreement, the Reinsurer's liability under this Agreement shall attach simultaneously with that of the Ceding Company, and all reinsurance with respect to which the Reinsurer shall be liable by virtue of this Agreement shall be subject in all respects to the same risks, terms, rates, conditions, interpretations, and to the same modifications, alterations, cancellations and receivables under Third Party Reinsurance, as the respective Reinsured Policies to which liability under this Agreement attaches, the true intent of this Agreement being that the Reinsurer shall, in every case to which liability under this Agreement attaches, and always subject to the Excluded Liabilities, follow the fortunes of the Ceding Company.

ARTICLE IV

REINSURANCE PREMIUMS, ALLOWANCES AND OTHER OBLIGATIONS

Section 4.1 Reinsurance Premiums.

- (a) On the date hereof, as consideration for the reinsurance provided hereunder, the Ceding Company shall transfer to the Reinsurance Trust Account on behalf of the Reinsurer an amount equal to the Reinsurer's Quota Share of the Subject Reserves, if positive, and advance premiums attributable to the Reinsured Policies as of the Effective Date and the Reinsurer shall pay to the Ceding Company an amount equal to the Initial Ceding Commission and the value of the Reinsurer's Quota Share of the Subject Reserves, to the extent such reserves are negative. For greater certainty, the Ceding Company shall retain all reserves, if any, established with respect to Excluded Liabilities. Any Eligible Assets shall be free of all liens, charges or encumbrances, and assigned or endorsed in blank by the Ceding Company to the Trustee in order to transfer absolutely and unequivocally all right, title and interest in such assets.
- (b) As additional consideration for the reinsurance provided herein, on a monthly basis during the term of this Agreement, the Ceding Company shall pay to the Reinsurer the Reinsurer's Quota Share of Direct Premiums net of the Reinsurer's Quota Share of Third Party Reinsurance Premiums (the "**Net Premium**"). The Net Premium shall be paid in accordance with Article VIII.

Section 4.2 Allowances. At each month end following the date hereof, the Reinsurer shall pay the Ceding Company the Expense Allowance calculated on the basis of the number of Reinsured Policies in force on such date. The number of Reinsured Policies in force for each calendar month shall be determined by adding the number of Reinsured Policies in force on the last day of the prior calendar month (or December 18, 2009 for the initial calculation) and the number of Reinsured Policies in force on the last day of the current calendar month and dividing that total by two (2); provided, however, if there are any End of Term Renewals, the Expense Allowance for the Reinsured Policies associated with such End of Term Renewals that start after December 31, 2016 will be zero. The Expense Allowance shall be payable in accordance with Article VIII.

Section 4.3 Other Obligations. On a monthly basis during the term of this Agreement, the Reinsurer shall pay the Ceding Company the Reinsurer's Quota Share of the following amounts: (i) 2.1% of premiums collected for such month in connection with the Reinsured Policies as a provision for Premium Taxes incurred by the Ceding Company; (ii) C\$50 for each new Conversion which results in the issuance of a Reinsured Policy (including the issuance of one or more riders to a base Policy); (iii) Commissions for each Reinsured Policy; and (iv) any out-of-pocket underwriting fees associated with Reinstatements.

Section 4.4 Third Party Reinsurance. The Ceding Company shall pay to the Reinsurer the Reinsurer's Quota Share of all ceding commissions and any Premium Tax or other expense allowances collected by the Ceding Company from the reinsurers under Third Party Reinsurance.

ARTICLE V

TAXES

Section 5.1 Guaranty Fund Assessments. Except as provided in Section 4.2, the Reinsurer shall not reimburse the Ceding Company for any guaranty fund assessments arising on account of premiums on the Reinsured Policies.

Section 5.2 Tax Elections. The parties agree to make all necessary tax elections to facilitate the intent of this Agreement or the transactions contemplated hereby.

ARTICLE VI

CLAIMS

Section 6.1 Notice of Claims . Claim amounts less than or equal to C\$250,000 (net of amounts recoverable under Third Party Reinsurance) will be reported by the Ceding Company to the Reinsurer on a bordereau basis, and all other Claims shall be reported on an individual basis, in each case in accordance with Section 8.1.

Section 6.2 Settlement Authority . The Ceding Company shall have full authority to determine liability on any Claim reinsured hereunder and may settle losses as it deems appropriate, but in so doing it shall act with the skill and diligence commonly expected from qualified personnel performing such duties for Canadian life insurance companies and consistent with the Ceding Company's Then Current Practice.

Section 6.3 Claim Payments . Following receipt by the Reinsurer of the Monthly Report setting forth the Ceding Company's payment of any Covered Liabilities reinsured hereunder, the Reinsurer shall make payment of the Reinsurer's Quota Share of the Covered Liabilities in accordance with Article VIII.

Section 6.4 Misstatement of Age or Sex . In the event of an increase or reduction in the amount of the Ceding Company's insurance on any Reinsured Policy because of an overstatement or understatement of age or misstatement of sex, established during the life, or after the death, of the insured, the Reinsurer will share in such increase or reduction in proportion to the Reinsurer's Quota Share.

ARTICLE VII

REINSTATEMENTS

Section 7.1 Reinstatements . If a Reinsured Policy is reinstated in accordance with its terms and the Ceding Company's reinstatement rules as in effect on the Effective Date (a "**Reinstatement**"), the reinsurance of such Reinsured Policy will be restored as if no change had occurred. In such a case, the Ceding Company shall promptly pay the Reinsurer the Reinsurer's Quota Share of the Net Premiums attributable to such Reinstatement

ARTICLE VIII

ACCOUNTING AND RESERVES

Section 8.1 Monthly Reports . Within twenty (20) Business Days after the end of each calendar month, the Ceding Company shall deliver to the Reinsurer the following monthly reports (each a "**Monthly Report**") substantially in the form set forth in Exhibit III hereto: i) Monthly Settlement Report; (ii) Policy Exhibit; (iii) Reserve Report; (iv) Claim Reserve Report; (v) Bordereau Report; and (vi) Non-Bordereau Claims Report it being understood that the initial Monthly Report shall be for the period from the Effective Date to the last day of the month in which this Agreement is executed.

Section 8.2 Monthly Account Balance Reports . No later than ten (10) Business Days after the end of each calendar month, the Ceding Company shall prepare and deliver to the Reinsurer a report in the form and containing the information set forth in Exhibit IV (each a "**Monthly Account Balance Report**").

Section 8.3 Settlements.

- (a) All monthly settlements shall be effected as follows: (i) if the Monthly Report shows that the Ceding Company owes the Reinsurer a positive amount, the Ceding Company will pay the amount owed simultaneously with the delivery to the Reinsurer of the Monthly Report and (ii) if the Monthly Report shows that the Reinsurer owes the Ceding Company a positive amount, the Reinsurer shall pay the amount owed within twenty (20) Business Days after receiving the Monthly Report, it being understood that, for purposes of this Section 8.3(a), appropriate adjustments shall be made for withdrawals and reimbursements made during the month by the Ceding Company pursuant to Sections 15.5 and 15.6.

- (b) If the Reserve Report provided to the Reinsurer for the last month of a calendar quarter, which report shall be prepared in accordance with CGAAP, shows that the Reinsurance Trust Account Balance is less than the Required Balance or if at any time specified by OSFI the Reinsurance Trust Account Balance is less than the Required Balance, the Ceding Company shall provide notice to the Reinsurer of the failure by the Reinsurer to ensure the Reinsurance Trust Account Balance equals or exceeds the Required Balance as of the end of the immediately preceding calendar quarter or such other time as OSFI has specified, the Ceding Company shall notify the Reinsurer of the amount of the deficiency along with a copy of the applicable Monthly Report (the “**Top-Up Notice**”). The Top-Up Notice shall be delivered to the Reinsurer at the same time as the copy of the Monthly Report for the same calendar quarter.
- (c) All settlements of account between the Ceding Company and the Reinsurer shall be made in cash or its equivalent.

Section 8.4 Offset and Recoupment. Each Party, at its option, may offset or recoup any balance or balances, whether on account of premiums, Expense Allowances, claims and losses or amounts otherwise due from one Party to the other under this Agreement, or as a result of damages awarded to either Party pursuant to litigation or otherwise, which shall be deemed mutual debts or credits, as the case may be; provided, however, that the Party electing such right with respect to matters not reflected in the Monthly Reports shall notify the other Party in writing of its election to do so. This Section 8.4 shall not be modified or reconstrued due to the insolvency, liquidation, rehabilitation, conservatorship or receivership of either Party.

Section 8.5 Currency. All financial data required to be provided pursuant to the terms of this Agreement shall be expressed in Canadian dollars. All payments and all settlements of account between the Parties shall be in Canadian currency unless otherwise agreed by the Parties.

ARTICLE IX

EXPENSES IN CONNECTION WITH THE REINSURED POLICIES

Section 9.1 Expenses in Connection with the Reinsured Policies. The Ceding Company shall pay for all expenses and charges incurred in connection with the Reinsured Policies including medical examinations, inspection fees, and other fees. Except as provided in Section 4.2 and Section 4.3, such amounts shall not be reimbursed by the Reinsurer.

ARTICLE X

ERRORS AND OMISSIONS

Section 10.1 Errors and Omissions. Subject to the terms of this Agreement, neither Party hereto shall be prejudiced in any way by inadvertent errors or omissions made by such Party in connection with this Agreement provided such errors and omissions are corrected promptly following discovery thereof. Upon the discovery of an inadvertent error or omission by either Party hereto, appropriate adjustments shall be made as soon as practicable to restore the Parties to the fullest extent possible to the position they would have been in had no such inadvertent error or omission occurred.

ARTICLE XI

RECAPTURE

Section 11.1 Recapture. The Ceding Company may in accordance with the provisions of this Article XI recapture, in its sole discretion, all or *pro rata* portion of all of the Reinsurer's Quota Share of the Reinsured Policies upon the occurrence of one of the following events;

- (a) If the Reinsurer becomes insolvent;
- (b) If the Bermuda Monetary Authority takes control of the assets of the Reinsurer and/or cancels or significantly restricts the conditions of the Reinsurer's license;
- (c) If either the Bermuda Monetary Authority, Petitioning Creditor(s) or the Reinsurer institutes a proceeding or petition for, the appointment of a liquidator of the Reinsurer;

- (d) If the Reinsurer fails to take steps reasonably satisfactory to the Ceding Company to assure the Ceding Company of full Financial Statement Credit for the Reinsured Policies within forty-five (45) calendar days of Reinsurer's receipt of written notice from the Ceding Company that the Ceding Company has been advised by any Governmental Authority that the Governmental Authority will deny or has denied Financial Statement Credit on any financial statement filed by the Ceding Company with such Governmental Authority;
- (e) If the Reinsurer is in material breach of any other representation, warranty or covenant under this Agreement and the Reinsurer fails to cure any such material breach of any representation, warranty or covenant hereunder within sixty (60) calendar days of receipt of written notice of such breach by the Reinsurer; or
- (f) If the Reinsurer fails in any material respects to fund the Reinsurance Trust Account to the amount required after receipt of the Top-Up Notice under Section 15.3(c) within the time period specified therein, and the Reinsurer fails to cure any such funding deficiency within twenty (20) Business Days of receipt of written notice of such funding deficiency by the Reinsurer.

Section 11.2 Notice of Recapture. The Ceding Company shall notify the Reinsurer in writing of the reasons for, and the effective date of, the recapture at least ninety (90) calendar days prior to the effective date of recapture (the **"Recapture Notice"**); provided, however, that the recapture shall not be deemed to be consummated until the final accounting described in Section 11.4 of this Article XI has been completed and the Reinsurer has paid the Commutation Payment, if any.

Section 11.3 Recapture Fee. The Ceding Company shall pay a recapture fee (the **"Recapture Fee"**) to the Reinsurer upon (i) the occurrence of any recapture of the Reinsured Policies pursuant to Section 11.1 (d) if such recapture was triggered by the inability of the Ceding Company to obtain full Financial Statement Credit for the Reinsured Policies due to actions taken by the Ceding Company or its Affiliates; provided, however, that if the Reinsurer is in material breach of any representation, warranty or covenant under this Agreement at the time a recapture is triggered under Section 11.1 (d), no Recapture Fee will be due and payable by the Ceding Company or (ii) termination of this Agreement under Section 20.3(a). The Recapture Fee shall be equal to an amount to be determined by an actuarial appraisal prepared by a nationally recognized independent actuarial firm in accordance with methodologies agreed upon by the Ceding Company and Reinsurer to determine the value of the Reinsured Policies at such time in a manner consistent with the valuation of the Reinsured Policies as set forth in the Milliman Report and consistent with the determination of the Initial Ceding Commission based on such valuation.

Section 11.4 Renewal Recapture. The Ceding Company shall also have the right, upon prior written notice to the Reinsurer, to recapture, in its sole discretion, all or a *pro rata* portion of End of Term Renewals arising from Policies with an Original Initial Level Premium Period ending on or after January 1, 2017 (the **"Renewal Recapture Right"**). No Recapture Fee is payable in connection with the recapture of any End of Term Renewal.

Section 11.5 Commutation Accounting and Settlement. In the event of any recapture under this Article XI, the Reinsurer shall pay to the Ceding Company an amount equal to (i) the Reinsurer's Quota Share of the Subject Reserves and advance premiums, if applicable, attributable to the Reinsured Policies being recaptured, calculated as of the effective date of the recapture set forth in the Recapture Notice, minus (ii) any amounts due to the Reinsurer but unpaid under this Agreement, including the Recapture Fee, if any, and net deferred premiums; plus (iii) any amounts due to the Ceding Company but unpaid under this Agreement (collectively, the **"Commutation Payment"**); provided, however, that, if the amount calculated pursuant to clause (ii) of this subsection exceeds the amounts calculated pursuant to clauses (i), (ii) and (iii) of this subsection, the Ceding Company shall pay to the Reinsurer the amount of such excess. Following recapture and payment to the appropriate Party of the net Commutation Payment required hereunder, neither Party shall have further liability to the other Party hereunder with respect to the recaptured business.

Section 11.6 Limitation on Partial Recaptures. Notwithstanding the provisions of Sections 11.1, the Ceding Company shall not be permitted to effect a partial recapture pursuant to Section 11.1 if, after giving effect to the recapture, the Subject Reserves would be less than C\$75,000,000.

ARTICLE XII

ACCESS TO BOOKS AND RECORDS

Section 12.1 Access to Books and Records.

- (a) The Ceding Company shall, upon reasonable notice and subject to Applicable Law, provide to the Reinsurer and the counsel, financial advisors, accountants, actuaries and other representatives of the Reinsurer (the "Representatives") access, at the Reinsurer's sole cost and expense, to review, inspect, examine and reproduce the Ceding Company's books, records, accounts, policies, practices and procedures, including underwriting, policy, claims administration guidelines and sales and Conversion practices, relating to the Reinsured Policies, including any audits and self assessments conducted by the Ceding Company as well as any unaudited information provided to Primerica in connection with Primerica's public company reporting requirements, at the place such records are located, and to discuss such matters with the employees, external auditors and external actuaries of the Ceding Company that are knowledgeable about such records, without undue disruption of the normal operations of the Ceding Company.
- (b) The Reinsurer and its Representatives shall have the right, at its sole cost and expense, to conduct audits from time to time, upon reasonable notice to the Ceding Company, of the relevant books, records, accounts, policies, practices and procedures, including underwriting, policy, claims administration guidelines and sales and Conversion practices of the Ceding Company relating to the Reinsured Policies. Reinsurer shall also have the right, at any time it deems necessary, to request that the Ceding Company provide a copy of specific Claim files for the Reinsurer review. The Reinsurer's requests will be limited to paid or settled Claims with a Claim amount greater than C\$250,000.
- (c) The Reinsurer shall reimburse the Ceding Company for any reasonable out-of-pocket costs that the Ceding Company incurs in providing assistance to the Reinsurer and its Representatives in connection with this Section 12.1.
- (d) The Ceding Company shall use its reasonable best efforts to assist and cooperate with the Reinsurer and its Representatives in providing access to the relevant in force files, experience data, books, records and accounts of the Ceding Company relating to the Reinsured Policies.

ARTICLE XIII

INSOLVENCY

Section 13.1 Insolvency. In the event of the insolvency of the Ceding Company, payments due the Ceding Company on all reinsurance made, ceded, renewed or otherwise becoming effective under this Agreement shall be payable by the Reinsurer on the basis of claims filed and allowed in the liquidation proceeding under the Reinsured Policies without diminution because of the insolvency of the Ceding Company, either directly to the Ceding Company or to its domiciliary liquidator, receiver or statutory successor, except where the Reinsurer, with the consent of the Policyholder and in conformity with Applicable Law, has assumed the Ceding Company's obligations as direct obligations of the Reinsurer to the payees under the Reinsured Policies and in substitution for the obligations of the Ceding Company to the payees. It is understood, however, that in the event of the insolvency of the Ceding Company, the liquidator or receiver or statutory successor of the Ceding Company shall give written notice to the Reinsurer of any impending Claim against the Ceding Company on a Reinsured Policy within a reasonable period of time after such Claim is filed in the insolvency proceedings and that during the pendency of such Claim the Reinsurer may, at its own expense, investigate such Claim and interpose, in the proceeding where such Claim is to be adjudicated any defense or defenses which it may deem available to the Ceding Company or its liquidator or receiver or statutory successor. It is further understood that the expense thus incurred by the Reinsurer shall be chargeable, subject to court approval, against the Ceding Company as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Ceding Company solely as a result of the defense undertaken by the Reinsurer.

ARTICLE XIV

DISPUTE RESOLUTION

Section 14.1 Consent to Jurisdiction. Each of the Parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of the Province of Ontario for the purposes of enforcing this Agreement. The Parties shall take such actions as are within their control to cause any disputes as described in the preceding sentence to be assigned to the Commercial List of the Ontario Superior Court of Justice in Toronto. In any action, application or other proceeding, each of the Parties hereto irrevocably and unconditionally waives and agrees not to assert by way of motion, as a defense or otherwise any claim that it is not subject to the jurisdiction of the courts of Ontario, that such action, application or proceeding is brought in an inconvenient forum or that the venue of such action, application or other proceeding is improper. Each of the Parties hereto also agrees that any final order or judgment for which there are no further rights of appeal against any Party hereto in connection with any action, application or other proceeding as contemplated in this Article XIV shall be conclusive and binding on such Party and that such order or judgment may be enforced in any court of competent jurisdiction, either within or outside of Canada or Bermuda. A certified copy of such order or judgment shall be conclusive evidence of the fact and amount of such award or judgment.

Section 14.2 Waiver of Jury Trial. Each of the Parties hereto irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement or the transactions contemplated hereby.

Section 14.3 Specific Performance. The Parties recognize and agree that if for any reason any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached, immediate and irreparable harm or injury would be caused for which money damages would not be an adequate remedy. Accordingly, each Party agrees that, in addition to any other available remedies each other Party shall be entitled to an injunction restraining any violation or threatened violation of any of the provisions of this Agreement without the necessity of posting a bond or other form of security. In the event that any action should be brought in equity to enforce any of the provisions of this Agreement, no Party will allege, and each Party hereby waives the defense, that there is an adequate remedy at law.

ARTICLE XV

REINSURANCE TRUST ACCOUNT

Section 15.1 Reinsurance Trust Agreement. On the date hereof, in accordance with the standard form reinsurance trust agreement issued by OSFI to be entered into between Ceding Company, the Reinsurer, OSFI and the trustee (the "Trustee") in the form attached hereto as Exhibit V (as such agreement may be amended from time to time in writing by mutual consent of OSFI, the Ceding Company, the Reinsurer and the trustee thereunder, the "Reinsurance Trust Agreement"), the Reinsurer, as grantor, shall create a trust account (the "Reinsurance Trust Account") naming the Ceding Company as sole beneficiary thereof. The Reinsurance Trust Account shall initially be funded with Trust Assets the Market Value of which (as of the date hereof) is at least equal to the Required Balance as of the Effective Date. The Trust Assets must be maintained at all times in accordance with the terms and conditions of the Reinsurance Trust Agreement, the Insurance Companies Act (Canada), its applicable regulations and any applicable instructions, advisories or guidelines issued by OSFI.

Section 15.2 Investment of Trust Assets.

- (a) The assets held in the Reinsurance Trust Account (the "Trust Assets") shall consist of Eligible Assets.
- (b) The Reinsurer shall appoint either a third-party investment manager or a Citigroup Inc. affiliate to manage the assets held in the Reinsurance Trust Account, pursuant to an investment management agreement in a form acceptable to the Ceding Company. The Reinsurer shall be responsible for all fees arising from the services provided by such third-party investment manager or Citigroup Inc. affiliate.

Section 15.3 Adjustment of Trust Assets and Withdrawals.

- (a) Any adjustments of Trust Assets or withdrawals of Trust Assets from the Reinsurance Trust Account shall be in compliance with the terms of the Reinsurance Trust Agreement.
- (b) The amount of Trust Assets to be maintained in the Reinsurance Trust Account shall be adjusted following the end of each calendar quarter or at such other time as OSFI may specify in accordance with the Reserve Report for the last calendar month of each calendar quarter provided to the Reinsurer pursuant to the terms of Section 8.1 or the instructions of OSFI. Such report shall set forth the amount by which the Reinsurance Trust Account Balance equals or exceeds the Required Balance, in each case as of the end of the immediately preceding calendar quarter or at such other time as OSFI may specify.

- (c) If the Reinsurance Trust Account Balance exceeds 105% of the Required Balance, in each case as of the end of the immediately preceding calendar quarter or at such other time as OSFI may specify, then the Reinsurer shall have the right to seek approval from the Ceding Company (which shall not be unreasonably or arbitrarily withheld, conditioned or delayed) and from OSFI to withdraw the excess.
- (d) The Reinsurer shall, no later than twenty (20) Business Days following receipt of the Top-Up Notice or at such earlier time as OSFI may specify, place additional Trust Assets into the Reinsurance Trust Account so that the Reinsurance Trust Account Balance, as of the date such additional Trust Assets are so placed, is no less than the Required Balance as of the end of the immediately preceding calendar quarter or at such other time as OSFI may specify.
- (e) Without limitation of the other provisions of this Section 15.3, subject to obtaining the Ceding Company's prior consent (which shall not be unreasonably or arbitrarily withheld, conditioned or delayed) and OSFI's prior consent, the Reinsurer may remove Trust Assets from the Reinsurance Trust Account; provided, however, that the Reinsurer, at the time of such withdrawal, replaces the withdrawn assets with Trust Assets permitted under the terms of the Reinsurance Trust Agreement and by OSFI and having a Market Value equal to or greater than the Market Value of the Trust Assets withdrawn so that the Reinsurance Trust Account Balance, as of the date of such withdrawal, is no less than the Required Balance as of the end of the immediately preceding calendar quarter or such other time as OSFI may specify.
- (f) Unless the Trustee is otherwise directed in writing by OSFI:
 - (i) the Reinsurer shall be entitled to all income on the assets held in the Reinsurance Trust Account collected by the Trustee, as the same is collected; and
 - (ii) the Reinsurer shall be entitled at all times to exercise, through such officer or other person designated by it, the right of attending, acting and voting at meetings of corporations or security holders or otherwise in respect of the assets held in the Reinsurance Trust Account.

Section 15.4 Negotiability of Trust Assets . Prior to depositing Trust Assets with the Trustee, the Reinsurer shall execute all assignments or endorsements in blank, or transfer legal title to the Trustee of all shares, obligations or any other assets requiring assignments, in order that the Ceding Company, or the Trustee upon direction of the Ceding Company, may whenever necessary negotiate any such assets without consent or signature from the Reinsurer or any other entity.

Section 15.5 Ceding Company's Withdrawals . The Ceding Company (or any successor by operation of law of the Ceding Company, including, but not limited to, any liquidator, rehabilitator, receiver or conservator of the Ceding Company) may only withdraw Trust Assets pursuant to the terms of the Reinsurance Trust Agreement.

Section 15.6 Return of Excess Withdrawals. The Ceding Company shall return to the Reinsurer, within five (5) Business Days, assets withdrawn in excess of all amounts due under Section 15.5. Any assets subsequently returned shall include interest at the Prime Rate applied on a daily basis for the amounts returned.

Section 15.7 Costs of Trust. The cost of maintaining the Reinsurance Trust Account shall be borne by the Reinsurer.

ARTICLE XVI

THIRD PARTY BENEFICIARY

Section 16.1 Third Party Beneficiary. Nothing in this Agreement or the Reinsurance Trust Agreement is intended to give any person, other than the Parties to such agreements, their successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or the Reinsurance Trust Agreement or any provision contained therein.

ARTICLE XVII

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 17.1 Representations and Warranties of the Ceding Company.

- (a) Organization, Standing and Authority of the Ceding Company. The Ceding Company is a life insurance company duly organized, validly existing and in good standing under the federal laws of Canada, and has all requisite corporate power and authority to carry on the operations of its business as they are now being conducted. The Ceding Company has obtained all authorizations and approvals required under Applicable Law to enter into and perform the obligations contemplated of the Ceding Company under this Agreement.
- (b) Authorization. The Ceding Company has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by the Ceding Company of this Agreement, and the performance by the Ceding Company of its obligations under this Agreement, have been duly authorized by all necessary corporate action and do not require any further authorization, action or consent of the Ceding Company. This Agreement, when duly executed and delivered by the Ceding Company, subject to the due execution and delivery by the Reinsurer, will be a valid and binding obligation of the Ceding Company, enforceable against the Ceding Company in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting enforcement of creditors' rights and to general equity principles.
- (c) No Conflict or Violation. Except as set forth in Schedule B, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby in accordance with the respective terms and conditions hereof will not (a) violate any provision of the Letters Patent or Bylaws of the Ceding Company, (b) violate, conflict with or result in the breach of any of the terms of, result in any modification of, give any counterparty the right to terminate, or constitute a default under, any contract or other agreement to which the Ceding Company is a party, or (c) violate any order, judgment, injunction, award or decree of any court, arbitrator or Governmental Authority against, or binding upon, or any agreement with, or condition imposed by, any Governmental Authority, foreign or domestic, binding upon the Ceding Company.
- (d) Absence of Litigation. There is no action, suit, proceeding or investigation pending or threatened that questions the legality of the transactions contemplated by this Agreement or that would prevent consummation of the transactions contemplated by this Agreement or the performance by the Ceding Company of its obligations hereunder.
- (e) Milliman Information True and Complete.
 - (i) To the best of the Ceding Company's knowledge, all information and data supplied to Milliman Inc. ("**Milliman**") identified on Exhibit VI-A hereto (the "**Milliman Information**") was true, accurate and complete in all material respects as of the date the document containing such Milliman Information was provided to Milliman by the Ceding Company; provided, however, the Parties acknowledge that no representation or warranty has been made to the Reinsurer or any of its Affiliates or Representatives with respect to the truth, accuracy and completeness of any assumptions, projections, or estimates either provided by the Ceding Company or underlying any of the studies prepared by the Ceding Company in connection with the Milliman Information except that the Ceding Company represents and warrants that such assumptions, projections or estimates were the ones actually utilized by the Ceding Company for the purposes stated in Exhibit VI. The Milliman Information was compiled in a commercially reasonable manner given the intended purpose.
 - (ii) The financial data supplied to Milliman identified on Exhibit VI-B hereto presents fairly, in all material respects, the financial condition and results of operations of the Ceding Company as of and for the periods specified therein in accordance with CGAAP, or such other accounting standards as may be applicable during the term of this agreement, consistently applied.
- (f) Coverage Information. The Reinsured Policies information identified in Exhibit I is true, accurate and complete in all material respects.
- (g) Good and Marketable Title to Eligible Assets. The Ceding Company will have good and marketable title, free and clear of all liens, to all Eligible Assets immediately prior to the payment thereof to the Reinsurer in accordance with Section 4.1.

Section 17.2 Covenants of the Ceding Company.

- (a) Administration and Claims Practices.
- (i) In the administration and claims practices relating to the Reinsured Policies (the “**Administrative Practices**”), the Ceding Company shall (A) use the skill and diligence commonly expected from qualified personnel performing such duties for similarly sized Canadian life insurance companies; (B) act in accordance with the Ceding Company's internal company guidelines as in effect on the Effective Date; (C) be in conformance with Applicable Law in all material respects; and (D) act in a manner consistent with its existing administrative and claims practices in effect on the Effective Date and in any case with no less skill, diligence and expertise as the Ceding Company applies to servicing its other business, including those claims practices in existence for Third Party Reinsurance (each, an “**Existing Practice**”); notwithstanding the foregoing, the Ceding Company shall not be in breach of this Section 17.1 (a)(i) unless either (Y) the Reinsurer shall have notified the Ceding Company in writing of the Ceding Company's failure to perform its obligations under this Section 17.1(a)(i) (which written notice shall describe such failure with reasonable particularity) or (Z) an officer of the Ceding Company with direct responsibility for its administrative services, or any senior officer of the Ceding Company, has actual knowledge that the Ceding Company has failed to perform its obligations under this Section 17.1(a)(i), and in either case the Ceding Company shall have failed to cure such breach within thirty (30) days following receipt of such notice or such actual knowledge.
 - (ii) An Existing Practice may be reasonably modified from time to time, except that, to the extent the Ceding Company modifies an Existing Practice from time to time following the Effective Date (an Existing Practice, as modified from time to time, a “**Then Current Practice**”), the Ceding Company shall act in accordance and consistent with the Then Current Practice; provided, that, if a Then Current Practice would materially adversely affect the rights, remedies and position of the Reinsurer, the Ceding Company shall obtain the consent of the Reinsurer (which consent shall not be unreasonably withheld or delayed) prior to applying the Then Current Practice to the Reinsured Policies.
- (b) Reinsured Policies. In all instances as they relate to the Reinsured Policies:
- (i) The Ceding Company shall not, and shall cause its Affiliates not to (A) change agent commission and compensation schedules, (B) adopt or implement any program that is expected to result in an increase in lapses, exchanges, replacements or Conversions under the Reinsured Policies or (C) change coverage options or premiums (except as contemplated by Section 17.2(g) hereof), including coverage options for End of Term Conversions, in each case under (A), (B) and (C) without notifying the Reinsurer in advance of any such action and obtaining the Reinsurer's prior written consent (which shall not be unreasonably withheld or delayed).
 - (ii) The Ceding Company and the Reinsurer shall reasonably cooperate on any proposals for pricing or coverage changes proposed by either Party, including making any rate and form filings or other regulatory filings that impact pricing or premiums under the Reinsured Policies provided, however, the Ceding Company shall have final approval authority in its discretion over any proposal brought by the Reinsurer pursuant to this Section 17.2(b)(ii).
 - (iii) The Ceding Company shall notify the Reinsurer of any information known to the Ceding Company, including any third party or regulatory actions and management decisions reasonably anticipated to adversely and materially impact the economics of the Reinsured Policies for the Reinsurer. Such notification shall be made within five (5) Business Days after the information becomes known to the Ceding Company. The Parties agree and acknowledge that the Ceding Company's relationship with the Reinsurer shall in all respects be governed by a duty of utmost good faith. At all times during the term of this Agreement, the Ceding Company shall (i) administer, manage and oversee the Reinsured Policies and the Covered Liabilities, and (ii) perform all its obligations to the Reinsurer under this Agreement, in a manner consistent with its utmost good faith obligations.
- (c) Third Party Reinsurance.
- (i) The Ceding Company shall not, without the Reinsurer's prior approval (which approval shall not be unreasonably or arbitrarily withheld, conditioned or delayed), (A) terminate or materially modify any existing Third Party Reinsurance or (B) purchase new third party reinsurance for the Reinsured Policies.
 - (ii) The Ceding Company shall use commercially reasonable efforts to maintain its existing Third Party Reinsurance from and after the Effective Date, consistent with the existing practice of the Ceding Company in effect on the Effective Date.

- (d) Reporting. To the extent not prohibited by Applicable Law, the Ceding Company will provide all reports it is required to deliver under this Agreement (including, without limitation, each Monthly Report and Quarterly Report) not later than the last date on which such report is required to be so delivered, except that the Ceding Company shall not be in breach of this Section 17.2(d) unless either (i) the Reinsurer shall have notified the Ceding Company in writing of its failure to timely deliver such report or (ii) a officer of the Ceding Company with direct responsibility for the preparation and delivery of such report has actual knowledge that the report was not delivered when due, and in either case the Ceding Company shall have failed to deliver such information within thirty (30) days following receipt of such notice or actual knowledge.
- (e) Policy Data. Within six (6) months of the date hereof, the Ceding Company shall provide to the Reinsurer a schedule containing a list of Policies with Original Initial Level Premium Periods ending on or after January 1, 2017.
- (f) Books and Records. The Ceding Company shall maintain and implement reasonable administrative and operating procedures with respect to records relating to the Reinsured Policies and shall keep and maintain all material documents, books, records and other information reasonably necessary for the maintenance of the Reinsured Policies, which documents, books, records and other information will be accurately maintained in all material respects throughout the term of this Agreement.

Section 17.3 Representations and Warranties of the Reinsurer.

- (a) Organization, Standing and Authority of the Reinsurer. The Reinsurer is a special purpose long term insurance company duly organized, validly existing and in good standing under the laws of Bermuda and has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on the operations of its business as they are proposed to be conducted. The Reinsurer has obtained all authorizations and approvals required under Applicable Law to enter into and perform the obligations contemplated of the Reinsurer under this Agreement and the Reinsurer shall maintain throughout the term of this Agreement all licenses, permits or other permissions of any Governmental Authority that shall be required in order to perform the obligations of the Reinsurer hereunder.
- (b) Authorization. The Reinsurer has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by the Reinsurer of this Agreement, and the performance by the Reinsurer of its obligations under this Agreement, have been duly authorized by all necessary corporate action and do not require any further authorization, action or consent of the Reinsurer or its stockholder. This Agreement, when duly executed and delivered by the Reinsurer, subject to the due execution and delivery by the Ceding Company, will be a valid and binding obligation of the Reinsurer, enforceable against the Reinsurer in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting enforcement of creditors' rights and to general equity principles.
- (c) No Conflict or Violation. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not (i) violate any provision of the Articles of Incorporation, Bylaws or other charter or organizational document of the Reinsurer, or (ii) violate any order, judgment, injunction, award or decree of any court, arbitrator or Governmental Authority against, or binding upon, or any agreement with, or condition imposed by, any Governmental Authority, foreign or domestic, binding upon the Reinsurer, except when any such violation would not have a material adverse effect on this Agreement or the consummation of the transactions contemplated hereby.
- (d) Absence of Litigation. There is no action, suit, proceeding or investigation pending or threatened that questions the legality of the transactions contemplated by this Agreement or that would prevent consummation of the transactions contemplated by this Agreement or the performance by the Reinsurer of its obligations hereunder.
- (e) Good and Marketable Title to Trust Assets. The Reinsurer will have good and marketable title, free and clear of all liens, to all Trust Assets immediately prior to the deposit thereof in the Trust Account.

ARTICLE XVIII

INDEMNIFICATION

Section 18.1 Indemnification.

- (a) The Ceding Company shall indemnify, defend and hold harmless the Reinsurer and its directors, officers, employees, agents, representatives, successors, permitted assigns and Affiliates from and against any and all losses, liabilities, claims, expenses (including reasonable attorneys' fees and expenses) and damages reasonably and actually incurred by the Reinsurer (collectively, **"Indemnification Claims"**) relating to this Agreement to the extent arising from:
 - (i) any breach or falsity of any representation, warranty or covenant of the Ceding Company; or
 - (ii) the breach of or failure to perform any of the duties, obligations, covenants or agreements of the Ceding Company contained in this Agreement.
- (b) The Reinsurer agrees to indemnify and hold harmless the Ceding Company and its directors, officers, employees, agents, representatives, successors, permitted assigns and Affiliates from and against any and all Indemnification Claims relating to this Agreement to the extent arising from:
 - (i) any breach or falsity of any representation, warranty or covenant of the Reinsurer; or
 - (ii) the breach of or failure to perform any of the duties, obligations, covenants or agreements of the Reinsurer contained in this Agreement.

ARTICLE XIX

LICENSES, REGULATORY MATTERS

Section 19.1 Licenses.

- (a) At all times during the term of this Agreement, each of the Reinsurer and the Ceding Company, respectively agrees that it shall hold and maintain all licenses and authorities required under Applicable Laws to perform its respective obligations hereunder unless otherwise mutually agreed by the parties.
- (b) At all times during the term of this Agreement, the Reinsurer shall hold and maintain all licenses and authorizations required under Applicable Law, deposit in trust all such Trust Assets or otherwise to take all action that may be necessary so that at all times the Ceding Company shall receive full Financial Statement Credit.

Section 19.2 Regulatory Matters.

- (a) If Ceding Company or Reinsurer receives notice of, or otherwise becomes aware of any inquiry, investigation, examination, audit or proceeding outside the ordinary course of business by Governmental Authorities, relating to the Reinsured Policies or the reinsurance provided hereunder, the Ceding Company or Reinsurer, as applicable, shall promptly notify the other party thereof.
- (b) If Ceding Company or Reinsurer receives notice of, or otherwise becomes aware of any enforcement action by any Governmental Authority arising out of any inquiry, investigation, examination, audit or proceeding by such Governmental Authority, the Ceding Company or Reinsurer, as applicable, shall promptly notify the other party thereof, and the Parties shall cooperate to resolve such matter.

ARTICLE XX

DURATION OF AGREEMENT; TERMINATION

Section 20.1 Duration. This Agreement shall automatically terminate if, at such time, there are no Covered Liabilities and the Reinsurance Trust Agreement has been terminated in accordance with the terms and conditions provided therein.

Section 20.2 Termination by Mutual Consent. This Agreement shall be terminated by the mutual written consent of the Reinsurer and the Ceding Company, which writing shall state the effective date and relevant terms of termination, provided that the Reinsurance Trust Agreement has been terminated in accordance with the terms and conditions provided therein.

Section 20.3 Termination by the Reinsurer.

- (a) From and after the third anniversary date of the Effective Date, the Reinsurer may terminate this Agreement in the event of Ceding Company's failure to pay to Reinsurer any undisputed amounts owed under this Agreement. Reinsurer must provide written notice to Ceding Company containing sufficient information to inform Ceding Company of the details relating to its failure to pay. Ceding Company shall have sixty (60) calendar days from the receipt of the notice to make payment of any such undisputed amounts owed or make arrangements for payment satisfactory to Reinsurer. Following the sixty (60) day cure period, if Ceding Company has not paid any such undisputed amounts owed or made arrangements for payment satisfactory to Reinsurer, Reinsurer may provide written notice to Ceding Company terminating this Agreement, effective upon the date that Reinsurer makes the Commutation Payment to Ceding Company. Notwithstanding the above, if Ceding Company disputes the amount owed, the sixty (60) day cure period referenced above will begin only after a final determination is made by a court of law, pursuant to Section 14, that the disputed amounts are owed to the Reinsurer.
- (b) Upon termination of this Agreement under Section 20.3(a), no further risks shall be ceded or assumed under this Agreement and Reinsurer shall not be liable for any losses occurring on and after the termination effective date. In the event of notice of termination under Section 20.3(a), Ceding Company will be entitled to the Commutation Payment in the same manner as provided in Section 11.5 and Reinsurer will be entitled to the Recapture Fee in the same manner as provided in Section 11.3.

Section 20.4 No Termination Upon Change of Control . For the avoidance of doubt, a Change of Control, sale or merger of the Reinsurer shall not result in termination of this Agreement.

Section 20.5 Survival . Notwithstanding the other provisions of this Article XX, the terms and conditions of Articles I, IV, V, VIII, X, XI, XII, XIV, XV, XVI, XX and XXI shall remain in full force and effect after termination of this Agreement.

ARTICLE XXI

MISCELLANEOUS

Section 21.1 Entire Agreement . This Agreement represents the entire agreement between the Reinsurer and the Ceding Company concerning the business reinsured hereunder. There are no understandings between the Reinsurer and the Ceding Company other than as expressed in this Agreement and the Reinsurance Trust Agreement.

Section 21.2 Amendments.

- (a) Any provision of this Agreement may be amended if, but only if, such amendment is in writing and is signed by each party to this Agreement. Any change or modification to this Agreement shall be null and void unless made by an amendment hereto signed by each party to this Agreement.
- (b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 21.3 Severability . If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law or if determined by a court of competent jurisdiction to be unenforceable, and if the rights or obligations of the Ceding Company or the Reinsurer under this Agreement will not be materially and adversely affected thereby, such provision shall be fully severable, and this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

Section 21.4 Governing Law . This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without giving effect to the principles of conflicts of law thereof.

Section 21.5 Notices . Any notice and other communication required or permitted hereunder shall be in writing and shall be delivered personally or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally or, if mailed, on the date shown on the receipt therefore, as follows:

if to the Ceding Company:

Primerica Life Insurance Company of Canada
2000 Argentia Road
Plaza V, Suite 300
Mississauga, Ontario L5N 2R7

with copies to (which shall not constitute notice to the Ceding Company for purposes of this Section 21.5):

Primerica Life Insurance Company
3120 Breckinridge Blvd.
Duluth, Georgia 30099
Attention: General Counsel

if to the Reinsurer:

Financial Reassurance Company 2010, Ltd
Emporium Building
69 Front Street
Hamilton HM 12, Bermuda

with copies to (which shall not constitute notice to the Reinsurer for purposes of this Section 21.5):

Robert Sullivan, Esq.
Susan Sutherland, Esq.
Skadden, Arps, State, Meagher & Flom LLP
Four Times Square
New York, New York 10036
(212) 735-3000

Either Party may change the names or addresses where notice is to be given by providing notice to the other Party of such change in accordance with this Section 21.5.

Section 21.6 Consent to Jurisdiction . Subject to the terms and conditions of Article XIV, the Parties agree that in the event of the failure of either Party to perform its obligations under the terms of this Agreement, the Party so failing to perform, at the request of the other Party, shall submit to the jurisdiction of any court of competent jurisdiction in the Province of Ontario and shall comply with all requirements necessary to give such court jurisdiction, and shall abide by the final decision of such court or of any appellate court in the event of an appeal.

Section 21.7 Service of Process . The Reinsurer hereby designates its Chief Legal Counsel, at the address listed above in Section 21.5, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Ceding Company. The Ceding Company hereby designates its General Counsel and Corporate Secretary, at the address listed above in Section 21.5, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsurer.

Section 21.8 Assignment.

- (a) This Agreement will inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. Neither Party may novate or assign any of its rights, remedies, interests, powers and privileges, or novate or delegate any of its duties or obligations hereunder, without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.
- (b) Notwithstanding any other provision in this Agreement to the contrary, the Reinsurer shall have the right to retrocede all or a portion of the Reinsured Policies under this Agreement.

Section 21.9 Captions. The captions contained in this Agreement are for reference only and are not part of the Agreement.

Section 21.10 Treatment of Confidential Information. The Parties agree that, other than as contemplated by this Agreement and to the extent permitted or required to implement the transactions contemplated hereby, the Parties will keep confidential and will not use or disclose the other Party's Confidential Information or the terms and conditions of this Agreement, including, without limitation, the exhibits and schedules hereto, except as otherwise required by Applicable Law or any order or ruling of any provincial insurance regulatory authority, the OSFI or any other Governmental Authority; provided, however, that the Reinsurer may disclose Confidential Information to its Representatives in connection with the exercise of its rights under Article XII; provided, further, that either party may disclose, with the other party's written consent, Confidential Information to any person other than its Representatives who agrees to (i) hold such Confidential Information in strict confidence as if such person were a Party to this Agreement and (ii) use such Confidential Information solely for the limited purpose of evaluating a potential purchase, merger or Change of Control of such Party. Without limiting the generality of the foregoing, neither the Reinsurer nor any Affiliates of the Reinsurer shall utilize any Confidential Information regarding Policyholders for the purpose of soliciting Policyholders for the sale of any insurance policies or other products or services. The parties agree that any violation or threatened violation of this Section 21.10 may cause irreparable injury to a party and that, in addition to any other remedies that may be available, each party shall be entitled to seek injunctive relief against the threatened breach of the provisions of this Section 21.10, or a continuation of any such breach by the other party or any person provided with Confidential Information, specific performance and other such relief to redress such breach together with damages and reasonable counsel fees and expenses to enforce its rights hereunder. For purposes of this Agreement, **"Confidential Information"** means all documents and information concerning one Party, any of its Affiliates, the Covered Liabilities or the Reinsured Policies, including any information relating to any person insured directly or indirectly under the Reinsured Policies, furnished to the other Party or such other Party's Affiliates or representatives in connection with this Agreement or the transactions contemplated hereby, except that Confidential Information shall not include information which: (a) at the time of disclosure or thereafter is generally available to and known by the public other than by way of a wrongful disclosure by a Party or by any representative of a Party; (b) was available on a non confidential basis from a source other than the Parties or their representatives, provided that such source is not and was not bound by a confidentiality agreement with a Party; or (c) was independently developed without violating any obligations under this Agreement and without the use of any Confidential Information. For the purposes of this Agreement, **"Change of Control"** means the acquisition of ten percent (10%) or more of the voting securities of a Party or any parent of such Party, or any other acquisition that is deemed to be a Change of Control by applicable insurance regulatory authorities of the state of domicile of such Party.

Section 21.11 No Waiver. Preservation of Remedies. No consent or waiver, express or implied, by any Party to or of any breach or default by any other Party in the performance by such other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such other Party hereunder. Failure on the part of any Party to complain of any act or failure to act of any other Party or to declare any other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first Party of any of its rights hereunder.

Section 21.12 Calendar Days. To the extent that any calendar day on which a deliverable pursuant to this Agreement is due is not a Business Day, such deliverable will be due the next Business Day.

Section 21.13 Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument, and either of the Parties may execute this Agreement by signing such counterpart. This Agreement shall become effective when each Party hereto shall have received a counterpart hereof signed by the other party hereto.

Section 21.14 Incontestability. In consideration of the mutual covenants and agreements contained herein, each party hereto does hereby agree that this Agreement, and each and every provision hereof, is and shall be enforceable by and between them according to its terms, and each party does hereby agree that it shall not contest the validity or enforceability hereof.

Section 21.15 Interpretation.

- (a) When a reference is made in this Agreement to a Section, such reference shall be to a Section to this Agreement unless otherwise indicated. The Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes. References to a person are also to its permitted successors and assigns.
- (b) The parties have participated jointly in the negotiation and drafting of this Agreement; consequently, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favouring or disfavouring any party by virtue of the authorship of any provisions of this Agreement.
- (c) In the event of a conflict or inconsistency between the terms and conditions of this Agreement and the terms and conditions of the Reinsurance Trust Agreement, the terms of the latter shall in each and every instance prevail, except that, to the extent that the Investment Guidelines are more restrictive than the list of assets in Schedule A to the Reinsurance Trust Agreement, the Investment Guidelines shall prevail.

Section 21.16 Reasonableness. Each of the parties will act reasonably and in good faith on all matters within the terms of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed this31st day of March, 2010.

**PRIMERICA LIFE INSURANCE
COMPANY OF CANADA**

By: /s/ John a Adams
Name: John a Adams
Title: EVP & CEO

**FINANCIAL REASSURANCE
COMPANY 2010 LTD.**

By: /s/ Reza Shah
Name: Reza Shah
Title: President

[Signature Page To Coinsurance Agreement]

Schedule A

Identification of Reserves

Exhibit 5 Policy Reserves

- Life Insurance Reserves
- Disability - Active Lives Reserves
- Disability - Disabled Lives Reserves
- Miscellaneous Reserves

Exhibit 8 Claim Reserves

- Pending Claims
 - Incurred but Not Reported Claims
 - Amounts Recoverable on Paid Claims
-

Schedule B

No Conflict or Violation Exceptions

None.

Schedule C

Required Balance as of 12/31/09

FINANCIAL REASSURANCE COMPANY, LTD.

Calculation of Trust Account Requirement for

Primerical Life Insurance Company of Canada Ceded Business

January 1, 2010

Required Capital		
prior to ceding existing business		
Mortality Risk		32,634
Lapse Risk		63,276
Other		3,663
Unadjusted Capital Required		99,573
Trust Account		
1. Ceded Reserves		-59,182
2. Negative Reserves		186,270
Policy-by-policy Positive Reserves		127,088
Offsetting ceded reserves		127,088
3. Related Capital		
Required Capital	99,573	
Reinsurance rate	80 %	79,658
Calculation		
Greater of Ceded Reserves 1. and 0		0
70% of Offsetting Ceded Reserves	127,088	
	70 %	88,962
150% of Related Capital	79,658	
	150 %	119,488
Trust Account Calculated		208,450

Exhibit I

Identification of Reinsured Policies

Exhibit 1 - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
ADD ON	ZML-767	—	2	40,000
AG10 GUAR	ZA-10G	728	—	73,143,564
	ZA-101G	—	1,386	100,403,300
	ZA-10SG	—	1,396	98,970,500
		728	2,782	272,517,364
AG10B GUAR	ZA-10BG	2,636	—	435,341,180
	ZA-10IBG	—	4,072	382,717,650
	ZA-10SBG	—	4,660	474,461,350
		2,636	8,732	1,292,520,180
ART	ZML-911 W	—	1	150,000
BART 100	ZBART-100	11	—	1,677,000
	ZB ART-102	—	2	225,000
	ZBART-300	3	—	600,000
		14	2	2,502,000
BART 100 GUAR	ZBART-300G	15	—	3,066,000
BG20 GUAR	ZB-20G	5,357	—	767,972,953
	ZB-20IG	—	1,013	96,787,656
	ZB-20SG	—	3,823	409,772,718
		5,357	4,836	1,274,533,327
BG20B GUAR	ZB-20BG	5,179	—	846,330,570
	ZB-201BG	—	1,302	131,254,800
	ZB-20SBG	—	4,125	499,597,500
		5,179	5,427	1,477,182,870
CART	ZCARTNS	7	—	113,300
	ZCARTNSBB	—	3	51,250
		7	3	164,750
CG25 LEVEL GUAR	ZC-25G	6,716	—	1,105,427,349
	ZC-25IG	—	411	49,226,100
	ZC-25SG	—	4,377	567,443,055
		6,716	4,788	1,722,096,704

Exhibit 1 - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
CG25B GUAR	ZC-25BG	8,802	—	1,508,679,574
	ZC-25IBG	—	585	78,563,300
	ZC-25SBG	—	5,537	791,445,007
		8,802	6,122	2,378,687,881
CHILD RIDER	ZCH-25	—	11,025	215,834,000
	ZCP-CHG	—	57,896	1,278,625,880
	ZML-909	—	23	352,000
	ZML-909 B	—	3,556	59,230,000
	ZML-909 S	—	73	1,058,000
	ZML-909A	—	167	2,710,000
	ZPL-CR	—	8,116	152,646,000
		—	80,856	1,710,455,880
CONV ART GUAR	NO FORMCART	16	3	333,565
	ZGARTNS	13	—	202,000
	ZGARTNSBB	—	2	15,000
	ZGARTS	1	—	10,000
		30	5	560,565
CONV DT100	NO FORM DTC	4	1	133,163
CONV DT100 GUAR	NO FORM DTC	85	24	2,034,498
CST	ZML-T90	512	—	43,892,300
	ZML-T95	3,549	—	331,400,705
	ZML-867 S	—	7	331,000
	ZML-867A	—	82	4,421,100
	ZML-877A	—	1,659	98,468,500
	ZML-877S	—	225	12,865,000
	ZML-887 S	—	11	170,000
	ZML-887A	—	75	1,795,000
		4,061	2,059	493,343,605
C41BR10 GUAR	ZC4-101BG	—	13,980	974,342,300
	ZC4-10SBG	—	7,147	470,786,000
		—	21,127	1,445,128,300

Exhibit 1 - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
C4IBR5 GUAR	ZC4-SIBG	—	16,404	668,562,750
	ZC4-SSBG	—	9,189	348,629,400
		—	25,593	1,017,192,150
C410 GUAR	ZC4-I10G	—	15,937	1,738,074,650
	ZC4-S10G	—	21,648	2,460,289,860
	ZC4-10G	19,292	—	3,005,965,536
		19,292	37,585	7,204,330,046
C415 GUAR	ZC4-115G	—	8,561	941,007,511
	ZC4-S15G	—	10,422	1,251,914,301
	ZC4-15G	7,927	—	1,295,005,483
		7,927	18,983	3,487,927,295
C420 GUAR	ZC4-120G	—	7,904	987,599,430
	ZC4-S20G	—	16,507	2,434,362,109
	ZC4-20G	19,228	—	3,598,217,400
		19,228	24,411	7,020,178,939
C425 GUAR	ZC4-I25G	—	2,430	294,114,500
	ZC4-S25G	—	7,802	1,215,856,000
	ZC4-25G	9,654	—	1,823,007,899
		9,654	10,232	3,332,978,399
C430 GUAR	ZC4-130G	—	2,281	318,531,899
	ZC4-S30G	—	11,179	1,972,012,120
	ZC4-30G	19,412	—	3,853,722,392
		19,412	13,460	6,144,266,411
C435 GUAR	ZC4-135G	—	705	96,202,200
	ZC4-S35G	—	2,783	475,140,100
	ZC4-35G	6,461	—	1,133,136,500
		6,461	3,488	1,704,478,800
C5IBR10 GUAR	ZC51BRG	—	5,724	158,086,400
	ZC5SBRG	—	2,560	72,502,500
		—	8,284	230,588,900

Exhibit 1 - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
C5IBR5 GUAR	ZC5IBRG	—	6,269	88,371,400
	ZC5SBRG	—	2,871	41,931,100
		—	9,140	130,302,500
C510 GUAR	ZC5G	6,804	—	1,399,928,300
	ZC5IRG	—	8,153	1,053,708,829
	ZC5SRG	—	8,566	1,296,583,498
		6,804	16,719	3,750,220,627
C515 GUAR	ZC5G	3,904	—	726,550,300
	ZC5IRG	—	4,948	596,566,569
	ZC5SRG	—	5,170	714,378,100
		3,904	10,118	2,037,494,969
C520 GUAR	ZC5G	13,241	—	2,860,157,476
	ZC5IRG	—	5,741	856,638,324
	ZC5SRG	—	10,401	1,895,415,175
		13,241	16,142	5,612,210,975
C525 GUAR	ZC5IR25G	—	1,454	209,733,900
	ZC5SR25G	—	4,704	829,456,100
	ZC525G	6,496	—	1,280,726,700
		6,496	6,158	2,319,916,700
C530 GUAR	ZC5G	9,770	—	2,184,913,400
	ZC5IRG	—	1,377	233,495,000
	ZC5SRG	—	5,519	1,153,456,300
		9,770	6,896	3,571,864,700
C535 GUAR	ZC5G	11,895	—	2,275,287,900
	ZC5IRG	—	872	157,420,200
	ZC5SRG	—	4,133	784,905,100
		11,895	5,005	3,217,613,200
DG25 MOD GUAR	ZD-25G	310	—	42,122,000

Exhibit 1 - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
DT65	ZML-T100	53		1,589,497
	ZML-T100NS	18		605,105
	ZML-T100P	17		836,042
	ZML-T100S	7	—	208,228
	ZML-1000	—	18	380,004
	ZML-1000NS	—	7	142,600
	ZML-1000P	—	9	282,843
	ZML-1000S	—	2	24,994
	ZML-1001	—	38	660,213
	ZML-1001NS	—	26	673,830
	ZML-1001S	—	3	104,110
DT65 GUAR		95	103	5,507,465
	ZML-T100G	130	—	3,906,354
	ZML-1000G	—	29	1,193,818
	ZML-1001G	—	56	1,480,246
		130	85	6,580,418
D05 BD	ZML-D5	14	—	75,000
	ZML-1001A	—	8	34,000
D05 BD GUAR		14	8	109,000
	ZML-D5G	6	—	—
	ZML-1001AG	—	5	—
D10 BD		6	5	—
	ZML-D10	21	—	150,000
	ZML-1000B	—	1	—
	ZML-1001B	—	17	—
D10 BD GUAR		21	18	150,000
	ZML-D10G	18	—	110,000
	ZML-1001BG	—	10	82,500
	ZML-1002BG	—	2	102,000
		18	12	294,500

Exhibit 1 - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
EAGLE GUAR 1BR	ZPL-104G	—	326	14,537,500
	ZPL-105G	—	303	11,148,900
	ZPL-154G	—	1,260	81,286,000
	ZPL-155G	—	418	18,120,600
	ZPL-204G	—	13,318	754,357,500
	ZPL-205G	—	8,323	350,361,500
		—	23,948	1,229,812,000
EAGLE 10 GUAR	ZPL-106G	—	639	52,114,250
	ZPL-107G	—	792	55,995,250
	ZPL-108G	—	44	1,505,000
	ZPLEAGLE10	305	—	21,091,717
	ZPLEAGLE10G	823	—	60,540,500
		1,128	1,475	191,246,717
EAGLE 15 GUAR	ZPL-156LG	—	213	21,856,400
	ZPL-157LG	—	739	78,569,500
	ZPL-158LG	—	15	1,650,000
	ZPLEAGLE15	123	—	11,451,000
	ZPLEAGLE15G	1,743	—	261,818,000
		1,866	967	375,344,900
EAGLE 20 GUAR	ZPL-206G	—	976	93,694,200
	ZPL-207G	—	12,335	1,283,767,299
	ZPL-208G	—	145	5,573,000
	ZPLEAGLE20	4,785	—	648,578,450
	ZPLEAGLE20G	14,209	—	1,994,782,600
		18,994	13,456	4,026,395,549
EG15 GUAR	ZE-151G	—	1,114	86,760,876
	ZE-15SG	—	953	72,285,826
		—	2,067	159,046,702
EG15B GUAR	ZE-15BG	2,427	—	324,951,000
	ZE-151BG	—	2,255	200,539,970
	ZE-15SBG	—	3,074	302,782,400
		2,427	5,329	828,273,370

Exhibit 1 - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
IBR	ZML-667	—	18	1,800,000
	ZML-677	—	15	800,000
		—	33	2,600,000
IBR GUAR	ZML-667G	—	3,265	196,284,100
	ZML-677G	—	2,139	79,407,200
		—	5,404	275,691,300
IBR10 GUAR	ZBI-10IG	—	2,345	257,939,500
	ZBI-10SG	—	1,289	112,425,600
		—	3,634	370,365,100
IBR10BGUAR	ZBI-10BI	—	14	2,785,500
	ZBI-10BS	—	13	1,510,000
	ZBI-10IBG	—	3,835	444,584,460
	ZBI-10SBG	—	2,174	215,559,100
		—	6,036	664,439,060
IBR5GUAR	ZBI-5IG	—	4,795	334,981,900
	ZBI-5SG	—	2,755	160,454,400
		—	7,550	495,436,300
IBR5BGUAR	ZBI-5BI	—	9	922,500
	ZBI-5BS	—	8	487,300
	ZBI-5IBG	—	6,417	454,389,600
	ZBI-5SBG	—	3,795	227,057,000
		—	10,229	682,856,400
MOD15	ZMT-85(15)	19	—	717,000
NL RIDER	ZML-867	—	12	797,000
	ZML-877	—	9	425,000
	ZML-911 W	—	2	138,000
		—	23	1,360,000
PAIDUP	CT1(86)REV	1,137	—	10,736,000

Exhibit 1 - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
PLUSIBR10 GUAR	ZCP-10IBG	—	4,855	499,319,700
	ZCP-10SBG	—	2,685	251,027,200
PLUSIBR5 GUAR		—	7,540	750,346,900
	ZCP-5IBG	—	6,955	431,095,250
	ZCP-5SBG	—	3,933	215,952,850
		—	10,888	647,048,100
PLUS10 GUAR	ZCP-10IG	—	4,809	482,851,100
	ZCP-S10G	—	5,855	635,316,800
	ZCP-10G	4,292	—	700,626,178
		4,292	10,664	1,818,794,078
PLUS15 GUAR	ZCP-15IG	—	2,683	269,514,700
	ZCP-S15G	—	3,654	420,232,100
	ZCP-15G	2,987	—	488,606,275
		2,987	6,337	1,178,353,075
PLUS20 GUAR	ZCP-20IG	—	2,078	253,628,593
	ZCP-S20G	—	5,683	808,025,600
	ZCP-20G	6,822	—	1,240,014,085
		6,822	7,761	2,301,668,278
PLUS25 GUAR	ZCP-25IG	—	927	128,032,395
	ZCP-S25G	—	6,019	932,885,668
	ZCP-25G	9,918	—	1,743,332,95
		9,918	6,946	2,804,251,013
SPECIAL CASES	NO FORMCART	1	—	58,000
	ZML-T95	2	—	65,000
		3	—	123,000
	ZML-967G	—	439	47,324,500
T10 JUMBO GUAR	ZML-977G	—	252	23,505,000
	ZML-987G	—	4	460,000
		—	695	71,289,500

Exhibit 1 - Identification of Reinsured Policies

PLAN	FORM	POLICIES	RIDERS	FACE AMOUNT
T10 JUMBO RIDER	ZML-967	—	411	50,977,000
	ZML-977	—	322	33,721,000
	ZML-987	—	6	295,000
		—	739	84,993,000
T15 BD	ZML-T15	20	—	2,402,000
	ZML-877B	—	12	925,000
	ZML-887B	—	3	75,000
		20	15	3,402,000
T15 BD GUAR	ZML-T15G	20	—	2,980,000
	ZML-867BG	—	1	50,000
	ZML-877BG	—	8	537,000
	ZML-887BG	—	2	80,000
		20	11	3,647,000
T20 BD	ZML-T20	5,487	—	827,329,725
	ZML-867C	—	83	6,676,000
	ZML-877C	—	3,597	333,483,646
	ZML-887C	—	88	3,420,000
		5,487	3,768	1,171,009,371
T20 BD GUAR	ZML-T20G	6,737	—	904,937,860
	ZML-867CG	—	79	6,080,500
	ZML-877CG	—	4,019	362,165,650
	ZML-887CG	—	101	4,457,000
		6,737	4,199	1,277,641,010
T2000 GUAR	ZPL-125	—	688	85,680,100
	ZPL-M25	5,248	—	713,772,800
	ZPL-S25	—	3,333	398,145,300
		5,248	4,021	1,197,598,200
		235,417	492,947	85,535,930,004

Exhibit II

Third Party Reinsurance

II-1

EXHIBIT II - THIRD PARTY REINSURANCE

REINSURER / AGREEMENT	TYPE*	POLICIES	RIDERS	REINSURANCE AMOUNT
CANADA LIFE ASSURANCE	CO	191	1,148	13,926,380
CANADA LIFE ASSURANCE	QS	44,910	61,645	1,421,777,969
EMPLOYERS RE CORP	CO	12,416	8,179	58,153,874
EMPLOYERS RE CORP	QS	45,101	62,792	2,868,430,916
LIFE REASSURANCE CORP	CO	15,032	9,591	206,405,521
LINCOLN NATIONAL LIFE	CO	15,039	9,593	220,103,102
MERCANTILE & GENERAL	QS	39,961	55,585	2,521,532,024
MUNICH AMERICAN RE	QS	34	29	11,680,642
MUNICH RE	CO	836	595	11,664,963
MUNICH RE CANADA	QS	45,101	62,792	1,437,424,031
OXFORD LIFE INS CO	CO	13,575	8,913	49,174,113
REASSURANCE OF HANOVER	CO	13,568	8,910	14,545,100
RGA LIFE OF CANADA	QS	37,186	51,432	1,205,690,267
SCOR GLOBAL LIFE	QS	45,101	62,793	2,869,209,192
SCOR GLOBAL LIFE	XL	5,407	9,551	1,795,731,417
SWISS RE	CO	13,385	8,747	59,447,480
COMPANY TOTALS				14,764,896,991

*
CO = COINSURANCE
XL = EXCESS LOSS YRT
QS = QUOTA SHARE YRT

Exhibit III

Form of Monthly Report

[See attached]

REPORTING MONTH	DIRECT PREMIUMS	ETPR PREMIUMS	DIRECT CLAIMS	ETPR CLAIMS
01-2010	126,132,469	30,558,042	2,301,669	—

SCWPE 2--1 CO0404
 RUN DATE: 02/18/10
 RUN TIME: 08:23:33

SECURITIZATION AND CO-INSURANCE
 DL01 - EXHIBIT OF LIFE INSURANCE
 PRIMERICA LIFE INSURANCE COMPANY

REPORT DATE: 01-31-10
 REPORT PAGE: 1

	DIRECT			REINSURANCE		
	POLICY CNT	COVERAGES	AMOUNT	POLICY CNT	COVERAGES	AMOUNT
1-IN FORCE AT PERIOD 01-01-10	1, 991,874	5,095,241	428,615,315,416	1,720,510	3,755,831	303,825,719,227
4-REVIVED DURING YEAR	6,441	20,523	1,126,054,646	5,512	16,378	706,359,127
5-INCREASED (NET)	—	—	313,952,140	—	—	268,728,366
6-FROZEN RELEASE	—	—	—	1,855	3,524	309,130,393
7-SUBTOTAL (2-6)	6,441	20,523	1,440,006,786	7,367	19,902	1,284,217,886
DEDUCTIONS DURING YEAR:						
9-DEATH	149	599	30,590,185	116	445	17,970,323
10-MATURITY	—	—	—	—	—	—
12-EXPIRY	318	2,988	78,912,614	37	586	9,599,122
13-SURRENDER	—	—	—	—	—	—
14-LAPSE	27,193	68,637	5,763,811,252	24,840	49,818	4,016,592,114
15-CONVERSION	—	—	—	—	—	—
16-DECREASED (NET)	—	—	—	—	—	—
17-FROZEN	—	—	—	2,137	4,501	375,805,383
20-TOTAL (9-19)	27,660	72,224	5,873,314,050	27,130	55,350	4,419,966,942
21-IN FORCE AT PERIOD 01-31-10	1,970,655	5,043,538	424,181,960,151	1,700,747	3,720,383	300,689,970,172
NUMBER OF ERRORS FOUND	2					
24-ERROR COUNTS/AMOUNTS	—	2	48,000	—	—	—

	IN FORCE AT END OF PERIOD 01-31-10			
	POLICY COUNT	FACS AMOUNT	COVERAGES	FACE AMOUNT
	PHASE 1	PHASE 1	NON-PHASE 1	NON-PHASE 1
PLAN TYPE 5 OR A	1,693,683	198,432,574,293	2,014,519	128,176,712,307
PLAN TYPE 8 OR B	276, 962	36,394,276,834	1,058,364	61,178,118,168
—TOTALS—	1,970,645	234,826,851,127	3,072,883	189,354,830,475

SCWPE3-1 CO0404
RUN DATE: 02/18/10
RUN TIME: 08:23:33

SECURITIZATION AND CO-INSURANCE
DEAL-DL01 CO-04 POLICY EXHIBIT ERRORS
PRIMERICA LIFE INSURANCE COMPANY

REPORT DATE: 01-31-10
REPORT PAGE: 1

DEAL ID	CONTRACT	PH	TY	ISSU YBAR	PLAN CODB	PL TY	POL BASE	COVG CNT	FACE AMOUNT	ACTIVE WP RSERVE	ERROR MESSAGE
DL01	0433472468	02	D0	2005	8DHW00	HI	0	1	24,000.00	0.00	TERM ON SPIN NOT ON VPIN
DL01	0433472468	04	D0	2005	8DHW20	HI	0	1	24,000.00	0.00	TERM ON SPIN NOT ON VPIN
											NOTON TERM VALN COV
											NOT ON TERMVALN COV
		2	#	LINES PRINTED			0		48,000.00	0.00	
		1	#	CONTRACTS				2			

SCWRA3—1 CO0404
RUN DATE: 02/05/10
RUN TIME: 12:15:42

RESERVE REPORT
DBAL -- DL01
PRIMERICA LIFE INSURANCE COMPANY

REPORT DATE: 01/01/10
REPORT PAGE: 1

REPORTING MONTH	DIRECT RESEVES	KTPR RESRVES	ECONOMIC RESERVES
01-2010	3,909,517,510	614,543,893	0

SCWRA2—1 CO0404
RUN DATE: 02/05/10
RUN TIME: 11:46:41

CLAIM RESERVE REPORT
DEAL - DL01
PRIMERICA LIFE INSURANCE COMPANY

REPORT DATE: 01/01/10
REPORT PAGE: 1

REPORTING MONTH	DIRECT PENDING	ETPR PENDING	ETPR RECOVERABLES
01-2010	27,814,536	15,684,264	395,733

SCWRA4-3	CO0404	DETAIL PENDING CLAIMS AND RECOVERABLES							REPORT DATE:	01/01/10
RUN DATE:	02/05/10	DEAL - DL01							REPORT PAGE:	1
RUN TIME:	11:59:35	PRIMERICA LIFE INSURANCE COMPANY								
POLICY NUMBER	PHASE NUM	PLAN CODE	CLAIM NUMBER	DATE OF DEATH	DATE OF ISSUE	CAUSE OF DEATH	FACE AMOUNT	DIRECT PENDING	ETPR PENDING	ETPR RECVRLBS
10033599	03	505920	2010008011	2010-01-07	1990-08-22		50,000	38,800	5,238	0
10074809	01	524000	2010013005	2010-01-11	1989-01-02		50,000	38,800	29,100	0
10159273	01	890800	2010014001	2010-01-07	1992-09-16		5,923	4,596	3,447	0
10201258	01	890100	2010015017	2010-01-12	2003-10-16		6,070	4,710	1,408	0
10243560	01	544400	2010019032	2010-01-17	1992-03-15		100,000	77,600	19,400	0
10243560	03	544900	2010019032	2010-01-17	1992-03-15		100,000	77,600	19,400	0
10245015	01	591800	2010011032	2010-01-06	1982-03-15	428	21,000	16,296	9,778	0
10256311	01	5W8120	2010011078	2010-01-07	1997-04-28		7,500	5,820	3,492	0
10262626	01	524000	2010021046	2010-01-18	1988-07-10		100,000	77,600	42,680	0
10264825	01	5X9200	2010020015	2010-01-20	1996-06-20		50,000	38,800	23,280	0
10288526	02	596320	2010014028	2010-01-11	1982-07-28	191	10,000	7,760	0	0
10306174	01	5W8100	2010019018	2010-01-15	1997-07-21		50,000	38,800	20,042	0
10315082	01	5J400C	2010013008	2010-01-11	1994-08-05		25,000	19,400	11,594	0
10324492	01	5CCE00	2010020066	2010-01-16	2008-06-28	038	150,000	89,604	29,868	0
10352943	02	596320	2010006026	2010-01-05	1982-09-14	518	20,000	15,520	0	0
10361628	01	591820	2010008025	2010-01-01	1982-10-12		10,000	7,760	4,656	0
10380542	01	890800	2010013021	2010-01-06	1997-11-25		8,983	6,971	4,182	0
10393681	02	5J4320	2010019072	2010-01-16	1994-11-18	710	10,000	7,760	0	0
10401553	01	890800	2010012045	2010-01-09	1998-01-08	174	5,741	4,455	1,782	0
10406941	01	8CK900	2010011040	2010-01-03	1998-01-15	414	20,000	15,520	9,310	0
10406941	02	5CD700	2010011040	2010-01-03	1998-01-15	414	15,000	11,640	6,982	0
10408069	01	502500	2010019052	2010-01-12	1991-10-09		70,000	54,320	23,280	0
10430006	01	5CP800	2010012047	2010-01-03	1998-01-09	162	100,000	77,600	31,040	0
10459375	01	5H0700	2010004053	2010-01-01	1995-04-25	201	30,000	23,280	9,247	0
10542735	01	5CA120	2010019002	2010-01-04	1998-06-20		25,000	19,400	7,760	0
10542764	03	596320	2010021045	2010-01-20	1983-07-15		10,000	7,760	0	0
10553913	01	890800	2010022023	2010-01-15	1998-08-17	189	3,853	2,990	1,196	0
10564255	01	591820	2010011007	2010-01-09	1983-09-07	436	53,000	41,128	16,451	0
10564255	02	511400	2010011007	2010-01-09	1983-09-07	436	47,000	36,472	14,589	0
10582355	01	8CK900	2010015013	2010-01-14	1998-08-16		15,000	11,640	4,656	0
10583217	01	8CW900	2010008017	2010-01-07	1998-07-16	162	1,000	776	0	0
10583217	03	5DBJ00	2010008017	2010-01-07	2008-07-16	162	249,000	148,743	0	0
10610939	01	890800	2010007029	2010-01-02	1998-10-12	331	3,884	3,014	1,206	0
10627216	01	5CC100	2010013038	2010-01-11	1998-10-15	038	150,000	116,400	46,560	0
10676543	01	890800	2010004011	2010-01-03	1998-10-25	162	3,994	0	0	1,280
10699541	01	5CBY00	2010007020	2010-01-02	2007-03-01	162	20,000	14,187	5,675	0
10721085	01	5AQ000	2010019027	2010-01-14	1999-03-15	414	75,000	58,200	23,280	0
10727528	04	5J4300	2010006043	2010-01-01	1994-03-20	428	12,000	9,312	0	0
10728745	01	5GO020	2010011081	2010-01-10	1999-05-03		25,000	19,400	7,760	0
10747872	03	5CH920	2010004007	2010-01-02	1999-04-03		50,000	38,800	0	0
10760679	01	5CCB00	2010005030	2010-01-03	2008-05-05	206	150,000	89,604	35,842	0
10774060	01	5J4020	2010019049	2010-01-19	1994-06-01		15,000	11,640	1,242	0
10826844	01	5X9000	2010021005	2010-01-10	1996-08-13		25,000	19,400	7,760	0
10848452	01	5AQ000	2010019005	2010-01-17	1999-09-17		100,000	77,600	31,040	0
10886692	01	575800	2010011031	2010-01-03	2009-12-07		30,000	16,879	7,596	0
10944614	03	5DBS00	2010019057	2010-01-16	2009-11-05		100,000	56,264	0	0
10946327	02	5APU000	2010013028	2010-01-03	1999-11-25		22,000	17,072	0	0
10951420	01	592020	2010011052	2010-01-04	1984-12-15	162	30,000	23,280	9,312	0
10951420	02	596120	2010011052	2010-01-04	1984-12-15	162	30,000	23,280	9,312	0

SCWRA4-3	CO0404	DETAIL PENDING CLAIMS AND RECOVERABLES							REPORT DATE:	01/01/10
RUN DATE:	02/05/10	DEAL - DL01							REPORT PAGE:	14
RUN TIME:	11:59:35	PRIMERICA LIFE INSURANCE COMPANY								
POLICY NUMBER	PHASE NUM	PLAN CODE	CLAIM NUMBER	DATE OF DEATH	DATE OF ISSUE	CAUSE OF DEATH	FACE AMOUNT	DIRECT PENDING	ETPR PENDING	ETPR RECVBLS
88447761	01	5EQQ00	2010011063	2010-01-06	2008-05-15		200,000	119,472	107,525	0
88447761	02	8ET500	2010011063	2010-01-06	2008-05-15		20,000	11,947	10,752	0
88469291	01	5EQU00	2010019084	2010-01-15	2008-07-02		100,000	59,736	53,762	0
68470903	02	5EMQ20	2010011009	2010-01-08	2008-07-10	162	250,000	149,340	134,406	0
88473430	03	5EMF00	2010004074	2010-01-03	2008-06-15		40,000	23,894	21,505	0
88473430	04	8EUF00	2010004074	2010-01-03	2008-06-15		4,000	2,389	2,151	0
88478624	01	5EKZ00	2010007018	2010-01-07	2008-08-03		25,000	14,934	13,441	0
88520471	01	5EHG20	2010004082	2010-01-03	2008-10-03		50,000	29,868	26,881	0
88524500	03	5FSC00	2010019042	2010-01-19	2008-11-16		10,000	5,974	0	0
88536550	05	5PSC00	2010006018	2010-01-05	2009-01-15		25,000	14,066	0	0
88547685	02	5FSC00	2010021004	2010-01-20	2008-12-03		10,000	5,974	0	0
88564226	01	5EBP00	2010011051	2010-01-09	2009-02-03		110,000	61,890	55,701	0
88610435	01	5EOW00	2010004003	2010-01-02	2009-06-20	394	200,000	112,528	101,275	0
88612282	02	5EME00	2010011058	2010-01-11	2009-05-15	303	25,000	14,066	12,659	0
88613736	02	5EQC20	2010005053	2010-01-04	2009-06-28		150,000	84,396	75,956	0
88636116	01	5EQM20	2010008019	2010-01-07	2009-07-10	485	75,000	42,198	37,978	0
88645747	03	5ESC00	2010012008	2010-01-10	2009-08-15		20,000	11,253	0	0
88650924	01	5ELA00	2010011075	2010-01-11	2009-08-28		150,000	84,396	75,956	0
88660572	02	5EQE00	2010005042	2010-01-03	2009-11-17		150,000	84,396	75,956	0
88681261	01	5EL300	2010005007	2010-01-04	2009-10-06	E81	50,000	0	0	36,041
88681261	02	5EIE00	2010005007	2010-01-04	2009-10-06	E81	100,000	0	0	72,083
88706522	01	5EQV00	2010019014	2010-01-15	2009-12-15		270,000	151,913	136,722	0
TOTAL FOR FACE AMOUNT						38,829,941				
TOTAL FOR DIRECT PENDING						27,814,533				
TOTAL FOR ETPR PENDING						15,684,261				
TOTAL FOR ETPR RECOVERABLES						395,732				

CWRA4-1	CO0404	BULK CLAIM RESERVE							REPORT DATE:		01/01/10
RUN DATE:	02/05/10	DEAL - DL01							REPORT PAGE:		1
RUN TIME:	11:59:35	PRIMERICA LIFE INSURANCE COMPANY									
POLICY NUMBER	PHASE NUM	PLAN CODE	CLAIM NUMBER	DATE OF DEATH	DATE OF ISSUE	CAUSE OF DEATH	FACE AMT	DIRECT AMOUNTS		ETPR AMOUNTS	
								PENDING	INT PD	RECVRLS	INT PD
10676543	01	890800	2010004011	2010-01-03	1998-10-25	162	3,994	3,195	6	0	0
11158035	01	551900	2010004077	2010-01-01	2000-05-25	332	5,000	4,000	2	0	0
11341011	01	5AQQ20	2010008028	2010-01-07	2000-04-26	585	31,000	24,800	0	0	0
12504146	01	521200	2010012032	2010-01-02	1988-02-03	153	50,000	40,000	0	0	0
12672450	01	5CBY0C	2010007033	2010-01-03	2007-12-09	496	40,000	32,000	0	0	0
12774976	01	5CCB00	2010011098	2010-01-07	2008-02-20	162	100,000	80,000	25	0	0
21731538	01	544300	2010005017	2010-01-04	1991-08-15	157	1,000	800	0	0	0
21731538	02	5DBJ00	2010005017	2010-01-04	2004-10-15	157	174,000	139,200	0	0	0
30060583	02	500500	2010011072	2010-01-09	1992-10-28	348	10,000	8,000	0	0	0
30060583	03	528400	2010011072	2010-01-09	1992-10-28	348	15,000	12,000	0	0	0
30458619	03	5J4300	2010005039	2010-01-04	1994-08-31	436	10,000	8,000	0	0	0
30483657	01	5H5420	2010004040	2010-01-01	1994-03-20	189	100,000	80,001	0	0	0
30483657	02	5J9420	2010004040	2010-01-01	1994-03-20	189	50,000	39,999	0	0	0
30483657	03	813820	2010004040	2010-01-01	1994-03-20	189	75,000	60,000	0	0	0
30934047	04	5Y0700	2010004093	2010-01-02	1996-09-25	895	25,000	20,000	30	0	0
30982807	01	5H0700	2010004001	2010-01-03	1995-12-01	414	10,000	8,000	0	0	0
30982807	02	8I1500	2010004001	2010-01-03	1995-12-01	414	15,000	12,000	0	0	0
31001327	01	5J4000	2010004025	2010-01-01	1995-11-12	410	30,000	24,000	7	0	0
32000162	01	5CA100	2010004010	2010-01-03	1999-10-13	294	15,000	12,000	0	0	0
32373244	01	5ALH0C	2010004099	2010-01-02	2001-02-21	203	100,000	80,000	158	0	0
32373244	02	8ATN00	2010004099	2010-01-02	2001-02-21	203	80,000	64,000	126	0	0
32716430	02	5BOC2C	2010013044	2010-01-08	2002-05-20	194	25,000	12,924	0	0	0
33211197	01	5DDM20	2009355030	2009-12-19	2004-07-01	441	30,000	24,000	0	0	0
33349970	01	5DCB20	2010004044	2010-01-03	2005-02-15	038	15,000	12,000	0	0	0
88681261	01	5BLG00	2010005007	2010-01-04	2009-10-06	881	50,000	40,000	46	0	0
88681261	02	5B1B00	2010005007	2010-01-04	2009-10-06	881	100,000	80,000	92	0	0
TOTAL FOR FACE AMOUNT						1,159,994					
TOTAL FOR DIRECT BENEFIT PAID						872,919					
TOTAL FOR DIRECT INTEREST PAID						492					
TOTAL FOR ETPR BENEFIT PAID						0					
TOTAL FOR ETPR INTEREST PAID						0					
TOTAL FOR WAIVER BENEFITS						1,428,153	DETAIL NOT PROVIDED				

SCWRA4-2 CO3434
RUN DATE: 02/05/10
RUN TIME: 11:59:35

NONBULK CLAIM RESERVE
DEAL - DL01
NATIONAL BENEFIT LIFE INS. CO.

REPORT DATE: 01/01/10
REPORT PAGE: 1

<u>POLICY</u> <u>NUMBER</u>	<u>PHASE</u> <u>NUM</u>	<u>PLAN</u> <u>CODE</u>	<u>CLAIM</u> <u>NUMBER</u>	<u>DATE OF</u> <u>DEATH</u>	<u>DATE OF</u> <u>ISSUE</u>	<u>CAUSE OF</u> <u>DEATH</u>	<u>FACE AMT</u>	<u>DIRECT AMOUNTS</u>		<u>ETPR AMOUNTS</u>	
								<u>BENE PD</u>	<u>INT PD</u>	<u>BKNE PD</u>	<u>INT PD</u>

ALL TOTALS EQUAL ZERO, NO REPORT TO PRINT.

Exhibit IV

Form of Monthly Account Balance Report

[See attached]

PSP031C FRAC_GP
 RUN DATE: 03/30/2010
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ORIG

CGAP GENERAL LEDGER SUMMARY – CURRECT MONTH
 BUSINESS UNIT/NODE: FRAC_GP AS OF 03/2010

REPORT DATE: 03/30/2010
 REPORT PAGE: 1

ACCOUNT NUMBER	BEGINNING BALANCE	MONTH-TO-DATE NET	ENDING BALANCE
310502 Lf Ren Pm-Non-Funded SW Asmd	0.00	39,577,171.15-	39,577,171.15-
LF REN PM-NON-FUNDED	0.00	39,577,171.15-	39,577,171.15-
LF REN-WAIVE OF PREM	0.00	0.00	0.00
310512 Lf Ren Rt Ck-Waiv Pm Asmd	0.00	11,942.76	11,942.76
LF RN RT CK-WAIV PRM	0.00	11,942.76	11,942.76
DIRECT PREMIUM REN	0.00	39,565,228.39-	39,565,228.39-
310002 Lf 1st Yr Prm SW Asmd	0.00	5,404,179.79-	5,404,179.79-
LF 1ST YR PREM	0.00	5,404,179.79-	5,404,179.79-
310007 1 Yr Waiv Pm Retnd It SW Asmd	0.00	35,782.58	35,782.58
1YR WAIV PM RETND LF	0.00	35,782.58	35,782.58
310022 Over and Short SW Asmc	0.00	1,012.50	1,012.50
OVER AND SHORT	0.00	1,012.50	1,012.50
DIRECT PREM 1ST YR	0.00	5,367,384.71-	5,367,384.71-
DIRECT PREMIUMS	0.00	44,932,613.10-	44,932,613.10-
CEDED PREM FROZEN	0.00	0.00	0.00
311504 Lf Ren Pm-Re-Cd Una SW Asmd	0.00	488,634.78	488,634.78
LF REN PM-RE-CD UNAF	0.00	488,634.78	488,634.78
LF REN PRM YRT CEDED	0.00	0.00	0.00
311517 Lf Ren Prm Yrt Cad SW Asmd	0.00	193,277.70	193,277.70
LP REN PRM-YRT CED	0.00	193,277.70	193,277.70
311523 Rn Ced Prm Quota Yrt SW Asmd	0.00	2,758,277.56	2,758,277.56
RN CED PRM QUOTA YRT	0.00	2,758,277.56	2,758,277.56
CEDED PREMIUM REN	0.00	3,440,190.04	3,440,190.04
FY CED PRM QUOTA YRT	0.00	0.00	0.00
LF 1YR PM-RE-CD-COIN	0.00	0.00	0.00
311007 Lf 1Yr Prm Yrt Ced SW Asmd	0.00	189.67-	189.67-
LF 1YR PRM YRT CEDED	0.00	189.67-	189.67-
CEDED PREMIUM 1ST YR	0.00	189.67-	189.67-
CEDED PREMIUMS	0.00	3,440,000.37	3,440,000.37
OTHER REV	0.00	0.00	0.00

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ORIG

CGAP GENERAL LEDGER SUMMARY - CURRENT MONTH
 BUSINESS UNIT/NODE: FRAC_GP AS OF 03/2010

REPORT DATE: 03/30/2010
 REPORT PAGE: 2

ACCOUNT NUMBER	BEGINNING BALANCE	MONTH-TO-DATE NET	ENDING BALANCE
RECAPTURE FEES	0.00	0.00	0.00
RECAPTURE FEE	0.00	0.00	0.00
REVENUES	0.00	41,492,612.73-	41,492,612.73-
410002 Death Clm - Cons SW Asmd	0.00	18,982,408.01	18,982,408.01
DEATH CLAIM-COINS	0.00	18,982,408.01	18,982,408.01
DEATH CLM-SPECIAL	0.00	0.00	0.00
LF CLM - AD&D	0.00	0.00	0.00
LF REN AD&D CLAIM	0.00	0.00	0.00
CLAIMS-LIFE DIRECT	0.00	18,982,408.01	18,982,408.01
410018 Lf Clm Waiver of Prm SW Asmd	0.00	160,731.00	160,731.00
LF CLM WAIVER OF PRM	0.00	160,731.00	160,731.00
410503 Lf Clm Re - Ced Unaff SW Asmd	0.00	900,306.99-	900,306.99-
LF CLM RE-CED UNAFF	0.00	900,306.99-	900,306.99-
410508 Ced Clm Quota Yrt SW Asmd	0.00	3,058,103.61-	3,058,103.61-
CED CLM QUOTA YRT	0.00	3,058,103.61-	3,058,103.61-
CLAIMS LIFE CEDED	0.00	3,958,410.60-	3,958,410.60-
SURR VALS-ORDINARY	0.00	0.00	0.00
SURVIVAL SPOUSE RIDR	0.00	0.00	0.00
SURR VAL RE-CD UNAFF	0.00	0.00	0.00
INT ON POL HOLD FUND	0.00	0.00	0.00
INT SURR SPOUSE RIDR	0.00	0.00	0.00
CASHSURR&OTH BEN DIR	0.00	0.00	0.00
INT POL HOLD FUND CD	0.00	0.00	0.00
CSH SORR&OTH BEN CD	0.00	0.00	0.00
CHANGE IN RES-FROZEN	0.00	0.00	0.00
402014 Change in Res Dir Lf SW Asmd	0.00	4,018,494.80	4,018,494.80
CHANGE IN RES DIRECT	0.00	4,018,494.80	4,018,494.80
402008 Chng in Res Ceded SW Asmd	0.00	96,207.92	96,207.92
CHANGE IN RES COINS	0.00	96,207.92	96,207.92

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ORIG
 CGAP GENERAL LEDGER SUMMARY – CURRENT MONTH
 BUSINESS UNIT/NODE: FRAC_GP AS OF 03/2010

REPORT DATE: 03/30/2010
 REPORT PAGE: 3

ACCOUNT NUMBER	BEGINNING BALANCE	MONTH-TO-DATE NET	ENDING BALANCE
402012 Ced Lf Res Quota Yrt SW Asmd	0.00	510,697.28	510,697.28
CHANGE IN RES QSYRT	0.00	510,697.28	510,697.28
CHANGE IN RES CEDED	0.00	606,905.20	606,905.20
CHANGE IN RESRV-LIFE	0.00	4,625,400.00	4,625,400.00
INSCOMM 1STYR LF DIR	0.00	0.00	0.00
500043 Inc in Coat of Coll SW Asmd	0.00	365,601.99	365,601.99
INC IN COST OF COLL	0.00	365,601.99	365,601.99
500009 ICa Comm Expense-SW Asmd	0.00	407,923.81	407,923.81
DCA EXPENSE	0.00	407,923.81	407,923.81
500027 Lf 1 Yr Cm-Non-Fund-SW Asmd	0.00	4,010,331.89	4,010,331.89
LF 1YR COMM NONFUND	0.00	4,010,331.89	4,010,331.89
INS COMM-1YR LF DIR	0.00	4,783,857.69	4,783,857.69
INSCOMM REN LF DIR	0.00	0.00	0.00
500204 Lf Ren Cm-Non-Fund-SW Asmd	0.00	440,847.57-	440,847.57-
LF REN CM NONFUNDED	0.00	440,847.57-	440,847.57-
INS COMM-REN LIFE DR	0.00	440,847.57-	440,847.57-
LF 1YR COMM-RE-CED-UN	0.00	0.00	0.00
INS COMM-1YR LIFE CD	0.00	0.00	0.00
FROZEN ALLOWANCE	0.00	0.00	0.00
500603 Lf Ren Com-Re-Ced Unaf SW Asmd	0.00	52,135.55-	52,135.55-
LF REN COM-RE-CED UN	0.00	52,135.55-	52,135.55-
500696 Comm Allow: EOT Bonus, B Fund	0.00	331,947.04	331,947.04
COMMISSION ALLOWANCE	0.00	331,947.04	331,947.04
INS COMM ALLOWANCES	0.00	279,811.49	279,811.49
417002 Amort - DAC SW Asmd	0.00	7,141,652.44	7,141,652.44
AMORT – DAC	0.00	7,141,652.44	7,141,652.44
AMORT OF DAC	0.00	7,141,652.44	7,141,652.44
522012 Cap of Dac - Lf SW Asmd	0.00	4,581,448.00-	4,581,448.00-
CAP OF DAC	0.00	4,581,448.00-	4,581,448.00-
670101 Expense Allowance	0.00	1,978,562.00	1,978,562.00
670111 Conversion Allowance	0.00	58,040.00	58,040.00

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CGAP GENERAL, LEDGER SUMMARY – CURRENT MONTH
BUSINESS UNIT/NODE: FRAC_GP AS OF 03/2010

REPORT DATE: 03/30/2010
REPORT PAGE: 4

ACCOUNT NUMBER	BEGINNING BALANCE	MONTH-TO-DATE NET	ENDING BALANCE
670121 Reinstatement U/W Exp Allow	0.00	5,926.26	5,926.26
EXPENSE ALLOWANCE	0.00	2,042,528.36	2,042,528.26
INT ON REIN PYMT-FRZ	0.00	0.00	0.00
PRM TAX RECOV FROZEN	0.00	0.00	0.00
700712 Premium Tax Allowance CitiRein	0.00	856,987.47	856,987.47
PREM TAX ALLOW CITI	0.00	856,987.47	856,987.47
700702 Prm Taxes Recvred - SCW Asmd	0.00	11,482.91-	11,482.91-
PREMIUM TAX ALLOW	0.00	11,482.91-	11,482.91-
700107 Accrued TaxLicenses-SCW Assmd	0.00	91,132.24	91,132.24
PREMIUM TAX	0.00	91,132.24	91,132.24
TAXESLIC&FEES	0.00	936,636.80	936,636.80
BENEFITS & EXPENSES	0.00	29,972,319.52	29,972,319.52
NET INCOME	0.00	11,520,293.21-	11,520,293.21-

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 CGAP GENERAL LEDGER SUMMARY - CURRENT MONTH
 BUSINESS UNIT/NODE: FRAC_GP AS OF 03/2010

REPORT DATE: 03/30/2010
 REPORT PAGE: 1

ACCOUNT NUMBER	BEGINNING BALANCE	MONTH-TO-DATE NET	ENDING BALANCE
INVESTMENT IN PRIMERE	0.00	0.00	0.00
INTERCO N-IN PFS	0.00	0.00	0.00
INTERCOMPANY -LEGACY	0.00	0.00	0.00
140007 Prm Due-Term Lf - FY SW Asmd	0.00	365,601.99	365,601.99
PRM DUE-TERM LF - FY	0.00	365,601.99	365,601.99
140003 Prm Due-Term Lf - Res SW Asmc	0.00	3,776,778.44	3,776,778.44
PRM DUE_TERM LF-REN	0.00	3,776,778.44	3,776,778.44
GR DEF PREM	0.00	0.00	0.00
LOADING ON DUE&DEF	0.00	0.00	0.00
PREMIUM DUE & UNPAID	0.00	4,142,380.43	4,142,380.43
FROZEN RES QSYRT	0.00	0.00	0.00
FROZEN RES COIN	0.00	0.00	0.00
140607 Due Fm Rai-Lf - Coins SW Asmd	0.00	120,799.97	120,799.97
REINS RECOV - COINS	0.00	120,799.97	120,799.97
140603 Due Fm Rai-Lf - Qsyrt SW Asmd	0.00	504,961.84	504,961.84
REINS RECOV QSYRT	0.00	504,961.84	504,961.84
REINS RECOVERABLE	0.00	625,761.81	625,761.81
140807 A/R Rei-Lf Clm - Coins SW Asmd	0.00	745,306.96	745,306.96
CEDED PENDING COINS	0.00	745,306.96	745,306.96
140803 A/R Rei-Lf Clm - Qsyrt SW Asmd	0.00	2,283,543.51	2,283,543.51
CEDED PENDING QSYRT	0.00	2,283,543.51	2,283,543.51
CEDED PENDING	0.00	3,028,850.47	3,028,850.47
141207 A/R Rei-Res Coin SW Asmd	0.00	2,687,700.08	2,687,700.08
CEDED RESERVES COINS	0.00	2,687,700.08	2,687,700.08
141203 A/R Rei-Res Qsyrt SW Asmd	0.00	27,373.92	27,373.92
CEDED RESERVES QSYRT	0.00	27,373.92	27,373.92
CEDED RESERVES	0.00	2,715,074.00	2,715,074.00
DIRECT PENDING	0.00	0.00	0.00
DIRECT RESERVES	0.00	0.00	0.00
DUE FRM REINSURER	0.00	6,369,686.28	6,369,686.28

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CGAP GENERAL LEDGER SUMMARY - CURRENT MONTH
 BUSINESS UNIT/NODE FRAC_GP AS OF 03/2010

REPORT DATE: 03/30/2010
 REPORT PAGE: 2

ACCOUNT NUMBER	BEGINNING BALANCE	MONTH-TO-DATE NET	ENDING BALANCE
130303 Dpac-Lf SW Asmd	0.00	243,707,809.96	243,707,809.96
DPAC – LF	0.00	243,707,809.96	243,707,809.96
DEFERRED ACQ COST	0.00	243,707,809.96	243,707,809.96
ASSETS	0.00	254,219,876.67	254,219,876.67
200109 Fpb-Lf SW Asmd	0.00	304,967,795.60-	304,967,795.60-
FPB – LIFE	0.00	304,967,795.60-	304,967,795.60-
FUTURE POL BENS-LF	0.00	304,967,795.60-	304,967,795.60-
201202 Pol Clm Lf SW Asmd	0.00	15,171,288.00-	15,171,288.00-
DIRECT PENDING CLM	0.00	15,171,288.00-	15,171,288.00-
POL & CONTRCT CLAIMS	0.00	15,171,288.00-	15,171,288.00-
210007 Adv Prm-Lf - FY SW Asmd	0.00	62,768.02-	62,768.02-
ADV PREM-LF - FY	0.00	62,768.02-	62,768.02-
210004 Adv Prm-Lf - Ren SW Asmd	0.00	518,363.33-	518,363.33-
ADV PRM-LF REN	0.00	518,363.33-	518,363.33-
ADVANCE PREMIUM	0.00	581,131.35-	581,131.35-
OTHER POLHOLDR FUNDS	0.00	581,131.35-	581,131.35-
232107 TaxLicensesFees-Coins-SCW Assmd	0.00	91,132.24-	91,132.24-
TAXSLICSFEEES-COINS	0.00	91,132.24-	91,132.24-
ACCRUED TAXESLICFEES	0.00	91,132.24-	91,132.24-
270107 Cost of Collection - SCW Assmd	0.00	365,601.99-	365,601.99-
COST OF COLL	0.00	365,601.99-	365,601.99-
COST OF COLLECTION	0.00	365,601.99-	365,601.99-
FROZEN NET CASH FLOW	0.00	0.00	0.00
DUE TO REINSURERS	0.00	0.00	0.00
DUETOFRPLICPRIMRE80%	0.00	0.00	0.00
230620 Due to/from PLICC/FAC D Prm	0.00	45,200,560.02	45,200,560.02
230621 Due to/from PLICC/FAC C Prm	0.00	3,440,000.37-	3,440,000.37-
230622 Due to/from PLICC/FAC D Clm	0.00	3,971,851.01-	3,971,851.01-
230623 Due to/from PLICC/FAC C Clm	0.00	303,798.32	303,798.32
230624 Due to/from PLICC/FAC	0.00	11,536,889.24-	11,536,889.24-
DUETOFRPLICCFRAC80%	0.00	26,555,617.72	26,555,617.72
DUE TOFR NBL AHL 90%	0.00	0.00	0.00

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CGAP GENERAL LEDGER SUMMARY - CURRENT MONTH
BUSINESS UNIT/NODE: FRAC_GP AS OF 03/2010

REPORT DATE: 03/30/2010
REPORT PAGE: 3

ACCOUNT NUMBER	BEGINNING BALANCE	MONTH-TO-DATE NET	ENDING BALANCE
DUTOFRPLICPRIMERE10%	0.00	0.00	0.00
DUE TO AFFILIATES	0.00	26,555,617.72	26,555,617.72
LIABILITIES	0.00	294,621,331.46-	294,621,331.46-
291010 Gross Paid In & Contributed	0.00	51,921,748.00	51,921,748.00
PAID IS CAPITAL	0.00	51,921,748.00	51,921,748.00
RETEARN	0.00	0.00	0.00
NET INCOME	0.00	11,520,293.21-	11,520,293.21-
EQUITY	0.00	40,401,454.79	40,401,454.79
LIABILITIES & EQUITY	0.00	254,219,876.67-	254,219,876.67-
BALANCE SHEET TOTAL	0.00	0.00	0.00

Exhibit V

Form of Reinsurance Trust Agreement

[See attached]

INDEX

AGREEMENT MADE THE 15TH DAY OF MARCH, 2010 AMONG FINANCIAL REASSURANCE COMPANY 2010, LTD., PRIMERICA LIFE INSURANCE COMPANY OF CANADA, RBC DEXIA INVESTOR SERVICES TRUST AND THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS CANADA.

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SCHEDULE "B"-DECLARATION (MONTHLY)	9

AGREEMENT

THIS AGREEMENT made in quadruplicate on the 15th day of March, 2010.

AMONG: Financial Reassurance Company 2010, Ltd., a corporation duly organized and existing under the laws of Bermuda (hereinafter called the “Reinsurer”)

AND: Primerica Life Insurance Company of Canada, a corporation duly organized and existing under the laws of Canada (hereinafter called the “Company”)

AND: RBC Dexia Investor Services Trust, a trust company incorporated under the laws of Canada and licensed to do business in the Province of Ontario (hereinafter called the “Trustee”)

AND: The Superintendent of Financial Institutions Canada (hereinafter called the “Superintendent”)

WHEREAS the Company is authorized under the *Insurance Companies Act* (hereinafter called the “Act”) to insure risks;

AND WHEREAS the Company has caused itself to be reinsured by the Reinsurer against certain risks insured by it under one or more reinsurance agreements (hereinafter called the “Reinsurance Agreements”);

AND WHEREAS the Reinsurer is not authorized under the Act to insure risks;

AND WHEREAS where the Reinsurer is not authorized under the Act to insure risks and is incorporated elsewhere than in Canada, a reduction in the Company’s Minimum Continuing Capital and Surplus Requirements, in the Company’s Minimum Capital Test or in the assets to be maintained by the Company under the Act, as the case may be, may be made by the Company only to the extent that security is maintained in Canada, in respect of the potential liabilities of the Reinsurer under the Reinsurance Agreements, in an amount, of a nature and under arrangements determined by the Superintendent to be satisfactory.

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements contained in the Agreement, the parties hereto agree with one another as follows:

Revised May 17, 2001

APPOINTMENT OF TRUSTEE

1. The Reinsurer appoints as trustee the Trustee to hold in trust for the Company, solely to secure the payment to the Company by the Reinsurer of the Reinsurer's share of any loss or liability or both sustained by the Company for which the Reinsurer is liable under the Reinsurance Agreements, such assets as the Reinsurer may vest in trust with the Trustee in accordance with the terms of this Agreement.

AUTHORIZED ASSETS

2. Assets that may be vested in trust with the Trustee shall be cash or assets in which the Company may invest its funds or any portion thereof pursuant to the Company's investment and lending policies, standards and procedures established pursuant to the Act in force from time to time while this Agreement is in force.

ASSETS VESTED IN TRUST

3. (a) The Reinsurer shall vest and maintain with the Trustee assets valued in accordance with subparagraph (b) at all times at least equal to 100% of an amount equal to the greater of (i) the Reinsurer's quota share of the subject reserves with respect to the reinsured policies, and (ii) the amount of assets held in trust necessary at any particular point in time under the MCCR Guideline in order for the Company to take full financial statement credit for the unlicensed reinsurance in the same manner as if licensed reinsurance was being provided that enables the Company to maintain its target capital ratio as required by the Superintendent as well as to be able to meet all Dynamic Capital Adequacy Testing adverse scenarios that may be required by the Superintendent with respect to the Reinsurer's quota share of the subject reserves. For greater certainty, the amount of trust Assets held in trust shall at no time be less than a minimum of an amount equal to 100% of the aggregate liability ceded (if greater than zero) plus 70% of the offsetting reserves ceded (MCCR Guideline section 1.2.3.2) plus 150% of the Regulatory Required Capital for the Ceded Business as defined by the MCCR Guideline.
- (b) The assets vested in trust shall be valued at market value.
- (c) Assets vested in trust under this Agreement in respect of the class of life insurance shall be held by the Trustee in an account identified in its records as separate and distinct from the assets vested in trust under this Agreement in respect of other classes.
- (d) Assets vested in trust under this Agreement shall be held by the Trustee in an account identified in its records as separate and distinct from other accounts of the Trustee.
- (e) Assets vested in trust under this Agreement shall be free of all liens, charges and encumbrances of any nature except for the charge customarily required to be given by the relevant participant in the Canadian Depository for Securities Limited under the rules governing participation in the Canadian Depository for Securities Limited on an asset deposited, and recorded in book-based form, with the Canadian Depository for Securities Limited.

VALUE OF ASSETS DETERMINED BY THE SUPERINTENDENT

4. The Superintendent may determine from time to time the market value of the assets vested in trust or the liabilities for which the Reinsurer is liable under the Reinsurance Agreements. Any determination made by the Superintendent under this paragraph shall be binding on the Reinsurer and the Company.

This paragraph shall be effective only with respect to the obligations of the Reinsurer and the Company under this Agreement and shall not affect the contractual relationship between the parties under the Reinsurance Agreements.

VESTING, VARYING, EXCHANGING OR WITHDRAWING ASSETS

5. (a) Subject to paragraph 3 and subparagraph (b), prior to vesting an asset in trust or withdrawing an asset vested in trust, the Reinsurer shall obtain the written approval of the Superintendent and, upon receipt of the written approval of the Superintendent, the Trustee shall follow the written direction of the Reinsurer.

Revised May 17, 2001

- (b) Unless the Superintendent has otherwise directed by written notice to both the Reinsurer and the Trustee, the Reinsurer may, without the prior written approval of the Superintendent:
 - (i) vest in trust an asset listed in Schedule “A”; and
 - (ii) withdraw an asset listed in Schedule “A” vested in trust on condition that the asset withdrawn is replaced, either prior to or simultaneously, with an asset or assets listed in Schedule “A” the value of which on the date of the withdrawal, as determined under subparagraph 3(b), is and is certified by the Reinsurer to the Trustee to be, at least equal to the value, as determined under subparagraph 3(b), of the asset withdrawn.

SECURITIES LENDING

- 6. The assets vested pursuant to this Agreement may not be used as part of a securities lending program.

ASSETS IN TRUSTEE’S NAME

- 7. Subject to paragraph 11, the Trustee shall register in its name or, subject to the prior written approval of the Superintendent, in the name of its nominee, any asset vested in trust that can be issued in registered form. Notwithstanding the foregoing but subject to the prior written approval of the Superintendent, the Reinsurer may vest with the Trustee, and the Trustee shall not be required to register in its name, mortgages on real estate acquired by or on behalf of the Reinsurer under an agreement whereby the mortgages are to be administered by a third party.

POWERS AND AUTHORITY OF TRUSTEE

- 8. (a) Subject to paragraph 5, the Trustee, on the written direction of any of the persons authorized by the Reinsurer for that purpose for the time being and from time to time, shall have, in respect of the assets vested in trust, the powers and authority authorized in that written direction.
- (b) Subject to the prior written approval of the Reinsurer, which approval must not be unreasonably withheld, the Trustee may employ, at the expense of the Reinsurer, agents, counsel (who may be counsel to the Reinsurer) and other professional advisors.
- (c) The Trustee may, from time to time,
 - (i) deal with securities of the same class and nature as may constitute the assets held in trust in its own behalf or on behalf of accounts it manages;
 - (ii) subject to Part XI of the Trust and Loan Companies Act, be affiliated with any party to whom or from whom such securities may be sold or purchased; and
 - (iii) use in other capacities knowledge gained in its capacity hereunder without being liable to account therefor in law or in equity except where the use would be detrimental, prejudicial, or adverse to the best interests of the Company or the Reinsurer.

ACCOUNTABILITY OF TRUSTEE

- 9. (a) Subject to subparagraph (b), the Trustee will exercise its powers and carry out its obligations under this Agreement as Trustee honestly, in good faith and in the best interests of the Company and in connection therewith will exercise that degree of care, diligence and skill that a reasonable and prudent person would exercise in comparable circumstances.
- (b) Where the Superintendent determines that an asset vested in trust is withdrawn other than in accordance with paragraph 5, the Superintendent shall so notify the Trustee. Within thirty (30) days of the day on which the Trustee is notified by the Superintendent, the Trustee shall replace that asset with an asset or assets of the kind listed in Schedule “A” such that the value of the assets vested in trust on the replacement date, as determined under subparagraph 3(b), is equal to the lesser of:
 - (i) the total value of the assets required under the Agreement to be vested in trust on the replacement date, as determined under subparagraph 3(b); and

- (ii) the total value of the assets, as determined under subparagraph 3(b), vested in trust on the day when the asset vested in trust was withdrawn other than in accordance with paragraph 5, determined before giving effect to the withdrawal.

In each instance where the Trustee replaces an asset in accordance with this paragraph, the Reinsurer shall immediately reimburse the Trustee for all losses, damages, expenses, and costs incurred by the Trustee in respect of the replacement.

DIRECTION OF REINSURER AND COMPANY

- 10. (a) The Reinsurer shall identify to the Trustee, in writing, those Reinsurer representatives authorized to direct the Trustee in respect of a matter under this Agreement. The Trustee shall act only upon the written directions of those Reinsurer representatives and shall have no duty to verify the appropriateness of any directions which shall be binding on the Reinsurer.
- (b) The Company shall identify to the Trustee, in writing, those Company representatives authorized to direct the Trustee in respect of a matter under this Agreement. The Trustee shall act only upon the written directions of those Company representatives and shall have no duty to verify the appropriateness of any directions which shall be binding on the Company.

CANADIAN DEPOSITORY FOR SECURITIES LIMITED

- 11. Subject to the written approval of the Superintendent, the Trustee may deposit any of the assets vested in trust with the Canadian Depository for Securities Limited and shall have the same responsibility for assets vested in trust whether in the possession of the Trustee or deposited with the Canadian Depository for Securities Limited.

PAYMENTS ON ACCOUNT OF AN INTEREST IN REAL ESTATE

- 12. Unless the Reinsurer and the Trustee are otherwise directed in writing by the Superintendent, the Reinsurer may collect payments on account of any interest in real estate by way of lease, mortgage or otherwise vested in trust with the Trustee, provided that the Reinsurer shall:
 - (a) forthwith pay to the Trustee any monies collected on account of the principal of any mortgage; and
 - (b) on or before the tenth day of each month, notify in writing the Trustee, the Company and the Superintendent of the balance of principal on any mortgage on account of which the Reinsurer collected a payment and account for all monies collected hereunder, which information shall be contained in a statutory declaration of an officer of the Reinsurer.

EXERCISE OF RIGHTS ATTACHED TO AN ASSET

- 13. Unless the Trustee is otherwise directed in writing by the Superintendent:
 - (a) the Trustee shall hand over to the Reinsurer all income upon the vested assets collected by the Trustee as the same is collected; and
 - (b) the Reinsurer shall be entitled at all times to exercise, through such officer or other person designated by it, the right of attending, acting and voting at meetings of corporations or security holders or otherwise in respect of vested assets and the Trustee shall, at the request of the Reinsurer, execute and deliver such instruments of proxy or attorney as may be reasonably required to enable the Reinsurer through such officer or person to exercise such rights.

STATEMENT OF ASSETS

14. Unless the Superintendent otherwise directs the Trustee in writing, the Trustee shall on or before the fifteenth day of each month, or, if the fifteenth day is not a business day of the Trustee, on or before the first business day of the Trustee following the fifteenth day, and at such other times as requested by notice in writing to the Trustee from the Superintendent, file:
- (a) with the Superintendent, and if the Reinsurer so elects, with the Reinsurer, a declaration in the form of Schedule “B”, or in such other form as may be prescribed by the Superintendent from time to time, together with a diskette, containing that information as may be prescribed by the Superintendent from time to time of all assets held by the Trustee under this Agreement as at the close of business on the Trustee's last business day in the immediately preceding month; and
 - (b) where the Reinsurer does not elect under subparagraph (a), with the Reinsurer a statement containing that information as may be prescribed by the Reinsurer from time to time of all assets held by the Trustee under this Agreement.
- The Trustee shall submit separate declarations in respect of the class of life insurance and in respect of classes of insurance other than life insurance.

ACCESS

15. The Trustee shall at all times, upon reasonable notice, permit the Superintendent, the Reinsurer and the Company access, for purposes of examination, to all assets held in trust under this Agreement and to the records of the Trustee in relation thereto.

DIRECTION TO VEST ASSETS IN THE COMPANY

16. (a) The Trustee shall, on notice in writing from the Company accompanied by the written approval of the Superintendent, without inquiry as to the correctness of any request made by the Company, assign and deliver to the Company those assets held by it in trust that the Company specifies in its request after deduction by the Trustee of an amount equal to the aggregate of any unpaid compensation to the date of transfer and any losses, damages, expenses and costs owing to the Trustee pursuant to paragraph 18 and subparagraph 9(b) respectively.
- (b) The Company shall apply the assets assigned and delivered to it pursuant to subparagraph (a) without diminution on account of the insolvency of the Company for the following purposes only:
- (i) to pay or reimburse itself for the Reinsurer's share of any loss or liability or both, including any loss or liability on account of claims incurred but not reported, sustained by the Company for which the Reinsurer is liable under the Reinsurance Agreements; and
 - (ii) to make payment to the Reinsurer of any balance of the assets in excess of the actual amount required by clause (i) above if requested by the Reinsurer.

DIRECTION TO VEST ASSETS IN THE SUPERINTENDENT

17. (a) If
- (i) the Company is no longer authorized under the Act to insure risks,
 - (ii) a judgment against the Company in respect of which no further right of appeal exists remains unsatisfied for thirty (30) days, or
 - (iii) a liquidator or receiver of the Company or of any part of the insurance business of the Company is appointed under the provisions of any statute or pursuant to any agreement between the Company and a third party
- the Superintendent may direct the Trustee and the Trustee shall, without inquiry into the correctness of any statement of the Superintendent, assign and transfer to the Superintendent or the Superintendent's appointee all assets held in trust under the terms of this Agreement after deduction by the Trustee of an amount equal to the aggregate of any unpaid compensation to the date of transfer and any losses, damages, expenses and costs owing to the Trustee pursuant to paragraph 18 and subparagraph 9(b) respectively.

- (b) The Superintendent or his appointee shall apply the assets assigned and delivered pursuant to subparagraph (a) without diminution on account of the insolvency of the Company for the following purposes only:
 - (i) to pay or reimburse the Company for the Reinsurer's share of any loss or liability or both, including any loss or liability on account of claims incurred but not reported, sustained by the Company for which the Reinsurer is liable under the Reinsurance Agreements; and
 - (ii) to make payment to the Reinsurer of any balance of the assets in excess of the actual amount required by clause (i) above if requested by the Reinsurer.

COMPENSATION OF TRUSTEE

- 18. The Trustee is entitled to reasonable compensation for its services and expenses under this Agreement as may be agreed upon by the Reinsurer and the Trustee, and if no such agreement is reached, either the Reinsurer or the Trustee may on ten (10) days notice in writing apply to a court of competent jurisdiction to fix the compensation that the Reinsurer shall pay the Trustee.

INTEREST ON MONIES HELD IN TRUST

- 19. The Trustee shall pay the Reinsurer such interest on monies held in trust as is paid by the Trustee on the same or similar accounts.

AMENDMENTS

- 20. (a) This Agreement may be amended only by a written agreement executed by the Company, the Reinsurer, the Trustee and the Superintendent.
- (b) The Company, the Reinsurer and the Trustee shall make those amendments to this Agreement that the Superintendent reasonably requires.

TERMINATION

- 21. The Trustee and, subject to the prior written approval of the Superintendent, the Company or the Reinsurer may terminate this Agreement on at least thirty (30) days notice in writing to the Superintendent and the other parties specifying in the notice the date of termination. Upon the date of termination specified in the notice, the Trustee shall be discharged from any further responsibilities to carry out the terms provided in this Agreement save for its obligations under paragraph 22.

APPOINTMENT OF NEW TRUSTEE

- 22. As soon as practicable
 - (i) on the Trustee ceasing to carry on business, or refusing to act as a trustee,
 - (ii) on the Trustee becoming insolvent, being deemed insolvent or admitting that it is insolvent within the meaning of any statute, or becoming (whether voluntarily or involuntarily) subject to any proceedings for its winding-up, liquidation or dissolution,
 - (iii) on the Superintendent taking control of the assets of, or taking control of, the Trustee under the *Trust and Loan Companies Act*,
 - (iv) on the Trustee defaulting in its duties or obligations or any of them hereunder and not commencing to rectify the default within thirty (30) days after written notice from another party specifying the default and requiring the Trustee to remedy the same, or

(v) after giving or receiving a notice under paragraph 21,

the Reinsurer shall appoint another trust company approved by the Superintendent and authorized to act as a trustee and the Trustee shall execute all documents that the Reinsurer shall deem necessary to vest in that trust company the assets vested in trust in the Trustee and transfer in writing to that trust company all its rights and obligations under this Agreement after deduction by the Trustee of an amount equal to the aggregate of any unpaid compensation to the date of the transfer and any losses, damages, expenses and costs owing to the Trustee pursuant to paragraph 18 and subparagraph 9(b) respectively.

WAIVER

23. No waiver by any party of any breach of any of the covenants, provisos, conditions, restrictions or stipulations contained in this Agreement shall take effect or be binding upon that party unless the same is expressed in writing under the authority of that party and is approved in writing by the Superintendent and any waiver so given and approved shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other future breach.

FURTHER ASSURANCES

24. Each of the parties to this Agreement shall execute and deliver all such instruments and assurances and do all other acts and things as are necessary to give full effect to and carry out their respective obligations under this Agreement.

NOTICES

25. (a) Notices under this Agreement shall be served either
- (i) personally by delivering them to the party on whom they are to be served at that party's address hereinafter given, provided such delivery shall be during the addressee's normal business hours. Personally served notices shall be deemed received by the addressees when actually delivered as aforesaid.
 - (ii) by telex or facsimile (or by any other like method by which a written and recorded message may be sent) directed to the party on whom they are to be served at that party's address hereinafter given. Notices so served shall be deemed received by the addressee: i) when actually received by the addressee if received within the normal working hours of the addressee's business day; or ii) at the commencement of the next ensuing business day of the addressee following transmission thereof, whichever is the earlier, or
 - (iii) by prepaid first class mail addressed to the party on whom they are to be served at that party's address hereinafter given. Notices so served shall be deemed received on the fifth (5th) day following the day on which they are so mailed, provided however that if delivery by prepaid first class mail of any notice required or permitted under this Agreement is or is likely to be delayed due to interruption or suspension of the postal service because of a mail strike, slowdown or other labour dispute which might affect the delivery of the notice, then the notice shall be effective only if delivered personally or by telex or facsimile (or by any other like method by which a written and recorded message may be sent).
- (b) Unless changed by written notice to the other parties, the addresses for service of notice hereunder of each of the respective parties shall be as follows:
- | | |
|-----------|---|
| Reinsurer | Financial Reassurance Company 2010, Ltd.
44 Church Street
PO. Box 2274
Hamilton HMJX, Bermuda
Attention: David Pickering, Director
Facsimile: #441-295-6448 |
| Company | Primerica Life Insurance Company of Canada 2000 Argentina Road, Plaza V, Suite 300 Mississauga, Ontario L5N 2R7
Attention: Heather Koski, VP Finance & CFO
Facsimile: (905)813-5316 |

Trustee	RBC Dexia Investor Services Trust 155 Wellington Street West, 5 th Floor P.O. Box 7500, Station “A” Toronto, Ontario M5W 1P9
Attention:	Head of Client Service
Facsimile:	(416) 955-2600

Superintendent of Financial Institutions Canada
121 King Street West, 22nd Floor
Toronto, Ontario
M5H 3T9
Attention: Assistant Superintendent,
Supervision Facsimile: (416) 973-1171

EXECUTION IN COUNTERPART

26. This Agreement may be executed and delivered in counterpart, each of which, when so executed and delivered, shall be deemed to be an original. All counterparts together shall constitute one and the same agreement.

PARTIAL INVALIDITY

27. If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

EFFECTIVE DATE

28. This Agreement shall take effect as of the date and year first above written.

PROPER LAW

29. This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

CONFLICTS OR INCONSISTENCIES

30. In the event of a conflict or inconsistency between the terms and conditions of this Agreement and the terms and conditions of the Reinsurance Agreements, the former shall in each and **every** instance prevail, except that, to the extent that the investment guidelines referenced in any Reinsurance Agreement are more restrictive than the list of assets in Schedule “A”, it shall be the responsibility of the Company and the Reinsurer to ensure compliance with such restrictions.

MISCELLANEOUS

31. Paragraph headings and other headings or captions or the index or the title hereto shall not be used in construing or interpreting any provision of this Agreement or the relationship of the **parties to this Agreement**.

Revised May 17, 2001

IN WITNESS WHEREOF the Reinsurer, the Company, the Trustee and the Superintendent has executed this Agreement.

Financial Reassurance Company 2010, Ltd.

Name /s/ Reza Shah (Seal)
Reza Shah
Title Head of City Reinsurance

Name _____
Title _____

RBC Dexia Investor Services Trust

Name /s/ Lydia Moffitt
Lydia Moffitt
Title Senior Manager, Client Service

Name /s/ David Fraser
David Fraser
Title Client Service Manger

Primerica Life Insurance Company of Canada

Name /s/ John A. Adams
John A. Adams
Title EVP & CEO

Name /s/ Heather Koski
Heather Koski
Title VP Finance and CFO

Superintendent of financial Institutions

Name /s/ D. Bruce Thompson
D. Bruce Thompson
Title Director
Date: March 24, 2010

SCHEDULE “A” to the Agreement made the 15th day of March, 2010 among Financial Reassurance Company 2010, Ltd., Primerica Life Insurance Company of Canada, RBC Dexia Investor Services Trust and the Superintendent of Financial Institutions Canada.

Revised May 17, 2001

**VESTING OF ASSETS
PAYABLE IN CANADIAN CURRENCY**

I. Cash

II. Bonds, Debentures and Other Evidences of Indebtedness:

- (a) Government:
 - (i) Canada and Guaranteed
 - (ii) Canadian Provincial and Guaranteed
 - (iii) Canadian Municipal, Public Authority, School and Parochial.
- (b) Corporate: Canadian

III. Shares:

- (a) Common: Canadian
- (b) Preferred: Canadian

IV. Guaranteed Investment Certificates

SCHEDULE “B” to the Agreement made the 15th day of March, 2010 among Financial Reassurance Company 2010, Ltd., Primerica Life Insurance Company of Canada, RBC Dexia Investor Services Trust and the Superintendent of Financial Institutions Canada.

DECLARATION

WHEREAS RBC Dexia Investor Services Trust, a trust company incorporated under the laws of Canada and having its chief office or place of business for Canada in the City of Toronto, in the Province of Ontario, has been appointed pursuant to the Agreement made the 15th day of March, 2010 among Financial Reassurance Company 2010, Ltd., Primerica Life Insurance Company of Canada, and the Superintendent of Financial Institutions Canada (the “Agreement”) as Trustee for the purposes of the Agreement.

NOW THEREFORE IT IS WITNESSED that the said Trust Company, as such Trustee, hereby acknowledges and declares that it now holds, in accordance with and subject to the terms and provisions of the Agreement, assets the total accepted values of which, as at _____, 20____ based on the values as last determined by the requirements of the Agreement, are summarized below and details in respect of which are set forth in the diskette accompanying this Declaration and that the said Trustee declares that it will continue to hold said assets under and subject to all the terms and provisions of the said Agreement.

DATED at the City of _____ this _____ day of _____, 20_____.

TRUST COMPANY

Insurance Company
Institution Code

Full Company Name

Accepted
Book

Value
Market

Exhibit VI-A

Milliman Information

- 1) Inventories of term life insurance policies in force as of June 30, 2009, including computer files and other listings of these records.
- 2) Current set of assumptions actually used for pricing the Custom Advantage Policy as provided by the Ceding Company.
- 3) Mortality and lapse studies prepared by the Ceding Company for the business in force.
- 4) Product characteristics and data including premium rates, policy fees, banding, commission rates, product benefit features, etc.
- 5) Ceding Company methodology and basis regarding statutory reserves and tax reserves.
- 6) Information on the terms of existing reinsurance agreements with third parties.
- 7) Information with respect to the current unit expenses of the Ceding Company.

Exhibit VI-B

Milliman Information

- 1) Actual recent financial data for the Covered Liabilities.

Exhibit VII

Milliman Report

[See attached]

**ACTUARIAL ANALYSIS OF
PRIMERICA LIFE INSURANCE COMPANY OF CANADA
AS OF JUNE 30, 2009**

PREPARED FOR:

Citigroup, Inc.

PREPARED BY:

Thomas K. Kim, F.S.A., F.C.I.A.
Bruce W. Winterhof, F.S.A., M.A.A.A.
Yiping Yang, F.S.A., M.A.A.A.
Laird D. Zacheis, F.S.A., M.A.A.A.

October 21, 2009
Revised November 25, 2009

Milliman



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October 21, 2009
Revised November 25, 2009

Mr. James von Moltke
M&A Group Manager
Citigroup Inc.
909 Third Avenue
New York, New York 10022

Mr. D. Richard Williams
Co-Chief Executive Officer & Chief Operating Officer

Primerica Life Financial Services
3120 Breckinridge Boulevard
Duluth, Georgia 30099

Dear Sirs:

This report provides actuarial values and projections as of June 30, 2009 for the individual life and annuity business of Primerica Life Insurance Company of Canada. This report reflects updates to our October 21, 2009 report for anticipated changes to the Canadian reserve assumptions at yearend 2009.

Section I outlines the scope and qualifications associated with the analysis. Actuarial values and yearly statutory profits are summarized in Section II. Section III and the Appendices summarize the methodology, models and actuarial assumptions underlying the developed values.

This report may be considered a statement of actuarial opinion under guidelines promulgated by the American Academy of Actuaries. The undersigned professional is a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained herein.

The professionals responsible for developing the actuarial values in this report are available to answer any questions regarding the assumptions and procedures underlying the values. Please contact us if any questions are raised.

Sincerely,

/s/ Laird D. Zacheis

Laird D. Zacheis, F.S.A., M.A.A.A.
Consulting Actuary

LDZ:jk

Offices in Principal Cities Worldwide

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SECTION I

Introduction and Qualifications

Milliman, Inc. ("Milliman") was retained by Citigroup, Inc. ("Citi") to perform certain actuarial analyses with respect to the life insurance business in Primerica Life Insurance Company of Canada ("PLICC" or "Primerica Canada"). PLICC is wholly owned by Primerica Life Insurance Company ("PLIC"), which is wholly owned through various holding companies by Citi.

Specifically, our assignment has been to develop projected statutory earnings arising from the existing and new individual life business of PLICC and to calculate present values of these future earnings using discount rates of 11%, 13% and 15%, which may be used for the determination of the ceding commission for a reinsurance transaction between PLICC and Financial Reassurance Company (FRAC), an offshore Citi affiliated reinsurer. For purposes of this report, where amounts are shown in U.S. dollars, an exchange rate of \$1 Canadian to \$0.90 U.S. is assumed.

The PLICC business consists primarily of level term traditional life business. PLICC also sells a significant amount of segregated funds (seg funds) savings business. PLICC markets through a network of independent agents who are primarily part-time, and who are exclusive to the Companies. The term business sold through this network is referred to generally as "term" or "PFS Term" in this report.

Milliman is frequently engaged to prepare such analyses of life Insurance companies. The approach followed in this situation is consistent with methodology we have generally employed in previous engagements.

We have prepared this report with the understanding that it will be used by Citi and its advisors to analyze the statutory earnings and potential value of PLICC. The report is intended to provide certain actuarial information and analyses as of June 30, 2009 that would assist a qualified actuary, technically competent in the area of actuarial appraisals, to develop an estimate of (1) the adjusted statutory book value of the companies as of June 30, 2009; (2) the projected amounts and present values of future statutory profits from insurance in force as of June 30, 2009; and (3) the projected amounts and present values of future statutory profits from insurance written after June 30, 2009.

In order to fully comprehend this report, any user of this report should be advised by an actuary with a substantial level of expertise in areas relevant to this analysis to appreciate the significance of the underlying assumptions and the impact of those assumptions on the illustrated results. This report must be read in its entirety to be understood.

This report may not be distributed, disclosed, copied or otherwise furnished to any party without our prior consent. Any distribution of this report must be in its entirety.

Nothing included in this report is to be used in any filings with any public body, such as but not limited to the Securities and Exchange Commission, without prior written consent from Milliman. We understand this report may be shared with OSFI.

We have projected future statutory profits computed according to regulatory reporting criteria. The validity of these projections depends on how well future experience conforms to our assumptions. Our assumptions for future mortality, persistency, expenses, investment return and other actuarial factors are based on our evaluation of recent experience of PLIC and PLICC, industry experience and anticipated future trends. The approach employed to develop the projection assumptions is described below.

1. Mortality and persistency assumptions are based on the experience of PLIC and PLICC and on general industry experience.
2. Expenses were based on the target unit expense allowables of PLICC.
3. Future investment income reflects a new money investment yield of 4.95% based on assumptions for asset yield, quality, and maturity provided by PLICC. The projections are based on the June 30, 2009 interest rate environment.
4. New business production assumptions were provided by PLICC and are summarized in Section II.

Actual experience may differ from that assumed in the projections. To the extent actual experience is different from the assumptions underlying this Report, so will actual results differ from the projected results shown here. Sensitivity of results to changes in assumptions is provided as part of Section II, Summary of Results.

Data Reliance

We have relied on information supplied by PLIC and PLICC as well as on published financial information. We performed no audits or independent verification of the information furnished to us. To the extent that there are any material errors in the information provided, the results of our analysis will be affected as well. The principal materials relied upon include:

- 1) Information contained in the public and internal statutory and GAAP financial statements of PLICC.
- 2) Inventory of insurance policies as of June 30, 2009, December 31, 2008 and December 31, 2007.
- 3) Information on business inforce, including schedules or electronic files of premiums, policy benefits, commission rates, cost of insurance charges, description of guaranteed benefits, and other policy benefits.
- 4) Information relating to PLICC's statutory reserve practices.
- 5) Current and historical pricing assumptions.
- 6) Information and analysis prepared by PLICC on recent mortality and persistency experience.
- 7) Information on invested assets as of June 30, 2009.
- 8) Information on new investment strategy.
- 9) Information on statutory/tax asset and reserve assumptions and differences and other information with respect to Federal income taxes.
- 10) Information on the terms of reinsurance agreements.
- 11) Information on future premium production volumes, products, and mix of riders and other guaranteed benefits.
- 12) Information on future expenses.

SECTION II

Summary of Results

Summary of Actuarial Appraisal Values

Table I summarizes the present value of future statutory profits from business inforce on June 30, 2009, and the development of the reinsurance ceding commission for 80% of the PFS Term inforce business. The business values are based upon thirty years of projected profits. Amounts reflect cost of capital based on 240% of OSFI MCCR.

Table I
80% of PLICC PFS Term Inforce Business
Actuarial Appraisal Value as of June 30, 2009
(In millions of Canadian Dollars)

	11%	13%	15%
Pre-Tax Value	\$ 259.8	\$ 223.6	\$ 195.2
Taxes	(90.9)	(78.2)	(68.3)
Cost of Capital at 240% MCCR	(84.7)	(97.5)	(108.0)
Total After-tax	\$ 84.2	\$ 47.8	\$ 18.9
Tax Benefit on Reinsurance	45.3	25.7	10.2
Total Value	\$ 129.6	\$ 73.5	\$ 29.1

Summaries of assumptions for each line of business are provided in Section III and in the Appendices. Projection detail for 100% of the business is provided in Appendix C; to reproduce the above table, the value shown in Appendix C should be multiplied by .8/.9 to adjust to 80% of the block and to Canadian dollars.

Under the proposed reinsurance transaction, PLICC would transfer assets equal to initial reserve less ceding commission. Under the illustrated values at 13%, and since initial reserves are negative, this calculation equals C\$(86.0) - C\$(73.5), i.e. it results in a net transfer of assets from FRAC to PLICC of C\$12.5 million.

Discount Rates

The actuarial appraisal values were developed using discount rates of 11%, 13%, and 15%. Table I illustrates the importance of the discount rate in the determination of the value of profits from the business.

General Expense

The unit expense assumptions were developed based on a combination of Primerica's Internal pricing allowables for acquisition costs and maintenance costs, and reflect the anticipated reinsurance treaty allowances.

Surplus Levels, Cost of Required Capital, and Risk Based Capital

The approach used to project yearly profits underlying the present values reflects an assumption that all future earnings from inforce and new business are paid out as reported. Included in this calculation is provision for the minimum level of net worth required to continue favorable regulatory and rating agency treatment.

The cost of retaining capital to support the ongoing insurance operations will depend on a) the level of capital believed necessary for the risks inherent in the insurance operations of PLICC and to achieve desired ratings from various rating agencies; and b) the differential between the rate of return realized on retained capital and a buyer's desired rate of return for an acquisition. The cost of capital based on maintaining 240% MCCR is provided for in Table I. The detailed factors used to develop projected MCCR are summarized in Appendix A.

Income Taxes

The actuarial appraisal values summarized in Table I have been adjusted for the effect of income taxes based on a 35% effective tax rate.

Investments

The projections reflect a new investment earnings rate on assets backing reserves of 4.95% in all years, based on current new money rates under PLICC's target investment strategy. The 4.95% NIER is also in line with the book yield on PLICC's portfolio, as shown in Appendix A. The investment yield on assets backing surplus is assumed to be 5.70% based on Primerica's targets.

Adjusted Book Value

The Adjusted Book Value to PLICC as of June 30, 2009 was C\$536.6 million, based on PLICC's Canadian basis reported equity of C\$533.2 million plus an after-tax mark-to-market on assets of C\$3.3 million.

SECTION III

Product Descriptions, Methodology and Actuarial Assumptions

The table below summarizes the PFS Term insurance inforce as of June 30, 2009, along with a static validation of the model.

PLICC PFS Term Business
Static Validation
As of June 30, 2009
(US\$ in millions)

	Primerica	
	Actual	Model
Policy Count	208,708	208,531
Direct Face Amount	\$ 83,518	\$ 83,514
YRT Face Amount	14,331	14,331
Coinurance Face Amount	727	727
Annualized Premium	215	215
Net Reserve	\$ (1)	\$ (97)

The model was projected for June 30, 2009 inforce based on seriatim data provided by PLICC. A detailed description of the model is provided in Appendix B as well as the detailed actuarial assumptions. Note that the model reserves for PLICC have been updated to reflect valuation assumptions expected to be made for yearend 2009 reserve purposes, as specified by PLICC, while the actual June 30, 2009 reserves do not yet reflect this change.

The projections extend for a 30 year period beginning June 30, 2009. The projections include premiums, death claims, expense allowances and statutory reserves on a direct and net of third party reinsurance basis. The projected cash flows are developed on an annual basis. Summarized below is a dynamic validation of the main cashflow items for the term model.

PLICC PFS Term Business
Dynamic Validation
As of June 30, 2009
(In millions of dollars)

	7/1/2006-6/30/2006		7/1/2007-6/30/2008		7/1/2008-6/30/2009	
	Actual	Model	Actual	Model	Actual	Model
Insurance Amount	\$	71,822	\$	78,722	\$	83,518
Net Premiums	\$ 170.1	156.5	\$ 184.1	171.1	196.3	188.3
Net Claims	47.4	49.9	54.9	56.9	52.8	64.6
Net Insurance Cash Flows	\$ 122.7	\$ 106.5	\$ 129.3	\$ 114.2	\$ 143.5	\$ 123.8

Product Descriptions

Primerica was an early leader in the U.S. term insurance market, and subsequently the Canadian term market, The inforce business consists almost entirely of level term insurance with level periods of 10 to 30 years. Other minor term insurance is summarized in Appendix B. The business includes several optional riders: child term riders (CTR), spouse riders, increasing benefit riders (IBR), and waiver of premium. The PFS Term policies inforce, other than the currently sold product, have exchange provisions which allow conversion to a recent plan without new underwriting, as described later in this section.

The following is a brief description of the product history and features.

Term Base Policy

The majority of the businesses consist of renewable 10, 15, 20, and 30 - year term insurance. The Eagle series was introduced in the early 1990's. The Custom A, Custom B, Custom Plus and Custom IV were introduced in that order in the late 1990's and early 2000's. Prior to the introduction of Custom Advantage in 2007, the products had three underwriting classes: preferred, non-tobacco and tobacco. Custom Advantage, the only product that Primerica is currently selling, has an additional preferred plus underwriting class.

The premium patterns vary by product, but typically remain level during the minimum of the initial level term period and a specified attained age. After the initial level term period, the premium steps up to a new level premium period. There may be one or several step - up premium periods, until the policy becomes annual renewable term at a specified age in the contract.

The premium rates for each product series are unisex and vary by issue age, underwriting class and band. The premium bands are defined by the total face amount of the policy including riders and are as follows:

Eagle, Custom A:	\$0-100k, \$100-150k, \$150-200k, \$200-250k, \$250-500k, \$500k+
Eagle 2000:	\$0-100k, \$100-150k, \$150-200k, \$200k+
Custom B:	\$0-150k, \$150-250k, \$250-350k, \$350-500k, \$500k+
Custom Plus, Custom Advantage:	\$0-150k, \$150-250k, \$250-500k, \$500k+
Others:	No Band

Additionally, distribution summaries are provided in Appendix B.

Child Rider

A Child Rider may be added to any life policy. Each unit of this rider provides \$1,000 of death benefit on any covered child (or children). If the primary insured dies, each child will be provided with \$1,000 of term insurance per unit. There is no policy fee on the Child Rider.

Premiums are \$6.50 per unit for the rider, which covers all children of the primary insured. The rider expires on the policy expiration date or when the insured child reaches 25 years of age. Two children per policy has been assumed for policies that elect this rider.

Spouse Riders

Each product series offers a Spouse Rider which has the same rate as the base policy but for the spouse issue age and underwriting class. There is no policy fee on the Spouse Rider. The Spouse Rider amount is part of the total policy face amount for defining the band of each policy. The following table summarizes the amount of Spouse Rider inforce for the term block as of June 30, 2009.

Spouse Riders Inforce
As of June 30, 2009
(\$ millions)

Direct Face Amount	\$	27,082
YRT Face Amount		4,888
Coinurance Face Amount		177
Net Face Amount	\$	22,017

IBR

The Increasing Benefit Rider (IBR) gives the policyholder the option to increase his or her face amount according to a specified schedule (either 5 or 10%) in policy years two through ten without undergoing additional underwriting. Each increase will have a separate premium rate according to the attained age, as specified in the rate book, which results in the total premium being the sum of the base policy premium plus each individual increase amount. The policyholder has the option to stop the face amount increases at any point, but is not allowed to re-start.

The following summarizes the amount of IBR inforce for the term block as of June 30, 2009.

IBR Inforce
As of June 30, 2009
(\$ millions)

	5% Annual Increase	10% Annual Increase	Total IBR
Direct Face Amount	\$ 4,995	\$ 2,668	\$ 7,663
YRT Face Amount	1,870	180	2,050
Net Face Amount	\$ 3,124	\$ 2,489	\$ 5,613

Conversion

Policies issued prior to the 2007 Custom Advantage Series may be exchanged at any time without evidence of insurability, to any plan available for conversion which is currently the Custom IV product with the same underwriting class available for exchange.

The converted business is modeled with premiums based on the premium schedule of the plan that the policy is converted into. The mortality is based on the point in scale mortality rate from original issue date, mortality era and issue age.

The vast majority of recent conversions have occurred at the end of the initial term period. The following table summarizes the amount of past end of term (EOT) conversions as of June 30, 2009.

PLICC Term Business (EOT Converted Business)
As of June 30, 2009
(\$ in millions)

Company	Block	Policy Count	Inforce Amount
Primerica Life — Canadian Business	Direct	10,103	\$ 2,584
	Coinurance Ceded	4,277	225
Net Primerica Life — Canadian Business			\$ 2,359

Future Conversion

Future conversions are projected reflecting EOT conversions to the Custom IV product series, which is the product available for conversions. The conversion rate is based on a study from PLIC and PLICC of conversions using EOT policies *from* November 2006 to June 2009. Assumptions for the conversion rate, conversion product distribution and the level of converted face amount are consistent with recent experience. Future conversions other than EOT are treated as persisting policyholders for purposes of modeling.

EOT conversions beginning in year 8 of the projection are assumed to be written in PLICC under the anticipated terms of the reinsurance agreement. Similarly, the reinsurance agreement gives PLICC a right to recapture EOT renewals beginning in year 8 of the projections, which are expected to be profitable. The determination of the ceding commission in Table I therefore does not include profits from new EOT conversions or new EOT renewals after year 7 of the projections.

Waiver of Premium Rider

Approximately 40% of the policyholders elect a waiver of premium rider. The rider charges account for approximately 2% of the total premium.

Canadian Seg Fund Business

Primerica Canada sells segregated fund products called “Common Sense Funds”. The maturity date of a contract is at least 10 years from issue. There are guaranteed minimum death and maturity benefits equal to 75% of premiums paid, with no resets, ratchets or roll-up provisions.

The investment strategy for these products is to invest a portion of each deposit into a strip bond which is expected to mature at the expiry of the contract for 75% of the deposit amount. Due to the product features and investment approach, no guarantee cost has been projected in our forecasts. No reserve or solvency capital requirement is forecasted, consistent with the company’s current practice consistent with regulatory guidelines. A Deferred Acquisition Cost (DAC) asset is forecasted for 1st year commissions, which is assumed to be recoverable from future margins.

The Seg Fund business will not be part of the reinsurance transaction, and therefore projections of this business have not been included in this report.

Summary of Assumptions

A description of the primary actuarial assumptions is provided below.

Mortality

PLIC and PLICC perform a very detailed mortality study annually. The study used for purposes of this analysis covered claim experience from 2001 up to December 31, 2008. The total claims in the study are \$3.7 billion. The study tracks duration from original issue date only. Therefore, business which was converted to a new level term plan prior to June 30, 2009 would be treated as issued from its original date of underwriting and not from date of conversion.

The mortality study includes most of the coverages of PLICC. It excludes business beyond the level term period, IBR, and certain coverages where the data is not available. A separate study is performed for coverages beyond the level term period.

There are two primary underwriting (or mortality eras) for PLICC which are described as follows:

- **1992 — June 1999 Issues:** In 1992 PLICC began underwriting with blood testing in order for a policy to qualify for the preferred class; as a result, the majority of cases were underwritten with blood testing. The blood testing indicator is not available in the data which is used for the mortality study, so the mortality study for this era combines the exposures for blood and non- blood tested policies. PLICC also switched to a tobacco/non-tobacco basis in this era.
- **July 1999 and Later Issues:** The underwriting is the same as the previous mortality era, however the blood testing indicator is available in the data allowing the mortality study to analyze results on a blood tested and non blood tested basis.

The mortality assumptions are based on our evaluation of the recent experience of PLICC, primarily through the company studies. The base mortality assumption is a multiple of the 1975-80 15 Year Select and Ultimate Table for each model cell. The multiple varies by mortality era, underwriting class, issue age and sex. For converted business, we have assumed point in scale mortality from the original issue date, mortality era and issue age.

Additionally, annual mortality improvement of 1% for fifteen years is assumed. Mortality anti-selection according to the Dukes-MacDonald methodology is assumed for persisting policies (both renewals and conversions) after the initial level term period.

Further detail on the mortality assumption is described in Appendix B.

Lapse Rates

The lapse assumption is based upon a persistency study using inforce amounts from December 31, 2005 to June 30, 2009 along with PLICC’s recent experience study and pricing assumptions. PLICC’s persistency studies show a consistent pattern for historical lapses from year to year for the term business.

Lapse experience at the end of the initial level term period will depend on whether there is an ART or a level period following the current level term period. Additional lapses are assumed each time there is an increase in premium level after the initial level term period premium increase. Detailed lapse assumptions are described in Appendix B.

Expenses

Unit expenses of U.S. \$275 per policy for acquisition costs were developed based on Primerica's pricing allowables. Maintenance unit costs of U.S. \$42.50 per policy, plus 3% annual inflation, were based on target allowables.

Canadian Reserves

Canadian reserves have been calculated assuming reserves are calculated according to PLICC practices and assumptions for inforce business. Assumptions reflect changes currently anticipated by PLICC to be implemented by yearend 2009.

APPENDIX A

Asset and Investment Assumptions

Asset Portfolio as of June 30, 2009

Invested assets were provided on a seriatim basis, recognizing sinking fund provisions, call features, refinancing provisions, and anticipated levels of prepayments.

The tables below summarize the asset portfolio by investment category. The assumption underlying the values in this report is that most of the asset portfolio can be distributed out of the Companies immediately, due to reserve financing and excess capital. Therefore, the portfolios have not been projected in detail. Instead, a 5.7% net investment earnings rate is assumed, based on the new money reinvestment strategy as well as the current market yield on the portfolios.

Asset Class	PLICC Summary of Modeled Assets as of June 30, 2009					
	Par Value	Book Value	Market Value	Coupon Rate (AnnEff)	Book Yield (AnnEff)	Market Yield (AnnEff)
PublicBond	\$ 375.9	\$383.1	\$ 395.4	5.43%	5.01%	3.77%
PrivateBond	10.5	10.5	10.5	4.61	4.71	4.59
Government	—	—	—	—	—	—
PreferredStock	—	—	—	—	—	—
Passthrough	—	—	—	—	—	—
ABS	—	—	—	—	—	—
CMBS	55.0	55.0	47.7	4.88	4.86	5.98
CMO	—	—	—	—	—	—
MortLoan	—	—	—	—	—	—
Total	\$ 441.4	\$ 448.6	\$ 453.7	5.34%	4.99%	4.02%

Reinvestment Assumptions

The strategy for the investment of net cash flow is summarized below. Spreads, shown in the following table, are consistent with corporate bond equivalent (semi-annual) yield. Net yields, after deduction of investment expenses and expected defaults, are shown on an annual effective basis.

Primerica
Investment Strategy Summary
As of June 30, 2009

Asset Class	Allocation	Maturity	Treasury	Gross Spread	Gross Yield (BEY)	Gross Yield (AEY)	Investment Expenses	Expected Defaults	Net Yield (AEY)
Public Bond, A	8.18 %	5	2.54 %	2.48 %	5.02 %	5.08 %	0.075 %	0.15 %	4.86 %
Public Bond, BBB	7.11	5	2.54	3.25	5.79	5.87	0.075	0.34	5.46
Public Bond, BB	2.49	5	2.54	6.12	8.66	8.84	0.075	1.23	7.54
Public Bond, A	9.40	10	3.53	2.44	5.97	6.06	0.075	0.15	5.83
Public Bond, BBB	8.18	10	3.53	3.18	6.71	6.82	0.075	0.34	6.41
Public Bond, BB	3.73	10	3.53	5.98	9.51	9.74	0.075	1.23	8.43
Public Bond, A	2.86	20	4.30	2.30	6.60	6.71	0.075	0.15	6.49
Public Bond, BBB	2.49	20	4.30	3.10	7.40	7.54	0.075	0.34	7.12
Private Bond, A	3.33	5	2.54	2.73	5.27	5.34	0.075	0.15	5.11
Private Bond, BBB	3.33	5	2.54	3.55	6.09	6.18	0.075	0.34	5.77
Private Bond, A	5.56	10	3.53	2.69	6.22	6.31	0.075	0.15	6.09
Private Bond, BBB	5.56	10	3.53	3.48	7.01	7.13	0.075	0.34	6.72
Private Bond, A	2.22	20	4.30	2.55	6.85	6.97	0.075	0.15	6.75
Private Bond, BBB	2.22	20	4.30	3.40	7.70	7.85	0.075	0.34	7.43
ABS, AAA	4.44	7	3.19	3.12	6.31	6.41	0.075	0.01	6.32
ABS, AAA	1.11	30	4.32	1.99	6.31	6.41	0.075	0.01	6.32
CMBS, AAA	0.00	30	4.32	6.53	10.85	11.14	0.075	0.01	11.06
CMO, AAA	3.36	15	3.92	0.28	4.19	4.23	0.075	0.01	4.15
CMO, AAA	10.08	30	4.32	0.28	4.60	4.65	0.075	0.01	4.56
Passthrough, AAA	2.87	15	3.92	0.67	4.58	4.63	0.075	0.01	4.55
Passthrough, AAA	11.47	30	4.32	0.26	4.58	4.63	0.075	0.01	4.55
Total	100.00 %	14.5	3.55 %	2.37 %	5.92 %	6.02 %	0.075 %	0.23 %	5.71 %

For purposes of this analysis, the new money rate for U.S. business was assumed to be 5.70%. The yield on assets backing Primerica Canada general account liabilities was assumed to be 75 bp below the U.S. yields, producing an NIER of 4.95%.

Default Cost

Annual default costs are based on Moody's Data, covering the period from 1920 through 2008.

Quality	Default Cost
Aaa	0.01%
Aa1	0.02%
Aa2	0.04
Aa3	0.09
A1	0.09%
A2	0.17
A3	0.22
Baal	0.23%
Baa2	0.36
Baa3	0.46
Bal	0.88%
Ba2	1.42
Ba3	1.97
B1	2.21%
B2	2.66
B3	2.83
Caa-C	4.63%

Investment Expenses

Investment expenses of 7.5 basis points are included.

Treasury Yield Curve (Corporate Bond Equivalent)

The projections are based on the constant maturity Treasury yield curve as of June 30, 2009.

Yield Curves 30-Jun-2009		
Maturity	Constant Maturity Treasury	Corporate A-Rated
90-day	0.19%	0.79%
1 year	0.56	1.61
2 year	1.11	3.38
3 year	1.64	3.98
5 year	2.54	5.02
7 year	3.19	5.64
10 year	3.53	5.97
20 year	4.30	6.60
30 year	4.32	5.98

The capital requirement for Primerica Canada is based on MCCSR requirements, as follows:

MCCSR Factors: Primerica Canada (100% Level)		
Risk Component	Base	Factor
C-1, C-3	Liabilities	0.000%
C-2	Net Amount at Risk (Net)	0.156%

The cost of capital calculation is based on the cost of retaining capital to support the liabilities of Primerica, assuming earnings on capital at the after-tax annual effective rate of 3.2%.

APPENDIX B

Liability Models and Assumptions

Model of Term Business

The following tables summarize the model inforce for the term life business as of June 30, 2009 based on seriatim data provided by the Company.

The inforce amounts summarized below are from the seriatim extracts. There are minor differences due to reporting timing from the seriatim extract to the actual booked amounts as of June 30, 2009 which is summarized at the beginning of Section IV.

Inforce for Company and Model Plan As of June 30, 2009 (\$ in millions)										
Company	Model Plan	Plan Description	Modeled Issue Age Range	Policy Count	Death Benefit	YRT Rein Amount	Coinsurance Amount	Stat Base Reserve	Tax Reserve	Grass Premium
Primerica -	TCHD	ChildRider	—	2	\$ 1,681	—	—	N/A	N/A	\$ 6
Canadian	TRML	DecrTerm to 65	28-68	283	18	\$ —	\$ 6	N/A	N/A	0
Business	TRMM	CSTT-95	23-58	603	71	—	20	N/A	N/A	1
	TRMN	CSTT-90	23-63	5,185	750	—	261	N/A	N/A	4
	TRMO	Jumbo10Rider	28-53	—	177	—	24	N/A	N/A	1
	TRMP	BandedCST	23-63	10,608	2,784	—	170	N/A	N/A	8
	TRMQ	Eagle	23-53	18,654	6,076	—	12	N/A	N/A	19
	TRMR	T-2000	18-63	4,325	1,220	—	0	N/A	N/A	3
	TRMS	CustomA	23-53	11,276	4,590	7	3	N/A	N/A	13
	TRMT	CustomB	23-65	16,565	7,734	3,880	10	N/A	N/A	19
	TRMU	CustomPlus	23-68	20,163	9,731	7,823	13	N/A	N/A	23
	TRMV	CustomIV	18-68	78,386	31,819	2,621	214	N/A	N/A	81
	TRMW	CustomAdvantage	18-68	42,658	16,874	—	—	N/A	N/A	40
Total Primerica • Canadian Business				208,708	\$ 83,525	\$ 14,331	\$ 731	—	\$	218

The model reflects quinquennial issue ages, sex, underwriting class and face bands.

EOT Conversion

The table on the previous page reflects all business, including end of term (EOT) conversions. As of June 30, 2009, the EOT converted business in the term life block is as follows:

Past Conversion — EOT As of June 30, 2009 (\$ in millions)										
Company	Model Plan	Plan Description	Policy Count	Death Benefit	YRT Rein Amount	Coinsurance Amount	Stat Base Reserve	Tax Reserve	Grass Premium	
Primerica -	TCHD	Child Rider	—	\$ 42	—	—	\$ —	\$ —	\$ —	—
Canadian	TRML	Deer Term to 65	\$ 37	1	—	\$ —	—	—	—	—
Business	TRMM	CST T-95	15	1	—	—	—	—	—	—
	TRMN	CST T-90	—	—	—	—	—	—	—	—
	TRMO	Jumbo 10 Rider	—	—	—	—	—	—	—	—
	TRMP	Banded CST	4	1	—	—	—	—	—	—
	TRMQ	Eagle	2	—	—	—	—	—	—	—
	TRMR	T-2000	—	—	—	—	—	—	—	—
	TRMS	Custom A	14	3	—	—	—	—	—	—
	TRMT	Custom B	143	29	—	5	—	—	—	—
	TRMU	Custom Plus	541	142	—	11	2	2	2	1
	TRMV	Custom IV	8,845	2,218	—	208	10	10	10	11
	TRMW	Custom Advantage	502	147	—	—	—	—	—	1
Total Primerica - Canadian Business			\$ 10,103	\$ 2,584	—	\$ 225	\$ 13	\$ 13	\$ 13	13

Distribution of the Inforce

Distribution for the term life block by key characteristics are summarized below.

Primerica - Canadian Business
Inforce for Company and Model Term Period
As of June 30, 2009
(\$ in millions)

Term Period	Death Benefit	YRT Rein Amount	Coinsurance Amount	Net Death Benefit
5 Year	\$ 1,227.3	—	\$ 1.3	\$ 1,226.1
10 Year	14,354.8	\$ 2,723.3	179.6	11,451.9
15 Year	8,120.7	1,767.4	26.7	6,326.6
20 Year	31,945.8	5,215.7	513.3	26,216.7
25 Year	12,457.8	3,893.4	2.1	8,562.3
30 Year	9,284.8	677.9	2.2	8,604.7
35 Year	4,434.7	53.3	—	4,381.4
Deer to Age 65	14.6	0.1	6.2	8.3
15 Year Deer	3.4	0.2	—	3.2
Child Rider	1,681.1	—	—	1,681.1
Total Canada	\$ 83,525.1	\$ 14,331.3	\$ 731.5	\$ 68,462.3

Primerica - Canadian Business
Inforce for Company and Model Issue Ages
As of June 30, 2009
(\$ in millions)

Model Issue Ages	Death Benefit	YRT Rein Amount	Coinsurance Amount	Net Death Benefit
Child Rider	\$ 1,681.1	—	—	\$ 1,681.1
18	169.5	—	—	169.5
23	5,717.6	\$ 930.2	\$ 37.9	4,749.5
28	15,799.5	2,597.8	135.7	13,066.1
33	20,135.0	3,448.8	156.9	16,529.3
38	17,008.3	3,341.5	107.6	13,559.3
43	11,496.9	2,227.1	68.6	9,201.2
48	6,441.6	1,109.9	79.4	5,252.3
53	3,225.5	497.8	72.1	2,655.5
58	1,356.2	134.1	50.3	1,171.8
63	417.4	36.9	17.1	363.4
68	76.4	7.3	5.8	63.3
Total Canada	\$ 83,525.1	\$ 14,331.3	\$ 731.5	\$ 68,462.3

Primerica - Canadian Business
Inforce for Company and Model Term Period
As of June 30, 2009
(\$ in millions)

Term Period	Model Smoking Class	Death Benefit	YRT Rein Amount	Coinsurance Amount	Net Death Benefit
Pre	Super Preferred NS	\$ 10.1	—	—	\$ 10.1
1/1/92	Preferred NS	1,007.1	—	\$ 174.5	832.7
	Standard NS	2,507.5	—	467.6	2,039.9
	Smoker	406.2	—	73.6	332.6
	Child Rider	77.0	—	—	77.0
Pre	Super Preferred NS	\$ 27.7	—	—	\$ 27.7
7/1/99	Preferred NS	3,891.7	—	\$ 1.5	3,890.2
	Standard NS	9,310.5	—	3.1	9,307.4
	Smoker	1,768.9	—	0.3	1,768.6
	Child Rider	304.9	—	—	304.9
Post	Blood Tested Super Preferred NS	\$ 2,733.2	—	—	\$ 2,733.2
7/1/99	Blood Tested Preferred NS	16,260.3	\$ 4,229.0	\$ 3.0	12,028.3
	Blood Tested Standard NS	19,488.0	4,371.8	1.5	15,114.6
	Blood Tested Smoker	2,724.9	435.4	0.1	2,289.4
	Non-Blood Tested Standard NS	16,772.6	4,249.4	5.7	12,517.5
	Non-Blood Tested Smoker	4,935.4	1,045.7	0.7	3,889.0
	Child Rider	1,299.3	—	—	1,299.3
Total Canada		\$ 83,525.1	\$ 14,331.3	\$ 731.5	\$ 68,462.3

Primerica - Canadian Business
Inforce for Company and Model Issue Years
As of June 30, 2009
(\$ in millions)

Model Issue Years	Death Benefit	YRT Rein Amount	Coinsurance Amount	Net Death Benefit
1986	\$ 7.5	—	\$ 2.2	\$ 5.2
1987	37.5	—	9.4	28.2
1988	86.8	—	34.4	52.3
1989	474.6	—	208.0	266.6
1990	1,355.3	—	205.2	1,150.1
1991	1,046.4	—	16.6	1,029.8
1992	1,109.0	—	6.8	1,102.2
1993	1,221.1	—	4.2	1,216.8
1994	1,510.8	—	2.3	1,508.4
1995	1,571.7	—	1.4	1,570.3
1996	1,661.6	—	0.9	1,660.7
1997	1,806.0	—	1.0	1,805.1
1998	2,423.4	—	1.4	2,422.0
1999	3,028.0	—	2.3	3,025.7
2000	3,929.3	\$ 1,918.2	6.5	2,004.7
2001	4,243.6	3,160.4	5.3	1,077.9
2002	5,111.9	3,893.9	7.0	1,211.0
2003	5,727.7	4,531.2	5.2	1,191.3
2004	6,837.9	215.2	9.8	6,612.8
2005	6,832.3	169.0	8.2	6,655.1
2006	7,773.0	200.5	16.4	7,556.1
2007	8,856.0	185.6	33.9	8,636.6
2008	11,451.6	39.0	85.4	11,327.2
2009	5,422.2	18.5	57.6	5,346.1
Total Canada	\$ 83,525.1	\$ 14,331.3	\$ 731.5	\$ 68,462.3

Inforce for Company and Face Amount Per Life
As of June 30, 2009
(\$ in millions)

Size	Death Benefit	YRT Rein Amount	Coinsurance Amount	Net Death Benefit
\$0 - \$100k	\$ 7,456	\$ 676	\$ 305	\$ 6,475
\$100k-\$250k	27,938	4,341	325	23,272
\$250k-\$500k	35,430	6,301	88	29,041
\$500k-\$750k	8,913	1,921	7	6,986
\$750k-\$1M	2,523	675	5	1,843
\$1M-\$1.5M	918	269	2	647
\$1.5M-\$2M	209	87	—	122
\$2M-\$2.5M	60	24	—	36
\$2.5M-\$3M	19	7	—	12
\$3M-\$3.5M	7	—	—	7
\$3.5M-\$4M	24	15	—	9
Above \$4M	29	14	—	14
Total Company	\$ 83,525	\$ 14,331	\$ 731	\$ 68,462

Actuarial Assumptions

Mortality

A. Mortality Table

The assumed mortality is based on the 15 year SOA 75-80 S&U ANB table, except the Child Rider plan which is based on the Ultimate 75-80 ANB table.

B. Mortality Scaling Factors

i. Class Specific

Canada % of the 75-80- 15 Year S&U Table 100% of Ultimate Table for Child Rider																															
Era 1 Prior to 1992						Era 2 1/1/1992 to 6/30/1999						Era 3 7/1/1999 + (3 Class) Excluding Custom Advantage																			
PNS			SNS			SM			PNS			SNS			SM			Blood Tested				Non-Blood Tested									
M	F		M	F		M	F		M	F		M	F		M	F		M	F		M	F									
18-28	35%	40%	35%	45%		55%	75%		35%	40%		35%	45%		55%	75%		35%	35%		40%	40%		40%	55%		30%	55%		40%	55%
33-48	40	45	45	55		65	90		40	45		45	55		65	90		30	40		30	45		65	65		35	50		65	65
53+	40	45	45	55		120	120		40	45		45	55		120	120		30	35		35	45		130	130		55	60		130	150

Multiples to the above:

- A. Certain smoker class policyholders in the mortality study are considered nonsmoker in the seriatim file for premium purposes. The smoker and SNS mortality rates are increased by the following to adjust for this discrepancy.

	SM/SNS
Prior to 92	103%
1/1/92 to 6/30/99	102
7/1/99+	101

- B. Since the mortality study was based on the data with historical exposures without mortality improvement, an additional multiple $(0.99)^{2.5}$ is applied to reflect mortality improvement between mid-point of the study years and the start of the projection.

ii. First Year Adjustment

120%

iii. Substandard

101.6% applied to all policies to reflect weighted average table weighting.

- iv. Custom Advantage has a new "preferred plus" underwriting class. The mortality factors for Custom Advantage are based on the factors of 3 class policies after July 1, 1999, with the following adjustments:

Preferred Plus	:	95.2% of PNS
Non Smoker	:	
Preferred	:	105.8% of PNS
Non Smoker	:	
Standard	:	100% of SNS
Non - Smoker	:	
Standard	:	100% of SM
Smoker	:	

C. Mortality Improvement

1% for 15 years from the beginning of the projection

D. Mortality Anti-Selection

Mortality anti-selection on level premium term products after the initial level term period was reflected based on the assumption that the high level of expected lapse at the end of the level premium period will include a disproportionate share of healthy lives resulting in increased mortality for the remaining lives. We calculated the impact of this anticipated mortality anti- selection using "Dukes/MacDonald theory" with an assumption that 80% of lapses in excess of a base lapse rate of 10% exhibit newly select mortality. Sample mortality anti-selection multiples are shown below for an original issue age 43 non-smoker, with an initial shock lapse of 30% for a 10 year plan and 40% for a 20 year plan.

Issue Age 45		
Year After Level Premium Period	10 Year Plan	15 Year Plan
1	122%	131%
2	119	128
5	115	120
10	110	116
15	107	107

A scalar of 110% grading to 100% over fifteen years is applied on subsequent premium increases due to renewal or due to an initial increase going to ART.

Lapses

- A. Lapse experience varies by whether or not a policy is an EOT conversion. Base lapse rates in the level term period for the non-converted and the non-EOT converted policies are shown in the table below.

Policy Year	Child Rider	Level Term (Excluding EOT Converted)											
		Blood Tested						Non-Blood Tasted					
		PNT			SNT			SM			SNT		
		18-28	33-48	53+	18-28	33-48	53+	18-28	33-48	53+	18-28	33-48	53+
1	13%	10%	7%	6%	12%	11%	10%	20%	16%	15%	16%	13%	8%
2	10	9	6	6	11	9	8	17	12	12	13	10	7
3	7	8	6	5	9	7	7	12	10	10	11	8	7
4	6	6	4	3	8	6	5	10	9	9	9	7	6
5	5	5	3	3	6	5	4	8	7	7	8	6	5
6	4	4	3	3	5	4	4	6	5	5	6	5	5
7	3	4	3	3	4	4	4	5	4	4	5	4	4
8	3	3	3	3	4	4	4	4	4	4	4	4	4
9	3	3	3	3	3	3	3	3	3	3	3	3	3
10	2.5	2.5	2.5	2.5	3	3	3	3	3	3	3	3	3
11	2.5	2.5	2.5	2.5	3	3	3	3	3	3	3	3	3
12	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3	3	3	2.5	2.5	2.5
13	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3	3	3	2.5	2.5	2.5
14	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3	3	3	2.5	2.5	2.5
15+	2	2	2	2	2	2	2	3	3	3	2	2	2

Base lapse rates for the EOT converted policies are the same as the above, but no higher than 5%.

- B. Lapse and Conversion at the end of initial Level Term Period (LTP).

Conversion rates at the end of the initial level term period are shown below, for all products except Custom Advantage.

End of Term (EOT) Conversion Rate	
Level Term Period	Rate
10	50%
15	50
20	50
25	40
30	30
35	30
Other	—

No future conversions are assumed for Custom Advantage since it does not have the conversion provision in the contract. No future conversions are assumed for policies that are beyond attained age 70 at the end of the level term period.

The lapse rates after the end of term are summarized in the following table, depending on whether ART period follows the original level term period. Renewals are not projected for 25, 30, or 35- year term business.

	EOT Lapse Rates (% of exposure before conversion)													
	Non-ART							ART						
	Level Term Period (t)							Level Term Period						
	10	15	20	25	30	35	Other	10	15	20	25	30	35	Other
T	28%	30%	35%	60%	65%	70%	100%	28%	30%	35%	60%	65%	70%	100%
t+1	12	12	12					20	20	20				
t+2	12	12	12					15	15	15				
t+3	10	10	10					15	15	15				
t+4	7	7	7					15	15	15				
t+5	5	5	5					15	15	15				

EOT lapse rates and conversion rates are additive. For example, the total termination rate at the end of a 20-year level term period is 85%.

Lapse rates at the end of the level term period on Custom Advantage are shown below.

Custom Advantage				
	Non ART		ART	
	10-20	25-30	10-20	25-30
t	60%	100%	60%	100%
t+1	25		50	
t+2	10		25	
t+3	10		15	
t+4	5		15	

The shock lapse and conversion is assumed at the end of the current level term period immediately before the renewal period begins.

- C. 20% additional lapse is assumed each time there is an increase in premium level after the initial LTP premium increase. If in an ART renewal period, then the 20% is only at the start of the ART period.
- D. Lapse following an ART schedule excluding the end of the initial term period are 20% in the first year followed by 15% throughout.
- E. 115%, 105% and 100% of the base lapses is assumed in the first, second and third, respectively, and there after to reflect the deterioration of the lapse observed from 2008 and early 2009 experience which management believes is due to the economy and only temporary.

Expenses

The following expenses are assumed.

- A. Maintenance: \$42.5
- B. Inflation: 3%
- C. Premium Tax: 3%
- D. Acquisition: \$275 New Issue
\$60 New Conversion

Commissions

All commissions are paid on cash premium excluding policy fees.

Commission for Advance (75% of net) -1 st Year (Paid Immediately)									
LTP Band	Custom Advantage								Other
	10			15, 20				25, 30, 35	All
	1-2	3	4	1	2	3	4	1-4	All
18-25	67.3%	67.3%	56.1%	82.7%	82.7%	82.7%	71.5%	82.7%	91.5%
26-40	67.3	67.3	56.1	91.3	91.3	91.3	80.1	91.3	91.5
41-45	67.3	56.1	44.8	91.3	80.1	80.1	68.8	91.3	91.5
46-50	67.3	44.8	37.3	91.3	72.6	68.8	61.3	—	91.5
51-60	67.3	41.1	37.3	91.3	65.1	65.1	61.3	—	91.5
61-70	67.3	37.3	37.3	75.9	68.4	68.4	68.4	—	91.5

Modal Commission (25% of net) -1 st Year Only**									
LTP Band	Custom Advantage								Other
	10			15, 20				25, 30, 35	All
	1-2	3	4	1	2	3	4	1-4	All
18-25	22.4%	22.4%	18.7%	27.6%	27.6%	27.6%	23.8%	27.6%	30.5%
26-40	22.4	22.4	18.7	30.4	30.4	30.4	26.7	30.4	30.5
41-45	22.4	18.7	14.9	30.4	26.7	26.7	22.9	30.4	30.5
46-50	22.4	14.9	12.4	30.4	24.2	22.9	20.4	—	30.5
51-60	22.4	13.7	12.4	30.4	21.7	21.7	20.4	—	30.5
61-70	22.4	12.4	12.4	25.3	22.8	22.8	22.8	—	30.5

* Modal commissions are paid only at months of 10,11 and 12 within the first issue year.

Bonus Advanced -1 st Year Only (Paid Immediately)									
LTP Band	Custom Advantage								Other
	10			15, 20				25, 30, 35	All
	1-2	3	4	1	2	3	4	1-4	All
18-25	52.9%	52.9%	52.9%	49.8%	49.8%	49.8%	49.8%	49.8%	56.3%
26-40	52.9	52.9	52.9	52.9	52.9	52.9	52.9	52.9	56.3
41-45	52.9	52.9	52.9	52.9	52.9	52.9	52.9	52.9	56.3
46-50	52.9	52.9	52.9	52.9	52.9	52.9	52.9	—	56.3
51-60	52.9	52.9	52.9	52.9	52.9	52.9	52.9	—	56.3
61-70	52.9	52.9	52.9	44.6	44.6	44.6	44.6	—	56.3

The companies have charge-back provisions on the base commission on a declining scale for lapses during the first ten months, which have not been reflected in the modeling.

IBR Commissions

- Percent of Increased premium resulting from the IBR face amount increase, not total rider premium.
- No Bonus
- Percentage of cash premium (increased amount)

IA	
18-25	75%
26+	90%

Commission on Conversion

63% of first year modal premium, of which 52% is paid at issue and 11% is paid at months 10-12 of the first issue year.

Reserve Basis

For inforce business, reserves are modeled using the basis described in the 2008 Report of the Appointed Actuary. For the 2009 valuation, the Appointed Actuary has revised his expected mortality basis, from 66% of the pricing table to 60% of the pricing table. That change has also been reflected in the model reserves.

For new business, reserves are modeled based on the forecast assumptions in this report, with margins for adverse deviations consistent with those in the 2008 Report of the Appointed Actuary.

Reinsurance

Reinsurance on the inforce business is ceded on both a coinsurance and YRT basis. Beginning in 1994, Primerica has ceded its business primarily on an YRT basis so almost all coinsurance amounts on issues after 1994 are a result of past conversions. Coinsurance exists primarily from business written in the 1980s. The following summarizes the general reinsurance terms.

Coinsurance Allowances

Common Sense Term

Issued Prior to 1/1/88:	PNS:	2.5%
	SNS:	32.5
	SM:	37.5
Issued in 1988-1990:		12.5%
Issued in 1990+:	IY	
	1-20	16%
	21+	12.5

DT65

		<i>IA</i> <i>0-49</i>	<i>IA</i> <i>41-49</i>	<i>IA</i> <i>50+</i>
Issued Prior to 1/1/90:	PNS	13.8%	8.5%	8.5%
	SNS	18.8	1.5	10.5
	SM	23.8	21.3	21.3
Issued 1/1/90+:	PNS	17.3	12.0	12.0
	SNS	22.3	18.5	14.0
	SM	27.3	24.8	24.8

Jumbo Term Rider

0.10%

Banded CST

19.5%

Eagle

Original IY	10 LTP			
	20 LTP	15 LTP	1-10	15+
<1990	20.0%	12.5%	5.0%	12.5%
1/1/90 - 6/30/91	25.0	12.5	5.0	12.5
7/1/91+	26.5	12.5	5.0	12.5

T2000 (Converted policy)

Base: 31.0% (weighted average for Record/Policy Count)

Spouse: 20.0%

Custom Series (converted policy)

Custom A, Custom B, and Custom Plus

LTP				
10	15	20	25	30
5%	12.5%	20%	20%	20%

YRT Reinsurance

YRT treaty terms are listed below. All YRT premium rates except for Custom Advantage are increased by 103.5% to account for the special pool arrangement where it is assumed to have 7% overall coverage at a 50% additional premium. Additional YRT premium on substandard policies reflects an overall factor of 101.6%, adjusted by a substandard allowance of 90% for the first policy year and 15% thereafter. Finally, the SNS and SM rates are increased by an additional amount consistent with the mortality assumption increase to account for discrepancies from the actual class for reinsurance versus the class on the seriatim file.

The YRT rates are as follows:

Canadian Reinsurance - YRT Rates Percentage of CIA 86-92 Table									
	ERA 1		ERA 2		ERA 3		ERA 4		Custom
	Tested	Non-Tested	Tested	Non-Tested	Tested	Non-Tested	Tested	Non-Tested	Advantage
M PNT	52.5%	55.2%	53.0%	53.0%	52.1%	52.1%	46.0%	46.0%	
M SNT	77.1	80.4	77.4	80.3	76.4	80.1	73.0	86.0	
M Tobacco	76.8	80.3	76.8	79.9	78.0	82.0	79.0	93.0	
F PNT	54.9	54.9	55.2	55.2	55.0	55.0	46.0	46.0	
F SNT	78.8	82.0	79.2	82.1	78.7	82.4	73.0	86.0	N/A
F Tobacco	77.1	80.6	76.6	79.7	77.8	81.8	79.0	93.0	
Quota-share %	80%		90%		70%		100%		
Excess	N		N		N		Y, \$500K per life		
First Dollar	Y		Y		Y		N		
Issue Dates	4/1/00-12/31/00		1/1/01-8/31/03		9/1/03-12/31/03		1/1/04+		

New business in Canada does not have any reinsurance. Reinsurance on new business in the U.S. is assumed to be recaptured at the end of the level period, when the reinsurers generally have the option to increase YRT rates.

APPENDIX C

Detailed Statutory Income Projections
(in US dollars)

Line of Business

Page

Business Inforce as of June 30, 2009: 100% of Inforce

- Canada - Net (Before New Conversions)
- Canada New Conversions - Net

C-2

C-5

C- 1
Milliman

017C001638996 Form PUC6096C.SLS	Puck(Ret) @MAG0099 - Sens: 3-Year Recapture Loss of Business Projection														11/05/09 01 02 PM	
Existing Business at 04/30/2009 (2007)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
Canada - Net (Before New Conventions)																
ORDERS PROVIDED	41,234	53,431	45,771	39,234	34,224	31,996	29,766	27,623	24,920	21,640	19,378	16,995	14,734	11,606		
REINVESTMENT PREMIUMS (NET OF ALLOWANCES)	(18,950)	(5,340)	(5,385)	(4,591)	(4,544)	(4,548)	(4,510)	(4,484)	(2,143)	(1,894)	(1,624)	(1,381)	(1,184)	(797)		
ORDERS INVESTMENT INCOME PLUS FEE INCOME	8,768	8,238	7,718	7,183	6,483	6,182	5,565	4,798	2,979	3,076	2,289	1,564	951	431		
ADDITIONAL OF DISCOUNT	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
AMORTIZATION OF DMR	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
LESS INVESTMENT INCOME	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
LESS INCOME LOST ON DEFAULTS	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
TOTAL INCOME	30,012	51,308	48,105	41,822	36,234	33,641	30,822	28,017	26,476	23,856	19,990	17,201	14,508	11,209		
NET SUBSIDIES	(51)	(54)	(50)	(59)	(57)	(54)	(51)	(47)	(43)	(39)	(34)	(30)	(26)	(22)		
HEALTH BENEFITS	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
DIRECT DEATH BENEFITS	44,341	38,946	33,432	28,344	24,963	23,599	21,166	24,901	23,069	19,683	17,016	14,976	12,584	8,429		
REINVESTMENT DEATH BENEFITS	(6,382)	(1,146)	(1,707)	(2,532)	(2,373)	(2,322)	(2,382)	(2,340)	(1,411)	(988)	(838)	(715)	(599)	(498)		
ACQUISITION EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
OFFICE EXPENSES	5,254	4,674	4,071	3,597	3,164	2,993	2,826	2,667	2,404	2,041	1,753	1,534	1,311	996		
NET COMMISSIONS	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
COST OF FINANCING	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
INCREASE IN LOANING	(18,341)	(18,403)	(18,325)	(18,440)	(18,167)	(17,136)	(16,492)	(17,739)	(17,840)	(16,027)	(14,232)	(12,960)	(11,248)	(7,919)		
INCREASE IN RESERVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
INCR IN RESERVE FINANCING LIABILITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
TOTAL DISBURSEMENTS	33,720	27,614	23,736	20,460	17,650	14,990	10,996	7,541	6,179	4,649	3,463	2,725	2,028	1,243		
STATUTORY GAIN	26,492	25,694	24,578	21,369	18,875	19,320	19,826	20,476	20,497	18,317	16,287	14,477	12,472	9,937		
CAPITAL GAINS	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
CASH ON CALLS AND BULLOVS	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
LESS DEFAULT LOSSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
LESS NET CAPITALIZATION	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
BOOK PROFIT	26,492	25,694	24,578	21,369	18,875	19,320	19,826	20,476	20,497	18,317	16,287	14,477	12,472	9,937		
INCREASE IN SURPLUS	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
FEDERAL INCOME TAX	9,272	8,995	8,528	7,479	6,534	6,738	6,939	7,166	7,174	6,404	5,700	5,067	4,243	3,478		
PROFITS RELEASED	17,220	16,701	15,849	13,890	12,339	12,582	12,887	13,309	13,323	11,912	10,586	9,410	8,107	6,459		
STATUTORY RESERVE (SA) (Canadian GAAP)	143,514	152,711	142,483	133,642	124,475	112,649	97,956	80,218	62,378	46,350	33,118	19,139	7,910	0		
RESERVE FINANCING	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
TOTAL LIABILITY (SA)	143,514	152,711	142,483	133,642	124,475	112,649	97,956	80,218	62,378	46,350	33,118	19,139	7,910	0		
SEPARATE ACCOUNT LIABILITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
TAX RESERVE (SA)	143,514	152,711	142,483	133,642	124,475	112,649	97,956	80,218	62,378	46,350	33,118	19,139	7,910	0		
DIRECT INVESTMENT RESERVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
FORFEITURE OF FORCE (RECALLED)	42,439	36,671	30,771	26,150	24,163	22,292	20,388	18,981	15,623	12,614	10,701	8,943	7,239	0		
INVESTMENT OF FORCE (NET)	14,091,769	11,261,802	9,373,242	8,211,608	7,094,181	6,294,839	5,408,047	4,697,716	4,069,809	3,561,236	3,094,988	2,107,299	1,107,299	6,919		
CASH VALUE OF FORCE	830	713	584	424	394	354	348	348	348	348	348	348	348	348		
ECONOMIC RESERVE (Canadian GAAP)	143,514	152,711	142,483	133,642	124,475	112,649	97,956	80,218	62,378	46,350	33,118	19,139	7,910	0		
EXCESS RESERVE (STAT LESS BOOK Profit at Zero)	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
ORDERS DEFERRED PREMIUMS	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
NET DEFERRED PREMIUMS	178,509	162,350	145,410	127,909	109,906	91,775	73,551	55,323	37,076	19,050	1,003	19,956	200,592	201,078		
PV AT 1.00% PROFIT RELEASED	171,954	164,596	148,467	124,410	105,764	87,026	68,134	48,382	28,363	11,055	1,003	19,956	173,547	173,849		
PV AT 11.00% PROFIT RELEASED	140,709	142,540	144,113	143,319	145,251	147,101	147,876	148,563	149,212	149,711	150,161	150,408	150,643	150,808		
PV AT 1.00% BOOK PROFIT	271,911	250,528	235,278	219,090	203,147	195,038	187,779	180,358	162,725	140,602	104,281	50,778	308,602	309,331		
PV AT 11.00% BOOK PROFIT	243,806	246,912	250,287	252,935	255,024	256,962	258,760	260,433	261,962	263,361	264,534	265,494	266,318	266,952		
PV AT 13.00% BOOK PROFIT	216,476	219,713	223,713	227,567	231,003	234,110	237,502	240,592	243,558	246,324	248,935	251,397	253,726	255,812		
PV AT 1.00% FEDERAL INCOME TAX	96,282	94,188	92,847	91,182	89,232	87,063	84,720	82,225	79,577	76,642	73,398	69,852	66,011	61,873		
PV AT 11.00% FEDERAL INCOME TAX	83,622	86,436	87,601	88,228	88,239	87,977	87,544	86,912	86,077	85,010	83,720	82,220	80,551	78,685		
PV AT 13.00% FEDERAL INCOME TAX	75,767	76,752	77,600	78,349	78,914	79,308	79,634	80,007	80,245	80,623	80,942	81,209	81,413	81,604		
Tax Return before interest (BAC)	143,514	152,711	142,483	133,642	124,475	112,649	97,956	80,218	62,378	46,350	33,118	19,139	7,910	0		
GAAP Equity Return	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
GAAP Equity Return	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Canada - Net (Before New Conventions) - Cost of																
Capital (Based on 100% BAC (1% 100%)	51,996	43,461	36,514	30,285	27,966	25,737	23,629	21,594	19,996	14,669	12,792	10,241	8,047	(19)		
Capital After-Tax on loss change (1% 100%)	10,401	10,451	8,258	7,893	3,441	3,246	3,062	2,910	4,398	3,994	3,628	2,990	2,994	8,364		
PRE-TAX BOOK PROFIT	26,492	25,694	24,578	21,369	18,875	19,320	19,826	20,476	20,497	18,317	16,287	14,477	12,472	9,937		
FEDERAL INCOME TAX	(9,272)	(8,995)	(8,528)	(7,479)	(6,534)	(6,738)	(6,939)	(7,166)	(7,174)	(6,404)	(5,700)	(5,067)	(4,243)	(3,478)		
Profit After-Tax, After Cost of Capital	27,322	27,152	24,998	21,762	15,379	15,778	15,949	16,239	17,731	15,946	13,458	12,600	10,701	14,822		
DETERMINED																
PV PRE-TAX BOOK PROFIT																
PV FEDERAL INCOME TAX																
PV Capital After-Tax on loss change (1% 100%) less 10% Cx																
PV After-Tax, After Cost of Capital																

Existing Business at 06/30/2009 (007%)

	11/09%	11/09%	11/09%	11/09%
Canada - Net (Before New Conversions)				
GROSS PREMIUMS	1,257,761	1,122,266	1,011,252	918,971
REINSURANCE PREMIUMS (NET OF ALLOWANCE)	(201,146)	(176,910)	(157,087)	(140,640)
GROSS INVESTMENT INCOME PLUS FEE INCOME	60,634	49,271	40,509	33,654
ACCUMULATED OF DISCOUNT	0	0	0	0
AMORTIZATION OF DISCOUNT	0	0	0	0
LESS INVESTMENT EXPENSE	0	0	0	0
LESS INCOME LOST ON DEFAULTS	0	0	0	0
TOTAL INCOME	1,117,250	994,627	894,674	811,985
NET SURRENDERS	(601)	(531)	(473)	(439)
HEALTH BENEFITS	0	0	0	0
DIRECT DEATH BENEFITS	631,194	552,401	489,272	437,873
REINSURANCE DEATH BENEFITS	(118,977)	(105,017)	(93,376)	(84,087)
ACQUISITION EXPENSES	0	0	0	0
OTHER EXPENSES	94,703	84,159	75,867	68,511
NET COMMISSIONS	14,157	13,417	12,781	12,147
COST OF FINANCING	0	0	0	0
INCREASE IN LOADING	0	0	0	0
INCREASE IN RESERVES	187,422	184,345	179,103	172,965
INCR IN RESERVE FINANCING LIABILITY	0	0	0	0
TOTAL DISBURSEMENTS	807,898	728,675	662,663	606,980
STATUTORY GAIN	309,351	265,952	232,012	204,965
CAPITAL GAINS	0	0	0	0
GAIN ON CALLS AND BULLDOZER	0	0	0	0
LESS DEFAULT LOSSES	0	0	0	0
LESS BGR CAPITALIZATION	0	0	0	0
BOOK PROFIT	309,351	265,952	232,012	204,965
INCREASE IN SURPLUS	0	0	0	0
FEDERAL INCOME TAX	108,273	93,083	81,204	71,738
PROFIT RELEASED	201,078	172,869	150,808	133,227

C- 5
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Existing Balance as 06/30/2009 (\$00's)

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Canada New Conventions														
GRAND FIDUCIARY	24,146	23,543	22,818	22,262	21,504	20,644	19,634	18,539	17,219	16,903	15,965	14,973	13,708	12,594
RESERVE FIDUCIARY (NET OF ALLOWANCE)	(3,051)	(3,497)	(3,190)	(3,332)	(3,264)	(3,018)	(2,777)	(2,421)	(2,324)	(2,107)	(1,898)	(1,742)	(1,576)	(1,411)
GROSS INVESTMENT INCOME PLUS FEE INCOME	875	844	798	759	662	582	561	434	372	325	385	333	227	304
ACCUMULATED DISCOUNT	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AMORTIZATION OF BIL	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS INVESTMENT EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS INCOME LOST ON DEFAULTS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL INCOME	21,413	20,046	20,326	19,679	18,900	18,308	17,392	16,572	15,866	15,127	14,352	13,344	12,360	11,379
NET SURPLUS/DEFICIT	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HEALTH BENEFITS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DIRECT DEATH BENEFITS	14,413	13,483	12,629	12,475	11,779	10,996	10,234	9,479	8,695	7,904	7,109	6,391	5,771	5,184
RESERVE DEATH BENEFITS	(2,313)	(2,136)	(2,074)	(1,998)	(1,930)	(1,828)	(1,680)	(1,514)	(1,356)	(1,239)	(1,150)	(1,041)	(941)	(841)
ACQUISITION EXPENSES	14	15	14	11	5	3	3	1	0	0	3	3	3	0
OTHER EXPENSES	1,163	1,101	1,054	1,010	953	891	830	771	719	671	621	569	518	470
NET COMMISSIONS	231	248	221	179	75	34	31	21	94	86	54	44	29	9
COST OF FINANCING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INCREASE IN LOAN LOSS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INCREASE IN RESERVE	(804)	(831)	(1,219)	(1,619)	(1,701)	(1,508)	(1,392)	(1,344)	(963)	(834)	(666)	(528)	(323)	(111)
INCR BY RESERVE FINANCING LIABILITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISTRIBUTIONS	12,695	11,856	11,826	10,899	9,170	8,360	8,026	7,509	7,192	6,374	6,170	5,647	5,153	4,797
STATUTORY GAIN	4,718	9,057	9,300	9,611	9,750	9,628	9,366	9,063	8,678	8,553	8,332	7,737	7,205	6,672
CAPITAL GAINS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GAIN ON CALLS AND ROLLOVER	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS DEFAULT LOSSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS BIL CANCELLATION	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BOOK PROFIT	9,718	9,057	9,300	9,611	9,750	9,628	9,366	9,063	8,678	8,553	8,332	7,737	7,205	6,672
INCREASE IN SURPLUS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FEDERAL INCOME TAX	3,051	3,170	3,220	3,364	3,406	3,370	3,278	3,172	3,054	2,994	2,878	2,708	2,522	2,331
PROFIT RELEASED	3,667	3,837	3,980	4,247	4,325	4,238	4,068	3,891	3,638	3,560	3,344	3,029	2,683	2,337
STATUTORY RESERVE (SA) (Canada-GAAP)	13,337	12,522	11,304	9,684	7,983	6,475	5,083	3,839	2,874	2,040	1,534	1,213	990	872
RESERVE FINANCING	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL LIABILITY (SA)	13,337	12,522	11,304	9,684	7,983	6,475	5,083	3,839	2,874	2,040	1,534	1,213	990	872
SEPARATE ACCOUNT LIABILITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAX RESERVE (SA)	13,337	12,522	11,304	9,684	7,983	6,475	5,083	3,839	2,874	2,040	1,534	1,213	990	872
INTEREST MAINTENANCE RESERVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0
POLICES IN FORCE (ORIGINALS)	5,314	4,841	4,385	3,906	3,364	2,877	2,489	2,125	1,804	1,523	1,269	1,079	910	768
INSURANCE IN FORCE (NET)	1,491,795	1,348,619	1,262,156	1,128,770	976,384	843,947	742,295	645,060	543,076	443,543	354,685	262,793	187,060	114,940
CASH VALUE IN FORCE	845	824	808	796	764	733	700	666	633	596	553	516	473	431
ECONOMIC RESERVE (Canada-GAAP)	13,337	12,522	11,304	9,684	7,983	6,475	5,083	3,839	2,874	2,040	1,534	1,213	990	872
EXCESS RESERVE (ATAT less BOOK Plused in 2009)	13,337	12,522	11,304	9,684	7,983	6,475	5,083	3,839	2,874	2,040	1,534	1,213	990	872
EXCESS RESERVE (ATAT less BOOK Plused in 2009)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GRAND DEFERRED PREMIUMS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET DEFERRED PREMIUM	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PV AT 9.00% PROFIT RELEASED	12,271	13,519	14,682	15,796	16,832	17,772	18,610	19,255	20,009	20,600	21,122	21,572	21,957	22,384
PV AT 11.00% PROFIT RELEASED	9,754	10,654	11,477	12,232	12,959	13,589	14,141	14,622	15,077	15,486	15,725	15,996	16,232	16,433
PV AT 13.00% PROFIT RELEASED	7,800	8,432	9,039	9,581	10,067	10,492	10,858	11,172	11,437	11,669	11,866	12,030	12,166	12,277
PV AT 9.00% BOOK PROFIT	18,878	20,799	22,187	24,362	25,895	27,341	28,431	29,777	30,783	31,695	32,496	33,188	33,780	34,282
PV AT 11.00% BOOK PROFIT	15,007	16,191	17,037	18,449	19,517	20,906	21,753	22,496	23,134	23,762	24,193	24,601	24,959	25,259
PV AT 13.00% BOOK PROFIT	12,000	13,004	13,506	14,740	15,487	16,142	16,703	17,187	17,596	17,932	18,256	18,568	18,714	18,887
PV AT 9.00% FEDERAL INCOME TAX	6,607	7,279	7,905	8,506	9,063	9,569	10,021	10,422	10,774	11,093	11,377	11,634	11,823	11,999
PV AT 11.00% FEDERAL INCOME TAX	5,232	5,717	6,180	6,597	6,978	7,317	7,614	7,874	8,097	8,296	8,467	8,613	8,735	8,837
PV AT 13.00% FEDERAL INCOME TAX	4,300	4,551	4,867	5,139	5,421	5,650	5,847	6,016	6,159	6,282	6,389	6,478	6,551	6,618
Tax Reserve before current DAC	13,337	12,522	11,304	9,684	7,983	6,475	5,083	3,839	2,874	2,040	1,534	1,213	990	872
GAAP Benefit Reserve	(13,337)	(12,522)	(11,304)	(9,684)	(7,983)	(6,475)	(5,083)	(3,839)	(2,874)	(2,040)	(1,534)	(1,213)	(990)	(872)
GAAP Expense Reserve	13,337	12,522	11,304	9,684	7,983	6,475	5,083	3,839	2,874	2,040	1,534	1,213	990	872
Canada New Conventions - Cost of Can Calc														
Capital (Based on 100% RBC (n=1.70%))	5,534	5,122	4,686	4,190	3,618	3,136	2,764	2,491	2,023	1,652	1,321	1,129	959	809
Capital (After Tax at less change (n=5.70%))	1,415	817	428	670	727	617	428	464	487	446	392	341	212	185
PRE-TAX BOOK PROFIT	8,718	9,057	9,300	9,611	9,750	9,628	9,366	9,063	8,678	8,553	8,332	7,737	7,205	6,672
FEDERAL INCOME TAX	(2,011)	(2,170)	(2,208)	(2,364)	(2,400)	(2,370)	(2,278)	(2,172)	(2,036)	(1,994)	(1,878)	(1,700)	(1,522)	(1,335)
Profit After-Tax, After Cost of Capital	7,882	6,304	6,806	6,917	7,251	6,873	6,576	6,317	6,165	6,085	5,794	5,278	4,893	4,532
Final Value														
PV PRE-TAX BOOK PROFIT														
PV FEDERAL INCOME TAX														
PV Capital After-Tax at less change (n=5.70%) less last Cg														
PV After-Tax, After Cost of Capital														

Existing Business as 06/30/2008 (CBU)

	9.80%	11.00%	11.00%	11.00%
Canada New Conversions				
GROSS PREMIUMS	192,578	156,865	130,109	109,602
RESERVE RATIO PREMIUMS (NET OF ALLOWANCES)	(31,095)	(25,419)	(21,183)	(17,762)
GROSS INVESTMENT INCOME PLUS FREE INCOME	4,935	3,871	3,095	2,499
ACCRUAL OF DISCOUNT	0	0	0	0
AMORTIZATION OF GUL	0	0	0	0
LESS INVESTMENT EXPENSE	0	0	0	0
LESS INCOME LOST ON DEFAULTS	0	0	0	0
TOTAL INCOME	166,401	135,323	112,094	94,339
NET SURRENDERS	4	3	1	0
HEALTH BENEFITS	0	0	0	0
DIRECT DEATH BENEFITS	115,198	93,972	77,874	65,437
REDUCTION IN DEATH BENEFITS	(19,068)	(15,548)	(12,893)	(10,826)
ACQUISITION EXPENSES	983	909	845	789
OTHER EXPENSES	10,658	8,814	7,404	6,304
NET COMMISSIONS	15,117	13,850	12,751	11,790
COST OF FINANCING	0	0	0	0
INCREASE IN LIABILITIES	0	0	0	0
INCREASE IN RESERVES	7,209	6,996	6,673	6,195
DECR IN RESERVE FINANCING LIABILITY	0	0	0	0
TOTAL DISBURSEMENTS	130,181	109,923	92,615	79,680
STATUTORY GAIN	36,300	26,340	19,484	14,659
CAPITAL GAINS	0	0	0	0
GAIN ON CALLS AND ROLLOVER	0	0	0	0
LESS DEFAULT LOSSES	0	0	0	0
LESS FOR CAPITALIZATION	0	0	0	0
BOOK PROFIT	36,300	26,340	19,484	14,659
INCREASE IN SURPLUS	0	0	0	0
FEDERAL INCOME TAX	12,765	9,219	6,819	5,131
PROFIT RELEASED	23,535	17,121	12,664	9,528

Exhibit VIII

Investment Guidelines

[See attached]

The assets held in the Reinsurance Trust Account will be invested in highly rated assets permitted by the agreed upon Investment Guidelines. The Investment Guidelines will contain concentration limits, and with respect to the Reinsurance Trust Account, such assets will comply with OSFI's requirements under the Reinsurance Trust Agreement

The Reinsurer will appoint either a third-party investment manager or a Citigroup affiliate, pursuant to an investment management agreement with respect to the management of assets held in the Reinsurance Trust Account.

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Financial Reassurance Company 2010, Ltd

Primerica Life Insurance Company of Canada Trust Account, Account Number []

Investment Portfolio Guidelines

AS of March 3, 2010

**FINANCIAL REASSURANCE COMPANY 2010, LTD
PRIMERICA LIFE INSURANCE COMPANY OF CANADA TRUST ACCOUNT,
ACCOUNT NUMBER []
INVESTMENT PORTFOLIO GUIDELINES**

A. ELIGIBLE INVESTMENTS

The Managed Portfolio (as identified in Exhibit II hereto) was established in accordance with the terms of a trust agreement among Primerica Life Insurance Company of Canada ("PLICC"), Financial Reassurance Company 2010, Ltd ("FRAC"), RBC Dexia Investor Services Trust and the Office of the Superintendent of Financial Institutions, Canada ("OSFI"). The Managed Portfolio may be invested in the following "Eligible Investments". Any exceptions to the following list of Eligible Investments must be pre-approved by the persons set forth in Exhibit I (jointly, the "Approvers") and OSFI. All Eligible Investments will be managed in compliance with all relevant laws and regulations in order to allow PLICC to receive full financial statement credit from OSFI for the reinsurance under the coinsurance agreement dated [], 2010, by and between PLICC and FRAC.

A.I. Investment Securities

The Investment Adviser is hereby authorized to approve purchases of the following securities ("Investment Securities") payable in Canadian currency in accordance with the Portfolio Restrictions:

- a. Canadian Treasury obligations;
- b. Canadian Provincial obligations; and
- c. Any other obligations directly issued or guaranteed by the Canadian Government or any Canadian Province.

A.II. Money Market Securities

The Investment Adviser is hereby authorized to approve purchases of the following money market securities in accordance with the Portfolio Restrictions:

- Short term Canadian Treasury and Provincial obligations without limitation;

B. INVESTMENT AUTHORITIES

B.I. Ratings

All securities must be rated at least A3 by Moody's Investors Service, A by Dominion Bond Rating Service (DBRS) or A- by Standard & Poor's at the time of initial purchase. The average portfolio rating should be maintained at least at A1 by Moody's, A by DBRS or A+ by Standard & Poor's. If the security is unrated by these services, the rating assigned by the Investment Advisor will be used, with advanced approval of the Approvers and OSFI.

B.II. Trading Authority

The Investment Adviser is hereby authorized to execute the purchase of Eligible Investments conforming to the Portfolio Restrictions and any sales of such investments.

The Chief Financial Officer of FRAC authorizes the investment manager to reinvest maturities and new monies within the Investment Guidelines described herein.

Any guidelines in this Operating Policy or the Portfolio Guidelines will be reviewed periodically at the discretion of the portfolio manager appointed to the Managed Portfolio by the Investment Adviser with any proposed changes to be approved by the Approvers before implementation.

C. INVESTMENT COMMITTEE

The Investment Committee shall review and approve the investment results of the Managed Portfolio, investment policies and strategies. The members of the Investment Committee may be changed from time to time by the Board of Directors of FRAC.

AS of March 3, 2010

D. PORTFOLIO RESTRICTIONS

1. Affiliated Issuers

PLICC, FRAC the Investment Adviser or any of their parents, affiliates or subsidiaries that issue common stock and debt instruments where the credit is either PLICC, FRAC or the Investment Adviser, respectively, or a parent, affiliate or subsidiary of either may not be purchased.

2. Money Market Securities

Money Market Securities will not exceed a maturity of one year.

3. Canadian Investment Grade Corporate Securities

Investments in Canadian corporate investments are not permitted.

4. ABS and CMBS Securities

Investments in ABS and CMBS investments are not permitted.

5. Investment in Foreign Issuers

Investments in securities issued by entities organized in a jurisdiction other than Canada are not permitted.

AS of March 3, 2010

EXHIBIT I

Approvers (Joint)

(1) Investment Committee

Mark Mason
Reza Shah
Francis Genesi

(2) Clti Holdings Treasurer Designee

Peter Mozer

(3) Senior Risk Manager

Alfredo Schonbom

(4) PLICC Designee

John Adams

AS of March 3, 2010

EXHIBIT II

Managed Portfolio

Primerica Life Insurance Company of Canada Trust Account, Account number [].

AS of March 3, 2010

- 25 -
SCHEDULE "B"

TO THE REINSURANCE SECURITY AGREEMENT

DATED AS OF THE 31st DAY OF DECEMBER, 2011

NOTICE OF EXCLUSIVE CONTROL

TO: RBC DEXIA INVESTOR SERVICES TRUST (the "Custodian")
AND TO: FINANCIAL REASSURANCE COMPANY 2010, LTD. (the "Pledgor")
RE: Reinsurance Security Agreement made as of December 31, 2011 among Primerica Life Insurance Company of Canada (the "Secured Party"), the Pledgor and the Custodian (as the same may be amended or modified from time to time, the "Reinsurance Security Agreement") as it relates to Account No. 110335034 (the "Account")

The Secured Party hereby provides notice to the Custodian to, in accordance with the Reinsurance Security Agreement, act only upon the written instructions, advice, directions, elections, agreements, opinions, waivers, approvals and demands of the Secured Party and any receiver or agent having jurisdiction over the Securities Account which is appointed by the Secured Party (or any court of competent jurisdiction). The Custodian shall not, hereafter, comply with any Entitlement Orders (as defined in the Reinsurance Security Agreement) issued by the Pledgor or any person acting on behalf of the Pledgor.

For the purposes of Section 27.8 of the Reinsurance Security Agreement, the following persons are authorized to represent the Secured Party in dealing with the Custodian and true copies of their signatures appear opposite their name:

NAME	TITLE	SIGNATURE
------	-------	-----------

This Notice shall terminate only upon written notice from the Secured Party to the Custodian of such termination.

DATED this ____ day of ____, 20__.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

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TA17132 Dec 2011

SCHEDULE "C"

TO THE REINSURANCE SECURITY AGREEMENT

DATED AS OF THE 31st DAY OF DECEMBER, 2011

SECURITIES ACCOUNT

110335034

12519155.10

Legal*6759570.3
TA17132 Dec 2011

- 2 -
SCHEDULE "D"

TO THE REINSURANCE SECURITY AGREEMENT

DATED AS OF THE 31st DAY OF DECEMBER, 2011

CERTIFICATE OF AUTHORIZED SIGNATORIES ("C.O.A.S.")

12519155.10

Legal*6759570.3
TA17132 Dec 2011

12519155.10

Legal*6759570.3
TA17132 Dec 2011

CERTIFICATE OF AUTHORIZED SIGNATORIES (including Category Guide)

CLIENT NAME: FINANCIAL REASSURANCE COMPANY 2010, LTD
 ACCOUNT NUMBER(S) _____
 (the "Account(s)"); _____

The Undersigned hereby authorizes the following person(s) (herein called "Authorized Person(s)") to direct RBC Dexia Investor Services Trust ("RBC Dexia") with respect to certain categories (Column E) of activities requiring authorization for said Account (see Category Guide for a list of categories of activities requiring authorization or Direction).

A. NAME	B. TITLE	C. SPECIMEN SIGNATURE	D. IS PERSON IN (A) AN EMPLOYEE OF UNDERSIGNED?		IF "NO". NAME OF COMPANY / ORGANIZATION and RELATIONSHIP TO UNDERSIGNED	E. CATEGORY
			YES	NO		
REZA SHAH	DIRECTOR	Illegible	✓		CITIGROUP INC	1-8
FRANCIS GENESI	DIRECTOR	Illegible	✓		CITIGROUP INC	1-8
DAVID PICKERING	DIRECTOR	Illegible	✓		IAS	1-8
DAVID EZEKIEL	DIRECTOR	Illegible		✓	IAS	2-8
DAVID SYKES	DIRECTOR	Illegible		✓	IAS	2-8
DAVID ALEXANDER	DIRECTOR	Illegible		✓	IAS	2-8
NICK WARREN	DIRECTOR	Illegible		✓	IAS	2-8

All authorizations and Directions provided to RBC Dexia must be signed by the appropriate number of Authorized Persons indicated in the Category Guide. COAS is not valid if the Category Guide is not completed and attached. The Undersigned hereby confirms that RBC Dexia is fully protected in acting upon any instrument, certificate, direction or other writing (whether in written form or given by * electronic transmission) presented to it and signed by the appropriate number of Authorized Persons (whether or not such Authorized Person is an employee of the Undersigned). The Undersigned also hereby assumes responsibility to review this Certificate from time to time as required and to provide RBC Dexia with a new Certificate if changes are made. Unless RBC Dexia receives a new Certificate, the Undersigned acknowledges and agrees that RBC Dexia may rely conclusively on the last Certificate filed with them.

This Certificate replaces and supersedes any previously filed Certificate and becomes effective on the date RBC Dexia receives it. This Certificate shall remain in full force and effect until the Undersigned pro RBC Dexia with a new Certificate to replace it.

Signed in the City of **New York** on this **9th** day of **March**, 2010

CERTIFIED ON BEHALF OF FINANCIAL REASSURANCE COMPANY 2010, LTD
 NAME OF THE COMPANY/ORGANIZATION/PLAN SPONSOR (the "Undersigned")

I hereby declare that I am duly authorized to provide this Certificate on behalf of the Undersigned.

<u>Illegible</u>	<u>DAVID PICKERING</u>	<u>DATE RECEIVED BY RBC DEXIA</u>
AUTHORIZED SIGNATORY	PRINT NAME	DIRECTOR
<u>Illegible</u>	<u>NICK WARREN</u>	<u>TITLE</u>
AUTHORIZED SIGNATORY	PRINT NAME	DIRECTOR
		TITLE

CATEGORY GUIDE

CLIENT NAME: FINANCIAL REASSURANCE COMPANY 2010, LTD

ACCOUNT NUMBER(S)
(the "Account(s))":

In Column E of the Certificate, enter the Category(ies) in which each Authorized Person is entitled to sign

CATEGORY GUIDE	CATEGORY FUNCTION	NO. OF REQUIRED SIGNATORIES
1.	To sign legal documentation to bind the Company/Organization/Plan Sponsor (Note: Category "I" designation may be given Only to direct employees of the Company/Organization/Plan Sponsor).	1
2.	To direct RBC Dexia to settle security transactions including free asset movements and make disposition of account assets for settlement purposes and to advise RBC Dexia of corporate action decisions relating to investments, including direction for proxy voting.	2
3.	To direct RBC Dexia to pay fees, charges and expenses from the asset (including, but not limited to, out-of pocket expenses, payments to consultants, lawyers, investment managers, RBC Dexia as trustee, RBC Dexia as custodian, RBC Dexia in any other-capacity acting for the account, to any other custodian).	1
4.	To provide notification to RBC Dexia of the appointment of Investment Managers and other agents; to provide notification of the termination of an Investment Manager and direction as to any changes in the management of account assets.	1
5.	To provide directions to RBC Dexia to with respect to account opening, account maintenance, or account termination.	1
6.	To direct RBC Dexia to carry out non-financial transactions including such matters as changes to statement frequencies and reporting periods, and changes to access tights or account maintenance in one of RBC Dexia's secured access channels used by the Client.	1
7.	To direct RBC Dexia to transfer cash in and out of the account and to enter into and settle foreign exchange transactions	2
8.	To direct RBC Dexia in respect of any other activity or matter. Enter the details regarding such other activity or matter.	1

CERTIFICATE OF AUTHORIZED SIGNATORIES (including Category Guide)

CLIENT NAME: Primerica Life Insurance Company of Canada (RSA with Financial Reassurance Company 2010 Ltd).

ACCOUNT NUMBER(S)
(the "Account(s)"): 110335034

The Undersigned hereby authorizes the following person(s) (herein called "**Authorized Person(s)**") to direct RBC Dexia Investor Services Trust ("RBC Dexia") with respect to certain categories (Column E) of activities requiring authorization for said Account (see Category Guide for a list of categories of activities requiring authorization or Direction).

A. NAME	B. TITLE	C. SPECIMEN SIGNATURE	D. IS PERSON IN (A) AN EMPLOYEE OF UNDERSIGNED?		IF "NO", NAME OF COMPANY / ORGANIZATION and RELATIONSHIP TO UNDERSIGNED	E. CATEGORY
			YES	NO		
John A. Adams	Executive Vice- President & Chief Executive Officer"	Illegible	Yes			1 to 8
Heather Koski	Senior Vice-President, Finance & Chief Financial Officer	Illegible	Yes			1 to 8
David Grad	Sr. VP, General Counsel & Corporate Secretary, Chief Compliance Officer, Chief Anti- Money Laundering Compliance Officer, Privacy Officer & Ombudsperson	Illegible	Yes			1 to 8

All authorizations and Directions provided to RBC Dexia must be signed by the appropriate number of Authorized Persons indicated in the Category Guide. COAS is not valid if the Category Guide is not completed and attached. The Undersigned hereby confirms that RBC Dexia is fully protected in acting upon any instrument, certificate, direction or other writing (whether in written form or given by electronic transmission) presented to it and signed by the appropriate number of Authorized Persons (whether or not such Authorized Person is an employee of the Undersigned). The Undersigned also hereby assumes responsibility to review this Certificate from time to time as required and to provide RBC Dexia with a new Certificate if changes are made. Unless RBC Dexia receives a new Certificate, the Undersigned acknowledges and agrees that RBC Dexia may rely conclusively on the last Certificate filed with them.

This Certificate replaces and supersedes any previously filed Certificate and becomes effective on the date RBC Dexia receives it. This Certificate shall remain in full force and effect until the Undersigned pro RBC Dexia with a new Certificate to replace it.

Signed in the City of Mississauga on this 26th day of January, 2012.

CERTIFICATE OF AUTHORIZED SIGNATORIES (including Category Guide)

CERTIFIED ON BEHALF OF

Primerica Life Insurance Company of Canada (RSA with Financial Reassurance Company 2010 Ltd).

NAME OF THE COMPANY/ORGANIZATION/PLAN SPONSOR (the "Undersigned")

I hereby declare that-I am duly authorized to provide this Certificate on behalf of the Undersigned.

Illegible

AUTHORIZED SIGNATORY

Heather Kosti

PRINT NAME

John A Aloin

PRINT NAME

DATE RECEIVED BY RBC DEXIA

SVP Finance E CFO

TITLE

CEO

TITLE

CATEGORY GUIDE

CLIENT NAME:
ACCOUNT NUMBER(S)
(the "Account(s)"):

Primerica Life Insurance Company of Canada (RSA with Financial Reassurance Company 2010 Ltd
1100335034

In Column E of the Certificate, enter the Category(ies) in which each Authorized Person is entitled to sign.

CATEGORY GUIDE	CATEGORY FUNCTION	NO. OF REQUIRED SIGNATORIES
1.	To sign legal documentation to bind the Company/Organization/Plan Sponsor (Note: Category "1" designation may be given Only to direct employees of the Company/Organization/Plan Sponsor).	2
2.	To direct RBC Dexia to settle security transactions including free asset movements and make disposition of account assets for settlement purposes and to advise RBC Dexia of corporate action decisions relating to investments, including direction for proxy voting.	N/A
3.	To direct RBC Dexia to pay fees, charges and expenses from the asset (including, but not limited to, out-of pocket expenses, payments to consultants, lawyers, investment managers, RBC Dexia as trustee, RBC Dexia as custodian, RBC Dexia in any other capacity acting for the account, to any other custodian).	N/A
4.	To provide notification to RBC Dexia of the appointment of Investment Managers and other agents; to provide notification of the termination of an Investment Manager and direction as to any changes in the management of account assets.	N/A
5.	To provide directions to RBC Dexia to with respect to account opening, account maintenance, or account termination.	2
6.	To direct RBC Dexia to carry out non-financial transactions including such matters as changes to statement frequencies and reporting periods, and changes to access rights or account maintenance in one of RBC Dexia's secured access channels used by the Client.	2
7.	To direct RBC Dexia to transfer cash in and out of the account and to enter into and settle foreign exchange transactions.	2
8.	To direct RBC Dexia in respect of any other activity or matter. Enter the details regarding such other activity or matter:	N/A

COINSURANCE AMENDING AGREEMENT

THIS COINSURANCE AMENDING AGREEMENT is effective as of October 20, 2016, between **PRIMERICA LIFE INSURANCE COMPANY OF CANADA**, a life insurance company incorporated under the *Insurance Companies Act* (Canada) (together with its successors and permitted assigns, the “**Ceding Company**”), **MUNICH RE LIFE INSURANCE COMPANY OF VERMONT**, a reinsurance company formerly known as Financial Reassurance Company 2010, Ltd. which is registered as a special purpose financial captive insurance company pursuant to Chapter 141, Title 8 of the Vermont Statutes Annotated (together with its successors and permitted assigns, the “**Reinsurer**”) and, solely for purposes of paragraph 2 hereof, **MUNICH-AMERICAN HOLDING CORPORATION**, a Delaware corporation (“**MAHC**”).

WHEREAS, the Ceding Company and the Reinsurer are parties to a coinsurance agreement dated March 31, 2010, as amended, (the “**Coinurance Agreement**”) pursuant to which the Ceding Company ceded certain liabilities to the Reinsurance on an indemnity reinsurance basis; and

WHEREAS, on September 23, 2016, MAHC purchased all of the issued and outstanding stock of the Reinsurer;

WHEREAS, MAHC is a subsidiary of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, a reinsurance company organized under the laws of Germany (“**Munich Re**”);

WHEREAS, the Ceding Company and the Reinsurer are parties to a reinsurance security agreement dated December 31, 2011 (the “**Reinsurance Security Agreement**”), pursuant to which Reinsurer places assets in a reinsurance security account (“**RSA**”) as required under the Coinsurance Agreement for the benefit of the Ceding Company;

WHEREAS, the Ceding Company and the Reinsurer desire to amend the Coinsurance Agreement to allow an affiliate of Munich Re to manage the assets in the RSA;

WHEREAS, the Ceding Company and the Reinsurer desire to clarify that Ceding Company did not make any representation or warranty as to the accuracy of any information provided by Ceding Company in connection with MAHC’s purchase of Reinsurer and to further clarify that Ceding Company shall have no liability to MAHC for MAHC’s use of such information;

WHEREAS, all capitalized terms used herein that are not otherwise defined shall have the meaning set forth in the Coinsurance Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Investment of Collateral.** Section 15.2 of Article XV is hereby deleted in its entirety and replaced with the following:

Section 15.2 Investment of Collateral.

- (a) The assets held in the Reinsurance Security Account from time to time (the “**Collateral**”) shall consist of Eligible Assets.
- (b) The Reinsurer shall appoint either a third-party investment manager or a Munich Re affiliate to manage the assets held in the Reinsurance Security Account, pursuant to an investment management agreement in a form acceptable to the Ceding Company. The Reinsurer shall be responsible for all fees arising from the services provided by such third-party investment manager or Munich Re affiliate.

2. **Address of Notice.** Section 21.5 of the Coinsurance Agreement is hereby amended by deleting the address for notice to the Reinsurer and the requirement for providing a copy of such notice to Skadden, Arps, Slate, Meagher & Flom LLP and replacing it with the following:
If to Reinsurer:

Munich Re Life Insurance Company of Vermont
c/o Paul Frank + Collins P.C.
One Church Street
Burlington, Vermont 05402-1307
Attention: Stephanie Mapes

with copies to (which shall not constitute notice to the Reinsurer for purposes of this Section 21.5):

Munich Life Management Corporation Ltd.
Munich Re Centre
390 Bay Street, 26th Floor
Toronto, Ontario M5H 2Y2
Attention: Bernard Nauman
Lloyd Milani

Munich American Reassurance Company
56 Perimeter Center East, Suite 500
Atlanta, Georgia 30346
Attention: Paige Freeman

3. **Information Provided by Ceding Company in Connection with MAHC's Purchase of Reinsurer.** In consideration of Ceding Company agreeing to enter into this Coinsurance Amending Agreement, MAHC acknowledges and agrees that: (a) Ceding Company provided certain information, directly or indirectly, that MAHC reviewed as part of its due diligence in connection with the acquisition of the Reinsurer, including information provided to MAHC by Citigroup Inc. and information reflected in certain appraisals or valuations prepared by third party actuarial firms (collectively, "Acquisition Information"); (b) neither Ceding Company nor any of its representatives or advisors has made any representation or warranty as to the accuracy or completeness of the Acquisition Information and neither Ceding Company nor any of its representatives or advisors shall have any liability to MAHC or its representatives from the use of the Acquisition Information; and (c) no third party shall have any liability to MAHC on the basis of, or directly or indirectly related to, the accuracy or completeness of the Acquisition Information. Notwithstanding anything to the contrary in this paragraph 2, none of MAHC, Reinsurer or any of their respective representatives release or waive any of their respective rights and interests arising out of or under the Coinsurance Agreement, including in connection with any breach by Ceding Company under the Coinsurance Agreement of its obligations to provide information to Reinsurer. __

4. **Further Assurances.** Each of the parties hereto hereby covenants and agrees to promptly do, execute and deliver, or cause to be done, executed and delivered all such further acts, documents and things as may be necessary or desirable to give full force and effect to the terms and conditions of this Coinsurance Amending Agreement.

5. **Headings.** The inclusion of headings in this Coinsurance Amending Agreement is for convenience of reference only and shall not affect the construction or interpretation of this Coinsurance Amending Agreement.

6. **Entire Agreement.** This Coinsurance Amending Agreement, together with the Coinsurance Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter of this agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, warranties, representations or other agreements (whether oral or written, express or implied, statutory or otherwise) between the parties hereto in connection with the subject matter of this Coinsurance Amending Agreement, except as specifically set out herein.

7. **Governing Law.** This Coinsurance Amending Agreement shall be governed by, and enforced, construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.

8. **Assignment, Successors and Assigns.** This Coinsurance Amending Agreement shall enure to the benefit of and be binding on the parties hereto, and their respective predecessors, successors, and assigns. Neither this Coinsurance Amending Agreement, nor any rights or obligations hereunder, may be assigned by either of the parties hereto, except as set forth expressly in the Coinsurance Agreement.

9. **Counterparts.** This Coinsurance Amending Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same document. Counterparts may be executed either in original or electronic form and the parties hereto adopt any signatures received in a portable document format (PDF) as original signatures of the parties.

[Signature page follows.]

210563.00020/94120890.2
721693607

IN WITNESS WHEREOF, the parties hereto have executed this Coinsurance Amending Agreement as of the day and year first written above.

PRIMERICA LIFE INSURANCE COMPANY OF CANADA

By: /s/ John A. Adams
Title: CEO
Date: Oct. 21, 2016

By: /s/ Heather Koshi
Title: Senior Vice President, Finance
and Chief Financial Officer
Date: Oct. 21, 2016

MUNICH RE LIFE INSURANCE COMPANY OF VERMONT

By: /s/ Bernard Naumann
Title: President
Date: Oct. 24, 2016

By: /s/ Paige Freeman
Title: Secretary
Date: Oct. 28, 2016

SOLELY FOR PURPOSES OF PARAGRAPH 2 HEREOF:

MUNICH-AMERICAN HOLDING CORPORATION

By: /s/ Richard A. Olsen
Title: Senior Vice President & CFO
Date: 10/31/2016

By: /s/ Ignacio Revera
Title: Deputy General Counsel
Date: 10/31/16

Execution Copy

MONITORING AND REPORTING AGREEMENT

This MONITORING AND REPORTING AGREEMENT, dated as of March 31, 2016 (this "Agreement") is entered into by and among Primerica Life Insurance Company, a Massachusetts life insurance company ("PLIC") and Pecan Re Inc., a special purpose financial insurance company organized under Section 6048f of Title 8 of the Vermont Statutes Annotated ("Pecan Re").

WHEREAS, PLIC and Prime Reinsurance Company, Inc., a special purpose financial insurance company organized under Section 6048f of Title 8 of the Vermont Statutes Annotated ("Prime Re"), have entered into that certain 80% Coinsurance Agreement, dated as of March 31, 2010, as amended, supplemented, novated or otherwise modified from time to time (the "Coinsurance Agreement");

WHEREAS, Prime Re has agreed to assign and transfer, and Pecan Re has agreed to accept, by novation, the Coinsurance Agreement with the effect that Pecan Re shall succeed to all rights, obligations, duties and liabilities of Prime Re under the Coinsurance Agreement, and Pecan Re has agreed to accept such assignment, transfer and novation;

WHEREAS, pursuant to such Coinsurance Agreement, as novated, PLIC, as the ceding company, has agreed to cede to Pecan Re, and Pecan Re, as the reinsurer, has agreed to assume from PLIC, certain liabilities relating to the term life insurance policies being reinsured thereunder;

WHEREAS, the parties hereto recognize that, as an 80% quota share reinsurer, Pecan Re has a substantial economic stake in the management and administration of the Reinsured Policies and Covered Liabilities (as such terms are defined in the Coinsurance Agreement);

WHEREAS, the parties agree that PLIC should have flexibility with respect to the management, administration and financial performance of the Reinsured Policies and Covered Liabilities in accordance with the Coinsurance Agreement; and

WHEREAS, the parties have nevertheless agreed that Pecan Re shall have the right to monitor the management, administration and financial performance of the Reinsured Policies in accordance with this Agreement.

NOW, THEREFORE, in consideration of the respective covenants, agreements, representations and warranties of the parties herein contained in the Coinsurance Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties agree as follows:

ARTICLE I

MONITOR

Section 1.01 For so long as Swiss Reinsurance Company Ltd, a reinsurance company organized under the laws of Switzerland or any of its affiliates (Parent) remains the ultimate controlling company of Pecan Re, PLIC shall allow Pecan Re and any reasonable number of counsel, financial advisors, accountants, actuaries and other representatives of Pecan Re, reasonable access, upon reasonable advance notice and during normal business hours to the facilities, documents, information, auditors, actuaries, outside advisors and relevant personnel of PLIC related to the management, administration and financial performance of the Reinsured Policies and Covered Liabilities. Such individual (or individuals) representing Pecan Re shall be referred to herein as a "Monitor". Pecan Re shall ensure that a Monitor, in performing his or her duties, shall not disrupt the normal operations of PLIC in any material respect. Notwithstanding the foregoing or any other provision of this Agreement, PLIC shall not be obligated to provide such access to any facilities, documents, information, auditors, actuaries, outside advisors and relevant personnel of PLIC to the extent that doing so would violate applicable law or any contractual obligation of confidentiality or jeopardize the protection of an attorney-client privilege; provided that, in any such circumstance, the parties will cooperate in good faith to determine a manner in which information can be shared so as to not violate applicable law or a contractual obligation of confidentiality or jeopardize the protection of an attorney-client privilege, as applicable.

Section 1.02 All costs and expenses associated with the Monitor or the activities of the Monitor shall be borne by Pecan Re; provided, however, Pecan Re shall only reimburse PLIC for any reasonable out-of-pocket costs that PLIC incurs in providing assistance to the Monitor in connection with this Agreement.

Section 1.03 Subject to the provisions of Section 2.01, PLIC shall use reasonable best efforts to assist and cooperate with the Monitor in providing access to the relevant experience data, books, records, documents, information and relevant personnel of PLIC related to the Reinsured Policies and Covered Liabilities.

ARTICLE II

ACCESS

Section 2.01 In no event shall any Monitor have access to any portion of PLIC's Network; provided, however, this Section 2.01 shall not be construed in any way whatsoever to (i) supersede the rights of the parties pursuant to the access to books and records provisions contained within Article XII of the Coinsurance Agreement or (ii) limit the Monitor's access in any way whatsoever to the data in the Network. "Network" shall mean PLIC's information technology systems (or such systems of a third party operated on behalf of PLIC), including all data they contain and all computer software and hardware related to the Reinsured Policies and Covered Liabilities.

Section 2.02 When a Monitor is at PLIC's facilities, he or she shall comply with all generally applicable policies, procedures and regulations of PLIC, to the extent that such policies, procedures and regulations have been disclosed to Pecan Re or such Monitor.

Section 2.03 When any Monitor enters or is within PLIC's premises, such Monitor must establish his or her identity to the satisfaction of security personnel and comply with all security directions given by them, including directions to display any identification cards provided by PLIC.

ARTICLE III

FINANCIAL AND MONITORING REPORTS

Section 3.01 For so long as Parent remains the ultimate controlling company of Pecan Re, within twenty (20) business days after the end of each calendar month, PLIC shall provide Pecan Re with the reports specified on Schedule A attached hereto, in each case in such format as utilized by PLIC at such time.

Section 3.02 For so long as Parent remains the ultimate controlling company of Pecan Re, within twenty (20) business days after the end of each calendar quarter, PLIC shall provide Pecan Re accurate and complete copies of the following: (i) the Quarterly Lapse Report and (ii) the Quarterly Mortality Report in each case in such format as utilized by PLIC at such time and as it relates to the business ceded to Pecan Re.

Section 3.03 For so long as Parent remains the ultimate controlling company of Pecan Re, in addition to the reports described in Section 3.01 and 3.02 hereto, the parties hereto agree that PLIC shall provide Pecan Re copies of any other reports that are produced by PLIC or may reasonably be produced by PLIC relating to the Reinsured Policies and/or Covered Liabilities which Pecan Re, in its reasonable discretion, determines are reasonably necessary for its review.

ARTICLE IV CONFIDENTIALITY

Section 4.01 In performing its monitoring rights under this Agreement, Pecan Re will comply (and will cause all Monitors to comply) with the terms and conditions of Section 21.11 of the Coinsurance Agreement regarding Confidential Information (as defined therein).

ARTICLE V TERMINATION

Section 5.01 This Agreement shall remain in effect until the earlier to occur of (i) the termination of the Coinsurance Agreement or (ii) Parent no longer being the ultimate controlling company of Pecan Re.

ARTICLE VI MISCELLANEOUS

Section 6.01 Pecan Re shall indemnify and hold PLIC, its affiliates and their directors, officers, employees and successors (the "PLIC Indemnified Party") harmless against any damages, costs and out-of-pocket expenses (including reasonable attorneys' fees) arising from or in connection with (a) Pecan Re's or any Monitor's breach of its confidentiality obligations hereunder, (b) Pecan Re's or any Monitor's violation of applicable law in connection with this Agreement, or the information or access provided pursuant to this Agreement, (c) any negligent or intentional misconduct of Pecan Re or any Monitor in connection with any monitoring permitted or access provided under this Agreement or (d) injury to or death of any person, or loss of or damage to tangible property, to the extent caused by the Pecan Re or any Monitor.

Section 6.02 This Agreement shall bind and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. This Agreement may not be assigned by the parties hereto without the requirement of the consent of the other party, which consent shall not be unreasonably withheld, delayed or conditioned.

Section 6.03 This Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts, without regard to the choice of law principles thereof.

Section 6.04 This Agreement may not be amended without the prior written consent of all parties hereto. This Agreement may be executed in one or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PECAN RE INC.

By: /s/ Brian Lo
Name: Brian Lo
Title: President

By: /s/ John Gribbon
Name: John Gribbon
Title: Sr. Vice President and CFO

PRIMERICA LIFE INSURANCE COMPANY

By: /s/ Dan Settle
Name: Dan Settle
Title: Executive Vice President

[Signature Page to Monitoring and Reporting Agreement]

MONTHLY OPERATIONAL REPORTS

1. Communication Research Statistics
2. Cancellation Service Complaints Summary
3. Complaint Written
4. Client Communications Statistics
5. Replacements
6. End of Term ("EOT") Bonus Funding
7. EOT Bonus
8. EOT Expectations
9. EOT Continued
10. Policy Owner Service ("POS") Statistics
11. EOT POS
12. EOT Converted
13. EOT Terminated
14. POS/EOT Turndowns
15. Policy Owner Administration Statistics
16. POS Volumes
17. End of Term
18. Claims Statistics
19. Aging Analysis from Notice of Claim
20. Compromised/Denied Claims
21. Time in Process
22. TIAB Claim Count
23. TIAB Outstanding
24. Waiver Claim Statistic

MONTHLY FINANCIAL REPORTS

1. Policy and Claim Reserve Recon to GL
2. N'Vision Report
3. Settlement Statement
4. Monthly Manual Deal Entries
5. GL Interface file
6. Reinsurance Recoverables Aging Report
7. Pending Litigation Claims Report
8. Seriatim Transaction File

QUARTERLY FINANCIAL REPORTS

1. Frozen Reserves Manual Entries
2. Seriatim Valuation File
3. Waiver of Premium Claim Inventory Including Future Premiums to be Waived
4. Recoverable Action Plan

OTHER REPORTS

1. All reports and notices listed in Article VIII of the Coinsurance Agreement (without duplication of any obligations under such Article VIII)
-

Section 4.2 Allowances		DL01
		[•]
	MSCWPE2--1 Policy Exhibit	
	Beginning Direct inforce [first day of applicable month]	[•]
	Ending Direct inforce [last day of applicable month]	[•]
	Avg Direct Inforce	[•]
	* Expense Allowance @ 100%	[•]
	Expense Allowance @ Deal %	[•]
	Annual Expense Allowance	[•]
	Monthly Expense Allowance (1/12)	[•]
Section 4.3 Other Obligations		DL01
		[•]
(i) Other obligations		
	MSCWRA1-1 Settlement Rpt (CO9999 for DL02)	
	Direct Premiums [applicable month]	[•]
	** Premium Tax Rate	[•]
	Premium taxes Incurred	[•]
		DL01
		[•]
(ii) Other obligations		
	# EOT Policy Conversions	[•]
	** Allowance	[•]
	Total EOT Conversion Allowance	[•]
	EOT Conversion Allowance per Deal%	[•]
		DL01
		[•]
(iv) Other obligations		
U/W expenses on Reinstatements		[•]
	Reinstatement U/W Expenses per Deal %	[•]
		DL01
		[•]
(iii) Other obligations		
	Conversion Bonus	[•]
	Continuation Bonus	[•]
Total EOT Bonus		[•]
	Bonus Funding Valn	[•]
	Legacy Total	[•]
	Commission Adj Per Deal %	[•]

[•]

* Expense Allowance Rate for DLO1/DLO4/DL03 is adjusted annually in January.
* Expense Allowance Rate for DLO2 is adjusted annually in March. See 'Expense
** Per the coinsurance agreements, these rates do not change.

Prepared By: _____
Date: _____

Reviewed By: _____
Date: _____

		As of
		[•]
		Pecan Re 80%
		DL01
Reserve Report		
Direct Reserves		[•]
Ceded Reserves		[•]
		-
Direct Pending		[•]
Ceded Pending		[•]
Recoverables		[•]
		—
Economic Reserve		—
Excess Reserve		—
Reserve Report		—
Required Reserve Balance		—
Security Balance as of [•]		
Fair Value of Trust		[•]
Fair Value of Economic Trust		—
Fair Value of Excess Trust		—
Over/(Under) funded: Security Balance minus Required Reserve Balance		
-10% Economic Reserve		—
-10% Excess Reserve		—
Over/(Under) funded		—
102% of Required Reserves Balance		
Economic Reserve		—
Excess Reserve		—
		—
Excess Security Balance in Trust:		
Economic Trust > Economic Reserve		—
Excess Trust > Excess Reserve		—
Security Balance minus 102% of Required Reserve Balance (105% for FRAC)		—
		—

$[\bullet], \text{YTD}$ **Net Amount Due to Pecan Re**

Coinsurance Agreement Article VIII Section 8.1 & 8.2	Primerica Report ID / Name		File 1
	Report ID	Report Name	[•]
Monthly Settlement Report	SCWRA1 --1	Monthly Settlement Report	✓
Policy Exhibit	SCWPE2 --1	Exhibit of Life Insurance	✓
	SCWPE3 --1	Policy Exhibit Errors	✓
Non-Bordereau Claims Report	SCWRA4 --1	Bulk Claim	✓
Bordereau Report	SCWRA4 --2	NonBulk Claim	✓
Reserve Report	SCWRA3 -- 1	Monthly Reserve Report	✓
Claim Reserve Report	SCWRA2 -- 1	Claim Reserve Report	✓
	SCWRA4 --3	Detail Pending Claims and Recoverables	✓
Monthly Account Balance Reports	PSP419-MP	Pecan Re General Ledger Summary	✓
Top-Up Notice	PDF	Top Up Notice	✓
	SCWR07 --1	Monthly Settlement Report - Peoplesoft Ledger Balance	✓
	SCWR07 -- 2	Claim Reserve Report - Peoplesoft Ledger Balance	✓
	SCWR07 -- 3	Monthly Reserve Report - Peoplesoft Ledger Balance	✓
	PDF	Policy and Claim Reserve Recon to GL	✓
	Excel	N'Vision Report: Pecan Re	✓
	PDF	Settlement Statements - Pecan Re	✓
	PDF	Monthly Manual Deal Entries	✓
	Excel	GL Interface file	✓
	PDF	Reinsurance Recoverables Aging Report	✓
	PDF	Pending Litigation Claims Report	✓

System Generated Report - not available in Excel/Word format

Attached Excel Version of this report

Report provided in an Excel version already. Re-attached this report

	Report ID	Report Name
Coinsurance AgreementArticle VIII Section 8.1 & 8.2		
Monthly Settlement Report	SCWRA1 --1	Monthly Settlement Report
Policy Exhibit	SCWPE2 -- 1	Exhibit of Life Insurance
	SCWPE3--1	Policy Exhibit Errors
Non-Bordereau Claims Report	SCWRA4 --1	Bulk Claim
Bordereau Report	SCWRA4 -- 2	NonBulk Claim
Reserve Report	SCWRA3 --1	Monthly Reserve Report
Claim Reserve Report	SCWRA2 -- 1	Claim Reserve Report
	SCWRA4 -- 3	Detail Pending Claims and Recoverables
Monthly Account Balance Reports	PSP419	General Ledger Summary-USD
	PSP419	General Ledger Summary-CAD
Top-Up Notice	PDF	Top Up Notice (required quarterly)
Additional Reports provided		
	PDF	Settlement Statements - Pecan Re & Experience Refund - Pecan Re
	SCWR07 --1	Monthly Settlement Report - Peoplesoft Ledger Balance
	SCWR07 -- 2	Claim Reserve Report - Peoplesoft Ledger Balance
	SCWR07 --3	Monthly Reserve Report - Peoplesoft Ledger Balance
	PDF	Monthly Manual Deal Entries & Support (Expense Allowance, End of Term & Reinst U/W Expense detail)
	Excel	N'Vision Report: Pecan Re
	PDF	Policy and Claim Reserve Recon to GL
	Excel	GL Interface file
Total 26 files		
Manic Lefebvre		<u>manic.lefebvre@swissre.com</u>
[•]		[•]
[•]		[•]
[•]		[•]

8.4 Business Unit 9.2 Deal ID 9.2 Book Code 9.2 Product	Pecan Re GAAP				Pecan Re STAT			
	DL01: 80%				DL01: 80%			
	PR20	PR2G	PR2GG	Pecan Re GP	PR20	PR2G	PR2S	Pecan Re St
	Pecan Pecan80	Pecan Pecan80	Pecan Pecan80		Pecan Pecan80	Pecan Pecan80	Pecan Pecan80	
	Base Uncons	Comb Uncons	GAAP Uncons	Total GAAP	Base Uncons	Comb Uncons	STAT Uncons	Total STAT
Assets								
Intercompany Legacy	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Premium Due and Unpaid	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Due From Rein-UW and Other	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Reinsurance Recoverable	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Ceded Pending	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Ceded Reserves	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Direct Pending	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Direct Reserves	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Due to Affiliates	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Deferred ACQ Cost (DAC)	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Total Assets	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Liabilities								
Future Policy Benefits - Life	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Direct Pending Claims	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Accrued Taxes Licenses Fees	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Cost of Collection	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Advance Premium	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Due to Reinsurers	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Commissions Payable	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Total Liabilities	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Net Income	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Paid in Capital	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Retained Earnings	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Total Equity	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Total Liabilities & Equity	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Revenue								
Premium		[•]	[•]	[•]	[•]	[•]	[•]	[•]
Total Revenue	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Benefit								
Claims - Life	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Change In Reserve - Life	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Total Benefits	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Commission & Expenses								
Commissions - Net	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Amortization of DAC	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Allowances	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Legal Settlements	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Total Commisions & Expenses	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Total Benefit, Commissions & Expenses	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Net Income	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]

Prepared By: _____

Approved By: _____

[•]

Policy Reserves:	Direct Reserves	ETPR Reserves	Net	Total Reserves
DL01: PLIC 80% SCWRA3-1 balance	[•]	[•]		DL01 Σ (A) -
<u>Manual Adjustments:</u>				
DIS Monthly Inc./Stat Errors	[•]	[•]		
Adj. to [year] waiver clms-Lx	[•]	[•]		
Frozen Stat Reserves - Coin @ 80%	[•]	[•]		
Frozen Stat Reserves Qsyrt @ 80%	[•]	[•]		
CTR & Spouse Conversions incorrectly ceded to Citi	[•]	[•]		
Adjusted Rsrv Balance:	—	—	—	(A)

General Ledger: PSP030	B.U.	Deal ID	Book Code	Product
8.4 BU: PR2S	PrmRe	PrmRe80	stat	uncons
200109-FPB Reserves SW Asmd	[•]			
200119-Waiver Reserve SW Asmd	[•]			
141213-ETPR COI Reserves Frzn SW Asmd				
141218-ETPR YRT Reserves Frzn SW Asmd		[•]		
141207-ETPR COI Reserves SW Asmd		[•]		
141203-ETPR YRT Reserves SW Asmd		[•]	—	
	—	—	—	
	—	—	—	

[•]

Claim Reserves	Direct Pending	ETPR Pending	ETPR Recoverables	Net
DL01: PLIC 80% SCWRA2-1 balance	[•]	[•]	[•]	
<u>Manual Adjustments:</u>				
IBNR - Direct	[•]			
SSAP 55 (stat only adj)	[•]			
IBNR - Coin		[•]		
IBNR - Qsyrt		[•]		
Clm Accrl	—			
CTR & Spouse Conversions incorrectly ceded to Citi	[•]	[•]		
Adjusted Claim Rsrv:	—	—	—	— (A)

General Ledger: PSP030	B.U.	Deal ID	Book Code	Product
8.4 BU: PR2G 201202-Direct Pending Claims SW Asmd	PrmRe	PrmRe80	stat	uncons
PR2G 201213-Direct IBNR SW Asmd	[•]			
PR2S 201213-Direct IBNR SW Asmd	[•]			
PR2G 140803-ETPR Pending Clms YRT SW Asmd	[•]			
PR2G 140813-ETPR YRT IBNR SW Asmd		[•]		
PR2G 140807-ETPR Pending Clms COI SW Asmd		[•]		
PR2G 140818-ETPR COI IBNR SW Asmd		[•]		
PR2G 140823-ETPR Reins Recov Adj SW Asmd			—	
PR2G 140603-ETPR Reins Recov YRT SW Asmd			[•]	
PR2G 140607-ETPR Reins Recov COI SW Asmd			[•]	
	—	—	—	—
	—	—	—	—

PFS_REINS_C		107							
Year		Period Unit	Deal	Product	Book Code	Account	Sum Amount	Base Curr	
	[•]	11	[•]	[•]	[•]	[•]	[•]		USD
	[•]	11	[•]	[•]	[•]	[•]	[•]		USD

PFS_REINS		117							
Year		Period Unit	Deal	Product	Book Code	Account	Sum Amount	Base Curr	
	[•]	11	[•]	[•]	[•]	[•]	[•]		USD
	[•]	11	[•]	[•]	[•]	[•]	[•]		USD

**PRIMERICA, INC.
PERFORMANCE STOCK UNIT
AWARD AGREEMENT**

Primerica, Inc. ("Primerica") hereby grants to [NAME] (the "Participant") performance-based Stock Units pursuant to the Primerica, Inc. Amended and Restated 2010 Omnibus Incentive Plan (the "Plan"), subject to the conditions and restrictions detailed below (the "Performance Stock Units"). Terms applicable to the Performance Stock Units are contained in the Plan and in this Performance Stock Unit Award Agreement (the "Agreement"). Capitalized terms not defined herein shall have the meaning assigned to such terms in the Plan.

1. Grant of Performance Stock Units.

Grant Date:	February 24, 2016
Target Number of Performance Stock Units:	<u>[# UNITS]</u>
Performance Goals:	Set forth in <u>Exhibit A</u>
Performance Period:	Three-year period beginning January 1, 2016 and ending on December 31, 2018
Vesting Date:	March 1, 2019
Payment Date:	March 1, 2019

2. Performance Stock Units. The target number of Performance Stock Units subject to this Agreement is set forth in Section 1 (the "Target Award"). Primerica will maintain an account (the "Performance Stock Unit Account") on its books in the name of the Participant which shall reflect such number of Performance Stock Units awarded to the Participant. Depending on Primerica's level of achievement of the performance goals set forth in Exhibit A to this Agreement (the "Performance Goals") for the performance period specified in Section 1 (the "Performance Period"), the Participant may earn a number of Performance Stock Units between 0% to 200% of the Target Award. Each Performance Stock Unit, to the extent earned and/or vested under the terms of this Agreement, represents an unfunded, unsecured promise by Primerica to deliver to the Participant one share of Primerica's common stock, par value \$.01 per share ("Common Stock"), and to pay to the Participant in cash an amount equal to the amount of the dividends paid by Primerica on one share of Common Stock from the Grant Date through the payment date set forth in Section 1 (the "Payment Date"), or through the Participant's earlier employment termination date in certain circumstances as set forth in Section 5 below, subject to the terms and conditions contained in this Agreement and the Plan.

3. Earning, Vesting and Delivery of Performance Stock Units. After the end of the Performance Period, the degree of Primerica's achievement of the Performance Goals for the

Performance Stock Unit Award Agreement
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Performance Period shall be calculated and certified by the Compensation Committee of the Board of Directors and used to determine the number of Performance Stock Units earned. The earned Performance Stock Units shall become vested on the vesting date set forth in Section 1 (the "Vesting Date"), subject to earlier vesting in certain circumstances as set forth in Section 5 below. The Performance Stock Units so earned and vested shall be settled by delivery within 60 days following the Payment Date of one share of Common Stock for each such earned Performance Stock Unit and payment of the related dividend equivalent amount described in Section 4. Delivery of shares of Common Stock, and cash payment of related dividend equivalent amounts, by Primerica as described in this Section 3 shall discharge it of all of its duties and obligations under this Agreement and the Plan with respect to the Performance Stock Units.

4. Dividend Equivalents. Upon the payment of a cash dividend on the Common Stock by Primerica during the period from the Grant Date of the Participant's Performance Stock Units through the Payment Date, or through the Participant's earlier employment termination date in certain circumstances as set forth in Section 5 below, Primerica shall credit the Performance Stock Unit Account of the Participant with an amount equal in value to the dividends that the Participant would have received had the Participant been the actual owner of the number of shares of Common Stock represented by the Performance Stock Units in the Participant's Performance Stock Unit Account on that date. After the end of the Performance Period, the amount in such Performance Stock Unit Account attributable to such dividend equivalents shall be adjusted, based on the degree of Primerica's achievement of the Performance Goals for the Performance Period, in the same percentage used to determine the number of earned Performance Stock Units. Such amount shall become vested on the Vesting Date and shall be paid to the Participant in cash on the Payment Date, subject to earlier vesting and/or payment in certain circumstances as set forth in Section 5 below.

5. Termination of Employment. In connection with a termination of the Participant's employment before the Vesting Date, the Participant's Performance Stock Units shall be treated as follows:

(a) Voluntary Resignation; Termination by Primerica for Cause. If the Participant voluntarily terminates employment with Primerica (other than upon a Retirement as described in Section 5(c)) or if Primerica terminates the Participant's employment for Cause, vesting of the Performance Stock Units, and any related dividend equivalent amounts described in Section 4, will cease on the date the Participant's employment is so terminated, the Performance Stock Units, and related dividend equivalent amounts, will be cancelled and the Participant shall have no further rights of any kind with respect to any Performance Stock Units under this Agreement.

(b) Certain Other Terminations. If either (i) the Participant's employment is terminated by Primerica for any reason other than (A) for Cause (as described in Section 5(a)), (B) in connection with a Change of Control (as described in Section 5(d)), or (C) in connection with the Participant's disability (as described in Section 5(e)), or (ii) the Participant terminates employment with Primerica with Good Reason (as defined below) other than in connection with a Change of Control (as described in Section 5(d)), the Participant's Performance Stock Units, and related dividend equivalent amounts described in Section 4, will be deemed to have vested

Performance Stock Unit Award Agreement
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on such employment termination date, contingent on satisfaction by Primerica of the Performance Goals. After the end of the Performance Period, the number of the Participant's Performance Stock Units earned will be determined based on satisfaction of the Performance Goals over the Performance Period. Such amount of earned Performance Stock Units, and related dividend equivalent amounts, will be settled by delivery of one share of Common Stock for each such earned Performance Stock Unit, and payment in cash of any earned dividend equivalent amounts, within 60 days following the Payment Date. For purposes of this Agreement, the Participant may terminate employment with Good Reason if (1) an event or circumstance set forth in clauses (w), (x), (y) or (z) of this subsection (b) shall have occurred and the Participant provides Primerica with written notice thereof within 90 days after the occurrence or existence of such event or circumstance, which notice shall specifically identify the event or circumstance that the Participant believes constitutes Good Reason, (2) Primerica fails to correct the circumstance or event so identified within 30 days after the receipt of such notice (the "Cure Period"), and (3) the Participant resigns within 30 days after the Cure Period. For purposes of this Agreement, "Good Reason" means, in the absence of the Participant's written consent, the occurrence of any of the following:

(w) a material diminution by Primerica in the Participant's annual base salary or a material diminution in the Participant's target annual bonus opportunity as a percentage of the Participant's annual base salary, unless replaced by one or more other bonus or incentive opportunities with a comparable aggregate bonus and incentive opportunity;

(x) a material diminution in the Participant's authority, duties or responsibilities, provided that a change in the Participant's reporting relationship (in the absence of any other change which may constitute a material diminution in the Participant's authority, duties or responsibilities) shall not constitute "Good Reason";

(y) Primerica requiring the Participant's principal business location to be at any office or location more than 50 miles from the Participant's principal business location as of immediately prior to such relocation (other than to an office or location closer to the Participant's home residence); or

(z) any material breach of this Agreement by Primerica.

(c) **Retirement.** If the Participant voluntarily terminates employment with Primerica after having attained at least the age of 55 and with the sum of the Participant's age (in whole years) plus the Participant's Years of Service (as defined below) equaling 75 or more on the date of such termination (a "Retirement"), the Participant's Performance Stock Units, and related dividend equivalent amounts described in Section 4, will be deemed to have vested on such Retirement date, contingent on satisfaction by Primerica of the Performance Goals. After the end of the Performance Period, the number of the Participant's Performance Stock Units earned will be determined based on satisfaction of the Performance Goals over the Performance Period. Such amount of earned Performance Stock Units, and related dividend equivalent amounts, will be settled by delivery of one share of Common Stock for each such earned Performance Stock Unit, and payment in cash of any earned dividend equivalent amounts, within 60 days following the Payment Date. For purposes of this Agreement, the term "Years of

Service” shall mean the total number of years the Participant’s period of service to Primerica and any Subsidiary as of the date the Participant terminates employment.

(d) **Change of Control.** If, in the event of a Change of Control, either (i) the Participant’s employment is terminated by Primerica (or a successor entity) other than for Cause, or (ii) the Participant terminates employment with Primerica (or a successor entity) with Good Reason, at any time during the period that begins on the date 6 months before the date of such Change of Control and ends on the date 24 months after the date of such Change of Control, the number of the Performance Stock Units in the Participant’s Target Award (as the same may be adjusted in connection with the Change of Control transaction per the terms of the Plan), and the related dividend equivalent amounts described in Section 4, will be deemed to have vested on such employment termination date. Such vested Performance Stock Units, and related dividend equivalent amounts, will be settled within 60 days following the date the Participant’s employment is so terminated or, for a Participant whose employment terminates during the 6-month period preceding the Change of Control, within 60 days following the date of the Change of Control, by delivery of one share of Common Stock for each such vested Performance Stock Unit (as the same may be adjusted in connection with the Change of Control transaction per the terms of the Plan) and payment of the related dividend equivalent amount described in Section 4.

(e) **Disability.** If the Participant’s employment is terminated by Primerica following completion of the Participant’s approved disability leave pursuant to the applicable Primerica disability policy, the number of the Performance Stock Units in the Participant’s Target Award, and the related dividend equivalent amounts described in Section 4, will be deemed to have vested on such employment termination date. Such vested Performance Stock Units, and related dividend equivalent amounts, will be settled within 60 days following the date the Participant’s employment is so terminated by delivery of one share of Common Stock for each such vested Performance Stock Unit and payment of the related dividend equivalent amount described in Section 4.

(f) **Death.** If the Participant’s employment is terminated upon the Participant’s death, the number of the Performance Stock Units in the Participant’s Target Award, and related dividend equivalent amounts described in Section 4, will be deemed to have vested on the date of the Participant’s death. Such vested Performance Stock Units, and related dividend equivalent amounts, will be settled within 60 days following the date of the Participant’s death by delivery of one share of Common Stock for each such vested Performance Stock Unit and payment of the dividend equivalent amount described in Section 4, to the personal representative of the Participant’s estate or recipient thereunder pursuant to the terms of the Participant’s will or the applicable laws of descent and distribution. Notwithstanding the provisions of Sections 5(b) and 5(c), if following a termination described in Section 5(b) or a Retirement described in Section 5(c), a Participant dies prior to the end of the Performance Period, settlement of such Participant’s Performance Stock Units will be made under the terms described in this Section 5(f).

(g) **Settlement.** Delivery of shares of Common Stock, and cash payment of related dividend equivalent amounts, by Primerica as described in this Section 5 shall discharge it of all of its duties and obligations under this Agreement and the Plan with respect to the Performance Stock Units.

Performance Stock Unit Award Agreement
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(h) Release Agreement. Notwithstanding the foregoing, payment with respect to the Participant's Performance Stock Units following termination of employment as described in subsections (b), (c), (d) or (e) above shall be subject to and conditioned upon the Participant having executed a waiver of claims and general release of Primerica, in a form reasonably acceptable to Primerica, and for which any revocation rights have expired. If a Participant fails or refuses to execute such a waiver of claims and general release, or timely revokes a previously executed waiver of claims and general release, before the Payment Date, such amounts will not vest as described in subsections (b), (c), (d) or (e) above, as the case may be, and the Performance Stock Units will be cancelled, and the Participant shall have no further rights with respect to such Performance Stock Units.

6. Stockholder Rights. The grant of Performance Stock Units does not entitle the Participant to any rights of a stockholder of Common Stock, including dividends or voting rights, until such time as the Performance Stock Units are settled in Common Stock.

7. Nontransferable. As provided by the terms of the Plan, no rights granted under this Agreement, nor any shares of Common Stock issuable pursuant to this Agreement, shall be transferable or assignable by the Participant (or by any other person), other than by will or by the laws of descent and distribution, and they may not be pledged or hypothecated in any way, prior to the issuance and delivery of the shares of Common Stock pursuant to this Agreement. Any attempted transfer, assignment, pledge or other disposition contrary to the provisions of the Plan and this Agreement shall be null and void and without legal effect.

8. Consent to Electronic Delivery. In lieu of receiving documents in paper format, by receipt of the Performance Stock Units, the Participant consents, to the fullest extent permitted by law, to electronic delivery of any documents that Primerica may be required to deliver (including, but not limited to, stock certificates, prospectuses, prospectus supplements, grant or award notifications and agreements and all other forms or communications) in connection with the Performance Stock Units. Electronic delivery of a document to the Participant may be via a Primerica e-mail system or by reference to a location on an Internet site to which the Participant has access.

9. Tax Withholding. The Participant shall be responsible for any applicable taxes and penalties, and any interest that accrues thereon, incurred in connection with the Performance Stock Units, including the payment of any dividends with respect thereto. Primerica or a Subsidiary employing the Participant has the authority and the right to deduct or withhold, or require the Participant to remit to the employer, an amount sufficient to satisfy withholding requirements with respect to applicable federal, state, local, foreign or other governmental taxes or charges (including, without limitation, income, payroll and excise taxes) and to take such other action as may be necessary to satisfy any such withholding obligations.

10. Compliance with EESA. To the extent that the Participant and the Performance Stock Units are subject to Section 111 of the Emergency Economic Stabilization Act of 2008, as amended, and any regulations, guidance or interpretations that may from time to time be promulgated thereunder ("EESA"), then any payment of any kind provided for by, or accrued with respect to, the Performance Stock Units must comply with EESA, and the Agreement and the Plan will be interpreted or reformed to so comply. If requested by Primerica, the Participant

will grant to the U.S. Treasury Department (or other body of the U.S. government) and to Primerica a waiver in a form acceptable to the U.S. Treasury Department (or other body) and Primerica releasing the U.S. Treasury Department (or other body) and Primerica from any claims that the Participant may otherwise have as a result of the issuance of any regulations, guidance or interpretations that adversely modify the terms of the Performance Stock Units that would not otherwise comply with the executive compensation and corporate governance requirements of EESA or any securities purchase agreement or other agreement entered into between Primerica or its affiliates and the U.S. Treasury Department (or other body) pursuant to EESA.

11. Entire Agreement. The Agreement and the Plan constitute the entire understanding between Primerica and the Participant regarding the Performance Stock Units and supersede all previous written, oral, or implied understandings between the parties hereto about the subject matter hereof.

12. No Right to Employment. Nothing contained herein, in the Plan, or in any prospectus shall confer upon the Participant any rights to continued employment or employment in any particular position, at any specific rate of compensation, or for any particular period of time.

13. Arbitration. Any disputes related to the Performance Stock Units shall be resolved by arbitration in accordance with Primerica's arbitration policies. In the absence of an effective arbitration policy, the Participant acknowledges and agrees that any dispute related to the Performance Stock Units shall be submitted to arbitration in accordance with the Commercial Rules of the American Arbitration Association, if so elected by Primerica in its sole discretion.

14. Conflict. In the event of a conflict between the Agreement and the Plan, the Plan shall control.

15. Governing Law. The Agreement shall be construed in accordance with and governed by the laws of the State of Delaware.

16. Internal Revenue Code Section 409A. The intent of the parties is that the payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended, and regulations and other official guidance issued thereunder ("Code Section 409A"), to the extent subject thereto and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and be administered to be in compliance with Code Section 409A. Consistent with such intent, references to the Participant's termination of employment or words of similar import as used in this Agreement shall mean the Participant's "separation from service" as such term is used in Code Section 409A. In the case of a Participant who is a "specified employee" (as such term is used in Code Section 409A), amounts payable upon the Participant's separation from service shall be, to the extent required under Code Section 409A, made on the date that is six (6) months following the date of the Participant's employment termination (or, if earlier, the date of the Participant's death). Each installment or other payment under this Agreement shall be treated as a separate payment for purposes of Code Section 409A. To the extent that payments and benefits under this Agreement are nonqualified deferred compensation subject to Code Section 409A and are contingent upon the Participant's taking any employment-related action, including without limitation execution (and nonrevocation) of

Performance Stock Unit Award Agreement
Approved as of February 24, 2016

another agreement, such as a release agreement, and the period within which such action(s) may be taken by the Participant would begin in one calendar year and expire in the following calendar year, then such amounts or benefits shall be paid in such following calendar year.

17. Successors and Assigns. This Agreement shall be binding on all successors and assigns of the Participant, including, without limitation, the estate of the Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors. This Agreement shall be binding on Primerica and its successors and assigns.

18. Reimbursement or Cancellation of Certain Awards. The Performance Stock Units will be subject to repayment by the Participant to Primerica (i) to the extent set forth in the Plan and (ii) to the extent the Participant is, or in the future becomes, subject to (a) any other Primerica or affiliate "clawback" or recoupment policy that is adopted to comply with the requirements of any applicable laws, rules or regulations, or otherwise or (b) any applicable laws which impose mandatory recoupment, under circumstances set forth in such applicable laws. Further, in the event that the Committee determines that the Performance Stock Units would not have been granted, vested or paid absent fraud or misconduct of the Participant, the Committee, in its discretion, shall take such action as it deems necessary or appropriate to address the fraud or misconduct. Such actions may include, without limitation and to the extent permitted by applicable law, in appropriate cases, causing the partial or full cancellation of any Performance Stock Units granted to the Participant or requiring partial or full repayment of the value of the Common Stock acquired on settlement of the Performance Stock Units, in each case as the Committee determines to be in the best interests of Primerica.

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EXHIBIT A

Performance Goals and Payout Matrix

	Threshold	Target	Maximum
Payout Factor	(50%)	(100%)	(150%)
Performance Range	80% of Target	100% of Target	120% of Target
Average Operating ROAE from 2016-2018	14.8%	18.5%	22.2%

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**PRIMERICA, INC.
EMPLOYEE RESTRICTED STOCK UNIT
AWARD AGREEMENT**

Primerica, Inc. ("Primerica") hereby grants to [NAME] (the "Participant") Stock Units (the "Restricted Stock Units") pursuant to the Primerica, Inc. Amended and Restated 2010 Omnibus Incentive Plan (the "Plan"), subject to the conditions and restrictions detailed in the Plan and in this Employee Restricted Stock Unit Award Agreement (the "Award Agreement"). Terms applicable to the Restricted Stock Units are contained in the Plan and in this Award Agreement (the "Agreement"). Capitalized terms not defined herein shall have the meaning assigned to such terms in the Plan.

1. Grant of Restricted Stock Units.

Grant Date:	February 24, 2016
Number of Restricted Stock Units:	[# UNITS]
Vesting Dates (one-third of the Restricted Stock Units vest on each Vesting Date):	March 1, 2017 March 1, 2018 March 1, 2019
Payment Dates:	Each Vesting Date

2. Vesting and Delivery. Each Restricted Stock Unit represents an unfunded, unsecured promise by Primerica to deliver one share of Primerica's common stock, par value \$.01 per share ("Common Stock"), subject to the terms and conditions contained in this Agreement and the Plan. The Restricted Stock Units shall, except as provided in Section 3 below, become vested on the Vesting Dates set forth in Section 1, and the Restricted Stock Units so vesting shall be settled by delivery of shares of Common Stock as of the Payment Date with respect to each such Vesting Date. Such delivery of shares of Common Stock by Primerica shall discharge it of all of its duties and obligations under this Agreement and the Plan with respect to such vested Restricted Stock Units.

3. Termination of Employment. Notwithstanding anything to the contrary herein, upon a termination of the Participant's employment, the Restricted Stock Units shall be treated as follows:

(a) Voluntary Resignation; Termination by Primerica for Cause. If the Participant voluntarily terminates employment with Primerica (other than upon a Retirement as described in Section 3(c)) or if Primerica terminates the Participant's employment for Cause, vesting of the Restricted Stock Units will cease on the date the Participant's employment is so terminated, the unvested portion of the Restricted Stock Units (if any) will be canceled and the Participant shall have no further rights of any kind with respect to any unvested Restricted Stock Units.

Employee Restricted Stock Unit Restated Award Agreement
Approved as of February 24, 2016

(b) **Termination by Primerica Other than for Cause.** If the Participant's employment is terminated by Primerica for any reason other than Cause (including without limitation following completion of the Participant's approved disability leave pursuant to the Primerica disability policy (the "Disability Policy"), the unvested portion of the Restricted Stock Units (if any) will vest as of the termination date.

(c) **Retirement.** If the Participant voluntarily terminates employment with Primerica after having attained at least the age of 55 and with the sum of the Participant's age (in whole years) plus the Participant's Years of Service (as defined below) equaling 75 or more on the date of such termination (a "Retirement"), the unvested portion of the Restricted Stock Units (if any) will vest as of the date of the Participant's Retirement. For purposes of this Agreement, the term "Years of Service" shall mean the total number of years the Participant's period of service to Primerica and any Subsidiary as of the date the Participant terminates employment.

(d) **Death.** If the Participant's employment is terminated upon the Participant's death, the unvested portion of the Restricted Stock Units (if any) will vest as of the termination date.

(e) **Payment Date.** In the event of the Participant's termination of employment as described in subsection (b), (c) or (d) of this Section 3, any previously unpaid Restricted Stock Units shall be settled by delivery to the Participant of shares of Common Stock on the sixtieth (60th) day following the Participant's termination of employment; provided that, to the extent necessary to comply with Code Section 409A (as defined in Section 14 below), in the case of a Participant who is a "specified employee" (as such term is used in Code Section 409A), such payment shall be made on the date that is six (6) months following the date of the Participant's employment termination (or, if earlier, the date of the Participant's death). Delivery of shares of Common Stock by Primerica shall discharge it of all of its duties and obligations under this Agreement and the Plan with respect to the Participant's Restricted Stock Units.

(f) **Release Agreement.** Notwithstanding the foregoing, payment of the Participant's previously unvested Restricted Stock Units upon termination of employment as described in subsection (b) or (c) above shall be subject to and conditioned upon the Participant having executed a waiver of claims and general release of Primerica, in a form reasonably acceptable to Primerica, and for which any revocation rights have expired, before the end of the sixty (60) day period described in subsection (e). If a Participant fails or refuses to execute such a waiver of claims and general release, or timely revokes a previously executed waiver of claims and general release, before the end of such sixty (60) day period, such amounts will not vest as described in subsection (b) or (c) above, and the unvested portion of the Restricted Stock Units will be cancelled, and the Participant shall have no further rights with respect to any unvested Restricted Stock Units.

4. **Stockholder Rights.** The grant of Restricted Stock Units does not entitle the Participant to any rights of a stockholder of Common Stock, including dividends or voting rights, until such time as the Restricted Stock Units are settled in Common Stock. However, prior to the delivery of the shares of Common Stock, for so long as the Participant remains actively employed by the Company or a Subsidiary, the Participant shall have the right to receive dividend equivalent payments in an amount equal to all dividends or other distributions payable

with respect to the equivalent number of shares of Common Stock, which shall be payable at such time as the dividends and other distributions are payable to Primerica shareholders.

5. Nontransferable. As provided by the terms of the Plan, no rights granted under this Agreement, nor any shares of Common Stock issuable pursuant to this Agreement, shall be transferable or assignable by the Participant (or by any other person), other than by will or by the laws of descent and distribution, and they may not be pledged or hypothecated in any way, prior to the issuance and delivery of the shares of Common Stock pursuant to this Agreement. Any attempted transfer, assignment, pledge or other disposition contrary to the provisions of the Plan and this Agreement shall be null and void and without legal effect.

6. Consent to Electronic Delivery. In lieu of receiving documents in paper format, by receipt of the Restricted Stock Units, the Participant consents, to the fullest extent permitted by law, to electronic delivery of any documents that Primerica may be required to deliver (including, but not limited to, stock certificates, prospectuses, prospectus supplements, grant or award notifications and agreements and all other forms or communications) in connection with the Restricted Stock Units. Electronic delivery of a document to the Participant may be via a Primerica e-mail system or by reference to a location on an Internet site to which the Participant has access.

7. Tax Withholding. The Participant shall be responsible for any applicable taxes and penalties, and any interest that accrues thereon, incurred in connection with the Restricted Stock Units, including the payment of any dividends with respect thereto. Primerica or a Subsidiary employing the Participant has the authority and the right to deduct or withhold, or require the Participant to remit to the employer, an amount sufficient to satisfy withholding requirements with respect to applicable federal, state, local, foreign or other governmental taxes or charges (including, without limitation, income, payroll and excise taxes) and to take such other action as may be necessary to satisfy any such withholding obligations.

8. Compliance with EESA. To the extent that the Participant and the Restricted Stock Units are subject to Section 111 of the Emergency Economic Stabilization Act of 2008, as amended, and any regulations, guidance or interpretations that may from time to time be promulgated thereunder ("EESA"), then any payment of any kind provided for by, or accrued with respect to, the Restricted Stock Units must comply with EESA, and the Agreement and the Plan will be interpreted or reformed to so comply. If requested by Primerica, the Participant will grant to the U.S. Treasury Department (or other body of the U.S. government) and to Primerica a waiver in a form acceptable to the U.S. Treasury Department (or other body) and Primerica releasing the U.S. Treasury Department (or other body) and Primerica from any claims that the Participant may otherwise have as a result of the issuance of any regulations, guidance or interpretations that adversely modify the terms of the Restricted Stock Units that would not otherwise comply with the executive compensation and corporate governance requirements of EESA or any securities purchase agreement or other agreement entered into between Primerica or its affiliates and the U.S. Treasury Department (or other body) pursuant to EESA.

9. Entire Agreement. The Agreement and the Plan constitute the entire understanding between Primerica and the Participant regarding the Restricted Stock Units and

supersede all previous written, oral, or implied understandings between the parties hereto about the subject matter hereof.

10. No Right to Employment. Nothing contained herein, in the Plan, or in any prospectus shall confer upon the Participant any rights to continued employment or employment in any particular position, at any specific rate of compensation, or for any particular period of time.

11. Arbitration. Any disputes related to the Restricted Stock Units shall be resolved by arbitration in accordance with Primerica's arbitration policies. In the absence of an effective arbitration policy, the Participant acknowledges and agrees that any dispute related to the Restricted Stock Units shall be submitted to arbitration in accordance with the Commercial Rules of the American Arbitration Association, if so elected by Primerica in its sole discretion.

12. Conflict. In the event of a conflict between the Agreement and the Plan, the Plan shall control.

13. Governing Law. The Agreement shall be construed in accordance with and governed by the laws of the State of Delaware.

14. Internal Revenue Code Section 409A. The intent of the parties is that the payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended, and regulations and other official guidance issued thereunder ("Code Section 409A"), to the extent subject thereto and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and be administered to be in compliance with Code Section 409A. References to the Participant's termination of employment or words of similar import as used in this Agreement shall mean the Participant's "separation from service" as such term is used in Code Section 409A. Each installment or other payment under this Agreement shall be treated as a separate payment for purposes of Code Section 409A. To the extent that payments and benefits under this Agreement are nonqualified deferred compensation subject to Code Section 409A and are contingent upon the Participant's taking any employment-related action, including without limitation execution (and nonrevocation) of another agreement, such as a release agreement, and the period within which such action(s) may be taken by the Participant would begin in one calendar year and expire in the following calendar year, then such amounts or benefits shall be paid in such following calendar year.

15. Successors and Assigns. This Agreement shall be binding on all successors and assigns of the Participant, including, without limitation, the estate of the Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors. This Agreement shall be binding on Primerica and its successors and assigns.

16. Reimbursement or Cancellation of Certain Awards. The Restricted Stock Units will be subject to repayment by the Participant to Primerica (i) to the extent set forth in the Plan and (ii) to the extent the Participant is, or in the future becomes, subject to (a) any other Primerica or affiliate "clawback" or recoupment policy that is adopted to comply with the requirements of any applicable laws, rules or regulations, or otherwise or (b) any applicable laws

which impose mandatory recoupment, under circumstances set forth in such applicable laws. Further, in the event that the Committee determines that the Restricted Stock Units would not have been granted, vested or paid absent fraud or misconduct of the Participant, the Committee, in its discretion, shall take such action as it deems necessary or appropriate to address the fraud or misconduct. Such actions may include, without limitation and to the extent permitted by applicable law, in appropriate cases, causing the partial or full cancellation of any Restricted Stock Units granted to the Participant or requiring partial or full repayment of the value of the Common Stock acquired on settlement of the Restricted Stock Units, in each case as the Committee determines to be in the best interests of Primerica.

PRIMERICA, INC.
Nonqualified Stock Option Award Agreement

Primerica, Inc. ("Primerica") hereby grants to [NAME] (the "Participant") Non-Qualified Stock Options (the "Options") pursuant to the Primerica, Inc. Amended and Restated 2010 Omnibus Incentive Plan (the "Plan"), subject to the conditions and restrictions detailed in the Plan and in this Nonqualified Stock Option Award Agreement (the "Award Agreement"). Terms applicable to the Options are contained in the Plan and in this Award Agreement (the "Agreement"). Capitalized terms not defined herein shall have the meaning assigned to such terms in the Plan.

1. Grant of Options.

Grant Date:	February 24, 2016
Number of Options:	[# SHARES]
Exercise Price:	\$41.88
Vesting Dates (one-third of the Options vesting on each vesting date):	March 1, 2017 March 1, 2018 March 1, 2019
Expiration Date	February 24, 2026

2. Termination of Employment. Notwithstanding anything to the contrary herein, upon a termination of the Participant's employment, the Options shall be treated as follows:

(a) Voluntary Resignation; Termination for Cause. If the Participant voluntarily terminates employment with Primerica for any reason (other than upon a Retirement as described in Section 3(d)), or if Primerica terminates the Participant's employment for Cause, vesting of the Options will cease on the date the Participant's employment is so terminated, the unvested portion of the Options (if any) will be immediately cancelled and the Participant shall have no further rights of any kind with respect to any unvested Options. Any portion of the Options that have previously vested (and remain unexercised) on the date such Participant's employment terminates may be exercised by the Participant until the earlier of (i) 30 days after the date of the Participant's employment termination and (ii) the Expiration Date specified in Section 1. Any vested Options not exercised by such date will be cancelled and the Participant shall have no further rights of any kind with respect to any of the Options.

(b) Death or Involuntary Termination Other than for Cause. If the Participant's employment is terminated by Primerica for any reason other than Cause (other than following the Participant's disability, as described below), or upon the Participant's death, the unvested portion of the Options (if any) will vest as of the termination date. In such event, the Participant's unexercised Options may be exercised until the earlier of (i) three years after the date of the Participant's employment termination and (ii) the Expiration Date specified in Section 1. Any Options not exercised by such date will be cancelled and the Participant shall have no further rights of any kind with respect to any of the Options.

Employee Nonqualified Stock Option Award Agreement
Approved as of February 24, 2016

(c) **Disability.** The Options will continue to vest during the first 12 months of the Participant's approved disability leave pursuant to the Primerica disability policy applicable to the Participant (the "Disability Policy"). If the Participant remains on an approved disability leave for more than one year pursuant to the Disability Policy, the unvested portion of the Options (if any) will vest as of the first anniversary of the commencement of such approved disability leave. In such event, the Participant's unexercised Options may be exercised until the earlier of (i) the third anniversary of the commencement of such approved disability leave and (ii) the Expiration Date specified in Section 1. Any Options not exercised by such date will be cancelled and the Participant shall have no further rights of any kind with respect to any of the Options.

(d) **Retirement.** If the Participant voluntarily terminates employment with Primerica after having attained at least the age of 55 and with the sum of the Participant's age (in whole years) plus the Participant's Years of Service (as defined below) equaling 75 or more on the date of such termination (a "Retirement"), the unvested Options (if any) will vest as of the date of such Retirement. For purposes of this Agreement, the term "Years of Service" shall mean the total number of years the Participant's period of service to Primerica and any Subsidiary as of the date the Participant terminates employment. In such event, the Participant's unexercised Options may be exercised until the earlier of (i) three years after the date of the Participant's employment termination and (ii) the Expiration Date specified in Section 1. Any Options not exercised by such date will be cancelled and the Participant shall have no further rights of any kind with respect to any of the Options.

3. **Stockholder Rights .** The Participant shall not have any of the rights of a holder of shares of Common Stock with respect to the Options until the Options are vested and exercised including, without limitation, the right to vote such shares and the right to receive dividends or other distributions with respect to such shares.

4. **Exercise of Options.** The vested portion of the Options may be exercised in whole or in part (but in no event with respect to a fractional share) in any of the methods of exercise and forms of payment permitted by the Committee pursuant to the terms of the Plan. A completed exercise form, electronic or otherwise, in such form as specified by the Committee, shall be accompanied by payment in full for the Options that the Participant desires to purchase through such exercise and provision for all applicable withholding taxes. Such exercise shall be effective on the date the properly completed exercise form and payment in full are actually received by Primerica.

5. **Delivery of Shares.** As promptly as practicable after receipt by Primerica of such exercise form and the full purchase price for the Options and provision for applicable withholding taxes, Primerica shall cause to be issued to the Participant stock certificate(s) for the number of shares of Common Stock being purchased, which shall evidence fully paid and nonassessable shares. Primerica's delivery of Common Stock following exercise of all of the Options shall discharge all of its duties and responsibilities under this Agreement.

6. **Nontransferable.** As provided by the terms of the Plan, no rights granted under this Agreement, nor any shares of Common Stock issued in connection with exercise of the Options during a period of restriction or transferability, if any, shall be transferable or assignable

by the Participant (or by any other person), and they may not be pledged or hypothecated in any way, except as described herein. All rights granted under this Agreement shall be exercisable during the Participant's lifetime only by the Participant; provided that, the Participant may during his lifetime transfer rights granted hereunder, or shares of Common Stock issued hereunder during a period of restriction or transferability, if any, to a "family member" (as defined by the general instructions to Form S-8 under the Securities Act of 1933), in which event such rights shall be exercised by such transferee(s), subject to such conditions and limitations as the Committee may prescribe. If any portion of the Options remains exercisable after the death of the Participant, the personal representative of the Participant's estate, or recipient thereunder pursuant to the terms of the Participant's will or the applicable laws of descent and distribution, thereafter shall be treated as the Participant under this Agreement. Any attempted transfer, assignment, pledge or other disposition, or exercise contrary to the provisions of this Agreement, shall be null and void and without legal effect.

7. **Consent to Electronic Delivery.** In lieu of receiving documents in paper format, by receipt of the Options, the Participant consents, to the fullest extent permitted by law, to electronic delivery of any documents that Primerica may be required to deliver (including, but not limited to, stock certificates, prospectuses, prospectus supplements, grant or award notifications and agreements and all other forms or communications) in connection with the Options. Electronic delivery of a document to the Participant may be via a Primerica e-mail system or by reference to a location on an Internet site to which the Participant has access.
8. **Tax Withholding.** The Participant shall be solely responsible for any applicable taxes (including, without limitation, income, payroll and excise taxes) and penalties, and any interest that accrues thereon, incurred in connection with the Options. Upon exercise of the Options, Primerica shall have the right to require payment of, or may deduct or sell a number of shares sufficient to cover, withholding of any applicable federal, state, local, foreign or other governmental taxes or charges required by law and to take such other action as may be necessary to satisfy any such withholding obligations.
9. **Compliance with EESA.** To the extent that the Participant and the Options are subject to Section 111 of the Emergency Economic Stabilization Act of 2008, as amended, and any regulations, guidance or interpretations that may from time to time be promulgated thereunder ("EESA"), then any payment of any kind provided for by, or accrued with respect to, the Options must comply with EESA, and the Agreement and the Plan will be interpreted or reformed to so comply. If requested by Primerica, the Participant will grant to the U.S. Treasury Department (or other body of the U.S. government) and to Primerica a waiver in a form acceptable to the U.S. Treasury Department (or other body) and Primerica releasing the U.S. Treasury Department (or other body) and Primerica from any claims that the Participant may otherwise have as a result of the issuance of any regulations, guidance or interpretations that adversely modify the terms of the Options that would not otherwise comply with the executive compensation and corporate governance requirements of EESA or any securities purchase agreement or other agreement entered into between Primerica or its affiliates and the U.S. Treasury Department (or other body) pursuant to EESA.
10. **Entire Agreement.** The Agreement and the Plan constitute the entire understanding between Primerica and the Participant regarding the Options and supersede all

previous written, oral, or implied understandings between the parties hereto about the subject matter hereof.

11. **No Right to Employment.** Nothing contained herein, in the Plan, or in any prospectus shall confer upon the Participant any rights to continued employment or employment in any particular position, at any specific rate of compensation, or for any particular period of time.
12. **Arbitration.** Any disputes related to the Options shall be resolved by arbitration in accordance with Primerica's arbitration policies. In the absence of an effective arbitration policy, the Participant acknowledges and agrees that any dispute related to the Options shall be submitted to arbitration in accordance with the Commercial Rules of the American Arbitration Association, if so elected by Primerica in its sole discretion.
13. **Conflict.** In the event of a conflict between the Agreement and the Plan, the Plan shall control.
14. **Governing Law.** The Agreement shall be construed in accordance with and governed by the laws of the State of Delaware.
15. **Internal Revenue Code Section 409A.** The intent of the parties is that the Options granted hereunder be exempt from Section 409A of the Code, and, to the maximum extent permitted, the Agreement and the Plan shall be interpreted and be administered accordingly.
16. **Successors and Assigns.** The Agreement shall be binding on all successors and assigns of the Participant, including, without limitation, the estate of the Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.
17. **Reimbursement or Cancellation of Certain Awards.** The Options will be subject to repayment by the Participant to Primerica (i) to the extent set forth in the Plan and (ii) to the extent the Participant is, or in the future becomes, subject to (a) any other Primerica or affiliate "clawback" or recoupment policy that is adopted to comply with the requirements of any applicable laws, rules or regulations, or otherwise or (b) any applicable laws which impose mandatory recoupment, under circumstances set forth in such applicable laws. Further, in the event that the Committee determines that the Options (to the extent granted based on the achievement of performance metrics) would not have been granted, vested or paid absent fraud or misconduct of the Participant, the Committee, in its discretion, shall take such action as it deems necessary or appropriate to address the fraud or misconduct. Such actions may include, without limitation and to the extent permitted by applicable law, in appropriate cases, causing the partial or full cancellation of any Options granted to the Participant or requiring partial or full repayment of the value of the Common Stock acquired on settlement of the Options, in each case as the Committee determines to be in the best interests of Primerica.
18. **Binding Effect.** This Option shall be binding upon Primerica and the Participant and their respective heirs, executors, administrators and successors.

Primerica, Inc.
Computation of Earnings to Fixed Charges Ratios
(In thousands, except ratios)

	2016	2015	2014	2013	2012
Earnings:					
1. Income from continuing operations before income taxes	\$ 337,595	\$ 290,981	\$ 275,722	\$ 245,006	\$ 266,122
Fixed charges:					
2. Interest expense	28,691	33,507	34,570	35,018	33,101
3. Interest credited on investment-type contracts	6,930	7,157	7,277	7,612	8,300
4. Interest factor on rental expense	516	534	573	613	513
5. Total fixed charges (2 + 3 + 4)	<u>36,137</u>	<u>41,198</u>	<u>42,420</u>	<u>43,243</u>	<u>41,914</u>
6. Earnings before fixed charges (1 + 5)	<u>\$ 373,732</u>	<u>\$ 332,179</u>	<u>\$ 318,142</u>	<u>\$ 288,249</u>	<u>\$ 308,036</u>
Ratios:					
7. Earnings to total fixed charges (6 / 5)	10.3	8.1	7.5	6.7	7.3

- (1) For purposes of determining interest expense in calculating the ratio of earnings to fixed charges, Primerica, Inc. excludes interest contractually charged on a surplus note that was issued by a wholly owned subsidiary in exchange for an equivalent principal-value held-to-maturity security that contractually earns an equal and offsetting amount of interest income.

EXH 12.1-1

Subsidiaries of the Registrant

Name	Jurisdiction of Incorporation or Organization
Primerica Life Insurance Company	Massachusetts
Primerica Financial Services, Inc.	Nevada
PFS Investments Inc.	Georgia
Primerica Financial Services (Canada) Ltd.	Canada
Primerica Life Insurance Company of Canada	Canada
National Benefit Life Insurance Company	New York
Peach Re, Inc.	Vermont
Vidalia Re, Inc.	Vermont

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Primerica, Inc.:

We consent to the incorporation by reference in the registration statement Nos. 333-165834 and 333-176508 on Form S-8 and No. 333-209857 on Form S-3 of Primerica, Inc. of our reports dated February 27, 2017, with respect to the consolidated balance sheets of Primerica, Inc. and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016, and all related financial statement schedules, and the effectiveness of internal control over financial reporting as of December 31, 2016, which reports appear in the December 31, 2016 annual report on Form 10-K of Primerica, Inc.

/s/ KPMG LLP

Atlanta, Georgia
February 27, 2017

EXH 23.1-1

Certification of Chief Executive Officer

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

1. I have reviewed this annual report on Form 10-K 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: February 27, 2017

/s/ Glenn J. Williams

Glenn J. Williams
Chief Executive Officer

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 annual report on Form 10-K 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: February 27, 2017

/s/ Alison S. Rand

Alison S. Rand
Executive Vice President and
Chief Financial Officer

**Certification of 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 annual report on Form 10-K of Primerica, Inc. (the "Company") for the period ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn J. Williams, as Chief Executive Officer of the Company, and I, Alison S. Rand, as Executive Vice President and Chief Financial Officer of the Company, each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) To my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Glenn J. Williams

Name:	Glenn J. Williams
Title:	Chief Executive Officer
Date:	February 27, 2017

/s/ Alison S. Rand

Name:	Alison S. Rand
Title:	Executive Vice President and Chief Financial Officer
Date:	February 27, 2017