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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2017

OR

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

For the transition period from__________ to __________

Commission File Number: 001-34680

PRIMERICA®

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

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

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

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

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

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

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

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

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

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

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

Class	**As of October 31, 2017**
Common Stock, $0.01 Par Value	44,248,057 shares

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

PRIMERICA, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	(Unaudited) September 30, 2017	December 31, 2016
	(In thousands)	
Assets:		
Investments:		
Fixed-maturity securities available-for-sale, at fair value (amortized cost: $1,826,407 in 2017 and $1,734,683 in 2016)	$ 1,888,506	$ 1,792,438
Fixed-maturity securities held-to-maturity, at amortized cost (fair value: $727,232 in 2017 and $513,015 in 2016)	688,840	503,230
Equity securities available-for-sale, at fair value (cost: $34,888 in 2017 and $36,818 in 2016)	45,171	44,894
Trading securities, at fair value (cost: $11,469 in 2017 and $7,382 in 2016)	11,513	7,383
Policy loans	34,905	30,916
Total investments	2,668,935	2,378,861
Cash and cash equivalents	177,418	211,976
Accrued investment income	17,847	16,520
Due from reinsurers	4,238,978	4,193,562
Deferred policy acquisition costs, net	1,900,122	1,713,065
Agent balances, due premiums and other receivables	240,731	210,448
Intangible assets, net (accumulated amortization: $77,783 in 2017 and $75,231 in 2016)	52,364	54,915
Income taxes	43,601	37,369
Other assets	379,883	334,274
Separate account assets	2,486,960	2,287,953
Total assets	$ 12,206,839	$ 11,438,943
Liabilities and Stockholders' Equity:		
Liabilities:		
Future policy benefits	$ 5,894,882	$ 5,673,890
Unearned premiums	476	527
Policy claims and other benefits payable	284,451	268,136
Other policyholders' funds	371,508	363,038
Notes payable	373,196	372,919
Surplus note	688,055	502,491
Income taxes	255,877	225,006
Other liabilities	463,926	449,963
Payable under securities lending	106,978	73,646
Separate account liabilities	2,486,960	2,287,953
Commitments and contingent liabilities *(see Commitments and Contingent Liabilities note)*		
Total liabilities	10,926,309	10,217,569
Stockholders' equity:		
Common stock ($0.01 par value; authorized 500,000 in 2017 and 2016; issued and outstanding 44,380 shares in 2017 and 45,721 shares in 2016)	444	457
Paid-in capital	-	52,468
Retained earnings	1,228,546	1,138,851
Accumulated other comprehensive income (loss), net of income tax:		
Unrealized foreign currency translation gains (losses)	4,492	(13,193)
Net unrealized investment gains (losses):		
Net unrealized investment gains not other-than-temporarily impaired	47,192	42,852
Net unrealized investment losses other-than-temporarily impaired	(144)	(61)
Total stockholders' equity	1,280,530	1,221,374
Total liabilities and stockholders' equity	$ 12,206,839	$ 11,438,943

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	(In thousands, except per-share amounts)			
Revenues:				
Direct premiums	$ 646,079	$ 616,587	$ 1,911,203	$ 1,825,906
Ceded premiums	(397,641)	(399,676)	(1,203,452)	(1,201,692)
Net premiums	248,438	216,911	707,751	624,214
Commissions and fees	144,627	134,282	437,211	400,005
Investment income net of investment expenses	27,153	24,356	78,595	74,742
Interest expense on surplus note	(7,231)	(4,957)	(19,037)	(13,716)
Net investment income	19,922	19,399	59,558	61,026
Realized investment gains (losses), including other-than-temporary impairment losses	22	(35)	260	2,623
Other, net	14,291	13,069	41,381	37,353
Total revenues	427,300	383,626	1,246,161	1,125,221
Benefits and expenses:				
Benefits and claims	105,864	93,022	307,761	272,983
Amortization of deferred policy acquisition costs	53,384	45,428	153,094	127,277
Sales commissions	72,022	66,700	221,165	203,489
Insurance expenses	37,637	32,837	112,177	98,873
Insurance commissions	5,593	4,709	15,649	13,328
Interest expense	7,073	7,184	21,344	21,534
Other operating expenses	45,527	45,309	143,539	137,206
Total benefits and expenses	327,100	295,189	974,729	874,690
Income before income taxes	100,200	88,437	271,432	250,531
Income taxes	33,565	30,400	89,619	87,991
Net income	$ 66,635	$ 58,037	$ 181,813	$ 162,540
Earnings per share:				
Basic earnings per share	$ 1.46	$ 1.22	$ 3.94	$ 3.38
Diluted earnings per share	$ 1.46	$ 1.22	$ 3.93	$ 3.37
Weighted-average shares used in computing earnings per share:				
Basic	45,318	47,008	45,864	47,736
Diluted	45,408	47,051	45,947	47,775
Supplemental disclosures:				
Total impairment losses	$ (668)	$ (478)	$ (1,363)	$ (3,308)
Impairment losses recognized in other comprehensive income before income taxes	142	-	142	-
Net impairment losses recognized in earnings	(526)	(478)	(1,221)	(3,308)
Other net realized investment gains	548	443	1,481	5,931
Realized investment gains (losses), including other-than-temporary impairment losses	$ 22	$ (35)	$ 260	$ 2,623
Dividends declared per share	$ 0.20	$ 0.18	$ 0.58	$ 0.52

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(In thousands)			
Net income	$ 66,635	$ 58,037	$ 181,813	$ 162,540
Other comprehensive income (loss) before income taxes:				
Unrealized investment gains (losses):				
Change in unrealized holding gains (losses) on investment securities	(3,725)	5,129	7,447	63,414
Reclassification adjustment for realized investment (gains) losses included in net income	(554)	33	(896)	(2,300)
Foreign currency translation adjustments:				
Change in unrealized foreign currency translation gains (losses) before income tax expense (benefit)	10,000	(3,165)	17,878	11,704
Total other comprehensive income (loss) before income taxes	5,721	1,997	24,429	72,818
Income tax expense (benefit) related to items of other comprehensive income (loss)	(1,391)	1,777	2,487	21,518
Other comprehensive income (loss), net of income taxes	7,112	220	21,942	51,300
Total comprehensive income	$ 73,747	$ 58,257	$ 203,755	$ 213,840

See accompanying notes to condensed consolidated financial statements.

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

	Nine months ended September 30,	
	2017	2016
	(In thousands)	
Common stock:		
Balance, beginning of period	$ 457	$ 483
Repurchases of common stock	(18)	(29)
Net issuance of common stock	5	6
Balance, end of period	444	460
Paid-in capital:		
Balance, beginning of period	52,468	180,250
Share-based compensation	21,658	21,564
Net issuance of common stock	(5)	(6)
Repurchases of common stock	(74,121)	(135,298)
Balance, end of period	-	66,510
Retained earnings:		
Balance, beginning of period	1,138,851	952,804
Net income	181,813	162,540
Dividends	(26,802)	(24,956)
Repurchases of common stock	(65,316)	-
Balance, end of period	1,228,546	1,090,388
Accumulated other comprehensive income (loss):		
Balance, beginning of period	29,598	12,235
Change in foreign currency translation adjustment, net of income tax expense (benefit)	17,685	11,574
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)	4,340	39,720
Change in net unrealized investment losses other-than-temporarily impaired, net of income tax expense (benefit)	(83)	6
Balance, end of period	51,540	63,535
Total stockholders' equity	$ 1,280,530	$ 1,220,893

See accompanying notes to condensed consolidated financial statements.

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

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 181,813	$ 162,540
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Change in future policy benefits and other policy liabilities	216,086	178,242
Deferral of policy acquisition costs	(317,112)	(281,397)
Amortization of deferred policy acquisition costs	153,094	127,277
Change in income taxes	22,151	53,282
Realized investment (gains) losses, including other-than-temporary impairments	(260)	(2,623)
Accretion and amortization of investments	(1,051)	(1,091)
Depreciation and amortization	10,323	10,879
Change in due from reinsurers	(24,137)	(34,907)
Change in agent balances, due premiums and other receivables	(30,283)	(36,160)
Trading securities sold, matured, or called (acquired), net	(4,147)	(6,917)
Share-based compensation	13,491	11,754
Change in other operating assets and liabilities, net	(10,169)	(14,307)
Net cash provided by (used in) operating activities	209,799	166,572
Cash flows from investing activities:		
Available-for-sale investments sold, matured or called:		
Fixed-maturity securities — sold	67,648	76,540
Fixed-maturity securities — matured or called	159,427	195,803
Equity securities	2,125	4,864
Available-for-sale investments acquired:		
Fixed-maturity securities	(300,169)	(228,986)
Equity securities	(306)	(1,074)
Purchases of property and equipment and other investing activities, net	(7,965)	(11,410)
Cash collateral received (returned) on loaned securities, net	33,332	24,361
Sales (purchases) of short-term investments using securities lending collateral, net	(33,332)	(24,361)
Net cash provided by (used in) investing activities	(79,240)	35,737
Cash flows from financing activities:		
Dividends paid	(26,802)	(24,956)
Common stock repurchased	(132,751)	(131,570)
Tax withholdings on share-based compensation	(6,704)	(3,757)
Net cash provided by (used in) financing activities	(166,257)	(160,283)
Effect of foreign exchange rate changes on cash	1,140	1,003
Change in cash and cash equivalents	(34,558)	43,029
Cash and cash equivalents, beginning of period	211,976	152,294
Cash and cash equivalents, end of period	$ 177,418	$ 195,323

See accompanying notes to condensed consolidated financial statements.

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

Description of Business. Primerica, Inc. (the "Parent Company"), together with its subsidiaries (collectively, "we", "us" or the "Company"), is a leading 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 PFSL Investments Canada Ltd. ("PFSL Investments Canada"); and PFS Investments Inc. ("PFS Investments"), an investment products company and broker-dealer. Primerica Life, domiciled in Massachusetts, owns National Benefit Life Insurance Company ("NBLIC"), a New York 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.

The accompanying unaudited condensed consolidated financial statements contain all adjustments, generally consisting of normal recurring accruals, which are necessary to fairly present the balance sheets as of September 30, 2017 and December 31, 2016, the statements of income and comprehensive income (loss) for the three and nine months ended September 30, 2017 and 2016, and the statements of stockholders' equity and cash flows for the nine months ended September 30, 2017 and 2016. Results of operations for interim periods are not necessarily indicative of results for the entire year or of the results to be expected in future periods.

These unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are sufficient to make the information not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto that are included in our Annual Report on Form 10-K for the year ended December 31, 2016 ("2016 Annual Report").

Use of Estimates. The most significant items that involve a greater degree of accounting estimates and actuarial determinations subject to change in the future are the valuation of investments, deferred policy acquisition costs ("DAC"), 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 unaudited condensed consolidated financial statements include the accounts of the Company and those entities required to be consolidated under applicable accounting standards. All material intercompany profits, transactions, and balances among the consolidated entities have been eliminated.

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

Significant Accounting Policies. All significant accounting policies remain unchanged from the 2016 Annual Report.

New Accounting Principles. 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 recognition of income tax consequences of awards, the classification of awards as either equity or liabilities, the method of recognizing award forfeitures, and the presentation of items within the statement of cash flows. The most notable impact on the Company's financial statements involved the change in accounting for the income tax consequences associated with share-based payment transactions in the income statement. Prior to the adoption of ASU 2016-09, 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") was recognized as an adjustment to additional paid-in capital in the statement of stockholders' equity. The amendments in ASU 2016-09 require that the excess tax benefits or deficiencies be recognized as a reduction to or an increase of income tax expense in the income statement. We adopted the amendments in ASU 2016-09 pertaining to excess tax benefits or deficiencies during the first quarter of 2017 on a prospective basis, which resulted in a reduction of income tax expense of approximately \$0.9 million and \$5.2 million forthe excess tax benefit of share-based transactions for the three and nine months ended September 30, 2017, respectively. ASU 2016-09 also changes the presentation of excess tax benefits or deficiencies in the cash flow statement from a financing activity to an operating activity. Therefore, we have presented the excess tax benefits as cash flows from operating activities within the accompanying consolidated statements of cash flows for all periods presented. The adoption of all other amendments outlined in ASU 2016-09 had either no impact to our financial statements or an immaterial impact to our financial statements.

Future Application of Accounting Standards. 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. Although we are still in the process of evaluating the customer contracts in our Investment and Savings Products and Corporate and Other Distributed Products segments, we currently believe that adopting the amendments in ASU 2014-09 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 how it applies to 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 fiscal year 2018. We expect its primary impact on the Company will be the recognition of all unrealized gains and losses on available-for-sale equity securities in net income. Currently, all unrealized gains and losses (except for other-than-temporary impairment) on available-for-sale equity securities are recognized in other comprehensive income (loss). The impact of adopting this standard will be driven by the value of unrealized gains and losses on available-for-sale equity securities as of the effective date of adoption. See Note 3 (Investments) for details of unrealized gains and losses on available-for-sale equity securities held by the Company as of September 30, 2017.

For additional information on new accounting pronouncements and recent accounting principles and their impact, if any, on our financial position or results of operations, see Note 1 (Description of Business, Basis of Presentation, and Summary of Accounting Policies) to our consolidated financial statements within our 2016 Annual Report.

Subsequent Events. The Company has evaluated subsequent events for recognition and disclosure for occurrences and transactions after the date of the unaudited condensed consolidated financial statements dated as of September 30, 2017.

(2) Segment and Geographical Information

Segments. We have two primary operating segments — Term Life Insurance and Investment and Savings Products. We also have a Corporate and Other Distributed Products segment.

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

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	(In thousands)			
Revenues:				
Term life insurance segment	$ 256,240	$ 222,598	$ 729,193	$ 639,253
Investment and savings products segment	140,058	130,080	424,239	387,604
Corporate and other distributed products segment	31,002	30,948	92,729	98,364
Total revenues	$ 427,300	$ 383,626	$ 1,246,161	$ 1,125,221
Net investment income:				
Term life insurance segment	$ 2,527	$ 1,903	$ 7,177	$ 5,624
Investment and savings products segment	-	-	-	-
Corporate and other distributed products segment	17,395	17,496	52,381	55,402
Total net investment income	$ 19,922	$ 19,399	$ 59,558	$ 61,026
Amortization of DAC:				
Term life insurance segment	$ 50,386	$ 43,365	$ 145,456	$ 121,067
Investment and savings products segment	2,780	1,636	6,824	5,258
Corporate and other distributed products segment	218	427	814	952
Total amortization of DAC	$ 53,384	$ 45,428	$ 153,094	$ 127,277
Non-cash share-based compensation expense:				
Term life insurance segment	$ 298	$ 339	$ 2,375	$ 2,320
Investment and savings products segment	354	337	1,895	1,841
Corporate and other distributed products segment	1,172	1,047	9,221	7,593
Total non-cash share-based compensation expense	$ 1,824	$ 1,723	$ 13,491	$ 11,754
Income (loss) before income taxes:				
Term life insurance segment	$ 66,543	$ 58,137	$ 177,421	$ 162,234
Investment and savings products segment	39,050	35,760	115,854	103,514
Corporate and other distributed products segment	(5,393)	(5,460)	(21,843)	(15,217)
Total income before income taxes	$ 100,200	$ 88,437	$ 271,432	$ 250,531

Total assets by segment were as follows:

	September 30, 2017	December 31, 2016
	(In thousands)	
Assets:		
Term life insurance segment	$ 6,189,216	$ 5,945,502
Investment and savings products segment [1]	2,611,004	2,391,512
Corporate and other distributed products segment	3,406,619	3,101,929
Total assets	$ 12,206,839	$ 11,438,943

(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 $124.2 million and $103.7 million as of September 30, 2017 and December 31, 2016, respectively.

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

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	(In thousands)			
Revenues by country:				
United States	$ 358,534	$ 323,560	$ 1,047,717	$ 947,618
Canada	68,766	60,066	198,444	177,603
Total revenues	$ 427,300	$ 383,626	$ 1,246,161	$ 1,125,221
Income before income taxes by country:				
United States	$ 81,040	$ 71,525	$ 216,586	$ 200,137
Canada	19,160	16,912	54,846	50,394
Total income before income taxes	$ 100,200	$ 88,437	$ 271,432	$ 250,531

	September 30, 2017	December 31, 2016
	(In thousands)	
Long-lived assets by country:		
United States	$ 28,326	$ 26,685
Canada	744	780
Total long-lived assets	$ 29,070	$ 27,465

(3) Investments

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

	September 30, 2017			
	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	$ 10,077	$ 325	$ (18)	$ 10,384
Foreign government	134,123	5,210	(907)	138,426
States and political subdivisions	52,403	1,932	(73)	54,262
Corporates	1,310,913	51,255	(2,458)	1,359,710
Residential mortgage-backed securities	110,537	4,351	(105)	114,783
Commercial mortgage-backed securities	125,765	2,651	(507)	127,909
Other asset-backed securities	82,589	566	(123)	83,032
Total fixed-maturity securities(1)	1,826,407	66,290	(4,191)	1,888,506
Equity securities	34,888	10,367	(84)	45,171
Total fixed-maturity and equity securities	$ 1,861,295	$ 76,657	$ (4,275)	$ 1,933,677

(1) Includes approximately $0.2 million of other-than-temporary impairment (“OTTI”) losses related to corporates and mortgage- and asset-backed securities recognized in accumulated other comprehensive income.

	December 31, 2016			
	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	$ 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	$ 1,771,501	$ 73,606	$ (7,775)	$ 1,837,332

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

The scheduled maturity distribution of the available-for-sale fixed-maturity portfolio at September 30, 2017 follows:

	Amortized cost	Fair value
	(In thousands)	
Due in one year or less	$ 118,965	$ 120,693
Due after one year through five years	789,489	820,976
Due after five years through 10 years	550,044	567,720
Due after 10 years	49,018	53,393
	1,507,516	1,562,782
Mortgage- and asset-backed securities	318,891	325,724
Total fixed-maturity securities	$ 1,826,407	$ 1,888,506

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 available-for-sale investments was as follows:

	September 30, 2017	December 31, 2016
	(In thousands)	
Net unrealized investment gains including OTTI:		
Fixed-maturity and equity securities	$ 72,382	$ 65,831
OTTI	220	95
Net unrealized investment gains excluding OTTI	72,602	65,926
Deferred income taxes	(25,410)	(23,074)
Net unrealized investment gains excluding OTTI, net of tax	$ 47,192	$ 42,852

Trading Securities. The costs and fair values of the fixed-maturity and equity securities classified as trading securities were as follows:

	September 30, 2017		December 31, 2016	
	Cost	Fair value	Cost	Fair value
	(In thousands)			
Fixed-maturity securities	$ 10,117	$ 10,121	$ 7,332	$ 7,332
Equity securities	1,352	1,392	50	51
Total fixed-maturity and equity securities	$ 11,469	$ 11,513	$ 7,382	$ 7,383

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

The LLC is a VIE as its owner does not have an equity investment at risk that is sufficient to permit the LLC to finance its activities without Vidalia Re or Hannover Re. The Parent Company, Primerica Life, and Vidalia Re share the power to direct the activities of the LLC with Hannover Re, but do not have the obligation to absorb losses or the right to receive any residual returns related to the LLC's primary risks or sources of variability. Through the credit enhancement feature, Hannover Re is the ultimate risk taker in this transaction and bears the obligation to absorb the LLC's losses in the event of a Surplus Note default in exchange for the fee. Accordingly, the Company is not the primary beneficiary of the LLC and does not consolidate the LLC within its 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 September 30, 2017, the LLC Note, which was rated A+ by Fitch Ratings, had an estimated unrealized holding gain of $38.4 million based on its amortized cost and estimated fair value, which is derived using the valuation techniques described in Note 4 (Fair Value of Financial Instruments).

See Note 12 (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 approximately $15.2 million and $18.2 million as of September 30, 2017 and December 31, 2016, respectively.

Securities Lending Transactions. We participate in securities lending transactions with broker-dealers and other financial institutions to increase investment income with minimal risk. We require minimum collateral on securities loaned equal to 102% of the fair value of the loaned securities. We accept collateral in the form of securities, which we are not able to sell or encumber, and to the extent the collateral declines in value below 100%, we require additional collateral from the borrower. Any securities collateral received is not reflected on our unaudited condensed consolidated balance sheets. We also accept collateral in the form of cash, all of which we reinvest. For loans involving unrestricted cash collateral, the collateral is reported as an asset with a corresponding liability representing our obligation to return the collateral. We continue to carry the loaned securities as invested assets on our unaudited condensed consolidated balance sheets during the terms of the loans, and we do not report them as sales. Cash collateral received and reinvested was approximately $107.0 million and $73.6 million as of September 30, 2017 and December 31, 2016, respectively.

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(In thousands)			
Fixed-maturity securities (available-for-sale)	$ 19,268	$ 18,578	$ 57,537	$ 56,204
Fixed-maturity security (held-to-maturity)	7,231	4,957	19,037	13,716
Equity securities	525	505	1,575	1,527
Policy loans and other invested assets	395	318	1,016	998
Cash and cash equivalents	282	148	722	497
Total return on deposit asset underlying 10% coinsurance agreement	869	1,058	2,671	5,443
Gross investment income	28,570	25,564	82,558	78,385
Investment expenses	(1,417)	(1,208)	(3,963)	(3,643)
Investment income net of investment expenses	27,153	24,356	78,595	74,742
Interest expense on surplus note	(7,231)	(4,957)	(19,037)	(13,716)
Net investment income	$ 19,922	$ 19,399	$ 59,558	$ 61,026

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(In thousands)			
Net realized investment gains (losses):				
Gross gains from sales	$ 1,089	$ 637	$ 2,153	$ 6,322
Gross losses from sales	(9)	(192)	(36)	(714)
OTTI losses	(526)	(478)	(1,221)	(3,308)
Gains (losses) from bifurcated options	(532)	(2)	(636)	323
Net realized investment gains (losses)	$ 22	$ (35)	$ 260	$ 2,623

Other-Than-Temporary Impairment. 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 impairment 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. For additional information, see Note 4 (Investments) to the consolidated financial statements in our 2016 Annual Report.

Available-for-sale fixed-maturity and equity securities with a cost basis in excess of their fair values were approximately $364.5 million and $450.9 million as of September 30, 2017 and December 31, 2016, respectively.

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

	September 30, 2017					
	Less than 12 months			12 months or longer		
	Fair value	Unrealized losses	Number of securities	Fair value	Unrealized losses	Number of securities
	(Dollars in thousands)					
Fixed-maturity securities:						
U.S. government and agencies	$ 3,426	$ (7)	5	$ 2,820	$ (11)	2
Foreign government	42,275	(774)	42	3,858	(133)	5
States and political subdivisions	6,112	(42)	7	2,529	(31)	3
Corporates	147,865	(1,532)	140	29,115	(926)	35
Residential mortgage-backed securities	29,995	(96)	12	2,147	(9)	8
Commercial mortgage-backed securities	34,436	(137)	32	17,422	(370)	20
Other asset-backed securities	29,201	(71)	35	8,361	(52)	8
Total fixed-maturity securities	293,310	(2,659)		66,252	(1,532)	
Equity securities	229	(4)	11	390	(80)	7
Total fixed-maturity and equity securities	$ 293,539	$ (2,663)		$ 66,642	$ (1,612)	

	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
	(Dollars in thousands)					
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)	

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

	September 30, 2017		December 31, 2016	
	Amortized cost	Fair value	Amortized cost	Fair value
	(In thousands)			
Fixed-maturity securities in default	$ 655	$ 798	$ 5	$ 125

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(In thousands)			
OTTI on fixed-maturity securities not in default	$ 412	$ 466	$ 947	$ 3,145
OTTI on fixed-maturity securities in default	114	2	114	121
OTTI on equity securities	-	10	160	42
Total OTTI recognized in earnings	$ 526	$ 478	$ 1,221	$ 3,308

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 OTTI related to invested assets held at the Parent company that we intended to sell to fund share repurchases, as well as impairments on equity securities where we do not expect to recover its cost basis.

As of September 30, 2017, the unrealized losses on our available-for-sale invested asset portfolio were largely caused by interest rate sensitivity and changes in credit spreads. We believe that fluctuations caused by movement in interest rates 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.

OTTI recognized in earnings for available-for-sale securities were as follows:

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	(In thousands)			
Total OTTI 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	$ 668	$ 445	$ 1,203	$ 1,374
Less portion of OTTI recognized in accumulated other comprehensive income (loss)	142	-	142	-
OTTI recognized in earnings for securities which the Company does not intend to sell or more-likely-than-not will not be required to sell	526	445	1,061	1,374
OTTI recognized in earnings for securities which the Company intends to sell or more-likely-than-not will be required to sell before recovery	-	33	160	1,934
OTTI recognized in earnings	$ 526	$ 478	$ 1,221	$ 3,308

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

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	(In thousands)			
Cumulative OTTI recognized in net income for securities still held, beginning of period	$ 5,575	$ 7,489	$ 5,774	$ 11,856
Additions for OTTI securities where no OTTI were recognized prior to the beginning of the period	351	451	351	1,682
Additions for OTTI securities where OTTI have been recognized prior to the beginning of the period	175	17	710	1,584
Reductions due to sales, maturities, calls, amortization or increases in cash flows expected to be collected over the remaining life of credit impaired securities	(699)	(640)	(1,296)	(6,134)
Reductions for exchanges of securities previously impaired	(1,047)	(112)	(1,184)	(1,783)
Cumulative OTTI recognized in net income for securities still held, end of period	$ 4,355	$ 7,205	$ 4,355	$ 7,205

As of September 30, 2017, no OTTI 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. The fair value of these bifurcated options was approximately $1.8 million as of September 30, 2017 and $4.3 million as of December 31, 2016.

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 September 30, 2017 and December 31, 2016. These deferred losses will not be recognized until such time as we sell or substantially liquidate our Canadian operations; although we have no such intention.

(4) Fair Value of Financial Instruments

Fair value is the price that would be received upon the sale of an asset 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 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:

	September 30, 2017			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Fair value assets:				
Available-for-sale fixed-maturity securities:				
U.S. government and agencies	$ -	$ 10,384	$ -	$ 10,384
Foreign government	-	138,426	-	138,426
States and political subdivisions	-	54,262	-	54,262
Corporates	3,341	1,356,366	3	1,359,710
Residential mortgage-backed securities	-	114,322	461	114,783
Commercial mortgage-backed securities	-	127,909	-	127,909
Other asset-backed securities	-	81,943	1,089	83,032
Total available-for-sale fixed-maturity securities	3,341	1,883,612	1,553	1,888,506
Available-for-sale equity securities	42,172	2,871	128	45,171
Trading securities	1,392	10,121	-	11,513
Separate accounts	-	2,486,960	-	2,486,960
Total fair value assets	$ 46,905	$ 4,383,564	$ 1,681	$ 4,432,150
Fair value liabilities:				
Separate accounts	$ -	$ 2,486,960	$ -	$ 2,486,960
Total fair value liabilities	$ -	$ 2,486,960	$ -	$ 2,486,960

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
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
Available-for-sale equity securities	39,556	5,256	82	44,894
Trading securities	51	7,332	-	7,383
Separate accounts	-	2,287,953	-	2,287,953
Total fair value assets	$ 42,720	$ 4,081,786	$ 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

In assessing fair value of our investments, we use a third-party pricing service for approximately 94% 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 corporates, governments, and agency securities, these methodologies include developing prices by incorporating available market information such as U.S. Treasury curves, benchmarking of similar securities including new issues, sector groupings, quotes from market participants and matrix pricing. Observable information is compiled and integrates relevant credit information, perceived market movements and sector news. Additionally, security prices are periodically back-tested to validate and/or refine models as conditions warrant. Market indicators and industry and economic events are also monitored as triggers to obtain additional data. For certain structured securities (such as mortgage-and asset-backed securities) with limited trading activity, third-party pricing services generally use industry-standard pricing methodologies that incorporate market information, such as index prices, or discounting expected future cash flows based on underlying collateral, and quotes from market participants, to estimate fair value. If these measures are not deemed observable for a particular security, the security will be classified as Level 3 in the fair value hierarchy.

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

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

	Three months ended September 30,		Nine months ended September 30, [1]	
	2017	2016	2017	2016
	(In thousands)			
Level 3 assets, beginning of period	$ 1,861	$ 717	$ 8,162	$ 783
Net unrealized gains (losses) included in other comprehensive income	24	12	246	17
Realized gains (losses) and accretion (amortization) recognized in earnings, including OTTI	-	1	9	6
Purchases	-	4,183	1,250	4,183
Sales	-	-	-	(3)
Settlements	(204)	(25)	(645)	(98)
Transfers into Level 3	-	1,675	2,439	1,676
Transfers out of Level 3[2]	-	(1)	(9,780)	(2)
Level 3 assets, end of period	$ 1,681	$ 6,562	$ 1,681	$ 6,562

(1) Activities for investments that enter Level 3 in one quarter and exit Level 3 in another quarter within the same fiscal year are not eliminated until year-end when only the full year amounts are presented.

(2) During the nine months ended September 30, 2017, transfers out of Level 3 assets primarily consisted of recently purchased fixed-maturity securities in a previous quarter for which observable inputs, most notably quoted prices, used to derive valuations became 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, 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 three and nine months ended September 30, 2017 and 2016.

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

	September 30, 2017		December 31, 2016	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
	(In thousands)			
Assets:				
Fixed-maturity securities (available-for-sale)	$ 1,888,506	$ 1,888,506	$ 1,792,438	$ 1,792,438
Fixed-maturity securities (held-to-maturity)	688,840	727,232	503,230	513,015
Equity securities (available-for-sale)	45,171	45,171	44,894	44,894
Trading securities	11,513	11,513	7,383	7,383
Policy loans	34,905	34,905	30,916	30,916
Deposit asset underlying 10% coinsurance agreement	214,289	214,289	202,435	202,435
Separate accounts	2,486,960	2,486,960	2,287,953	2,287,953
Liabilities:				
Notes payable(1)	$ 373,196	$ 406,500	$ 372,919	$ 401,340
Surplus note(1)	688,055	725,912	502,491	512,669
Separate accounts	2,486,960	2,486,960	2,287,953	2,287,953

(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 available-for-sale and trading 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. 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 a 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 financial instruments are not included in the above table.

(5) Reinsurance

We use reinsurance extensively, which has a significant effect on our results of operations. Reinsurance arrangements do not relieve us of our primary obligation to the policyholder. We monitor the concentration of credit risk we have with any reinsurer, as well as the financial condition of the reinsurers.

Details on in-force life insurance follow:

	September 30, 2017	December 31, 2016
	(Dollars in thousands)	
Direct life insurance in force	$ 760,668,879	$ 731,822,070
Amounts ceded to other companies	(663,954,139)	(643,364,460)
Net life insurance in force	$ 96,714,740	$ 88,457,610
Percentage of reinsured life insurance in force	87 %	88 %

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

	September 30, 2017		December 31, 2016	
	Reinsurance receivable	A.M. Best rating	Reinsurance receivable	A.M. Best rating
	(In thousands)			
Pecan Re Inc.[1] [2]	$ 2,763,827	NR	$ 2,754,424	NR
SCOR Global Life Reinsurance Companies[3]	357,422	A+	355,759	A
Munich Re of Malta[2]	303,649	NR	282,382	NR
Swiss Re Life & Health America Inc.[4]	244,904	A+	249,299	A+
American Health and Life Insurance Company[2]	174,997	B	176,010	B
Munich American Reassurance Company	110,830	A+	106,471	A+
Korean Reinsurance Company	99,966	A	96,921	A
RGA Reinsurance Company	86,770	A+	84,473	A+
Hannover Life Reassurance Company	29,790	A+	22,929	A+
TOA Reinsurance Company	26,893	A	23,977	A+
All other reinsurers	39,930	-	40,917	-
Due from reinsurers	$ 4,238,978		$ 4,193,562	

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.

Benefits and claims ceded to reinsurers for the three and nine months ended September 30, 2017 were approximately $314.8 million and $991.9 million, respectively, compared to approximately $293.6 million and $898.5 million, respectively, for the three and nine months ended September 30, 2016.

(6) Policy Claims and Other Benefits Payable

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

	Nine months ended September 30,	
	2017	2016
	(In thousands)	
Policy claims and other benefits payable, beginning of period	$ 268,136	$ 238,157
Less reinsured policy claims and other benefits payable	323,195	263,003
Net balance, beginning of period	(55,059)	(24,846)
Incurred related to current year	120,062	105,557
Incurred related to prior years[1]	2,179	(671)
Total incurred	122,241	104,886
Claims paid related to current year, net of reinsured policy claims received	(190,542)	(148,710)
Reinsured policy claims received related to prior years, net of claims paid	60,118	31,103
Total paid	(130,424)	(117,607)
Foreign currency translation	330	357
Net balance, end of period	(62,912)	(37,210)
Add reinsured policy claims and other benefits payable	347,363	283,724
Balance, end of period	$ 284,451	$ 246,514

(1) Includes the difference between our estimate of claims incurred but not yet reported at period end and the actual incurred claims reported after period end.

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

(7) Stockholders' Equity

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

	Nine months ended September 30,	
	2017	2016
	(In thousands)	
Common stock, beginning of period	45,721	48,297
Shares issued for stock options exercised	38	108
Shares of common stock issued upon lapse of restricted stock units ("RSUs")	430	426
Common stock retired	(1,809)	(2,869)
Common stock, end of period	44,380	45,962

The above reconciliation excludes RSUs and performance-based stock units ("PSUs"), which do not have voting rights. As sales restrictions on RSUs lapse and PSUs are earned, we issue common shares with voting rights. As of September 30, 2017, we had a total of 916,662 RSUs and 54,431 PSUs outstanding.

On November 17, 2016, the Board of Directors authorized a share repurchase program for up to $200.0 million of our outstanding common shares (the "share repurchase program") for purchases through June 30, 2018. Under the share repurchase program, we repurchased 1,708,424 shares of our common stock in open market transactions for an aggregate purchase price of approximately $132.8 million through September 30, 2017. As of September 30, 2017, approximately $67.2 million remains for repurchases of our outstanding common stock under the share repurchase program.

(8) Earnings Per Share

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

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

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

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

The calculation of basic and diluted EPS follows.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(In thousands, except per-share amounts)			
Basic EPS:				
Numerator:				
Net income	$ 66,635	$ 58,037	$ 181,813	$ 162,540
Income attributable to unvested participating securities	(465)	(494)	(1,326)	(1,353)
Net income used in calculating basic EPS	$ 66,170	$ 57,543	$ 180,487	$ 161,187
Denominator:				
Weighted-average vested shares	45,318	47,008	45,864	47,736
Basic EPS	$ 1.46	$ 1.22	$ 3.94	$ 3.38
Diluted EPS:				
Numerator:				
Net income	$ 66,635	$ 58,037	$ 181,813	$ 162,540
Income attributable to unvested participating securities	(464)	(493)	(1,324)	(1,352)
Net income used in calculating diluted EPS	$ 66,171	$ 57,544	$ 180,489	$ 161,188
Denominator:				
Weighted-average vested shares	45,318	47,008	45,864	47,736
Dilutive effect of incremental shares to be issued for contingently issuable shares	90	43	83	39
Weighted-average shares used in calculating diluted EPS	45,408	47,051	45,947	47,775
Diluted EPS	$ 1.46	$ 1.22	$ 3.93	$ 3.37

(9) 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, and sales force leaders under the OIP. For more information on equity awards granted under the OIP, see Note 14 (Share-Based Transactions) to our consolidated financial statements within our 2016 Annual Report.

In connection with our granting of equity awards to management and members of the Board of Directors, we recognize expense over the requisite service period of the equity award. Additionally, to the extent that equity awards to members of our sales force 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 these awards in the same manner as other deferred policy acquisition costs.

The impacts of equity awards granted are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(In thousands)			
Total equity awards expense recognized	$ 1,824	$ 1,723	$ 13,491	$ 11,754
Quarterly incentive awards expense deferred	2,744	2,732	8,162	8,126

On February 16, 2017, the Compensation Committee of the Board of Directors granted the following equity awards to employees in connection with management's annual incentive compensation:

- 116,104 RSUs awarded to management with a measurement-date fair value of $80.45 per unit that have time-based vesting requirements with equal and annual graded vesting over approximately three years subsequent to the grant date.
- 36,046 PSUs awarded to our four top executives with a measurement-date fair value of $80.45 per unit. The PSUs will be earned on March 1, 2020 contingent upon the Company achieving a target annual average three-year return on adjusted equity ("ROAE") for the period from January 1, 2017 through December 31, 2019. The actual number of PSUs that will vest will vary based on the actual ROAE relative to the target ROAE and can range from zero PSUs to 54,069.

All awards granted to employees on February 16, 2017 vest upon voluntary termination of employment by any employee who is "retirement eligible" as of his or her termination date. In order to be retirement eligible, an employee must be at least 55 years old and his or her age plus years of service with the Company must equal at least 75. The number of PSUs that will ultimately vest for a retirement-eligible employee is equal to the amount calculated using the Company's actual cumulative three-year ROAE ending on December 31, 2019, even if that employee retires prior to the completion of the three-year performance period.

(10) Commitments and Contingent Liabilities

Letter of Credit ("LOC"). Peach Re maintains a credit facility agreement with Deutsche Bank (the "Credit Facility Agreement") to support certain obligations for a portion of the Regulation XXX reserves related to the Peach Re Coinsurance Agreement. Under the Credit Facility Agreement, Deutsche Bank issued a letter of credit for the benefit of Primerica Life with a term ending on January 15, 2026. As of September 30, 2017, the Company was in compliance with all financial covenants under the Credit Facility Agreement. At September 30, 2017, the amount of the LOC outstanding was approximately $367.2 million. This amount will decline over the remaining term of the LOC to correspond with declines in the Regulation XXX reserves.

Further discussion on the Company's letter of credit is included in Note 16 (Commitments and Contingent Liabilities) to our consolidated financial statements within our 2016 Annual Report.

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

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. The potential outcome of such audits 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.

(11) Other Comprehensive Income

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(In thousands)			
Foreign currency translation adjustments:				
Change in unrealized foreign currency translation gains (losses) before income taxes	$ 10,000	$ (3,165)	$ 17,878	$ 11,704
Income tax expense (benefit) on unrealized foreign currency translation gains (losses)	107	(29)	193	130
Change in unrealized foreign currency translation gains (losses), net of income taxes	$ 9,893	$ (3,136)	$ 17,685	$ 11,574
Unrealized gain (losses) on available-for-sale securities:				
Change in unrealized holding gains (losses) arising during period before income taxes	$ (3,725)	$ 5,129	$ 7,447	$ 63,414
Income tax expense (benefit) on unrealized holding gains (losses) arising during period	(1,304)	1,795	2,608	22,193
Change in unrealized holding gains (losses) on available-for-sale securities arising during period, net of income taxes	(2,421)	3,334	4,839	41,221
Reclassification from accumulated OCI to net income for (gains) losses realized on available-for-sale securities	(554)	33	(896)	(2,300)
Income tax (expense) benefit on (gains) losses reclassified from accumulated OCI to net income	(194)	11	(314)	(805)
Reclassification from accumulated OCI to net income for (gains) losses realized on available-for-sale securities, net of income taxes	(360)	22	(582)	(1,495)
Change in unrealized gains (losses) on available-for-sale securities, net of income taxes and reclassification adjustment	$ (2,781)	$ 3,356	$ 4,257	$ 39,726

(12) Debt

Notes Payable. At September 30, 2017, the Company had $375.0 million of publicly-traded, senior unsecured notes with an annual interest rate of 4.75% that are scheduled to mature on July 15, 2022 (the "Senior Notes"). As of September 30, 2017, we were in compliance with the covenants of the Senior Notes. No events of default occurred on the Senior Notes during the three or nine months ended September 30, 2017.

Further discussion on the Company's Senior Notes is included in Note 10 (Debt) to our consolidated financial statements within our 2016 Annual Report.

Surplus Note. In May 2017, Primerica Life and Vidalia Re amended the Vidalia Re Coinsurance Agreement (the "Expanded Vidalia Re Coinsurance Agreement") whereby Primerica Life ceded level-premium term life insurance policies issued in 2015 and 2016 to Vidalia Re effective June 30, 2017. The Expanded Vidalia Re Coinsurance Agreement also provides the option for Primerica Life to cede level-premium term life insurance policies issued in 2017 to Vidalia Re at a future date. Concurrent with the execution of the Expanded Vidalia Re Coinsurance Agreement, Vidalia Re entered into an amendment to the Surplus Note Purchase Agreement (the "Expanded Surplus Note Purchase Agreement") with Hannover Re and the LLC. Under the Expanded Surplus Note Purchase Agreement, the capacity of the principal amount of both the Surplus Note and the credit-enhanced LLC Note will be increased over time in accordance with the expanded amount of policy reserves being contractually supported under the Expanded Vidalia Re Coinsurance Agreement. The maturity date of both notes has been extended from December 31, 2029 to December 31, 2030. Based on the estimated reserves for ceded policies issued in 2011 through 2016, the principal amounts of the Surplus Note and the LLC Note are expected to reach approximately $1.3 billion each. The amended financing arrangement remains 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. The Parent has agreed to support Vidalia Re's obligation to pay the credit enhancement fee incurred on the LLC Note. No other material terms or conditions of the original Surplus Note Purchase Agreement were modified under the Expanded Surplus Note Purchase Agreement. At September 30, 2017, the principal amount outstanding on the Surplus Note issued by Vidalia Re was $688.8 million, which is equal to the principal amount of the LLC Note.

Further discussion on the Company's Surplus Note and LLC Note are included in Note 10 (Debt) and Note 4 (Investments) to our consolidated financial statements within our 2016 Annual Report.

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

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to inform the reader about matters affecting the financial condition and results of operations of Primerica, Inc. (the “Parent Company”) and its subsidiaries (collectively, "we", "us" or the “Company”) for the period from December 31, 2016 to September 30, 2017. As a result, the following discussion should be read in conjunction with MD&A and the consolidated financial statements and notes thereto that are included in our Annual Report on Form 10-K for the year ended December 31, 2016 ("2016 Annual Report"). This discussion contains forward-looking statements that constitute our plans, estimates and beliefs. These forward-looking statements involve numerous risks and uncertainties, including, but not limited to, those discussed under the heading “Risk Factors” in the 2016 Annual Report as well as Item 1A of Part II (Other Information) included elsewhere in this report. Actual results may differ materially from those contained in any forward-looking statements.

This MD&A is divided into the following sections:

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

Business Overview

We are a leading 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. We have two primary operating segments, Term Life Insurance and Investment and Savings Products, and a third segment, Corporate and Other Distributed Products.

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

Investment and Savings Products. In the United States, we distribute mutual fund and managed account products and variable and fixed annuity products of several third-party companies. In Canada, we offer our own Primerica-branded mutual funds, as well as mutual funds of other companies, and segregated funds, which are underwritten by Primerica Life Canada.

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

Business Trends and Conditions

The relative strength and stability of financial markets and economies in the United States and Canada affect our growth and profitability. Our business is, and we expect will continue to be, influenced by a number of industry-wide and product-specific trends and conditions. Economic conditions, including unemployment levels 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 may influence their decisions to invest in the investment and savings products we distribute.

The financial and distribution results of our operations in Canada, as reported in U.S.dollars, are affected by changes in the currency exchange rate. 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 independent sales force's recruiting efforts as well as training and motivating recruits to get licensed to sell life insurance. We believe that recruitment and licensing levels are important to 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 independent sales force because new recruits may obtain the requisite licenses at rates above or below historical levels.

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
New recruits	90,210	73,706	239,466	202,406
New life-licensed sales representatives	12,783	11,739	36,633	33,576

The increase in new recruits during the three months ended September 30, 2017 compared to the prior year period included approximately 17,000 recruits from hurricane-affected areas whose Independent Business Application ("IBA") fees were waived during September 2017. We cannot readily determine how many of these recruits would have been added without the fee waiver. The increase in new recruits in the nine months ended September 30, 2017 compared to the prior year period was largely driven by the sustained growth in the size of our independent sales force, resulting in more agents available to actively recruit, as well as the impact of the recruits from the hurricane-affected areas in September 2017.

New life-licensed representatives increased during the three and nine months ended September 30, 2017 compared to the same periods in 2016 reflecting the strong recruiting levels leading up to and following our June biennial convention combined with consistent licensing rates for new recruits. Looking forward, the licensing rate for new recruits from the hurricane-affected areas who received IBA fee waivers may be lower than our historical licensing rates and may not result in an increase in new life-licensed sales representatives commensurate with the current quarter's increase in new recruits.

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

	September 30, 2017	June 30, 2017
Life-licensed sales representatives	124,436	121,471

The size of our life-licensed independent sales force at September 30, 2017 increased compared to June 30, 2017 due to the growth in new life-licensed representatives, which outpaced non-renewals during the third quarter of 2017.

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:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Average number of life-licensed sales representatives	122,960	113,748	120,000	110,466
Number of new policies issued	78,056	75,374	232,731	219,134
Average monthly rate of new policies issued per life-licensed sales representative	0.21	0.22	0.22	0.22

The increase in new life insurance policies issued during the three and nine months ended September 30, 2017 compared to the prior year periods was primarily driven by the growth in the size of our life-licensed independent sales force in recent periods. Productivity, measured by the average monthly rate of new policies issued per life-licensed sales representative, was relatively consistent with the three and nine months ended September 30, 2016.

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

	Three months ended September 30,				Nine months ended September 30,			
	2017	% of beginning balance	2016	% of beginning balance	2017	% of beginning balance	2016	% of beginning balance
	(Dollars in millions)							
Face amount in force, beginning of period	$ 746,427		$ 714,756		$ 728,385		$ 693,194	
Net change in face amount:								
Issued face amount	24,035	3 %	22,775	3 %	71,121	10 %	65,710	9 %
Terminations	(16,331)	(2)%	(14,407)	(2)%	(48,029)	(7)%	(40,921)	(6)%
Foreign currency	3,280	*	(962)	*	5,934	1 %	4,179	1 %
Net change in face amount	10,984	1 %	7,406	1 %	29,026	4 %	28,968	4 %
Face amount in force, end of period	$ 757,411		$ 722,162		$ 757,411		$ 722,162	

* Less than 1%.

The face amount of term life policies in force as of September 30, 2017 increased 5% as compared to September 30, 2016 primarily due to strong policy sales. As a percentage of the beginning face amount in force, issued face amount as well as terminations for the three and nine months ended September 30, 2017 remained relatively consistent with the corresponding prior year periods. The strengthening of the Canadian dollar spot rate relative to the U.S. dollar during the three months ended September 30, 2017 also contributed to the increase in face amount for both the three- and nine- month periods ended September 30, 2017. The strengthening of the Canadian dollar spot rate also contributed to the increase in the overall face amount in force during the nine months ended September 30, 2016, however, this increase was concentrated to the first three months of 2016.

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

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

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2017	2016	$	%	2017	2016	$	%
	(Dollars in millions)							
Product sales:								
Retail mutual funds	$ 878	$ 797	$ 81	10 %	$ 2,850	$ 2,459	$ 391	16 %
Annuities and other	366	422	(56)	(13)%	1,243	1,353	(110)	(8)%
Total sales-based revenue generating product sales	1,244	1,219	25	2 %	4,093	3,812	281	7 %
Managed investments	125	54	71	132 %	269	155	114	73 %
Segregated funds	62	69	(7)	(11)%	228	220	8	3 %
Total product sales	$ 1,431	$ 1,342	$ 89	7 %	$ 4,590	$ 4,187	$ 403	10 %
Average client asset values:								
Retail mutual funds	$ 35,717	$ 31,331	$ 4,386	14 %	$ 34,538	$ 30,163	$ 4,375	15 %
Annuities and other	17,230	15,233	1,997	13 %	16,730	14,663	2,067	14 %
Managed investments	2,246	1,776	470	26 %	2,095	1,679	416	25 %
Segregated funds	2,463	2,339	124	5 %	2,390	2,249	141	6 %
Total average client asset values	$ 57,656	$ 50,679	$ 6,977	14 %	$ 55,753	$ 48,754	$ 6,999	14 %

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

	Three months ended September 30,				Nine months ended September 30,			
	2017	% of beginning balance	2016	% of beginning balance	2017	% of beginning balance	2016	% of beginning balance
	(Dollars in millions)							
Asset values, beginning of period	$ 56,591		$ 49,372		$ 52,339		$ 47,353	
Net change in asset values:								
Inflows	1,431	3 %	1,342	3 %	4,589	9 %	4,187	9 %
Redemptions	(1,257)	(2)%	(1,142)	(2)%	(3,841)	(7)%	(3,516)	(7)%
Net inflows	174	*	200	*	748	1 %	671	1 %
Change in market value, net	1,552	3 %	1,860	4 %	4,941	9 %	2,885	6 %
Foreign currency, net	354	1 %	(99)	*	643	1 %	424	1 %
Net change in asset values	2,080	4 %	1,961	4 %	6,332	12 %	3,980	8 %
Asset values, end of period	$ 58,671		$ 51,333		$ 58,671		$ 51,333	

* Less than 1%.

Average number of fee-generating positions was as follows:

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2017	2016	Positions	%	2017	2016	Positions	%
	(Positions in thousands)							
Average number of fee-generating positions[(1)]:								
Recordkeeping and custodial	2,235	2,203	32	1 %	2,230	2,198	32	1 %
Recordkeeping only	678	690	(12)	(2)%	675	680	(5)	(1)%
Total average number of fee-generating positions	2,913	2,893	20	1 %	2,905	2,878	27	1 %

(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.

Changes in Investment and Savings Products Sales, Asset Values and Accounts/Positions during the Three Months Ended September 30, 2017

Product sales. Investment and savings products sales increased during the three months ended September 30, 2017 compared with the prior year period largely due to the positive impact of market performance on customer demand for U.S. retail mutual funds in recent periods as well as increased sales of managed investments with the launch of the Primerica Advisors Lifetime Investment Platform during the second quarter of 2017. The increase in retail mutual funds and managed investments sales was partially offset by a decline in variable annuity sales, consistent with industry trends, as well as lower fixed indexed annuity sales.

Average client asset values. The growth in average client asset values in the third quarter of 2017 compared with the prior year period was primarily driven by positive market performance in recent periods and continued net inflows.

Rollforward of client asset values. Client asset values during the three months ended September 30, 2017 increased primarily due to an increase in market value as well as continued inflows from product sales, which outpaced redemptions. The strengthening of the Canadian dollar spot rate relative to the U.S. dollar during the three months ended September 30, 2017 also contributed to the increase in client asset values for the three months ended September 30, 2017.

Average number of fee-generating positions. The average number of fee-generating positions increased during the three months ended September 30, 2017 from the prior year period primarily due to the cumulative effect of product sales of mutual funds that are serviced on the Company’s recordkeeping and custodial services platform.

Changes in Investment and Savings Products Sales, Asset Values and Accounts/Positions during the Nine Months Ended September 30, 2017

Product sales. Investment and savings products sales increased in the nine months ended September 30, 2017 compared with the prior year period largely due to the same factors impacting product sales as discussed above in the three-month comparison.

Average client asset values. The growth in average client asset values during the nine months ended September 30, 2017 compared with the prior year period was primarily driven by the same factors impacting average client asset values as described above in the three-month comparison.

Rollforward of client asset values. Client asset values increased during the nine months ended September 30, 2017 compared with the prior year period largely due to the same factors impacting client asset values as discussed above in the three-month comparison.

Average number of fee-generating positions. The average number of fee-generating positions during the nine months ended September 30, 2017 increased from the prior year period primarily due to the same factors impacting average number of fee-generating positions as discussed above in the three-month comparison.

Other business trends and conditions.

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 and the exemptions to determine, based on certain factors, whether they should be revised or rescinded. The DOL Fiduciary Rule and transitional exemptions became applicable on June 9, 2017, with the final exemptions scheduled to go into effect on January 1, 2018, though the DOL has proposed an extension of this date. The DOL has stated that it will conduct the review and make the determinations directed by the President during the transition period.

IRAs and other qualified accounts are an important component of the investment and savings products we distribute. If the DOL Fiduciary Rule and the final exemptions were to become applicable without revisions, we believe that certain changes to our qualified plan business would be needed in order for us to continue to help investors save for retirement. Due to the uncertain status of the DOL Fiduciary Rule and the final exemptions, we cannot determine the extent and nature of the changes we ultimately will make. 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.

<u>Sales and policies in force.</u> 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 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 independent sales force.

<u>Pricing assumptions.</u> 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 that are locked-in at time of issue.
- *Mortality.* Our profitability will fluctuate to the extent actual mortality rates differ from the assumptions that are locked-in at time of issue. We mitigate a significant portion of our mortality exposure through reinsurance.
- *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.

<u>Reinsurance.</u> 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. Since the first quarter of 2012, we have utilized 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") 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. Beginning in 2017, policies reaching the end of their initial level term period are no longer ceded under the IPO coinsurance transactions. 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 coinsurance transactions. 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 positions and custodial fee-generating accounts we administer.

Sales. We earn commissions and fees, such as dealer re-allowances and marketing and support fees, based on sales of mutual fund 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 independent 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 independent sales force is a factor in driving sales volume in this segment, there are a number of other variables, such as economic and market conditions, which may have a significantly greater effect on sales volume in any given fiscal period.

Asset values in client accounts. We earn marketing and 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 managed investments. 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 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 theCompany, 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 spread the revenues generated over time because we earn higher revenues based on assets under management for these accounts each period as opposed to earning upfront revenues based on product sales; and
- sales of a higher proportion of mutual fund products sold will impact the timing and amount of revenue we earn given the 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 within our Corporate and Other Distributed Products segment for various other insurance products, prepaid legal services and other financial products, all of which are originated by third parties. Our Corporate and Other Distributed Products segment also includes in-force policies from several discontinued lines of insurance underwritten by National Benefit Life Insurance Company ("NBLIC").

Corporate and Other Distributed Products segment net investment income reflects actual net investment income 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 12 (Debt) and Note 7 (Stockholders' Equity) to our unaudited condensed consolidated financial statements included elsewhere in this report for more information on changes in our capital structure.

Foreign Currency. The Canadian dollar is the functional currency for our Canadian subsidiaries and our consolidated financial results, reported in U.S. dollars, are affected by changes in the currency exchange rate. As such, the translated amount of revenues, expenses, assets and liabilities attributable to our Canadian subsidiaries will be higher or lower in periods where the Canadian dollar appreciates or weakens relative to the U.S. dollar, respectively. See Item 7A. Quantitative and Qualitative Disclosures About Market Risk – Canadian Currency Risk included in our 2016 Annual Report and Note 2 (Segment and Geographical Information) to our unaudited condensed consolidated financial statements included elsewhere in this report for more information on our Canadian subsidiaries and the impact of foreign currency on our financial results.

Critical Accounting Estimates

We prepare our financial statements in accordance with U.S. GAAP. These principles are established primarily by the Financial Accounting Standards Board. The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions based on currently available information when recording transactions resulting from business operations. Our significant accounting policies are described in Note 1 (Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies) to our consolidated financial statements included in our 2016 Annual Report. The most significant items on our condensed consolidated balance sheets are based on fair value determinations, accounting estimates and actuarial determinations, which are susceptible to changes in future periods and could affect our results of operations and financial position.

The estimates that we deem to be most critical to an understanding of our results of operations and financial position are those related to DAC, future policy benefit reserves and corresponding amounts 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.

Accounting Policy Changes. During the three and nine months ended September 30, 2017, there have been no changes in the accounting methodology for items that we have identified as critical accounting estimates. For additional information regarding our critical accounting estimates, see the Critical Accounting Estimates section of MD&A included in our 2016 Annual Report.

Results of Operations

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

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2017	2016	$	%	2017	2016	$	%
	(Dollars in thousands)							
Revenues:								
Direct premiums	$ 646,079	$ 616,587	$ 29,492	5 %	$ 1,911,203	$ 1,825,906	$ 85,297	5 %
Ceded premiums	(397,641)	(399,676)	(2,035)	(1)%	(1,203,452)	(1,201,692)	1,760	*
Net premiums	248,438	216,911	31,527	15 %	707,751	624,214	83,537	13 %
Commissions and fees	144,627	134,282	10,345	8 %	437,211	400,005	37,206	9 %
Investment income net of investment expenses	27,153	24,356	2,797	11 %	78,595	74,742	3,853	5 %
Interest expense on surplus note	(7,231)	(4,957)	2,274	46 %	(19,037)	(13,716)	5,321	39 %
Net investment income	19,922	19,399	523	3 %	59,558	61,026	(1,468)	(2)%
Realized investment gains (losses), including other-than-temporary impairment losses	22	(35)	57	(163)%	260	2,623	(2,363)	(90)%
Other, net	14,291	13,069	1,222	9 %	41,381	37,353	4,028	11 %
Total revenues	427,300	383,626	43,674	11 %	1,246,161	1,125,221	120,940	11 %
Benefits and expenses:								
Benefits and claims	105,864	93,022	12,842	14 %	307,761	272,983	34,778	13 %
Amortization of DAC	53,384	45,428	7,956	18 %	153,094	127,277	25,817	20 %
Sales commissions	72,022	66,700	5,322	8 %	221,165	203,489	17,676	9 %
Insurance expenses	37,637	32,837	4,800	15 %	112,177	98,873	13,304	13 %
Insurance commissions	5,593	4,709	884	19 %	15,649	13,328	2,321	17 %
Interest expense	7,073	7,184	(111)	(2)%	21,344	21,534	(190)	(1)%
Other operating expenses	45,527	45,309	218	*	143,539	137,206	6,333	5 %
Total benefits and expenses	327,100	295,189	31,911	11 %	974,729	874,690	100,039	11 %
Income before income taxes	100,200	88,437	11,763	13 %	271,432	250,531	20,901	8 %
Income taxes	33,565	30,400	3,165	10 %	89,619	87,991	1,628	2 %
Net income	$ 66,635	$ 58,037	$ 8,598	15 %	$ 181,813	$ 162,540	$ 19,273	12 %

* Less than 1%.

Results for the Three Months Ended September 30, 2017

Total revenues. Total revenues for the three months ended September 30, 2017 increased compared to the same period in 2016 primarily due to incremental premiums on term life insurance policies that are not subject to the IPO coinsurance transactions as well as growth in direct premiums from strong term life insurance policy sales in recent periods. Commissions and fees from our Investment and Savings Products segment increased mainly as a result of growth in client assets values, partially offset by a change in sales mix to product offerings with lower sales-based commission rates.

Interest expense on surplus note 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 captive insurance company, Vidalia Re, Inc. ("Vidalia Re"). Investment income earned on our held-to-maturity invested asset completely offsets the interest expense on Surplus Note, thereby eliminating any impact on net investment income. For more information on the Surplus Note, see Note 12 (Debt) and for additional information on the redundant reserve financing transaction used by Vidalia Re, see Note 3 (Investments) to our unaudited condensed consolidated financial statements included elsewhere in this report.

Other, net revenues increased during the three months ended September 30, 2017 compared to the three months ended September 30, 2016 largely due to the increase in fees collected for our proprietary sales force support system, consistent with subscriber growth, as the size of our independent sales force has increased. The increase in these fees was accompanied by higher technology spending incurred to support and enhance the system's tools as noted below in the "Total benefits and expenses" section. Fees collected for our proprietary sales force support system are allocated between our Term Life Insurance segment and our Investment and Savings Products segment based on the relative number of sales force representatives that are licensed to sell products in each respective segment.

Total benefits and expenses. The increase in total benefits and expenses for the three months ended September 30, 2017 compared to the prior year period is mostly attributable to the growth in premium-related costs, which includes benefits and claims, amortization of DAC, and insurance expenses. Amortization of DAC also increased due to weaker Canadian segregated fund market performance. Insurance expenses also increased due to higher technology spending as discussed above in the "Total revenues" section. The growth in sales commissions for the three months ended September 30, 2017 compared to the prior year period was in line with the increase in commissions and fees revenue.

Income taxes. Our effective income tax rate for the three months ended September 30, 2017 was 33.5% compared to 34.4% in the same period in 2016. The decline in the effective income tax rate was primarily attributable to the recognition of excess tax benefits of approximately $0.9 million resulting from the difference between the share price of our common stock on the grant date of sales force equity awards and the date that the sales restrictions on these awards lapsed. The impact on the income tax rate resulted from the adoption of Accounting Standards Update No 2016-09 (“ASU 2016-09”) Compensation—*Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting*, effective January 1, 2017.

Results for the Nine Months Ended September 30, 2017

Total revenues. Total revenues for the nine months ended September 30, 2017 increased compared to the nine months ended September 30, 2016 primarily due to the same factors impacting total revenues as discussed above in the three-month comparison.

Total benefits and expenses. The growth in total benefits and expenses for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 was mostly attributable to the same factors impacting total benefits and expenses as discussed above in the three-month comparison. Claims experience in the first half of 2017 also caused benefits and claims to increase when compared to the prior year period as actual claims negatively impacted benefits and claims by approximately $5 million. However, this impact from claims experience was mostly offset by YRT rate reductions negotiated for 2014 and later issue years, which continues to dampen the growth in benefits and claims relative to the growth in net premiums. Also, contributing to the increases in total benefits and expenses was weaker persistency during the first half of 2017 that caused the increase in amortization of DAC to outpace the growth in net premiums, as well as higher other operating expenses of approximately $5.4 million in employee-related expenses.

Income taxes. Our effective income tax rate for the nine months ended September 30, 2017 was 33.0%, down from 35.1% in the same period in 2016 primarily due to the recognition of approximately $5.2 million in excess tax benefits from the deductibility of equity awards to employees and members of the sales force. The impact on the income tax rate resulted from the adoption of ASU 2016-09 as noted in the three-month comparison.

For additional information, see the Segment Results discussions below.

Segment Results

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

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2017	2016	$	%	2017	2016	$	%
	(Dollars in thousands)							
Revenues:								
Direct premiums	$ 638,830	$ 608,396	$ 30,434	5 %	$ 1,889,695	$ 1,801,757	$ 87,938	5 %
Ceded premiums	(395,772)	(397,214)	(1,442)	*	(1,198,024)	(1,194,977)	3,047	*
Net premiums	243,058	211,182	31,876	15 %	691,671	606,780	84,891	14 %
Allocated investment income	2,527	1,903	624	33 %	7,177	5,624	1,553	28 %
Other, net	10,655	9,513	1,142	12 %	30,345	26,849	3,496	13 %
Total revenues	256,240	222,598	33,642	15 %	729,193	639,253	89,940	14 %
Benefits and expenses:								
Benefits and claims	101,351	88,800	12,551	14 %	294,653	259,430	35,223	14 %
Amortization of DAC	50,386	43,365	7,021	16 %	145,456	121,067	24,389	20 %
Insurance expenses	36,086	31,125	4,961	16 %	106,734	93,288	13,446	14 %
Insurance commissions	1,874	1,171	703	60 %	4,929	3,234	1,695	52 %
Total benefits and expenses	189,697	164,461	25,236	15 %	551,772	477,019	74,753	16 %
Income before income taxes	$ 66,543	$ 58,137	$ 8,406	14 %	$ 177,421	$ 162,234	$ 15,187	9 %

* Less than 1%.

Results for the Three Months Ended September 30, 2017

Net premiums. Direct premiums grew in the three months ended September 30, 2017 compared to the three months ended September 30, 2016 primarily due to the increase in the number of new policies issued in recent periods and growth in the in-force book of business. The slight decline in ceded premiums during the three months ended September 30, 2017 includes approximately $13.2 million in lower coinsurance ceded premiums due to the run-off of business subject to the IPO coinsurance transactions, largely offset by approximately $11.7 million in higher non-level YRT reinsurance ceded premiums as business not subject to the IPO coinsurance transactions ages. The continued impact from the increase in direct premiums combined with the slight decline in ceded premiums caused net premiums to grow at a higher rate than direct premiums.

Benefits and claims. Benefits and claims for the three months ended September 30, 2017 increased mainly due to the growth in net premiums. The incremental impact of YRT reductions negotiated for recent issue years continues to dampen the growth in benefits and claims relative to the growth in net premiums. Claims experience, which was favorable for both the current and prior year periods, positively impacted benefits and claims by approximately $2 million in the current period.

Amortization of DAC. The amortization of DAC for the three months ended September 30, 2017 increased in comparison to the same period in 2016 largely due to growth in net premiums as well as the impact of slightly lower persistency experience.

Insurance expenses. The increase in insurance expenses for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 was primarily due to growth in the business and the run-off of expense allowances related to the IPO coinsurance transactions resulting in a year-over-year increase of approximately $2.2 million. Higher costs incurred for our proprietary sales force support system's mobile application as well as higher employee-related expenses also contributed to the increase in insurance expenses by approximately $1.5 million and $0.8 million, respectively.

Results for the Nine Months Ended September 30, 2017

Net premiums. Net premiums grew for the nine months ended September 30, 2017 comparedto the prior year period mostly due to the same trends impacting net premiums as discussed above in the three-month comparison. The growth in direct premiums exceeded the growth in ceded premiums, which caused net premiums to increase at a higher rate than direct premiums. Ceded premiums increased modestly in the nine months ended September 30, 2017 versus the comparable period in 2016 as higher non-level YRT reinsurance ceded premiums of approximately $33.6 million were offset by lower coinsurance ceded premiums from the run-off of business subject to the IPO coinsurance transactions of approximately $30.6 million.

Benefits and claims. Benefits and claims increased during the nine months ended September 30, 2017 compared to the prior year period mainly due to the growth in net premiums. As discussed in the "Total benefits and expenses" section of the "Primerica, Inc. and Subsidiaries Results" consolidated results of operations caption, the adverse impact on benefits and claims from claims experience in the first half of 2017 was mostly offset by the incremental impact of YRT rate reductions.

Amortization of DAC. Amortization of DAC increased for the nine months ended September 30, 2017 compared to the prior year period primarily due to comparatively weaker persistency during the first half of 2017.

Insurance expenses. Insurance expenses for the nine months ended September 30, 2017 compared to the prior year period increased due to higher expenses incurred for our proprietary sales force support system's mobile application of approximately $5.2 million, higher growth-related expenses of approximately $4.8 million and increased employee-related expenses of approximately $2.7 million.

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

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2017	2016	$	%	2017	2016	$	%
	(Dollars in thousands)							
Revenues:								
Commissions and fees:								
Sales-based revenues	$ 53,488	$ 55,149	$ (1,661)	(3)%	$ 174,697	$ 170,425	$ 4,272	3%
Asset-based revenues	70,279	60,759	9,520	16%	202,176	175,606	26,570	15%
Account-based revenues	13,811	11,899	1,912	16%	40,310	34,819	5,491	16%
Other, net	2,480	2,273	207	9%	7,056	6,754	302	4%
Total revenues	140,058	130,080	9,978	8%	424,239	387,604	36,635	9%
Expenses:								
Amortization of DAC	2,780	1,636	1,144	70%	6,824	5,258	1,566	30%
Insurance commissions	3,219	3,001	218	7%	9,227	8,515	712	8%
Sales commissions:								
Sales-based	38,338	38,276	62	*	124,800	120,643	4,157	3%
Asset-based	30,220	25,271	4,949	20%	86,815	73,272	13,543	18%
Other operating expenses	26,451	26,136	315	1%	80,719	76,402	4,317	6%
Total expenses	101,008	94,320	6,688	7%	308,385	284,090	24,295	9%
Income before income taxes	$ 39,050	$ 35,760	$ 3,290	9%	$ 115,854	$ 103,514	$ 12,340	12%

* Less than 1%.

Results for the Three Months Ended September 30, 2017

Commissions and fees. Commissions and fees increased during the three months ended September 30, 2017 compared to the prior year period primarily due to growth in asset-based revenues, reflecting higher average client asset values. Account-based revenues also contributed to the increase in commissions and fees due to changes in our account-based fee structure on U.S. qualified accounts since the prior year period as well as growth in the average number of fee-generating positions in mutual funds that are serviced on the Company's recordkeeping and custodial services platform. These increases in commission and fees were partially offset by the decrease in sales-based revenues due to the higher mix of product offerings with lower sales-based commission rates. Although overall product sales increased in 2017, the lower percentage of higher revenue variable and fixed indexed annuity sales caused sales-based revenues to decline year-over-year Also contributing to the decline in sales-based revenue was the inclusion in the prior year period of a year-to-date cumulative adjustment of approximately $1 million in increased revenue from a contract with one of our product providers.

Amortization of DAC. Amortization of DAC increased during the three months ended September 30, 2017 compared to the prior year period largely due to weaker Canadian segregated fund market performance in 2017, which was partially offset by lower redemptions. Amortization of DAC also increased due to the deceleration of DAC amortization in the third quarter of 2016 as a result of strong returns from Canadian segregated funds in the prior year.

Sales commissions. Sales-based commissions for the three months ended September 30, 2017 compared to the prior year period was relatively consistent with sales-based revenues when excluding the cumulative revenue adjustment recognized in 2016 as discussed above in the commissions and fees revenues. Asset-based commissions outpaced the increase in asset-based revenues in the three months ended September 30, 2017 compared to the prior year period primarily due to our Canadian segregated funds. When considering that asset-based expenses for our Canadian segregated funds were reflected within insurance commissions and amortization of DAC, the increase in asset-based commissions was relatively consistent with the increase in asset-based revenues excluding Canadian segregated funds.

Other operating expenses. Other operating expenses increased during the three months ended September 30, 2017 compared to the prior year period primarily due to growth in the business of approximately $0.6 million, higher employee-related expenses of approximately $0.5 million and technology spending for a new sales tool to support our agents' distribution of products of approximately $0.4 million. These increases in other operating expenses were largely offset by approximately $1.4 million of lower costs incurred in 2017 versus 2016 related to the implementation of the DOL Fiduciary Rule.

Results for the Nine Months Ended September 30, 2017

Commissions and fees. The increase in asset- and account-based revenues during the nine months ended September 30, 2017 compared to the prior year period was largely attributable to the same factors discussed above in the three-month comparison. Sales-based revenues also contributed to the increase in commissions and fees due to higher product sales during the first half of 2017 while being partially offset by the change in sales mix as discussed above in the three-month comparison.

Amortization of DAC. The increase in amortization of DAC during the nine months ended September 30, 2017 compared to the prior year period was largely attributable to the deceleration of DAC amortization in 2016 as discussed above in the three-month comparison.

Sales commissions. In comparing the nine months ended September 30, 2017 to the prior year period, sales- and asset-based commissions increased consistent with the growth in sales- and asset-based revenues, respectively.

Other operating expenses. Other operating expenses increased during the nine months ended September 30, 2017 compared to the prior year period primarily due to growth in expenses of approximately $1.4 million based on client assets, the launch of the new Primerica Advisors Lifetime Investment Platform during the second quarter of approximately $1.2 million, technology spending of approximately $1.4 million for a new sales tool to support our agents' distribution of products, and higher employee-related expenses of approximately $1.0 million.

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

	Three months ended September 30,		Change		Nine months ended September 30,		Change	
	2017	**2016**	**$**	**%**	**2017**	**2016**	**$**	**%**
				(Dollars in thousands)				
Revenues:								
Direct premiums	$ 7,249	$ 8,191	$ (942)	(12)%	$ 21,508	$ 24,149	$ (2,641)	(11)%
Ceded premiums	(1,869)	(2,462)	(593)	(24)%	(5,428)	(6,715)	(1,287)	(19)%
Net premiums	5,380	5,729	(349)	(6)%	16,080	17,434	(1,354)	(8)%
Commissions and fees	7,049	6,475	574	9%	20,028	19,155	873	5%
Allocated investment income net of investment expenses	24,626	22,453	2,173	10%	71,418	69,118	2,300	3%
Interest expense on surplus note	(7,231)	(4,957)	2,274	46%	(19,037)	(13,716)	5,321	39%
Allocated net investment income	17,395	17,496	(101)	(1)%	52,381	55,402	(3,021)	(5)%
Realized investment gains (losses), including other-than-temporary impairment losses	22	(35)	57	(163)%	260	2,623	(2,363)	(90)%
Other, net	1,156	1,283	(127)	(10)%	3,980	3,750	230	6%
Total revenues	31,002	30,948	54	*	92,729	98,364	(5,635)	(6)%
Benefits and expenses:								
Benefits and claims	4,513	4,222	291	7%	13,108	13,553	(445)	(3)%
Amortization of DAC	218	427	(209)	(49)%	814	952	(138)	(14)%
Insurance expenses	1,551	1,712	(161)	(9)%	5,443	5,585	(142)	(3)%
Insurance commissions	500	537	(37)	(7)%	1,493	1,579	(86)	(5)%
Sales commissions	3,464	3,153	311	10%	9,550	9,574	(24)	*
Interest expense	7,073	7,184	(111)	(2)%	21,344	21,534	(190)	(1)%
Other operating expenses	19,076	19,173	(97)	(1)%	62,820	60,804	2,016	3%
Total benefits and expenses	36,395	36,408	(13)	*	114,572	113,581	991	1%
Loss before income taxes	$ (5,393)	$ (5,460)	$ (67)	(1)%	$ (21,843)	$ (15,217)	$ 6,626	44%

* Less than 1%.

Results for the Three Months Ended September 30, 2017

Total revenues. Total revenues were flat during the three months ended September 30, 2017 compared to the prior year period largely due to consistent allocated net investment income.

The positive impact on allocated net investment from a larger average invested asset portfolio was largely offset by the negative effect of sustained low interest rates on our portfolio's yield offset during the period ended September 30, 2017.

Benefits and expenses. Benefits and expenses results for the three months ended September 30, 2017 were consistent with the prior year period.

Results for the Nine Months Ended September 30, 2017

Total revenues. The decrease in total revenues during the nine months ended September 30, 2017 compared to the prior year period was largely attributable to lower allocated net investment income as well as the decline in realized investment gains (losses). The decrease in allocated net investment income was largely due to the impact from the mark-to-market adjustment on the deposit asset backing an IPO-related reinsurance agreement. During the nine months ended September 30, 2017, the mark-to-market adjustment was minimal while the nine-month period ended September 30, 2016 included an approximately $2 million positive mark-to-market adjustment. Consistent with the three-month comparison, the impact on allocated net investment income from a larger invested asset portfolio was largely offset by the portfolio's lower yield when comparing the nine months ended September 30, 2017 with the nine months ended September 30, 2016. Realized investment gains (losses), including other-than-temporary impairment losses, decreased during the nine months ended September 30, 2017 compared to the same period in 2016 primarily due to higher realized investment gains we recognized in the second quarter of 2016 from the sale of a larger number of fixed-maturity securities pursuant to which the Company was able to reduce its exposure to specific issuers.

Total benefits and expenses. The increase in total benefits and expenses for the nine months ended September 30, 2017 compared to the prior year period was primarily due to higher employee-related equity award expense during the first quarter of 2017; when expense is recognized for equity awards granted to retirement-eligible employees. For more information regarding stock compensation expense recognized for retirement-eligible employees, see Note 9 (Share-based Transactions) to our unaudited condensed consolidated financial statements included elsewhere in this report.

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 September 30, 2017, we did not hold any country of issuer concentrations outside of the U.S. or Canada that represented more than 5% of the fair value of our available-for-sale invested asset portfolio or any industry concentrations of corporate bonds that represented more than 10% of the fair value of our available-for-sale invested asset portfolio.

We invest a portion of our portfolio in assets denominated in Canadian dollars, 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, 2030, was obtained in exchange for the Surplus Note of equal principal amount issued by Vidalia Re. For more information on the LLC Note, see Note 3 (Investments) to our unaudited condensed consolidated financial statements included elsewhere in this report.

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

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

	September 30, 2017	December 31, 2016
Average rating of our fixed-maturity portfolio	A-	A-
Average duration of our fixed-maturity portfolio	3.8 years	3.9 years
Average book yield of our fixed-maturity portfolio	4.04%	4.21%

The distribution of our investments in fixed-maturity securities (excluding our held-to-maturity security) by rating follows:

	September 30, 2017		December 31, 2016	
	Amortized cost (1)	%	Amortized cost (1)	%
	(Dollars in thousands)			
AAA	$ 342,424	19 %	$ 295,873	17 %
AA	156,762	9 %	161,594	9 %
A	413,724	23 %	387,072	23 %
BBB	849,704	46 %	798,156	46 %
Below investment grade	68,627	3 %	93,533	5 %
Not rated	5,287	*	5,787	*
Total	$ 1,836,528	100 %	$ 1,742,015	100 %

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

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

	September 30, 2017			
Issuer	Fair value	Cost or amortized cost	Unrealized gain (loss)	Credit rating
		(Dollars in thousands)		
Government of Canada	$ 23,174	$ 22,821	$ 353	AAA
AT&T Inc	13,328	12,269	1,059	BBB+
National Rural Utilities Cooperative	11,086	10,276	810	A
General Electric Co	10,612	10,236	376	AA-
Municipal Finance Authority of BC	9,802	9,910	(108)	AA-
Wells Fargo & Co	9,613	8,905	708	A
Enbridge Inc	9,116	8,830	286	BBB+
Province of Ontario Canada	9,017	8,643	374	A+
Province of Alberta Canada	8,904	8,920	(16)	A+
TransCanada Corp	8,814	8,542	272	A-
Total – ten largest holdings	$ 113,466	$ 109,352	$ 4,114	
Total – fixed-maturity and equity securities	$ 1,945,190	$ 1,872,764		
Percent of total fixed-maturity and equity securities	6 %	6 %		

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

Liquidity and Capital Resources

Dividends and other payments to the Parent Company from its subsidiaries are our principal sources of cash. The amount of dividends paid by the subsidiaries is dependent on their capital needs to fund future growth and applicable regulatory restrictions. The primary uses of funds by the Parent Company include the payments of stockholder dividends, interest on notes payable, general operating expenses, and income taxes, as well as repurchases of shares outstanding. At September 30, 2017, the Parent Company had cash and invested assets of approximately $63.9 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 independent 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 change in cash and cash equivalents were as follows:

	Nine months ended September 30,		Change
	2017	2016	$
	(In thousands)		
Net cash provided by (used in) operating activities	$ 209,799	$ 166,572	$ 43,227
Net cash provided by (used in) investing activities	(79,240)	35,737	(114,977)
Net cash provided by (used in) financing activities	(166,257)	(160,283)	(5,974)
Effect of foreign exchange rate changes on cash	1,140	1,003	137
Change in cash and cash equivalents	$ (34,558)	$ 43,029	$ (77,587)

Operating Activities. The increase in cash flows from operating activities during the nine months ended September 30, 2017 versus the nine months ended September 30, 2016 was driven by higher cash receipts from the collection of premium revenues in excess of benefits and claims paid in our Term Life Insurance segment. The impact of growing net premiums, as discussed earlier in the

“Results of Operations” section, contributed to positive incremental cash flows after payments aremade for policy acquisition costs during the first year that policies are issued. This increase in operating cash flows was partially offset by higher year-over-year payments for policy acquisition costs associated with the increase in issued term life insurance policies in 2017. Also offsetting the increase in operating cash flows was the effect of lower year-over-year income tax payments in 2016 relative to income tax expense recorded in net income as a result of temporary tax basis differences in our Term Life Insurance segment.

Investing Activities. Investing activities cash flows changed to a usage of cash in 2017 as compared with a source of cash in 2016 primarily due to activity in the Company’s fixed-maturity securities investment portfolio. The largest item affecting the year-over-year change in investing activities cash flows was the higher use of cash in 2017 to purchase investments in fixed-maturity securities compared with 2016 as the size of our investment portfolio continued to grow along with the growth of our in-force term life business. Additionally, during the nine months ended September 30, 2017, the Company had a lower level of fixed-maturity securities that matured and it sold fewer fixed-maturity securities versus the comparable period in 2016.

Financing Activities. Cash used in financing activities during the nine months ended September 30, 2017 increased modestly compared to the same period in 2016 primarily due to higher tax withholdings on the vesting of employee equity awards as a result of the increased market share price of our common stock. In addition, the per share increase in shareholder dividends declared by the Company in 2017 versus 2016 also contributed to the increase in 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 September 30, 2017, our U.S. life insurance subsidiaries had statutory capital and RBC substantially in excess of the applicable statutory requirements and 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 September 30, 2017, Primerica Life Canada was in compliance with Canada’s minimum capital requirements as determined by OSFI.

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 2011through 2016 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, Massachusetts and New York, where PLIC and NBLIC, respectively, are domiciled, have not yet adopted. When 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. See Note 10 (Commitments and Contingent Liabilities), Note 3 (Investments), and Note 12 (Debt) to our unaudited condensed 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 with an annual interest rate of 4.75%, payable semi-annually in arrears on January 15 and July 15. The Senior Notes mature July 15, 2022.

We were in compliance with the covenants of the Senior Notes at September 30, 2017. No events of default(s) occurred during the three and nine months ended September 30, 2017.

Rating Agencies. There have been no changes to Primerica, Inc.'s Senior Notes ratings or Primerica Life's financial strength ratings since December 31, 2016.

Short-Term Borrowings. We had no short-term borrowings as of or during the three and nine months ended September 30, 2017.

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

Off-Balance Sheet Arrangements. Our off-balance sheet arrangements as of September 30, 2017 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 10 (Commitments and Contingent Liabilities) to our unaudited condensed consolidated financial statements included elsewhere in this report.

Contractual Obligations Update. There has been no material changes in contractual obligations from those disclosed in the 2016 Annual Report.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

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

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

- our failure to continue to attract new recruits, retain sales representatives or license or maintain the licensing of our independent sales representatives would materially adversely affect our business, financial condition and results of operations;
- there are a number of laws and regulations that could apply to our 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 independent 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 independent sales representatives' violations of, or non-compliance with, laws and regulations could expose us to material liabilities;
- if heightened standards of conduct or more stringent licensing requirements, such as those proposed by the Securities and Exchange Commission and those adopted by the Department of Labor, are imposed on us or our independent sales representatives, or selling compensation is reduced as a result of new legislation or regulations, it could have a material adverse effect on our business, financial condition and results of operations;
- if our suitability policies and procedures 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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There have been no material changes in our exposures to market risk since December 31, 2016. For details on the Company's interest rate, foreign currency exchange, and credit risks, see "Item 7A. Quantitative and Qualitative Information About Market Risks" in our 2016 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the third quarter of 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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

ITEM 1A. RISK FACTORS.

The following supplements and amends the Risk Factors contained in our Annual Report on Form 10-K for the year ended December 31, 2016, which are incorporated herein by reference.

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

Our independent 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 independent U.S. sales representatives are currently subject to general anti-fraud limitations under the Exchange Act and SEC rules and regulations, as well as other conduct standards prescribed by the Financial Industry Regulatory Authority ("FINRA"). These standards generally require that broker-dealers and their sales representatives disclose conflicts of interest that might affect the advice or recommendations they provide and require them to make suitable investment recommendations to their customers. 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 advisors. 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 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 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 and the exemptions to determine, based on certain factors, whether they should be revised or rescinded. The DOL Fiduciary Rule and transitional exemptions became applicable on June 9, 2017, with the final exemptions scheduled to go into effect on January 1, 2018, though the DOL has proposed an extension of this date. The DOL has stated that it will conduct the review and make the determinations directed by the President during the transition period.

If the DOL Fiduciary Rule and the final exemptions were to become applicable without revisions, we believe that certain changes to our qualified plan business would be needed in order for us to continue to help investors save for retirement. Due to the uncertain status of the DOL Fiduciary Rule and the final exemptions, we cannot determine the extent and nature of the changes we ultimately will make. Additionally, we have not 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 independent 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 independent 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.

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

During the quarter ended September 30, 2017, we repurchased shares of our common stock as follows:

Period	Total number of shares purchased(1)	Average price paid per share (1)	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs(2)
July 1-31, 2017	234,172	$ 77.74	231,466	$ 106,980,369
August 1-31, 2017	260,186	79.55	260,186	86,282,572
September 1-30, 2017	249,815	76.18	249,435	67,283,108
Total	744,173	$ 77.85	741,087	$ 67,283,108

(1) Consists of (a) repurchases of 3,086 shares at an average price of $76.46 arising from share-based compensation tax withholdings (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 information regarding year-to-date share repurchases, refer to Note 7 (Stockholders' Equity) to our unaudited condensed consolidated financial statements included elsewhere in this report.

ITEM 6. EXHIBITS.

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

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the 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
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by Glenn J. Williams, Chief Executive Officer.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by Alison S. Rand, Executive Vice President and Chief Financial Officer.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
32.1	Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), executed by Glenn J. Williams, Chief Executive Officer, and Alison S. Rand, Executive Vice President and Chief Financial Officer.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.INS	XBRL Instance Document(1)	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.SCH	XBRL Taxonomy Extension Schema	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.DEF	XBRL Taxonomy Extension Definition Linkbase	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.LAB	XBRL Taxonomy Extension Label Linkbase	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed with the Securities and Exchange Commission as part of this Quarterly Report.

(1) Includes the following materials contained in this Quarterly Report on Form 10-Q for the period ended September 30, 2017, formatted in XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements.

SIGNATURES

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

Primerica, Inc.

November 8, 2017

/s/ Alison S. Rand

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

EXHIBIT 31.1

Certification of Chief Executive Officer

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

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

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

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

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

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

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

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

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

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

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

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

Date: November 8, 2017

/s/ Glenn J. Williams

Glenn J. Williams
Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer

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

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

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

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

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

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

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

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

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

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

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

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

Date: November 8, 2017

/s/ Alison S. Rand

Alison S. Rand
Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

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

In connection with the quarterly report on Form 10-Q of Primerica, Inc. (the "Company") for the period ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn J. Williams, as Chief Executive Officer of the Company, and I, Alison S. Rand, as Executive Vice President and Chief Financial Officer of the Company, each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) To my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Glenn J. Williams

Name:	Glenn J. Williams
Title:	Chief Executive Officer
Date:	November 8, 2017

/s/ Alison S. Rand

Name:	Alison S. Rand
Title:	Executive Vice President and Chief Financial Officer
Date:	November 8, 2017