

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 June 30, 2022

OR

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

For the transition period from _____ to _____

Commission File Number: 001-34680



Primerica, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

27-1204330

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

1 Primerica Parkway
Duluth, Georgia

(Address of principal executive offices)

30099

(ZIP Code)

(770) 381-1000

(Registrant's telephone number, including area code)

Not applicable.

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

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

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

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

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

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

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

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

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

As of July 31, 2022, the registrant had 37,453,088 shares of common stock, \$0.01 par value per share, outstanding.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

PRIMERICA, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	(Unaudited)	
	June 30, 2022	December 31, 2021
	(In thousands)	
Assets:		
Investments:		
Fixed-maturity securities available-for-sale, at fair value (amortized cost: \$ 2,777,820 in 2022 and \$ 2,621,388 in 2021)	\$ 2,554,465	\$ 2,702,567
Fixed-maturity security held-to-maturity, at amortized cost (fair value: \$ 1,378,744 in 2022 and \$ 1,551,113 in 2021)	1,415,940	1,379,100
Short-term investments available-for-sale, at fair value (amortized cost: \$ 3,311 in 2022 and \$ 85,246 in 2021)	3,311	85,243
Equity securities, at fair value (historical cost: \$ 29,365 in 2022 and \$ 34,255 in 2021)	35,877	42,551
Trading securities, at fair value (cost: \$ 9,470 in 2022 and \$ 24,769 in 2021)	8,976	24,355
Policy loans and other invested assets	46,226	30,612
Total investments	4,064,795	4,264,428
Cash and cash equivalents	400,119	392,501
Accrued investment income	19,326	18,702
Reinsurance recoverables	4,069,039	4,268,419
Deferred policy acquisition costs, net	3,028,511	2,943,782
Renewal commissions receivable	193,661	231,751
Agent balances, due premiums and other receivables	250,940	257,675
Goodwill	187,707	179,154
Intangible assets	190,775	195,825
Income taxes	92,352	81,799
Operating lease right-of-use assets	44,438	47,942
Other assets	428,355	441,253
Separate account assets	2,358,987	2,799,992
Total assets	\$ 15,329,005	\$ 16,123,223
Liabilities and Stockholders' Equity:		
Liabilities:		
Future policy benefits	\$ 7,276,278	\$ 7,138,649
Unearned and advance premiums	16,932	16,437
Policy claims and other benefits payable	481,229	585,382
Other policyholders' funds	501,628	501,823
Note payable - Short term	-	15,000
Note payable - Long term	592,504	592,102
Surplus note	1,415,457	1,378,585
Income taxes	164,972	241,311
Operating lease liabilities	50,249	53,920
Other liabilities	596,409	615,710
Payable under securities lending	96,603	94,529
Separate account liabilities	2,358,987	2,799,992
Commitments and contingent liabilities (see <i>Commitments and Contingent Liabilities note</i>)		
Total liabilities	13,551,248	14,033,440
Temporary Stockholders' Equity		
Redeemable noncontrolling interests in consolidated entities	2,233	7,271
Permanent Stockholders' Equity		
Equity attributable to Primerica, Inc.:		
Common stock (\$0.01 par value; authorized 500,000 shares in 2022 and 2021; issued and outstanding 37,768 shares in 2022 and 39,368 shares in 2021)	378	394
Paid-in capital	-	5,224
Retained earnings	1,948,244	2,004,506
Accumulated other comprehensive income (loss), net of income tax:		
Unrealized foreign currency translation gains (losses)	2,648	8,611
Net unrealized investment gains (losses) on available-for-sale securities	(175,746)	63,777
Total permanent stockholders' equity	1,775,524	2,082,512
Total liabilities and temporary and permanent stockholders' equity	\$ 15,329,005	\$ 16,123,223

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>(In thousands, except per-share amounts)</i>				
Revenues:				
Direct premiums	\$ 808,894	\$ 780,299	\$ 1,607,560	\$ 1,542,526
Ceded premiums	(419,048)	(413,850)	(818,933)	(809,822)
Net premiums	389,846	366,449	788,627	732,704
Commissions and fees	240,688	250,688	492,489	484,733
Investment income net of investment expenses	37,099	36,030	71,519	71,230
Interest expense on surplus note	(15,815)	(15,495)	(31,330)	(30,642)
Net investment income	21,284	20,535	40,189	40,588
Realized investment gains (losses)	56	1,409	632	2,031
Other investment gains (losses)	(1,948)	(708)	(1,773)	436
Investment gains (losses)	(1,892)	701	(1,141)	2,467
Other, net	18,756	16,313	39,745	31,907
Total revenues	668,682	654,686	1,359,909	1,292,399
Benefits and expenses:				
Benefits and claims	153,257	168,347	340,326	352,136
Amortization of deferred policy acquisition costs	85,379	54,286	171,442	120,390
Sales commissions	119,763	131,303	253,687	253,197
Insurance expenses	59,461	48,579	118,969	97,346
Insurance commissions	7,594	8,838	15,315	17,578
Contract acquisition costs	19,384	-	40,034	-
Interest expense	6,814	7,141	13,667	14,285
Other operating expenses	79,730	66,726	166,165	139,694
Total benefits and expenses	531,382	485,220	1,119,605	994,626
Income before income taxes	137,300	169,466	240,304	297,773
Income taxes	31,737	41,304	55,977	71,740
Net income (loss)	105,563	128,162	184,327	226,033
Net income (loss) attributable to noncontrolling interests	(2,384)	-	(5,038)	-
Net income (loss) attributable to Primerica, Inc.	\$ 107,947	\$ 128,162	\$ 189,365	\$ 226,033
Earnings per share attributable to common stockholders:				
Basic earnings per share	\$ 2.80	\$ 3.23	\$ 4.86	\$ 5.70
Diluted earnings per share	\$ 2.79	\$ 3.22	\$ 4.85	\$ 5.68
Weighted-average shares used in computing earnings per share:				
Basic	38,386	39,531	38,801	39,493
Diluted	38,501	39,653	38,914	39,616

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	<i>(In thousands)</i>			
Net income (loss)	\$ 105,563	\$ 128,162	\$ 184,327	\$ 226,033
Other comprehensive income (loss) before income taxes:				
Unrealized investment gains (losses) on available-for-sale securities:				
Change in unrealized holding gains (losses) on available-for-sale securities	(138,879)	26,018	(303,818)	(38,874)
Reclassification adjustment for investment (gains) losses included in net income	(56)	(705)	(713)	(1,173)
Foreign currency translation adjustments:				
Change in unrealized foreign currency translation gains (losses)	(9,121)	7,390	(5,963)	12,382
Total other comprehensive income (loss) before income taxes	(148,056)	32,703	(310,494)	(27,665)
Income tax expense (benefit) related to items of other comprehensive income (loss)	(29,628)	5,376	(65,008)	(8,909)
Other comprehensive income (loss), net of income taxes	(118,428)	27,327	(245,486)	(18,756)
Total comprehensive income (loss)	(12,865)	155,489	(61,159)	207,277
Net income (loss) attributable to noncontrolling interests	(2,384)	-	(5,038)	-
Comprehensive income (loss) attributable to Primerica, Inc.	\$ (10,481)	\$ 155,489	\$ (56,121)	\$ 207,277

See accompanying notes to condensed consolidated financial statements.

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

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<i>(In thousands)</i>			
Equity attributable to Primerica, Inc./Permanent stockholders' equity				
Common stock:				
Balance, beginning of period	\$ 388	\$ 394	\$ 394	\$ 393
Repurchases of common stock	(10)	-	(18)	-
Net issuance of common stock	-	-	2	1
Balance, end of period	<u>378</u>	<u>394</u>	<u>378</u>	<u>394</u>
Paid-in capital:				
Balance, beginning of period	-	8,138	5,224	-
Share-based compensation	8,961	5,683	23,781	19,788
Net issuance of common stock	(1)	-	(2)	(1)
Repurchases of common stock	(8,960)	(941)	(29,003)	(6,907)
Balance, end of period	<u>-</u>	<u>12,880</u>	<u>-</u>	<u>12,880</u>
Retained earnings:				
Balance, beginning of period	1,980,467	1,785,038	2,004,506	1,705,786
Cumulative effect from the adoption of new accounting standards, net	-	-	-	-
Net income attributable to Primerica, Inc.	107,947	128,162	189,365	226,033
Dividends	(21,178)	(18,661)	(42,823)	(37,280)
Repurchases of common stock	(118,992)	-	(202,804)	-
Balance, end of period	<u>1,948,244</u>	<u>1,894,539</u>	<u>1,948,244</u>	<u>1,894,539</u>
Accumulated other comprehensive income:				
Balance, beginning of period	(54,670)	83,623	72,388	129,706
Change in foreign currency translation adjustment, net of income taxes	(9,121)	7,390	(5,963)	12,382
Change in net unrealized investment gains (losses) during the period, net of income taxes	(109,307)	19,937	(239,523)	(31,138)
Balance, end of period	<u>(173,098)</u>	<u>110,950</u>	<u>(173,098)</u>	<u>110,950</u>
Total permanent stockholders' equity	<u>\$ 1,775,524</u>	<u>\$ 2,018,763</u>	<u>\$ 1,775,524</u>	<u>\$ 2,018,763</u>
Redeemable noncontrolling interests in consolidated entities/Temporary stockholders' equity				
Balance, beginning of period	\$ 4,617	\$ -	\$ 7,271	\$ -
Net income (loss) attributable to noncontrolling interests	(2,384)	-	(5,038)	-
Balance, end of period	<u>\$ 2,233</u>	<u>\$ -</u>	<u>\$ 2,233</u>	<u>\$ -</u>
Dividends declared per share	<u>\$ 0.55</u>	<u>\$ 0.47</u>	<u>\$ 1.10</u>	<u>\$ 0.94</u>

See accompanying notes to condensed consolidated financial statements.

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

	Six months ended June 30,	
	2022	2021
	<i>(In thousands)</i>	
Cash flows from operating activities:		
Net income	\$ 184,327	\$ 226,033
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Change in future policy benefits and other policy liabilities	45,890	170,843
Deferral of policy acquisition costs	(257,187)	(285,707)
Amortization of deferred policy acquisition costs	171,442	120,390
Change in income taxes	(20,353)	(3,366)
Investment (gains) losses	1,141	(2,467)
Accretion and amortization of investments	2,310	2,523
Depreciation and amortization	17,353	10,766
Change in reinsurance recoverables	193,086	43,474
Change in agent balances, due premiums and other receivables	2,771	(13,530)
Change in renewal commissions receivable	26,227	(1,838)
Trading securities sold, matured, or called (acquired), net	14,860	(17,615)
Share-based compensation	18,591	14,192
Change in other operating assets and liabilities, net	(15,976)	11,095
Net cash provided by (used in) operating activities	<u>384,482</u>	<u>274,793</u>
Cash flows from investing activities:		
Available-for-sale investments sold, matured or called:		
Fixed-maturity securities — sold	5,598	95,812
Fixed-maturity securities — matured or called	211,176	208,270
Short-term investments — sold	-	10,089
Short-term investments — matured or called	85,302	-
Equity securities — sold	-	690
Equity securities — matured or called	3,000	-
Available-for-sale investments acquired:		
Fixed-maturity securities	(380,001)	(384,161)
Short-term investments	(3,311)	(50,902)
Equity securities — acquired	(89)	(764)
Purchases of property and equipment and other investing activities, net	(14,360)	(12,102)
Cash collateral received (returned) on loaned securities, net	2,074	8,459
Sales (purchases) of short-term investments using securities lending collateral, net	(2,074)	(8,459)
Purchase of business, net of cash acquired	3,867	-
Net cash provided by (used in) investing activities	<u>(88,818)</u>	<u>(133,068)</u>
Cash flows from financing activities:		
Dividends paid	(42,823)	(37,280)
Common stock repurchased	(226,962)	-
Proceeds from revolving credit facility	-	125,000
Payment on note issued to seller of business	(12,364)	-
Tax withholdings on share-based compensation	(4,863)	(6,485)
Finance leases	(129)	(133)
Net cash provided by (used in) financing activities	<u>(287,141)</u>	<u>81,102</u>
Effect of foreign exchange rate changes on cash	<u>(905)</u>	<u>4,195</u>
Change in cash and cash equivalents	7,618	227,022
Cash and cash equivalents, beginning of period	392,501	547,569
Cash and cash equivalents, end of period	<u>\$ 400,119</u>	<u>\$ 774,591</u>

See accompanying notes to condensed consolidated financial statements.

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

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

Description of Business. Primerica, Inc. (the “Parent Company”), together with its subsidiaries (collectively, “we”, “us” or the “Company”), is a leading provider of financial products to middle-income households in the United States and Canada through a network of independent contractor sales representatives (“independent sales representatives” or “independent sales force”). We assist our clients in meeting their needs for term life insurance, which we underwrite, and mutual funds, annuities, managed investments and other financial products, which we distribute primarily on behalf of third parties. On July 1, 2021, we acquired 80% of e-TeleQuote Insurance, Inc. and subsidiaries (collectively, “e-TeleQuote”) through our subsidiary, Primerica Health, Inc. (“Primerica Health”). e-TeleQuote markets Medicare-related insurance products underwritten by third-party health insurance carriers to eligible Medicare participants through its licensed health insurance agents. Refer to Note 14 (Acquisition) for more information regarding the acquisition of 80% of e-TeleQuote and Note 15 (Subsequent Events) for information regarding the acquisition of the remaining 20% of e-TeleQuote effective July 1, 2022. Our other primary subsidiaries include the following entities: Primerica Financial Services, LLC (“PFS”), a general agency and marketing company; Primerica Life Insurance Company (“Primerica Life”), our principal life insurance company; Primerica Financial Services (Canada) Ltd., a holding company for our Canadian operations, which includes Primerica Life Insurance Company of Canada (“Primerica Life Canada”) and PFS Investments Canada Ltd. (“PFS Investments Canada”); and PFS Investments Inc. (“PFS Investments”), an investment products company and broker-dealer. Primerica Life, domiciled in Tennessee, owns National Benefit Life Insurance Company (“NBLIC”), a New York insurance company. Peach Re, Inc. (“Peach Re”) and Vidalia Re, Inc. (“Vidalia Re”) are special purpose financial captive insurance companies and wholly owned subsidiaries of Primerica Life. Peach Re and Vidalia Re have each entered into separate coinsurance agreements with Primerica Life whereby Primerica Life has ceded certain level-premium term life insurance policies to Peach Re and Vidalia Re (respectively, the “Peach Re Coinsurance Agreement” and the “Vidalia Re Coinsurance Agreement”).

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

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

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

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

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

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

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

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

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

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

Topic	Description	Planned Approach
Transition Approach	<p>LDTI guidance can be applied using either:</p> <ul style="list-style-type: none"> •the retrospective method, which applies the provisions of the standard from the original policy inception; or •the modified retrospective method, which applies the provisions of the standard by pivoting off the historical December 31, 2020 future policy benefits reserve (“Pre-transition Reserve”) and deferred acquisition costs (“DAC”) balances just prior to January 1, 2021 (the “Transition Date”). 	<p>The Company will elect to adopt the standard using the modified retrospective method for both future policy benefits reserves and amortization of DAC. The Company will adopt the standard effective January 1, 2023.</p>
Cohort Definition	<p>Cohorts refer to the level of policy grouping used in the calculation of the future policy benefits reserve (“FPBR”) and amortization of DAC.</p> <p>Under LDTI, cohorts must vary by policy issue year and may be set more granularly to reflect additional policy characteristics.</p> <p>The net premium ratio for each policy cohort is used to calculate FPBR. At the Transition Date, the Net Premium Ratio is defined as the present value of future benefits and claim settlement expenses less the Pre-transition Reserve divided by the present value of the gross premiums. The present value of both the future benefits and gross premiums use best estimate cash flow assumptions at the locked-in discount rate (discount rate at the Transition Date). Under LDTI, a cohort’s Net Premium Ratio is capped at 100%. This concept replaces the need for loss recognition analysis under current GAAP. Any adjustments necessary at the Transition Date to cap the Net Premium Ratio for a cohort at 100% are recognized in retained earnings. After the Transition Date, the Net Premium Ratio will be updated each quarter as projected benefits and premiums are replaced with actual amounts.</p>	<p>The Company will define its Term Life Insurance segment cohorts based on the legal entity that issued the policy and the year the policy was issued.</p> <p>The Company is still in the process of determining the impact as of the Transition Date for capping the Net Premium Ratio at 100% and expects any necessary adjustments to be isolated.</p>
Discount Rates	<p>LDTI requires entities to use market observable rates, based on an upper-medium grade fixed income instrument yield, to measure future policy benefits reserves each period.</p> <p>The difference between the FPBR calculated using market observable rates and the Pre-transition Reserve is recognized as part of accumulated other comprehensive income (“AOCI”) at the Transition Date. After the Transition Date, the impact of changes in market observable rates each quarter will be recorded to AOCI and may add volatility to our reported equity.</p>	<p>The Company will use discount rates applied by geography to align with local currency cash flows. Discount rates will consist of yield curves that will be developed using Bloomberg’s Evaluated Pricing Product (BVAL) based on senior unsecured fixed rate bonds ratings of A+, A or A-.</p> <p>Given how low market observable rates were at the Transition Date, we expect that the amount recorded in AOCI as of the Transition Date will significantly reduce our AOCI and equity balances. The Company is still in the process of quantifying the impact to AOCI as of the Transition Date for calculating the FPBR at market observable discount rates.</p>

Cash Flow Assumptions	<p>LDTI requires entities to use their best estimates for cash flow assumptions with no provision for adverse deviation. Cash flow assumptions are to be reviewed at least annually at the same time each year, or more frequently if experience suggests.</p> <p>Forecasted cash flow assumptions must be replaced with actual cash flows in FPBR at least annually.</p>	<p>The Company expects to formally review cash flow assumptions during the third quarter each year and update these assumptions as necessary.</p> <p>The Company will replace forecasted cash flow assumptions with actual cash flows in FPBR each quarter.</p> <p>The impact of assumption changes and experience variances will be partly reflected in the current period and partly spread to future periods, based on the remaining duration of the impacted cohort(s), by unlocking the Net Premium Ratio in FPBR.</p>
DAC Amortization	<p>LDTI requires DAC to be amortized on a constant-level basis over the expected term of the contracts using an appropriate unit of measure. Companies can amortize DAC either at an individual contract level on a straight-line basis or at a cohort level that approximates a straight-line basis.</p> <p>Under current GAAP, DAC is amortized using amortization models linked to revenue or profit. Also, interest is accrued on unamortized DAC under current GAAP while LDTI disallows the accrual of interest.</p>	<p>The Company anticipates it will use current face amount as a unit of measure to amortize DAC for its term life insurance products and policy count as a unit of measure to amortize DAC for its Canadian segregated funds products. In addition, the Company expects to group contracts by cohort to amortize DAC.</p> <p>For term life insurance products, we expect DAC to be amortized more slowly under LDTI as compared with current GAAP.</p> <p>For Canadian segregated funds, we expect DAC amortization to be less volatile than under current GAAP as it will no longer be based on the present value of gross profits, which are subject to changes in the market value of assets under management.</p>
Market Risk Benefits (“MRBs”)	<p>MRBs are benefits that protect policyholders from capital market risk. Under LDTI, MRBs are measured at fair value.</p>	<p>The Company has MRBs from limited guaranteed benefits provided as part of our Canadian segregated funds products.</p> <p>We are still undergoing the process of evaluating MRBs associated with our Canadian segregated funds products but we currently anticipate that the fair value of MRBs associated with this product will be immaterial when LDTI is adopted.</p>

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

(2) Segment and Geographical Information

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

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>(In thousands)</i>				
Revenues:				
Term life insurance segment	\$ 410,707	\$ 383,536	\$ 829,136	\$ 765,565
Investment and savings products segment	222,416	238,012	463,455	461,434
Senior health segment	11,814	N/A	17,645	N/A
Corporate and other distributed products segment	23,745	33,138	49,673	65,400
Total revenues	\$ 668,682	\$ 654,686	\$ 1,359,909	\$ 1,292,399
Net investment income:				
Term life insurance segment	\$ 12,286	\$ 8,751	\$ 23,731	\$ 17,004
Investment and savings products segment	-	-	-	-
Senior health segment	-	N/A	-	N/A
Corporate and other distributed products segment	8,998	11,784	16,458	23,584
Total net investment income	\$ 21,284	\$ 20,535	\$ 40,189	\$ 40,588
Amortization of DAC:				
Term life insurance segment	\$ 79,668	\$ 52,235	\$ 161,551	\$ 114,820
Investment and savings products segment	5,463	1,786	9,388	5,061
Senior health segment	-	N/A	-	N/A
Corporate and other distributed products segment	248	265	503	509
Total amortization of DAC	\$ 85,379	\$ 54,286	\$ 171,442	\$ 120,390
Non-cash share-based compensation expense:				
Term life insurance segment	\$ 618	\$ 744	\$ 2,743	\$ 2,733
Investment and savings products segment	683	658	1,887	1,866
Senior health segment	-	N/A	-	N/A
Corporate and other distributed products segment	4,853	1,137	13,961	9,593
Total non-cash share-based compensation expense	\$ 6,154	\$ 2,539	\$ 18,591	\$ 14,192
Income (loss) before income taxes:				
Term life insurance segment	\$ 119,879	\$ 116,776	\$ 211,455	\$ 205,012
Investment and savings products segment	58,975	71,154	123,535	134,515
Senior health segment	(16,150)	N/A	(39,235)	N/A
Corporate and other distributed products segment	(25,404)	(18,464)	(55,451)	(41,754)
Total income before income taxes	\$ 137,300	\$ 169,466	\$ 240,304	\$ 297,773

Total assets by segment were as follows:

	June 30, 2022		December 31, 2021	
	<i>(In thousands)</i>			
Assets:				
Term life insurance segment		\$ 7,170,540		\$ 7,274,820
Investment and savings products segment ⁽¹⁾		2,471,475		2,920,271
Senior health segment		483,123		528,974
Corporate and other distributed products segment		5,203,867		5,399,158
Total assets		\$ 15,329,005		\$ 16,123,223

(1) The Investment and Savings Products segment includes assets held in separate accounts. Excluding separate accounts, the Investment and Savings Products segment assets were \$ 112.5 million and \$ 120.3 million as of June 30, 2022 and December 31, 2021, respectively.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>(In thousands)</i>				
Revenues by country:				
United States	\$ 575,517	\$ 554,516	\$ 1,161,671	\$ 1,093,462
Canada	93,165	100,170	198,238	198,937
Total revenues	\$ 668,682	\$ 654,686	\$ 1,359,909	\$ 1,292,399

	June 30, 2022	December 31, 2021
	(In thousands)	
Long-lived assets by country:		
United States	\$ 53,735	\$ 62,921
Canada	3,451	3,871
Other	232	230
Total long-lived assets	<u>\$ 57,418</u>	<u>\$ 67,022</u>

(3) Investments

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

	June 30, 2022			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(In thousands)			
Securities available-for-sale, carried at fair value:				
Fixed-maturity securities:				
U.S. government and agencies	\$ 32,924	\$ 46	\$ (718)	\$ 32,252
Foreign government	159,464	623	(10,255)	149,832
States and political subdivisions	143,750	247	(14,457)	129,540
Corporates	1,650,504	3,338	(136,869)	1,516,973
Residential mortgage-backed securities	484,034	701	(45,673)	439,062
Commercial mortgage-backed securities	145,360	6	(9,861)	135,505
Other asset-backed securities	161,784	182	(10,665)	151,301
Total fixed-maturity securities	<u>2,777,820</u>	<u>5,143</u>	<u>(228,498)</u>	<u>2,554,465</u>
Short-term investments	3,311	-	-	3,311
Total fixed-maturity securities and short-term investments	<u>\$ 2,781,131</u>	<u>\$ 5,143</u>	<u>\$ (228,498)</u>	<u>\$ 2,557,776</u>

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

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

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

	Amortized cost	Fair value
	(In thousands)	
Due in one year or less	\$ 210,474	\$ 210,206
Due after one year through five years	762,311	737,052
Due after five years through 10 years	737,704	649,755
Due after 10 years	276,153	231,584
	<u>1,986,642</u>	<u>1,828,597</u>
Mortgage- and asset-backed securities	791,178	725,868
Total AFS fixed-maturity securities	<u>\$ 2,777,820</u>	<u>\$ 2,554,465</u>

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

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

	June 30, 2022		December 31, 2021	
	Cost	Fair value	Cost	Fair value
	<i>(In thousands)</i>			
Fixed-maturity securities	\$ 9,470	\$ 8,976	\$ 24,769	\$ 24,355

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

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

The LLC Note is classified as a fixed-maturity held-to-maturity security in the Company’s invested asset portfolio as we have the positive intent and ability to hold the security until maturity. As of June 30, 2022, the LLC Note had an estimated unrealized holding loss of \$37.2 million based on its amortized cost and estimated fair value. The estimated fair value of the LLC Note is expected to be at least equal to the estimated fair value of the offsetting Surplus Note. See Note 12 (Debt) for more information on the Surplus Note.

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

Investments on Deposit with Governmental Authorities. As required by law, we have investments on deposit with governmental authorities and banks for the protection of policyholders. The fair values of investments on deposit were \$7.3 million and \$7.6 million as of June 30, 2022 and December 31, 2021, respectively.

Securities Lending Transactions. We participate in securities lending transactions with broker-dealers and other financial institutions to increase investment income with minimal risk. We require minimum collateral on securities loaned equal to 102% of the fair value of the loaned securities. We accept collateral in the form of securities, which we are not able to sell or encumber, and to the extent the collateral declines in value below 100%, we require additional collateral from the borrower. Any securities collateral received is not reflected on our unaudited condensed consolidated balance sheets. We also accept collateral in the form of cash, all of which we reinvest. For loans involving unrestricted cash collateral, the collateral is reported as an asset with a corresponding liability representing our obligation to return the collateral. We continue to carry the loaned securities as invested assets on our unaudited condensed consolidated balance sheets during the terms of the loans, and we do not report them as sales. Cash collateral received and reinvested was \$96.6 million and \$94.5 million as of June 30, 2022 and December 31, 2021, respectively.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	<i>(In thousands)</i>			
Fixed-maturity securities (available-for-sale)	\$ 22,414	\$ 20,155	\$ 43,303	\$ 40,175
Fixed-maturity security (held-to-maturity)	15,815	15,495	31,330	30,642
Equity securities	371	411	758	803
Policy loans and other invested assets	58	98	160	329
Cash and cash equivalents	498	156	623	275
Total return on deposit asset underlying 10% coinsurance agreement ⁽¹⁾	(769)	1,068	(2,279)	1,643
Gross investment income	38,387	37,383	73,895	73,867
Investment expenses	(1,288)	(1,353)	(2,376)	(2,637)
Investment income net of investment expenses	37,099	36,030	71,519	71,230
Interest expense on surplus note	(15,815)	(15,495)	(31,330)	(30,642)
Net investment income	\$ 21,284	\$ 20,535	\$ 40,189	\$ 40,588

(1) For the three and six months ended June 30, 2022, includes \$(1.3) million and \$(3.4) million, respectively, of net losses recognized for the change in fair value of the deposit asset underlying the 10% coinsurance agreement. For the three and six months ended June 30, 2021, includes \$(0.2) million and \$(1.0) million, respectively, of net losses recognized for the change in fair value of the deposit asset underlying the 10% coinsurance agreement.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	<i>(In thousands)</i>			
Realized investment gains (losses):				
Gross gains from sales of available-for-sale securities fixed maturity securities	\$ 420	\$ 3,213	\$ 1,022	\$ 3,978
Gross losses from sales of available-for-sale fixed maturity securities	(364)	(1,804)	(390)	(1,947)
Net realized investment gains (losses):	56	1,409	632	2,031
Other investment gains (losses):				
Credit losses impairment of available-for-sale securities	-	(704)	81	(858)
Market gains (losses) recognized in net income during the period on equity securities	(1,949)	112	(1,833)	1,536
Gains (losses) from bifurcated options	-	(33)	-	(50)
Gains (losses) on trading securities	1	(83)	(21)	(192)
Other investment gains (losses):	(1,948)	(708)	(1,773)	436
Investment gains (losses)	\$ (1,892)	\$ 701	\$ (1,141)	\$ 2,467

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	<i>(In thousands)</i>			
Proceeds from sales or other redemptions	\$ 162,963	\$ 208,785	\$ 302,076	\$ 314,171

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

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

	June 30, 2022			
	Less than 12 months		12 months or longer	
	Fair value	Unrealized losses	Fair value	Unrealized losses
	<i>(Dollars in thousands)</i>			
Fixed-maturity securities:				
U.S. government and agencies	\$ 28,438	\$ (614)	\$ 1,472	\$ (104)
Foreign government	122,160	(7,938)	6,517	(2,317)
States and political subdivisions	113,680	(14,386)	969	(71)
Corporates	1,192,279	(117,546)	81,221	(19,323)
Residential mortgage-backed securities	393,787	(42,970)	22,195	(2,703)
Commercial mortgage-backed securities	126,131	(9,235)	8,004	(626)
Other asset-backed securities	137,920	(10,154)	4,317	(511)
Total fixed-maturity securities	2,114,395	(202,843)	124,695	(25,655)
Short-term investments:				
U.S. government and agencies	837	-	-	-
Total short-term investments	837	-	-	-
Total fixed-maturity securities and short-term investments	\$ 2,115,232	\$ (202,843)	\$ 124,695	\$ (25,655)

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

* Less than \$1 thousand.

The amortized cost of available-for-sale fixed-maturity securities with a cost basis in excess of their fair values were \$2.5 billion and \$924.4 million as of June 30, 2022 and December 31, 2021, respectively.

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

For the three months ended June 30, 2022, we did not recognize any credit (gains) losses in the unaudited condensed consolidated statements of income on available-for-sale securities. For the six months ended June 30, 2022, we recorded a total of \$(0.1) million for credit (gains) losses in the unaudited condensed consolidated statements of income on available-for-sale securities. For the three and six months ended June 30, 2021, we recorded a total of \$0.7 million and \$0.9 million, respectively, for credit (gains) losses in the unaudited condensed consolidated statements of income on available-for-sale securities. We recognized credit losses on securities due to: (i) our intent to sell them; (ii) adverse credit events indicating that we will not receive the security's contractual cash flows when contractually due, such as news of an impending filing for bankruptcy; (iii) analyses of the issuer's most recent financial statements or other information indicating that significant liquidity deficiencies, significant losses and large declines in capitalization exist; and (iv)

analyses of rating agency information for issuances with severe ratings downgrades indicating a significant increase in the possibility of default.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	<i>(In thousands)</i>			
Allowance for credit losses, beginning of period	\$ 735	\$ 154	\$ 816	\$ -
Additions to the allowance for credit losses on securities for which credit losses were not previously recorded	-	-	-	154
Additional increases or (decreases) to the allowance for credit losses on securities that had an allowance recorded in a previous period	-	704	(81)	704
Write-offs charged against the allowance, if any	(735)	-	(735)	-
Allowance for credit losses, end of period	\$ -	\$ 858	\$ -	\$ 858

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

(4) Fair Value of Financial Instruments

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

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

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

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

June 30, 2022				
	Level 1	Level 2	Level 3	Total
<i>(In thousands)</i>				
Fair value assets:				
Available-for-sale fixed-maturity securities:				
U.S. government and agencies	\$ -	\$ 32,252	\$ -	\$ 32,252
Foreign government	-	149,832	-	149,832
States and political subdivisions	-	129,540	-	129,540
Corporates	5,049	1,511,924	-	1,516,973
Mortgage- and asset-backed securities:				
Residential mortgage-backed securities	-	439,062	-	439,062
Commercial mortgage-backed securities	-	135,505	-	135,505
Other asset-backed securities	-	151,301	-	151,301
Total available-for-sale fixed-maturity securities	5,049	2,549,416	-	2,554,465
Short-term investments	-	3,311	-	3,311
Total available-for-sale securities	5,049	2,552,727	-	2,557,776
Equity securities	33,228	1,015	1,634	35,877
Trading securities	-	8,976	-	8,976
Cash and cash equivalents	398,823	1,296	-	400,119
Separate accounts	-	2,358,987	-	2,358,987
Total fair value assets	\$ 437,100	\$ 4,923,001	\$ 1,634	\$ 5,361,735
Fair value liabilities:				
Separate accounts	\$ -	\$ 2,358,987	\$ -	\$ 2,358,987
Total fair value liabilities	\$ -	\$ 2,358,987	\$ -	\$ 2,358,987

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

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

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

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

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

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

	Three months ended June 30,		Six months ended June 30, (1)	
	2022	2021	2022	2021
	<i>(In thousands)</i>			
Level 3 assets, beginning of period	\$ 10,689	\$ 4,177	\$ 3,596	\$ 2,047
Net unrealized gains (losses) included in other comprehensive income	108	-	106	-
Realized gains (losses) and accretion (amortization) recognized in earnings	7	(150)	(200)	(234)
Purchases	1,588	999	7,491	999
Sales	-	-	-	-
Settlements	(1,400)	(2,190)	(1,400)	(2,190)
Transfers into Level 3	-	500	1,399	2,714
Transfers out of Level 3	(9,358)	-	(9,358)	-
Level 3 assets, end of period	\$ 1,634	\$ 3,336	\$ 1,634	\$ 3,336

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

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

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

	June 30, 2022		December 31, 2021	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
<i>(In thousands)</i>				
Assets:				
Fixed-maturity securities (available-for-sale)	\$ 2,554,465	\$ 2,554,465	\$ 2,702,567	\$ 2,702,567
Fixed-maturity security (held-to-maturity) ⁽³⁾	1,415,940	1,378,744	1,379,100	1,551,113
Short-term investments (available-for-sale)	3,311	3,311	85,243	85,243
Equity securities	35,877	35,877	42,551	42,551
Trading securities	8,976	8,976	24,355	24,355
Policy loans ⁽³⁾	33,069	33,069	30,612	30,612
Deposit asset underlying 10% coinsurance agreement ⁽³⁾	227,958	227,958	231,368	231,368
Separate accounts	2,358,987	2,358,987	2,799,992	2,799,992
Liabilities:				
Notes payable - Long term ^{(1) (2)}	\$ 592,504	\$ 505,791	\$ 592,102	\$ 605,667
Surplus note ^{(1) (3)}	1,415,457	1,372,732	1,378,585	1,545,854
Separate accounts	2,358,987	2,358,987	2,799,992	2,799,992

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

⁽²⁾ Classified as a Level 2 fair value measurement.

⁽³⁾ Classified as a Level 3 fair value measurement.

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

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

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

(5) Reinsurance

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

Details on in-force life insurance were as follows:

	June 30, 2022	December 31, 2021
	<i>(Dollars in thousands)</i>	
Direct life insurance in-force	\$ 916,778,660	\$ 905,819,671
Amounts ceded to other companies	(785,290,868)	(777,826,233)
Net life insurance in-force	\$ 131,487,792	\$ 127,993,438
Percentage of reinsured life insurance in-force	86 %	86 %

Benefits and claims ceded to reinsurers during the three and six months ended June 30, 2022 were \$39.1 million and \$842.9 million, respectively, compared to \$435.3 million and \$987.9 million, respectively, for the three and six months ended June 30, 2021.

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

	June 30, 2022		December 31, 2021	
	Reinsurance recoverables	A.M. Best rating	Reinsurance recoverables	A.M. Best rating
	<i>(In thousands)</i>			
Swiss Re Life & Health America Inc. (Novated from Pecan Re Inc.)(1) (2)	\$ 2,490,426	A+	\$ -	-
Pecan Re Inc. (1)(2)	-	-	2,567,602	NR
SCOR Global Life Reinsurance Companies (3)	397,858	A+	426,634	A+
Munich Re of Malta (2) (5)	268,535	NR	278,591	NR
Swiss Re Life & Health America Inc. (4)	236,628	A+	259,239	A+
American Health and Life Insurance Company (2)	153,552	B++	157,837	B++
Munich American Reassurance Company	132,432	A+	142,705	A+
RGA Reinsurance	124,265	A+	140,953	A+
Korean Reinsurance Company	117,967	A	134,048	A
Hannover Life Reassurance Company	44,657	A+	49,749	A+
TOA Reinsurance Company	34,487	A	38,909	A
All other reinsurers	71,196	-	75,094	-
Allowance for credit losses	(2,964)		(2,942)	
Reinsurance recoverables	<u>\$ 4,069,039</u>		<u>\$ 4,268,419</u>	

NR – not rated

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

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

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

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

(5) Entity is rated AA- by S&P.

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

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	<i>(In thousands)</i>			
Balance, beginning of period	\$ 3,083	\$ 7,363	\$ 2,942	\$ 7,144
Current period provision for expected credit losses	51	291	192	510
Less: Recoveries from expected credit losses previously recorded	(170)	-	(170)	-
Balance, at the end of period	<u>\$ 2,964</u>	<u>\$ 7,654</u>	<u>\$ 2,964</u>	<u>\$ 7,654</u>

(6) Policy Claims and Other Benefits Payable

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

	Six months ended June 30,	
	2022	2021
	<i>(In thousands)</i>	
Policy claims and other benefits payable, beginning of period	\$ 585,382	\$ 519,711
Less reinsured policy claims and other benefits payable	638,007	545,857
Net balance, beginning of period	(52,625)	(26,146)
Incurred related to current year	127,911	137,285
Incurred related to prior years ⁽¹⁾	(2,522)	(813)
Total incurred	125,389	136,472
Claims paid related to current year, net of reinsured policy claims received	(170,149)	(213,880)
Reinsured policy claims received related to prior years, net of claims paid	65,135	32,882
Total paid	(105,014)	(180,998)
Foreign currency translation	(150)	210
Net balance, end of period	(32,400)	(70,462)
Add reinsured policy claims and other benefits payable	513,629	541,752
Balance, end of period	\$ 481,229	\$ 471,290

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

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

(7) Stockholders' Equity

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

	Six months ended June 30,	
	2022	2021
	<i>(In thousands)</i>	
Common stock, beginning of period	\$ 39,368	\$ 39,306
Shares issued for stock options exercised	-	10
Shares of common stock issued upon lapse of sales restrictions on restricted stock units ("RSUs")	166	176
Common stock retired	(1,766)	(48)
Common stock, end of period	\$ 37,768	\$ 39,444

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 June 30, 2022, we had a total of 291,399 RSUs and 74,054 PSUs outstanding. The PSU outstanding balance is based on the number of PSUs granted pursuant to the award agreements; however, the actual number of common shares issued could be higher or lower based on actual versus targeted performance. See Note 9 (Share-Based Transactions) for discussion of the PSU award structure.

On November 17, 2021 our Board of Directors authorized a share repurchase program for up to \$75.0 million of our outstanding common stock for purchases through December 31, 2022 (the "Share Repurchase Program"). On February 14, 2022, our Board of Directors authorized an increase of \$50.0 million to the Share Repurchase Program authorized on November 17, 2021. As revised, the program authorizes share repurchases for up to \$325.0 million of our outstanding common stock through December 31, 2022. Under the Share Repurchase Program, we repurchased 1,852,614 shares of our common stock in the open market for an aggregate purchase price of \$45.7 million through June 30, 2022. Approximately \$79.3 million remains available for repurchases of our outstanding common stock under the Share Repurchase Program as of June 30, 2022.

(8) Earnings Per Share

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

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

In calculating basic EPS, we deduct from net income any dividends and undistributed earnings allocated to unvested RSUs and then divide the result by the weighted-average number of common shares and vested RSUs outstanding for the period. We also deduct from the numerator any periodic adjustments recognized when the redemption value of Redeemable NCI exceeds its carrying value as discussed in Note 1 (Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies) of our consolidated financial statements within our 2021 Annual Report.

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

The calculation of basic and diluted EPS was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	<i>(In thousands, except per-share amounts)</i>			
Basic EPS:				
Numerator:				
Net income attributable to Primerica, Inc.	\$ 107,947	\$ 128,162	\$ 189,365	\$ 226,033
Income attributable to unvested participating securities	(477)	(525)	(811)	(945)
Net income used in calculating basic EPS	<u>\$ 107,470</u>	<u>\$ 127,637</u>	<u>\$ 188,554</u>	<u>\$ 225,088</u>
Denominator:				
Weighted-average vested shares	38,386	39,531	38,801	39,493
Basic EPS	<u>\$ 2.80</u>	<u>\$ 3.23</u>	<u>\$ 4.86</u>	<u>\$ 5.70</u>
Diluted EPS:				
Numerator:				
Net income attributable to Primerica, Inc.	\$ 107,947	\$ 128,162	\$ 189,365	\$ 226,033
Income attributable to unvested participating securities	(476)	(524)	(809)	(942)
Net income used in calculating diluted EPS	<u>\$ 107,471</u>	<u>\$ 127,638</u>	<u>\$ 188,556</u>	<u>\$ 225,091</u>
Denominator:				
Weighted-average vested shares	38,386	39,531	38,801	39,493
Dilutive effect of incremental shares to be issued for contingently-issuable shares	115	122	113	123
Weighted-average shares used in calculating diluted EPS	<u>38,501</u>	<u>39,653</u>	<u>38,914</u>	<u>39,616</u>
Diluted EPS	<u>\$ 2.79</u>	<u>\$ 3.22</u>	<u>\$ 4.85</u>	<u>\$ 5.68</u>

(9) Share-Based Transactions

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

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

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	<i>(In thousands)</i>			
Equity awards expense recognized	\$ 2,826	\$ 2,539	\$ 15,007	\$ 14,192
Equity awards expense deferred	2,810	2,730	5,187	5,179

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

- 85,844 RSUs awarded to management with a measurement-date fair value of \$130.30 per unit that have time-based vesting requirements with equal and annual graded vesting over approximately three years subsequent to the grant date.
- 26,475 PSUs awarded to our four top executives with a measurement-date fair value of \$130.30 per unit. The PSUs will be earned on March 1, 2025 contingent upon the Company achieving a targeted annual average three-year return on adjusted equity (“ROAE”) and average EPS growth for the period from January 1, 2022 through December 31, 2024. The actual number of common shares that will be issued will vary based on the actual ROAE and average EPS growth relative to the targeted ROAE and average EPS growth and can range from zero to 39,713 shares.

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

(10) Commitments and Contingent Liabilities

Letter of Credit (“LOC”). Peach Re maintains a credit facility agreement with Deutsche Bank (the “Credit Facility Agreement”) to support certain obligations for a portion of the Regulation XXX reserves related to the Peach Re Coinsurance Agreement. Under the Credit Facility Agreement, Deutsche Bank issued a letter of credit for the benefit of Primerica Life with a term expiring on December 31, 2025. As of June 30, 2022, the amount of the LOC outstanding was \$115.0 million. This amount will decline over the remaining term of the LOC to correspond with declines in the Regulation XXX reserves. As of June 30, 2022, the Company was in compliance with all financial covenants under the Credit Facility Agreement.

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

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

(11) Other Comprehensive Income

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>(In thousands)</i>				
Foreign currency translation adjustments:				
Change in unrealized foreign currency translation gains (losses) before income taxes	\$ (9,121)	\$ 7,390	\$ (5,963)	\$ 12,382
Income tax expense (benefit) on unrealized foreign currency translation gains (losses)	-	-	-	-
Change in unrealized foreign currency translation gains (losses), net of income taxes	<u>\$ (9,121)</u>	<u>\$ 7,390</u>	<u>\$ (5,963)</u>	<u>\$ 12,382</u>
Unrealized gain (losses) on available-for-sale securities:				
Change in unrealized holding gains (losses) arising during period before income taxes	\$ (138,879)	\$ 26,018	\$ (303,818)	\$ (38,874)
Income tax expense (benefit) on unrealized holding gains (losses) arising during period	(29,616)	5,524	(64,858)	(8,663)
Change in unrealized holding gains (losses) on available-for-sale securities arising during period, net of income taxes	<u>(109,263)</u>	<u>20,494</u>	<u>(238,960)</u>	<u>(30,211)</u>
Reclassification from accumulated OCI to net income for (gains) losses realized on available-for-sale securities	(56)	(705)	(713)	(1,173)
Income tax (expense) benefit on (gains) losses reclassified from accumulated OCI to net income	(12)	(148)	(150)	(246)
Reclassification from accumulated OCI to net income for (gains) losses realized on available-for-sale securities, net of income taxes	<u>(44)</u>	<u>(557)</u>	<u>(563)</u>	<u>(927)</u>
Change in unrealized gains (losses) on available-for-sale securities, net of income taxes and reclassification adjustment	<u>\$ (109,307)</u>	<u>\$ 19,937</u>	<u>\$ (239,523)</u>	<u>\$ (31,138)</u>

(12) Debt

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

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

Notes Payable – Short Term. On July 1, 2021, as part of the acquisition of e-TeleQuote, Primerica Health issued a \$15.0 million unsecured, subordinated note, guaranteed by the Parent Company, to Etelequote Limited’s (“Etelequote Bermuda”) majority shareholder (the “Majority Shareholder Note”). There was no outstanding balance due on this note as of June 30, 2022.

Surplus Note. As of June 30, 2022, the principal amount outstanding on the Surplus Note issued by Vidalia Re was \$.4 billion, which is equal to the principal amount of the LLC Note. The principal amount of both the Surplus Note and the LLC Note will fluctuate over time to coincide with the amount of policy reserves being contractually supported under the Vidalia Re Coinsurance Agreement. Both the LLC Note and the Surplus Note mature on December 31, 2030 and bear interest at an annual interest rate of 4.50%. Based on the estimated reserves for policies issued in 2011 through 2017 that have been ceded under the Vidalia Re Coinsurance Agreement, the principal amounts of the Surplus Note and the LLC Note are expected to reach \$1.5 billion each. This financing arrangement is non-recourse to the Parent Company and Primerica Life, meaning that neither of these companies has guaranteed the Surplus Note or is otherwise liable for reimbursement for any payments triggered by the LLC Note’s credit enhancement feature. The Parent Company has agreed to support Vidalia Re’s obligation to pay the credit enhancement fee incurred on the LLC Note.

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

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

margins are based on our debt rating with such margins for LIBOR rate loans and letters of credit ranging from 1.00% to 1.625% per annum and for base rate loans ranging from 0.00% to 0.625% per annum. Under the Revolving Credit Facility, we incur a commitment fee that is payable quarterly in arrears and is determined by our debt rating. This commitment fee ranges from 0.10% to 0.225% per annum of the aggregate amount of the \$200.0 million commitment of the lenders under the Revolving Credit Facility that remains undrawn. During the three and six months ended June 30, 2022, no amounts have been drawn under the Revolving Credit Facility and we were in compliance with the covenants. Furthermore, no events of default occurred under the Revolving Credit Facility during the three and six months ended June 30, 2022.

(13) Revenue from Contracts with Customers

Our revenues from contracts with customers primarily include:

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

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

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

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>(In thousands)</i>				
Term Life Insurance segment revenues:				
Other, net	\$ 12,374	\$ 12,313	\$ 24,550	\$ 24,125
Total segment revenues from contracts with customers	12,374	12,313	24,550	24,125
Revenues from sources other than contracts with customers	398,333	371,223	804,586	741,440
Total Term Life Insurance segment revenues	<u>\$ 410,707</u>	<u>\$ 383,536</u>	<u>\$ 829,136</u>	<u>\$ 765,565</u>
Investment and Savings Products segment revenues:				
Commissions and fees				
Sales-based revenues	\$ 88,701	\$ 104,716	\$ 191,942	\$ 202,828
Asset-based revenues	93,419	92,288	190,773	177,901
Account-based revenues	22,592	21,848	44,134	42,968
Other, net	3,022	2,958	6,166	5,907
Total segment revenues from contracts with customers	207,734	221,810	433,015	429,604
Revenues from sources other than contracts with customers (segregated funds)	14,682	16,202	30,440	31,830
Total Investment and Savings Products segment revenues	<u>\$ 222,416</u>	<u>\$ 238,012</u>	<u>\$ 463,455</u>	<u>\$ 461,434</u>
Senior Health segment revenues:				
Commissions and fees	\$ 9,343	N/A	\$ 10,621	N/A
Other, net	2,471	N/A	7,024	N/A
Total Senior Health segment revenues	<u>\$ 11,814</u>	<u>N/A</u>	<u>\$ 17,645</u>	<u>N/A</u>
Corporate and Other Distributed Products segment revenues:				
Commissions and fees	\$ 11,951	\$ 15,634	\$ 24,579	\$ 29,206
Other, net	889	1,042	2,005	1,875
Total segment revenues from contracts with customers	12,840	16,676	26,584	31,081
Revenues from sources other than contracts with customers	10,905	16,462	23,089	34,319
Total Corporate and Other Distributed Products segment revenues	<u>\$ 23,745</u>	<u>\$ 33,138</u>	<u>\$ 49,673</u>	<u>\$ 65,400</u>

Renewal Commissions Receivable. For revenue associated with ongoing renewal commissions in the Senior Health and Corporate and Other Distributed Products segments, we record a renewal commission receivable asset for the amount of ongoing renewal commissions we anticipate collecting in reporting periods subsequent to the satisfaction of the performance obligation, less amounts that are constrained in the accompanying unaudited condensed consolidated balance sheets. From time to time, new facts or circumstances that were not available at the time of the initial estimate may indicate that the expected renewal commissions are higher or lower than our renewal commissions receivable. In those situations, the expected renewal commissions receivable will be written down or up to its revised expected value by adjustments to revenue, which we refer to as tail revenue adjustments. During the three and six months ended June 30, 2022, we recognized a tail revenue adjustment to reduce the balance of the renewal commissions receivable in the Senior Health business as retention for policies scheduled to renew during the period was lower than expectations.

Activity in the Renewal commissions receivable account was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>(In thousands)</i>				
Senior Health segment:				
Balance, beginning of period	\$ 153,783	N/A	\$ 172,308	N/A
Measurement period adjustment ⁽¹⁾	(11,863)	N/A	(11,863)	N/A
Commissions revenue	9,563	N/A	22,412	N/A
Less: collections	(11,910)	N/A	(24,224)	N/A
Tail revenue adjustments from change in estimate	(5,361)	N/A	(24,421)	N/A
Balance, at the end of period	<u>\$ 134,212</u>	<u>N/A</u>	<u>\$ 134,212</u>	<u>N/A</u>
Corporate and Other Distributed Products segments:				
Balance, beginning of period	\$ 59,392	\$ 55,704	\$ 59,443	\$ 54,845
Commissions revenue	6,283	6,898	11,926	13,159
Less: collections	(6,226)	(5,919)	(11,920)	(11,321)
Balance, at the end of period	<u>\$ 59,449</u>	<u>\$ 56,683</u>	<u>\$ 59,449</u>	<u>\$ 56,683</u>

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

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

(14) Acquisition

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

The Company's subsidiary, Primerica Health, purchased from the shareholders of Etelequote Bermuda (the "selling shareholders") 100% of the issued and outstanding capital stock of e-TeleQuote and its subsidiaries for consideration of (i) approximately \$350 million in cash, (ii) replacement of e-TeleQuote's debt as of the closing date of \$146 million with intercompany funding provided by the Parent Company, (iii) a \$15 million Majority Shareholder Note and (iv) common shares of Primerica Health constituting 20% of the total issued and outstanding shares of capital stock of Primerica Health that were issued to Etelequote Bermuda's minority shareholders, most of which include or are beneficially owned by e-TeleQuote's management ("Noncontrolling Equity Holders"). The cash consideration provided was subsequently reduced by \$3.9 million as a result of the final purchase price agreed upon with the sellers following finalization of the closing statement. Effective July 1, 2022, the Parent Company acquired the remaining 20% interest held by the Noncontrolling Equity Holders. Refer to Note 15 (Subsequent Events) for further details.

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

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

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

The Company's estimate of the purchase consideration was adjusted during the measurement period to reflect the final purchase price agreed upon with the sellers. The final purchase price reduced the purchase consideration as the Company received a cash reimbursement of \$3.9 million, which resulted in a corresponding reduction to goodwill.

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

accordance with ASC 606 instead of at fair value.

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

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

Goodwill is calculated as the difference between the acquisition date fair value of the total consideration transferred and the aggregate values assigned to the assets acquired and liabilities assumed. The amount of goodwill calculated as of the acquisition date determined by the final purchase price allocation was \$263.7 million. As discussed in Note 1 (Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies) of our consolidated financial statements within our 2021 Annual Report, the Company recognized a non-cash goodwill impairment charge of \$76.0 million at December 31, 2021. The goodwill created in the acquisition is not deductible for tax purposes and there was no impact to income taxes from the goodwill impairment charge recorded. As of June 30, 2022, goodwill recognized by the Company from the acquisition was \$187.7 million. Goodwill will be tested for impairment in conjunction with the Company's annual impairment assessment on July 1, 2022 during our fiscal third quarter.

For the three and six months ended June 30, 2022, transaction costs related to the e-TeleQuote acquisition included within Other operating expenses in the unaudited condensed consolidated statements of income were \$0.1 million and \$1.0 million, respectively.

The following unaudited pro forma consolidated financial information combines the unaudited results of the Company for the three and six months ended June 30, 2021 and the unaudited results of e-TeleQuote for the three and six months ended June 30, 2021, and assumes that the e-TeleQuote acquisition, which closed on July 1, 2021, was completed on January 1, 2021 (the first day of fiscal 2021). The pro forma consolidated financial information has been calculated after applying adjustments for amortization expense of acquired intangible assets and the consequential tax effect. These pro forma results have been prepared for comparative purpose only and do not purport to be indicative of the operating results of the Company that would have been achieved had the e-TeleQuote acquisition actually taken place on January 1, 2021. In addition, these results are not intended to project future results and do not reflect events that may occur including, but not limited to, revenue enhancements, cost savings or operating synergies that the Company may achieve as a result of the Acquisition.

	Three months ended June 30, 2021		Six months ended June 30, 2021	
	<i>(in thousands)</i>			
Revenue	\$	682,190	\$	1,357,658
Net income (loss)		121,680		218,041

(15) Subsequent Events

In connection with the Company's acquisition of e-TeleQuote, the Company entered into a shareholders' agreement with the Noncontrolling Equity Holders of Primerica Health (the "Shareholders' Agreement") which, among other matters, sets forth certain call and put rights starting in 2022. Under the terms of the Shareholders' Agreement, the Company agreed to purchase, and the noncontrolling equity holders agreed to sell, the remaining 20% stake over a period of up to four years through a series of call and put rights. The Shareholders' Agreement provides for the purchase of the noncontrolling equity holders' equity interests in Primerica Health at a contractually defined formulaic purchase price (the "Formulaic Price"), which is based on a discounted calculation of selected peer company equity value multiples times the trailing twelve months of adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA") reduced by the balance of intercompany debt owed by e-TeleQuote to the Parent Company.

Effective July 1, 2022, the Company executed its call option to acquire the remaining 20% of Primerica Health, which owns e-TeleQuote. The contractually defined Formulaic Price calculation resulted in a purchase price of zero. As such, no further consideration was required to obtain the outstanding 20% stake in Primerica Health.

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

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

This MD&A is divided into the following sections:

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

Business Overview

We are a leading provider of financial products to middle-income households in the United States and Canada primarily through a network of independent contractor sales representatives ("independent sales representatives" or "independent sales force"). We assist our clients in meeting their needs for term life insurance, which we underwrite, and mutual funds, annuities, managed investments and other financial products, which we distribute primarily on behalf of third parties. We historically have had two primary operating segments, Term Life Insurance and Investment and Savings Products, and a third segment, Corporate and Other Distributed Products. On July 1, 2021, we acquired 80% of e-TeleQuote Insurance, Inc. and subsidiaries (collectively, "e-TeleQuote") through our subsidiary, Primerica Health, Inc. ("Primerica Health"). e-TeleQuote markets Medicare-related insurance products underwritten by third-party health insurance carriers to eligible Medicare participants through its licensed health insurance agents. Effective July 1, 2022, we acquired the remaining 20% of Primerica Health, which owns e-TeleQuote, as described in Note 15 (Subsequent Events) in the condensed consolidated financial statements included elsewhere in this report. Beginning July 1, 2021, the Company has reported the operations of e-TeleQuote as its own operating segment called Senior Health. e-TeleQuote licensed health insurance agents are employees of e-TeleQuote.

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

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

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

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

Business Trends and Conditions

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

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

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

- We have experienced an increase in mortality expense due to premature deaths of our insureds caused by COVID-19 infections. Beginning in March 2022 and continuing through June 30, 2022, we experienced fewer COVID-19 related claims than prior periods. However, it remains difficult to predict the ultimate impact the COVID-19 pandemic will have on our mortality expense in future periods.
- The COVID-19 pandemic initially led to high levels of persistency and increased policy sales as a result of strong client sentiment toward owning life insurance products. However, throughout the second half of 2021 and the first half of 2022, policy sales and persistency trended back to pre-COVID-19 levels. Refer to the Factors Affecting Our Results section for more information about how persistency impacts our financial results.

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

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

Size of the Independent Sales Force.

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

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
New recruits	70,215	89,285	154,922	183,918
New life-licensed independent sales representatives	11,529	10,112	21,512	20,945

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

	June 30, 2022	June 30, 2021
Life-licensed independent sales representatives	132,149	132,041

The number of new recruits decreased during the three and six months ended June 30, 2022 compared to the same periods in 2021. The year-over-year comparisons were distorted by temporary recruiting incentive measures put in place during 2021 in response to the COVID-19 pandemic, which make year-over-year comparisons inconsistent. The number of new recruits in the 2022 periods is consistent with pre-pandemic recruiting levels.

New life-licensed sales representatives increased during the three and six months ended June 30, 2022 compared to the same periods in 2021 as the Company began to see the benefits of recent improvements to the licensing process. These improvements included new licensing progress-tracking tools and additional in-person licensing classes.

The number of life-licensed independent sales representatives grew to 132,149 as of June 30, 2022 and reflects recent improvements to the licensing process as discussed above.

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

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Average number of life-licensed independent sales representatives	131,240	131,975	130,390	132,481
Number of new policies issued	76,946	90,071	148,270	172,738
Average monthly rate of new policies issued per life-licensed independent sales representative	0.20	0.23	0.19	0.22

New policies issued during the three and six months ended June 30, 2022 continued to normalize compared to the elevated levels experienced during the comparable periods in 2021. New policies issued during the three and six months ended June 30, 2021 reflected elevated demand for protection products as the COVID-19 pandemic highlighted the need for protection products. Productivity during the three and six months ended June 30, 2022, measured by the average monthly rate of new policies issued per life-licensed independent sales representative, was in line with our historical range, although lower than prior year periods due to the elevated demand for protection products described above.

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

	Three months ended June 30,				Six months ended June 30,			
	2022	% of beginning balance	2021	% of beginning balance	2022	% of beginning balance	2021	% of beginning balance
	<i>(Dollars in millions)</i>							
Face amount in force, beginning of period	\$ 909,632		\$ 869,643		\$ 903,404		\$ 858,818	
Net change in face amount:								
Issued face amount	27,651	3 %	29,981	3 %	52,423	6 %	56,624	7 %
Terminations	(19,298)	(2)%	(14,706)	(2)%	(39,085)	(4)%	(31,946)	(4)%
Foreign currency	(3,547)	*	1,601	*	(2,304)	*	3,023	*
Net change in face amount	4,806	1 %	16,876	2 %	11,034	1 %	27,701	3 %
Face amount in force, end of period	<u>\$ 914,438</u>		<u>\$ 886,519</u>		<u>\$ 914,438</u>		<u>\$ 886,519</u>	

* Less than 1%.

The face amount of term life policies in-force increased 1% for the three and six months ended June 30, 2022 as the level of face amount issued continued to exceed the face amount terminated. As a percentage of the beginning face amount in-force, issued face amount, as well as terminated face amount during the three and six months ended June 30, 2022 remained consistent with the comparable 2021 period. In dollar terms, issued face amount during the three and six months ended June 30, 2022 was lower than the comparable 2021 period, while terminations were higher during the three and six months ended June 30, 2022 than the comparable 2021 period. This trend illustrates that the demand for both buying and maintaining protection products are returning to pre-pandemic levels.

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

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

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2022	2021	\$	%	2022	2021	\$	%

(Dollars in millions)

Product sales:														
Retail mutual funds	\$	1,402	\$	1,693	\$	(291)	(17)%	\$	3,138	\$	3,379	\$	(241)	(7)%
Annuities and other		687		830		(143)	(17)%		1,413		1,513		(100)	(7)%
Total sales-based revenue generating product sales		2,089		2,523		(434)	(17)%		4,551		4,892		(341)	(7)%
Managed investments		451		382		69	18%		905		712		193	27%
Segregated funds and other		149		135		14	10%		298		290		8	3%
Total product sales	\$	2,689	\$	3,040	\$	(351)	(12)%	\$	5,754	\$	5,894	\$	(140)	(2)%
Average client asset values:														
Retail mutual funds	\$	54,409	\$	55,654	\$	(1,245)	(2)%	\$	56,478	\$	53,541	\$	2,937	5%
Annuities and other		24,108		25,095		(987)	(4)%		24,988		24,440		548	2%
Managed investments		6,960		5,915		1,045	18%		7,018		5,605		1,413	25%
Segregated funds		2,517		2,713		(196)	(7)%		2,614		2,666		(52)	(2)%
Total average client asset values	\$	87,994	\$	89,377	\$	(1,383)	(2)%	\$	91,098	\$	86,252	\$	4,846	6%

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

	Three months ended June 30,				Six months ended June 30,			
	2022	% of beginning balance	2021	% of beginning balance	2022	% of beginning balance	2021	% of beginning balance

(Dollars in millions)

Asset values, beginning of period	\$	93,708	\$	85,888	\$	97,312	\$	81,533	
Net change in asset values:									
Inflows		2,690	3%	3,041	4%	5,755	6%	5,894	7%
Redemptions		(1,797)	(2)%	(1,827)	(2)%	(3,697)	(4)%	(3,585)	(4)%
Net flows		893	1%	1,214	1%	2,058	2%	2,309	3%
Change in fair value, net		(11,836)	(13)%	4,433	5%	(16,776)	(17)%	7,521	9%
Foreign currency, net		(474)	*	200	*	(303)	*	372	*
Net change in asset values		(11,417)	(13)%	5,847	7%	(15,021)	(15)%	10,202	13%
Asset values, end of period	\$	82,291		\$	91,735	\$	82,291	\$	91,735

* Less than 1%.

Average number of fee-generating positions was as follows:

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2022	2021	Positions	%	2022	2021	Positions	%

(Positions in thousands)

Average number of fee-generating positions (1):									
Recordkeeping and custodial		2,277	2,159	118	5%	2,260	2,137	123	6%
Recordkeeping only		812	741	71	10%	805	727	78	11%
Total average number of fee-generating positions		3,089	2,900	189	7%	3,065	2,864	201	7%

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

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

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

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

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

Average number of fee-generating positions. The average number of fee-generating positions increased during the three months ended June 30, 2022 compared to the three months ended June 30, 2021 primarily due to the cumulative effect of retail mutual fund sales in

recent periods that led to an increase in the number of retail mutual fund positions serviced on our transfer agent recordkeeping platform.

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

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

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

Rollforward of client asset values. Ending client asset values decreased during the six months ended June 30, 2022 compared to an increase in the six months ended June 30, 2021 due to the same factors described in the three-month comparison.

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

Senior Health Key Performance Indicators.

Submitted Policies and Approved Policies

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

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

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

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2022</u>	<u>2021 (1)</u>	<u>2022</u>	<u>2021 (1)</u>
Number of Senior Health submitted policies	19,652	N/A	45,883	N/A
Number of Senior Health approved policies	17,925	N/A	41,519	N/A

(1) No comparable period metrics are available due to our acquisition of e-TeleQuote on July 1, 2021.

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

During the three and six months ended June 30, 2022, the volume of submitted and approved policies reflects the Company’s efforts to scale back growth in favor of developing more efficient lead procurement and conversion. Approved policies as a percentage of submitted policies remained relatively consistent with e-TeleQuote’s historical experience.

Primerica Senior Health certified independent sales representatives

Primerica independent sales representatives refer eligible Medicare participants to e-TeleQuote licensed agents for potential enrollment in policies distributed by e-TeleQuote. The number of Primerica Senior Health certified independent sales representatives represents the number of Primerica independent sales representatives who have completed the required certification and are eligible to refer participants to e-TeleQuote’s licensed agents for enrollment in policies distributed by e-TeleQuote. The number of submitted policies to e-TeleQuote sourced by Primerica independent sales representatives measures the number of Senior Health policies submitted by e-TeleQuote to its third-party health insurance carriers that originated through the Primerica independent sales force.

	<u>June 30, 2022</u>	<u>June 30, 2021 (1)</u>
Primerica Senior Health certified independent sales representatives	60,412	N/A

(1) No comparable period metrics are available due to our acquisition of e-TeleQuote on July 1, 2021.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021 (1)	2022	2021 (1)
Submitted policies sourced by Primerica independent sales representatives	831	N/A	1,819	N/A

(1) No comparable period metrics are available due to our acquisition of e-TeleQuote on July 1, 2021.

The number of Primerica Senior Health certified independent sales representatives reflects the continued rollout of the certification program.

For the three months ended June 30, 2022, the number of submitted policies sourced by Primerica independent sales representatives illustrates seasonally lower demand for Medicare Advantage plans. For the six months ended June 30, 2022, the number of submitted policies sourced by Primerica independent sales representatives is impacted by the busy OEP sales period, partially offset by seasonally slower second quarter.

Lifetime value of commissions and Contract acquisition costs

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

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

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

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021 (1)	2022	2021 (1)
LTV per approved policy during the period	\$ 820	N/A	\$ 844	N/A
CAC per approved policy during the period	\$ 1,081	N/A	\$ 964	N/A
LTV/CAC per approved policy	0.76	N/A	0.88	N/A

(1) No comparable period metrics are available due to our acquisition of e-TeleQuote on July 1, 2021.

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

CAC per approved policy is generally elevated during the three months ended June 30, 2022 due to the seasonal nature of e-TeleQuote’s business. The impact of lower sales volume during the second quarter drives reduced lead conversion efficiency and higher CAC on a per policy basis. CAC per approved policy also reflects selective procurement of leads and a deliberate approach in limiting agent recruitment during the three and six months ended June 30, 2022.

Other business trends and conditions.

Standards of care. The Securities and Exchange Commission’s (“SEC”) regulation Best Interest (“Reg BI”), which establishes a “best interest” standard of conduct and imposes certain disclosure requirements, went into effect on June 30, 2020. Its higher standards of care and enhanced obligations increase regulatory and litigation risk. On December 15, 2020, the Department of Labor (“DOL”) published an interpretation of, and class exemption regarding, the rules governing fiduciary investment advice with respect to Individual Retirement Accounts (“IRAs”) and other retirement accounts (the “DOL Rule”). The effective date of the DOL Rule was February 16, 2021 and the DOL extended its non-enforcement policy through January 31, 2022 with the enforcement of specific requirements extended through June 30, 2022. The DOL Rule imposes a higher standard of care and enhanced obligations that require sales process changes and increase regulatory and litigation risk to our business. The interpretation and enforcement of Reg BI and the DOL Rule by the SEC and the DOL, respectively, remain uncertain and could have the potential to disrupt the investment and savings products business in the United States.

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

Worker classification standards. There has been a trend toward administrative and legislative activity around worker classification. In 2019, for example, California enacted Assembly Bill 5 ("AB 5"), which imposes a stricter test for the classification of workers as independent contractors. Our business lines are exempted from AB 5. In 2020, the DOL commenced a rulemaking to clarify the classification standard under the Fair Labor Standards Act. That process resulted in a final rule under the prior administration which subsequently was withdrawn by the current administration. The prior administration's final rule now has been reinstated by a federal court. Other federal and state legislative and regulatory proposals regarding worker classification also are under consideration. While none of these proposals have advanced into law, they demonstrate increased legislative and administrative activity around worker classification. It is difficult to predict what the ultimate outcome of this activity may be. Changes to worker classification laws could impact our business as sales representatives (other than those hired by e-TeleQuote) are independent contractors.

Restrictions on compensation models in Canada. The organization of provincial and territorial securities regulators (collectively referred to as the "Canadian Securities Administrators" or "CSA") published final rule amendments to prohibit upfront sales commissions by fund companies for the sale of mutual funds offered under a prospectus in Canada ("DSC Ban"). The final amendments became effective on June 1, 2022. These rules have resulted in changes in compensation arrangements with both the fund companies that offer the mutual fund products we distribute and sales representatives. In particular, we have entered into agreements with two third-party mutual fund companies to develop and offer a broad range of funds being sold exclusively by our independent sales representatives. These agreements provide for the payment to us of asset-based revenue by the mutual fund companies. We also earn revenue through an asset-based fee charged to clients. As part of our new model (the "Principal Distributor model") we are funding an advance of compensation at the time of sale to our independent sales representatives, taken at their option, to partially replace upfront sales commission cash flow from fund companies paid under the deferred sales charge compensation model. We expect that these changes to our mutual fund model will have the impact of initially decreasing our pre-tax operating income in the short term due to the elimination of upfront commissions. Over the long term, we expect pre-tax operating income to recover through the collection of asset-based commissions over time. We began offering our new Principal Distributor model on July 6, 2022. Although we received the requisite approval to do so, the CSA has indicated that it intends to closely examine the model, including potentially through a public consultation on sales practices, and may require undertakings or consider future amendments that would require modifications to the model, including with respect to its advance and chargeback features. At this time we cannot quantify the financial impact, if any, of any changes to our business that may be necessary in order to comply if our Principal Distributor model is required to be modified or discontinued. During the three and six months ended June 30, 2022, Canadian mutual funds represented approximately 12% of our total investment and savings product sales.

In an announcement February 10, 2022, and in line with the DSC Ban for the sale of mutual funds, the organization of provincial and territorial insurance regulators (collectively referred to as the "Canadian Council of Insurance Regulators") urged insurers to refrain from new deferred sales charge sales in segregated fund contracts beginning June 1, 2022, and expect a transition to a cessation of such sales by June 1, 2023. In addition, the Canadian Council of Insurance Regulators announced its intention to issue a joint consultation later this year to consider other changes to upfront compensation, including advance compensation and chargeback features such as those used in our Principal Distributor model. We expect that changes, if any, to segregated funds compensation practice, will also be adopted by securities regulators which may impact our Principal Distributor model. Currently, our Canadian segregated fund products are primarily sold on a deferred sales charge basis and we pay upfront commissions to the independent agents for the sale of these products. At this time, we are unable to assess the impact of any such reforms to our operations and income. During the three and six months ended June 30, 2022, Canadian segregated funds represented approximately 5% of our total investment and savings product sales.

Factors Affecting Our Results

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

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

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

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

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

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

Reinsurance. We use reinsurance extensively, which has a significant effect on our results of operations. We have generally reinsured between 80% and 90% of the mortality risk on term life insurance (excluding coverage under certain riders) on a quota share yearly renewable term (“YRT”) basis. To the extent actual mortality experience is more or less favorable than the contractual rate, the reinsurer will earn incremental profits or bear the incremental cost, as applicable. In contrast to coinsurance, which is intended to eliminate all risks (other than counterparty risk of the reinsurer) and rewards associated with a specified percentage of the block of policies subject to the reinsurance arrangement, the YRT reinsurance arrangements we enter into are intended only to reduce volatility associated with variances between estimated and actual mortality rates.

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

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

- **Ceded premiums.** Ceded premiums are the premiums we pay to reinsurers. These amounts are deducted from the direct premiums we earn to calculate our net premium revenues. Similar to direct premium revenues, ceded coinsurance premiums remain level over the initial term of the insurance policy. Ceded YRT premiums increase over the period that the policy has been in-force. Accordingly, ceded YRT premiums generally constitute an increasing percentage of direct premiums over the policy term.

- *Benefits and claims.* Benefits and claims include incurred claim amounts and changes in future policy benefit reserves. Reinsurance reduces incurred claims in direct proportion to the percentage ceded. Coinsurance also reduces the change in future policy benefit reserves in direct proportion to the percentage ceded, while YRT reinsurance does not significantly impact the change in these reserves.
- *Amortization of DAC.* DAC, and therefore amortization of DAC, is reduced on a pro-rata basis for the coinsured business, including the business reinsured with the IPO coinsurers. There is no impact on amortization of DAC associated with our YRT contracts.
- *Insurance expenses.* Insurance expenses are reduced by the allowances received from coinsurance. There is no impact on insurance expenses associated with our YRT contracts.

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

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

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

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

Asset values in client accounts. We earn marketing and distribution fees (trail commissions or, with respect to U.S. mutual funds, 12b-1 fees) on mutual fund and annuity assets in the United States and Canada. In the United States, we also earn investment advisory and administrative fees on assets in managed investments. In Canada, we earn management fees on 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 transfer agent recordkeeping fees for administrative functions we perform on behalf of several of our mutual fund providers. An individual client account may include multiple fund positions for which we earn transfer agent recordkeeping fees. We may also receive fees earned for non-bank custodial services that we provide to clients with retirement plan accounts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Critical Accounting Estimates

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

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

Accounting Policy Changes.

During the three and six months ended June 30, 2022, there were 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 2021 Annual Report.

Investment gains (losses) decreased to a loss during the three months ended June 30, 2022 compared to a gain in the same period in 2021 primarily due to a \$0.9 million negative mark-to-market adjustment on equity securities held within our investment portfolio during the three months ended June 30, 2022 as a result of market volatility compared to a \$0.1 million positive mark-to-market adjustment on equity securities held within our investment portfolio in the comparable 2021 period.

Other, net revenues increased during the three months ended June 30, 2022 compared to the same period in 2021 primarily due to marketing development revenue recognized in the Senior Health segment as a result of the acquisition of e-TeleQuote on July 1, 2021.

Total benefits and expenses. Total benefits and expenses increased during the three months ended June 30, 2022 compared to the three months ended June 30, 2021 largely due to growth in amortization of DAC as a result of lower year-over-year persistency in the Term Life Insurance segment's in-force book of business, as well as negative market performance of the funds underlying our Canadian segregated funds product in the Investment and Savings Products segment. Also contributing to the increase were contract acquisition costs as a result of the acquisition of e-TeleQuote on July 1, 2021. Insurance and other operating expenses were higher in the three months ended June 30, 2022 due to growth in the business and higher costs associated with sales force leadership events, which include the postponed biennial convention held in 2022. These increases were partially offset by favorable claims experience, lower COVID-19 related claims experience in the Term Life Insurance segment and lower sales commissions in line with commissions and fees revenue decreases in our Investment and Savings Products segment as discussed above.

Income taxes. Our effective income tax rate for the three months ended June 30, 2022 was 23.1%, compared with 24.4% for the three months ended June 30, 2021. The lower rate was primarily driven by state income tax benefits generated by e-TeleQuote, which was not part of the second quarter results in 2021.

Results for the Six Months Ended June 30, 2022

Total revenues. Total revenues increased during the six months ended June 30, 2022 compared to the same period in 2021 primarily driven by growth in net premiums in the Term Life segment. The increase in Term Life net premiums was driven by incremental premiums on term life insurance policies that are not subject to the IPO coinsurance transactions as well as the layering effect of sales of life insurance. Commissions and fees earned during the six months ended June 30, 2022 compared to the same period in 2021 increased due to higher asset-based revenues driven by higher average client asset values on mutual funds, annuities and managed accounts and commissions earned from our Senior Health business as a result of the acquisition of e-TeleQuote on July 1, 2021. These increases were partially offset by lower sales-based revenues driven by lower demand for variable annuity and mutual funds investment products.

Net investment income during the six months ended June 30, 2022 remained relatively consistent compared to the same period in 2021 as the impact of higher yields on our invested asset portfolio and the growth in the size of our invested asset portfolio generally offset the negative impact from a lower total return on the deposit asset backing 10% coinsurance agreement that is subject to deposit method accounting. Investment income net of investment expenses is driven by the same factors as described in the three-month comparison.

Investment gains (losses) decreased to a loss during the six months ended June 30, 2022 compared to a gain in the same period in 2021 primarily due to a \$1.8 million negative mark-to-market adjustment on equity securities held within our investment portfolio during the six months ended June 30, 2022 as a result of market volatility compared to a \$1.5 million positive mark-to-market adjustment on equity securities held within our investment portfolio in the comparable 2021 period.

Other, net revenues increased during the six months ended June 30, 2022 compared to the same period in 2021 primarily due to the same factors as described in the three-month comparison.

Total benefits and expenses. Total benefits and expenses increased during the six months ended June 30, 2022 compared to the six months ended June 30, 2021 largely due to growth in amortization of DAC as a result of lower year-over-year persistency in the Term Life Insurance segment's in-force book of business, as well as negative market performance of the funds underlying our Canadian segregated funds product in the Investment and Savings Products segment. Also contributing to the increase were contract acquisition costs as a result of the acquisition of e-TeleQuote on July 1, 2021. Insurance and other operating expenses were higher in the six months ended June 30, 2022 due to growth in the business and higher costs associated with sales force leadership events, which include the postponed biennial convention held in 2022. These increases were partially offset by favorable claims experience and lower COVID-19 related claims experience in the Term Life Insurance segment.

Income taxes. Our effective income tax rate for the six months ended June 30, 2022 was 23.3% compared with 24.1% for the six months ended June 30, 2021. The lower rate was primarily driven by the same factor discussed above 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 June 30,		Change		Six months ended June 30,		Change	
	2022	2021	\$	%	2022	2021	\$	%
<i>(Dollars in thousands)</i>								
Revenues:								
Direct premiums	\$ 803,453	\$ 774,500	\$ 28,953	4%	\$ 1,596,707	\$ 1,531,014	\$ 65,693	4%
Ceded premiums	(417,406)	(412,028)	5,378	1%	(815,852)	(806,578)	9,274	1%
Net premiums	386,047	362,472	23,575	7%	780,855	724,436	56,419	8%
Allocated investment income	12,286	8,751	3,535	40%	23,731	17,004	6,727	40%
Other, net	12,374	12,313	61	*	24,550	24,125	425	2%
Total revenues	410,707	383,536	27,171	7%	829,136	765,565	63,571	8%
Benefits and expenses:								
Benefits and claims	148,977	162,488	(13,511)	(8)%	331,881	341,452	(9,571)	(3)%
Amortization of DAC	79,668	52,235	27,433	53%	161,551	114,820	46,731	41%
Insurance expenses	58,329	47,252	11,077	23%	116,601	94,627	21,974	23%
Insurance commissions	3,854	4,785	(931)	(19)%	7,648	9,654	(2,006)	(21)%
Total benefits and expenses	290,828	266,760	24,068	9%	617,681	560,553	57,128	10%
Income before income taxes	\$ 119,879	\$ 116,776	\$ 3,103	3%	\$ 211,455	\$ 205,012	\$ 6,443	3%

* Less than 1%.

Results for the Three Months Ended June 30, 2022

Net premiums. Direct premiums increased during the three months ended June 30, 2022 compared to the three months ended June 30, 2021 largely due to sales of new policies that contributed to growth in the in-force book of business. This was partially offset by an increase in ceded premiums, which includes \$15.5 million in higher non-level YRT reinsurance ceded premiums as business not subject to the IPO coinsurance transactions ages, reduced by \$10.1 million in lower coinsurance ceded premiums due to the run-off of business subject to the IPO coinsurance transactions.

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

Benefits and claims. Benefits and claims decreased during the three months ended June 30, 2022 compared to the three months ended June 30, 2021 primarily due to positive claims experience. Total benefits and claims during the three months ended June 30, 2022 included approximately \$2 million of COVID-19 related claims, net of reinsurance, compared to approximately \$6 million of COVID-19 related claims, net of reinsurance, during the three months ended June 30, 2021. Claims not related to COVID-19 were also lower than historical trends during the three months ended June 30, 2022.

Amortization of DAC. The amortization of DAC increased during the three months ended June 30, 2022 compared to the three months ended June 30, 2021 due to changes in policy persistency. During the three months ended June 30, 2022, lapses on policies that were issued during the COVID-19 pandemic were higher than historical trends. Lapses during the three months ended June 30, 2021 for policy issuances prior to the onset of the pandemic continue to be moderately lower than historical trends.

Insurance expenses. Insurance expenses increased during the three months ended June 30, 2022 compared to the three months ended June 30, 2021 due to higher costs associated with sales force leadership events, which include the postponed biennial convention held in 2022. Also contributing to the increase was an increase in expenses to support growth in the business and higher employee compensation costs from annual merit increases.

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

Results for the Six Months Ended June 30, 2022

Net premiums. Direct premiums increased during the six months ended June 30, 2022 compared to the six months ended June 30, 2021 largely due to sales of new policies that contributed to growth in the in-force book of business. This is partially offset by an increase in ceded premiums, which includes \$29.7 million in higher non-level YRT reinsurance ceded premiums as business not subject to the IPO coinsurance transactions ages, reduced by \$20.4 million in lower coinsurance ceded premiums due to the run-off of business subject to the IPO coinsurance transactions.

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

Benefits and claims. Benefits and claims decreased during the six months ended June 30, 2022 compared to the same period in 2021 primarily due to lower claims experience, partially offset by growth in net premiums. Total benefits and claims during the six months ended June 30, 2022 includes approximately \$18 million of COVID-19 related claims, net of reinsurance. This compares with approximately \$27 million of COVID-19 related claims, net of reinsurance, during the six months ended June 30, 2021.

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

Insurance expenses. Insurance expenses increased during the six months ended June 30, 2022 compared to the six months ended June 30, 2021 due to the same factors as described in the three-month comparison.

Insurance commissions. Insurance commissions decreased during the six months ended June 30, 2022 compared to the six months ended June 30, 2021 due to the same factors as described in the three-month comparison.

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

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2022	2021	\$	%	2022	2021	\$	%
<i>(Dollars in thousands)</i>								
Revenues:								
Commissions and fees:								
Sales-based revenues	\$ 88,701	\$ 104,716	\$ (16,015)	(15)%	\$ 191,942	\$ 202,828	\$ (10,886)	(5)%
Asset-based revenues	108,101	108,490	(389)	*	221,213	209,731	11,482	5%
Account-based revenues	22,592	21,848	744	3%	44,134	42,968	1,166	3%
Other, net	3,022	2,958	64	2%	6,166	5,907	259	4%
Total revenues	222,416	238,012	(15,596)	(7)%	463,455	461,434	2,021	*
Expenses:								
Amortization of DAC	5,463	1,786	3,677	206%	9,388	5,061	4,327	85%
Insurance commissions	3,450	3,747	(297)	(8)%	7,096	7,319	(223)	(3)%
Sales commissions:								
Sales-based	63,403	73,629	(10,226)	(14)%	138,009	142,224	(4,215)	(3)%
Asset-based	50,876	50,488	388	1%	104,242	97,355	6,887	7%
Other operating expenses	40,249	37,208	3,041	8%	81,185	74,960	6,225	8%
Total expenses	163,441	166,858	(3,417)	(2)%	339,920	326,919	13,001	4%
Income before income taxes	\$ 58,975	\$ 71,154	\$ (12,179)	(17)%	\$ 123,535	\$ 134,515	\$ (10,980)	(8)%

* Less than 1%.

Results for the Three Months Ended June 30, 2022

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

Amortization of DAC. Amortization of DAC increased during the three months ended June 30, 2022 compared to the three months ended June 30, 2021 due to unfavorable market performance of the funds underlying our Canadian segregated funds product in the second quarter of 2022 compared with favorable market performance of such funds in the second quarter of 2021.

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

Other operating expenses. Other operating expenses increased during the three months ended June 30, 2022 compared to the three months ended June 30, 2021 due to higher costs associated with sales force leadership events, which includes the postponed biennial convention held in 2022.

Results for the Six Months Ended June 30, 2022

Commissions and fees. Commissions and fees increased slightly during the six months ended June 30, 2022 compared to the six months ended June 30, 2021 as a result of higher asset-based revenues reflecting higher average client asset values on mutual funds, annuities and managed accounts and higher sales-based revenues during the first quarter of 2022 driven by demand for variable annuity and mutual funds investment products. This was more than offset by lower sales-based revenues in the second quarter 2022 as investor demand for mutual fund products and variable annuity products weakened due to volatility in capital markets.

Amortization of DAC. Amortization of DAC increased during the six months ended June 30, 2022 compared to the six months ended June 30, 2021 due to the same factors discussed in the three-month comparison.

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

Other operating expenses. Other operating expenses increased during the six months ended June 30, 2022 compared to the six months ended June 30, 2021 due to the same factors as described in the three-month comparison.

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

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2022	2021 (1)	\$	%	2022	2021	\$	%
<i>(Dollars in thousands)</i>								
Revenues:								
Commissions and fees (2)	\$ 9,343	N/A	*	*	\$ 10,621	N/A	*	*
Other, net	2,471	N/A	*	*	7,024	N/A	*	*
Total revenues	11,814	N/A	*	*	17,645	N/A	*	*
Benefits and expenses:								
Contract acquisition costs	19,384	N/A	*	*	40,034	N/A	*	*
Other operating expenses	8,580	N/A	*	*	16,846	N/A	*	*
Total benefits and expenses	27,964	N/A	*	*	56,880	N/A	*	*
Loss before income taxes	\$ (16,150)	N/A	*	*	\$ (39,235)	N/A	*	*

(1) No comparable period results of operations are available due to our acquisition of e-TeleQuote on July 1, 2021.

(2) Net of tail revenue adjustments of (\$5.4) million and (\$24.4) million for the three and six months ended June 30, 2022, respectively.

* Not meaningful.

Results for the Three Months Ended June 30, 2022

Commissions and fees. Commissions and fees reflect the current lifetime value of commissions expected to be received for approved Medicare insurance policies distributed on behalf of health insurance carriers as well as tail revenue adjustments recognized to the expected value of commissions for policies distributed in previous periods. During the three months ended June 30, 2022, we recognized a \$5.4 million negative tail revenue adjustment as we refined renewal estimates on policies approved during prior periods. The negative tail adjustment offset commissions and fees revenue of \$14.7 million recognized for the lifetime value of commissions for policies approved during the three months ended June 30, 2022.

Other, net. Represents marketing development revenue received for providing marketing services on behalf of certain health insurance carriers for the three months ended June 30, 2022. Agreements for marketing development revenue are generally short-term in nature and can vary from period to period.

Contract acquisition costs. Contract acquisition costs are primarily comprised of costs associated with acquiring leads from third parties and internally generated leads including fees paid to Primerica Senior Health certified independent sales representatives as well as compensation, training, licensing and telecommunication costs associated with e-TeleQuote's licensed health insurance agents. Contract acquisition costs during the three months ended June 30, 2022 reflect selective procurement of leads and a deliberate approach in limiting agent recruiting.

Other operating expenses. These expenses are not directly tied to the distribution of Medicare insurance products and consist of intangible amortization, depreciation, technology and communications, and other administrative fees. Other operating expenses includes \$2.8 million of amortization expense for intangible assets and internally developed software.

Results for the Six Months Ended June 30, 2022

Commissions and fees. Commissions and fees reflect the current lifetime value of commissions expected to be received for approved Medicare insurance policies distributed on behalf of health insurance carriers as well as tail revenue adjustments recognized to the expected value of commissions for policies distributed in previous periods. During the six months ended June 30, 2022, we recognized a \$24.4 million negative tail revenue adjustment as the result of lower than expected renewals and refined renewal estimates on policies approved during prior periods. The negative tail adjustment offset commissions and fees revenue of \$35.0 million recognized for the lifetime value of commissions for policies approved during the six months ended June 30, 2022.

Other, net. Represents marketing development revenue received for providing marketing services on behalf of certain health insurance carriers for the six months ended June 30, 2022. Agreements for marketing development revenue are generally short-term in nature and can vary from period to period.

Contract acquisition costs. Contract acquisition costs during the six months ended June 30, 2022 were impacted by the same factors as described in the three-month comparison.

Other operating expenses. These expenses are not directly tied to the distribution of Medicare insurance products and consist of intangible amortization, depreciation, technology and communications, and other administrative fees. Other operating expenses includes \$5.4 million of amortization expense for intangible assets and internally developed software.

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

	Three months ended June 30,		Change		Six months ended June 30,		Change	
	2022	2021	\$	%	2022	2021	\$	%
<i>(Dollars in thousands)</i>								
Revenues:								
Direct premiums	\$ 5,441	\$ 5,799	\$ (358)	(6)%	\$ 10,853	\$ 11,512	\$ (659)	(6)%
Ceded premiums	(1,642)	(1,822)	(180)	(10)%	(3,081)	(3,244)	(163)	(5)%
Net premiums	3,799	3,977	(178)	(4)%	7,772	8,268	(496)	(6)%
Commissions and fees	11,951	15,634	(3,683)	(24)%	24,579	29,206	(4,627)	(16)%
Investment income net of investment expenses	24,813	27,279	(2,466)	(9)%	47,788	54,226	(6,438)	(12)%
Interest expense on surplus note	(15,815)	(15,495)	320	2%	(31,330)	(30,642)	688	2%
Net investment income	8,998	11,784	(2,786)	(24)%	16,458	23,584	(7,126)	(30)%
Realized investment gains (losses)	56	1,409	(1,353)	*	632	2,031	(1,399)	*
Other investment gains (losses)	(1,948)	(708)	(1,240)	*	(1,773)	436	(2,209)	*
Investment gains (losses)	(1,892)	701	(2,593)	*	(1,141)	2,467	(3,608)	*
Other, net	889	1,042	(153)	(15)%	2,005	1,875	130	7%
Total revenues	23,745	33,138	(9,393)	(28)%	49,673	65,400	(15,727)	(24)%
Benefits and expenses:								
Benefits and claims	4,280	5,859	(1,579)	(27)%	8,445	10,684	(2,239)	(21)%
Amortization of DAC	248	265	(17)	(6)%	503	509	(6)	(1)%
Insurance expenses	1,132	1,327	(195)	(15)%	2,368	2,719	(351)	(13)%
Insurance commissions	290	306	(16)	(5)%	571	605	(34)	(6)%
Sales commissions	5,484	7,186	(1,702)	(24)%	11,436	13,618	(2,182)	(16)%
Interest expense	6,814	7,141	(327)	(5)%	13,667	14,285	(618)	(4)%
Other operating expenses	30,901	29,518	1,383	5%	68,134	64,734	3,400	5%
Total benefits and expenses	49,149	51,602	(2,453)	(5)%	105,124	107,154	(2,030)	(2)%
Loss before income taxes	\$ (25,404)	\$ (18,464)	\$ 6,940	38%	\$ (55,451)	\$ (41,754)	\$ 13,697	33%

* Less than 1% or not meaningful.

Results for the Three Months Ended June 30, 2022

Total revenues. Total revenues decreased during the three months ended June 30, 2022 compared to the three months ended June 30, 2021 in part due to lower commissions and fees on our mortgage distribution business as a result of rising interest rates and in part due to a decrease in net investment income as more net investment income was allocated to the Term Life Insurance segment. Also contributing to the decrease is investment losses, which are discussed in the Primerica, Inc. and Subsidiaries Results of Operations section above.

Total benefits and expenses. Total benefits and expenses decreased during the three months ended June 30, 2022 compared to the three months ended June 30, 2021 due to lower benefits and claims experienced on closed blocks of non-term life insurance business underwritten by NBLIC and a decrease in sales commissions on our mortgage distribution business. These were offset by higher other operating expenses due to the growth of employee-related expenses.

Results for the Six Months Ended June 30, 2022

Total revenues. Total revenues decreased during the six months ended June 30, 2022 compared to the six months ended June 30, 2021 primarily due to the same factors discussed in the three-month comparison.

Total benefits and expenses. Total benefits and expenses decreased during the six months ended June 30, 2022 compared to the six months ended June 30, 2021 primarily due to the same factors discussed in the three-month comparison.

Financial Condition

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

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

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

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

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

Our invested asset portfolio is subject to a variety of risks, including risks related to general economic conditions, market volatility, interest rate fluctuations, liquidity risk and credit and default risk. Investment guideline restrictions have been established to minimize the effect of these risks but may not always be effective due to factors beyond our control. Interest rates and credit spreads are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. A significant increase in interest rates or credit spreads could result in significant losses in the value of our invested asset portfolio. For example, the significant increase in interest rates during the six months ended June 30, 2022 resulted in the invested asset portfolio having an unrealized loss of \$223.4 million as of June 30, 2022 compared to an unrealized gain of \$81.2 million as of December 31, 2021. We believe that fluctuations caused by movement in interest rates and credit spreads generally have little bearing on the recoverability of our investments as we have the ability to hold these investments until maturity or a market price recovery, and we have no present intention to dispose them.

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

	June 30, 2022	December 31, 2021
Average rating of our fixed-maturity portfolio	A	A
Average duration of our fixed-maturity portfolio	4.8 years	4.8 years
Average book yield of our fixed-maturity portfolio	3.25%	3.12%

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

	June 30, 2022		December 31, 2021	
	Amortized cost (1)	%	Amortized cost (1)	%
	<i>(Dollars in thousands)</i>			
AAA	\$ 613,700	22 %	\$ 495,055	19 %
AA	311,942	11 %	312,418	12 %
A	641,658	23 %	644,775	24 %
BBB	1,104,078	40 %	1,079,123	41 %
Below investment grade	79,398	3 %	93,294	4 %
Not rated	36,020	1 %	21,078	*
Total	\$ 2,786,796	100 %	\$ 2,645,743	100 %

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

* Less than 1%.

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

Issuer	June 30, 2022			
	Fair value	Amortized cost (1)	Unrealized gain (loss)	Credit rating
	<i>(Dollars in thousands)</i>			
Government of Canada	\$ 16,089	\$ 17,131	\$ (1,042)	AAA
Province of Quebec Canada	14,503	15,140	(637)	A+
Province of Ontario Canada	14,447	15,110	(663)	AA-
Province of Alberta Canada	12,349	13,497	(1,148)	BBB+
TC Energy Corp	11,270	12,533	(1,263)	BBB+
Enbridge Inc	10,781	11,572	(791)	BBB+
Manulife Financial Corp	9,985	10,725	(740)	A
Capital One Financial Corp	9,769	9,792	(23)	BBB
Province of British Columbia Canada	9,678	10,126	(448)	AA+
Ontario Teachers' Pension Plan	9,200	10,203	(1,003)	AA+
Total – ten largest holdings	\$ 118,071	\$ 125,829	\$ (7,758)	
Total – fixed-maturity securities	\$ 2,563,441	\$ 2,786,796		
Percent of total fixed-maturity securities	5%	5%		

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

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

Liquidity and Capital Resources

Dividends and other payments to the Parent Company from its subsidiaries are our principal sources of cash. The amount of dividends paid by the subsidiaries is dependent on their capital needs to fund future growth and applicable regulatory restrictions. The primary uses of funds by the Parent Company include the payments of stockholder dividends, interest on notes payable, general operating expenses, and income taxes, as well as repurchases of shares of our common stock outstanding. As of June 30, 2022, the Parent Company had cash and invested assets of \$232.4 million.

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

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

e-TeleQuote is a senior health insurance distributor of Medicare-related insurance plans. e-Tele-Quote collects cash receipts over a number of years after selling a plan, while the cash outflow for commission expense and other acquisition costs to sell the plans are generally recognized at the time of enrollment. Therefore, as a growing business, net cash flows at e-TeleQuote are expected to be negative for several years, with the Parent Company providing working capital to e-TeleQuote. During the first half of 2022, the Parent Company provided no funding to e-TeleQuote as e-TeleQuote generated sufficient cash to fund its operations from receipts of initial commission payments for policies approved during the busy AEP and OEP sales periods.

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

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

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

	Six months ended June 30,		Change
	2022	2021	\$
	<i>(In thousands)</i>		
Net cash provided by (used in) operating activities	\$ 384,482	\$ 274,793	\$ 109,689
Net cash provided by (used in) investing activities	(88,818)	(133,068)	44,250
Net cash provided by (used in) financing activities	(287,141)	81,102	(368,243)
Effect of foreign exchange rate changes on cash	(905)	4,195	(5,100)
Change in cash and cash equivalents	\$ 7,618	\$ 227,022	\$ (219,404)

Operating Activities. Cash provided by operating activities during the six months ended June 30, 2022 increased compared to the six months ended June 30, 2021 led by the impact of the timing of cash payments received from reinsurers for ceded claims. During 2021, the Company paid elevated claims due to the pandemic throughout the period and a large portion of reimbursements for claims ceded to reinsurers were outstanding at period end. During 2022, the Company paid a significant portion of elevated claims that were outstanding at the beginning of the period but also received ceded claim reimbursements from reinsurers during the period. Also contributing to the year-over-year increase in cash provided by operating activities were lower deferred acquisition costs due to lower term life insurance policy sales. In addition, cash provided by operating activities was higher in 2022 compared with 2021 due to the timing of purchases and maturities of trading securities.

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

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

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

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

In Canada, 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 June 30, 2022, Primerica Life Insurance Company of 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 2011 through 2017 to Vidalia Re as part of a Regulation XXX redundant reserve financing transaction (the “Vidalia Re Redundant Reserve Financing Transaction”). These redundant reserve financing transactions allow us to more efficiently manage and deploy our capital.

The NAIC has adopted a model regulation for determining reserves using a principle-based approach (“principle-based reserves” or “PBR”), which is designed to reflect each insurer’s own experience in calculating reserves and move away from a single prescriptive reserving formula. Primerica Life adopted PBR as of January 1, 2018 and National Benefit Life Insurance Company adopted the New York amended version of PBR effective January 1, 2021. PBR significantly reduced the redundant statutory policy benefit reserve

requirements while still ensuring adequate liabilities are held. The regulation only applies for business issued after the effective date. See Note 4 (Investments), Note 10 (Debt) and Note 16 (Commitments and Contingent Liabilities) to our consolidated financial statements within our 2021 Annual Report for more information on these redundant reserve financing transactions.

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

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

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

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

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

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

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

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

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

Risks Related to Our Distribution Structure

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

Risks Related to Our Insurance Business and Reinsurance

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

Risks Related to Our Investments and Savings Products Business

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

Risks Related to Our Mortgage Distribution Business

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

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

- Due to our very limited history with e-TeleQuote Insurance, Inc. ("e-TeleQuote"), we cannot be certain that its business strategy will be successful or that we will successfully address the risks below or any other risks not now known to us that may become material.
- e-TeleQuote is highly regulated and subject to compliance requirements of the United States government's Centers for Medicare and Medicaid Services ("CMS") and those of its carrier partners. Non-compliance with, or violations of, such requirements may harm its business, which could have a material adverse effect on our business, financial condition and results of operations.
- e-TeleQuote receives leads that are externally acquired from third-party vendors and internally generated from marketing initiatives and receives referrals from Primerica independent sales representatives. e-TeleQuote's business may be harmed if it cannot continue to acquire or generate leads on commercially viable terms, if it is unable to convert leads to sales at acceptable rates, if Primerica independent sales representatives do not introduce consumers to e-TeleQuote, or if policyholder retention is lower than assumed, any of which could adversely impact our business.
- If e-TeleQuote's ability to enroll individuals during the Medicare annual election period is impeded, its business may be harmed which could adversely impact our business, financial condition and results of operations.
- e-TeleQuote's business is dependent on key carrier partners. The loss of a key carrier partner, or the modification of commission rates or underwriting practices with a key carrier partner, could harm its business which could adversely impact our business, financial condition and results of operations.

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

- The effects of economic down cycles, issues affecting the national and/or global economy or global geopolitical event(s) could materially adversely affect our business, financial condition and results of operations.
- Major public health pandemics, epidemics or outbreaks, such as, the COVID-19 pandemic, or other catastrophic events, could materially adversely impact our business, financial condition and results of operations.
- In the event of a disaster, our business continuity plan may not be sufficient, which could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Information Technology and Cybersecurity

- If one of our, or a third-party partner's, significant information technology systems fails, if its security is compromised, or if the Internet becomes disabled or unavailable, our business, financial condition and results of operations may be materially adversely affected.
- The current legislative and regulatory climate with regard to privacy and cybersecurity may adversely affect our business, financial condition, and results of operations.
- e-TeleQuote's security measures designed to protect against breaches of security and other interference with its systems and networks are not fully mature. If e-TeleQuote is subject to cyber-attacks or security breaches or is otherwise unable to safeguard the security and privacy of confidential data, including personal health information, e-TeleQuote's business may be harmed, which could have a material adverse effect on our business, financial condition and results of operations.

Financial Risks Affecting Our Business

- Credit deterioration in, and the effects of interest rate fluctuations on our invested asset portfolio and other assets that are subject to changes in credit quality and interest rates could materially adversely affect our business, financial condition and results of operations.
- Valuation of our investments and the determination of expected credit losses when the fair value of our available-for-sale invested assets is below amortized cost are both based on estimates that may prove to be incorrect.
- Changes in accounting standards can be difficult to predict and could adversely impact how we record and report our financial condition and results of operations.
- The inability of our subsidiaries to pay dividends or make distributions or other payments to us in sufficient amounts would impede our ability to meet our obligations and return capital to our stockholders.

Risks Related to Legislative and Regulatory Changes

- We are subject to various federal, state and provincial laws and regulations in the United States and Canada, changes in which may require us to alter our business practices and could materially adversely affect our business, financial condition and results of operations.
- The current legislative and regulatory climate with regard to financial services may adversely affect our business, financial condition, and results of operations.

- Medicare Advantage is a product legislated and regulated by the United States government. If the enabling legislation and regulation or implementing guidance issued by CMS change, e-TeleQuote's business may be harmed, which could have a material adverse effect on our business, financial condition and results of operations.

General Risk Factors

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

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report (the "Evaluation Date"). Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective. Consistent with guidance issued by the SEC that an assessment of internal controls over financial reporting of a recently acquired business may be omitted from management's evaluation of disclosure controls and procedures, management is excluding an assessment of the internal controls for the acquired processes of e-TeleQuote from its evaluation of the effectiveness of the Company's disclosure controls and procedures.

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 quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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

ITEM 1A. RISK FACTORS.

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

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

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

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

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

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

In Canada, on October 3, 2019, the CSA published final rule amendments intended to better align the interest of securities dealers and representatives with the interests of their clients, improve outcomes for clients, and make clearer to clients the nature and terms of their relationship with registered firms and their representatives. Collectively these amendments are referred to as the Client Focused Reforms (“CFRs”). The CFRs, among other things, require registered firms to identify and mitigate conflicts of interest between registered firms and their representatives, on one hand, and clients, on the other, such that recommendations may be made in clients’ best interest. The implementation date to address conflicts and to improve disclosure was June 30, 2021 and the implementation date to enhance overall suitability rules, know your client rules, and know your product requirements was December 31, 2021. CFRs will require changes to our sales process and back-office systems and processes and may necessitate changes in compensation

arrangements with the fund companies that offer the mutual fund products we distribute in Canada. The impact of such changes could have a material adverse effect on our investment and savings products business in Canada.

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

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

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

Period	Total number of shares purchased ⁽¹⁾	Average price paid per share ⁽¹⁾	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs ⁽²⁾
April 1 - 30, 2022	295,780	\$ 135.16	295,759	\$ 167,279,760
May 1 - 31, 2022	352,618	123.40	352,430	123,790,356
June 1 - 30, 2022	369,407	120.39	369,367	79,323,060
Total	1,017,805	\$ 125.72	1,017,556	\$ 79,323,060

(1) Consists of repurchases of 249 shares at an average price of \$123.05 arising from share-based compensation tax withholdings and (b) open market repurchases of share under the share repurchase program approved by our Board of Directors.

(2) On November 17, 2021, our Board of Directors authorized a share repurchasing program, which was announced on November 18, 2021, for up to \$275.0 million of our outstanding common stock for purchases through December 31, 2022. On February 14, 2022, our Board of Directors authorized an increase of \$50.0 million to the share repurchase program authorized on November 17, 2021. The revised program authorizes share repurchases for up to \$325.0 million of our outstanding common stock through December 31, 2022.

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

ITEM 6. EXHIBITS.

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

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

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

Exhibit Number	Description	Reference
10.1	Assignment, Transfer and Novation Agreement dated as of June 23, 2022 between Primerica Life Insurance Company, Pecan Re Inc. and Swiss Re Life and Health America Inc.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
10.2	Second Amended and Restated 80% Coinsurance Agreement dated as of June 23, 2022 between Primerica Life Insurance Company and Swiss Re Life and Health America Inc.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
10.3	Reinsurance Trust Agreement dated as of June 23, 2022 between Swiss Re Life and Health America Inc., as Grantor, and Primerica Life Insurance Company, as Beneficiary, and The Bank of New York Mellon, as Trustee.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
31.1	Rule 13a-14(a)/15d-14(a) Certification, executed by Glenn J. Williams, Chief Executive Officer.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
31.2	Rule 13a-14(a)/15d-14(a) Certification, executed by Alison S. Rand, Executive Vice President and Chief Financial Officer.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
32.1	Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350), executed by Glenn J. Williams, Chief Executive Officer, and Alison S. Rand, Executive Vice President and Chief Financial Officer.	Filed with the Securities and Exchange Commission as part of this Quarterly Report.
101.INS	Inline XBRL Instance Document.	The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema.	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase.	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase.	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase.	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase.	
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).	

SIGNATURES

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

August 9, 2022

Primerica, Inc.

/s/ Alison S. Rand

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

ASSIGNMENT, TRANSFER AND NOVATION AGREEMENT

This ASSIGNMENT, TRANSFER AND NOVATION AGREEMENT, dated as of June 23, 2022 (this “Agreement”), is entered into by and among Primerica Life Insurance Company, a Tennessee life insurance company (“PLIC”), Pecan Re Inc., a Vermont special purpose financial insurance company (“Pecan Re”) and Swiss Re Life & Health America Inc., a life insurance company domiciled under the laws of Missouri (“SRLHA” and, collectively with PLIC and Pecan Re, the “Parties” and, each, a “Party”).

WITNESSETH:

WHEREAS, PLIC and Pecan Re are parties to that certain Amended and Restated 80% Coinsurance Agreement, dated as of March 31, 2016 (the “Coinsurance Agreement”) and that certain Amended and Restated 80% Coinsurance Trust Agreement dated March 31, 2016 (the “Original Trust Agreement”);

WHEREAS, subject to the terms and conditions set forth herein, Pecan Re desires to novate, assign, transfer and convey the Coinsurance Agreement to SRLHA with the effect that SRLHA shall succeed to all rights, duties, risks, obligations and liabilities of Pecan Re under the Coinsurance Agreement, and SRLHA desires to accept such novation, assignment, transfer and conveyance;

WHEREAS, PLIC desires to accept and consent to such novation, assignment, transfer and conveyance of the Coinsurance Agreement; and

WHEREAS, concurrent with the execution and delivery of this Agreement, PLIC and Pecan Re shall enter into a Termination Agreement (the “Trust Termination Agreement”) with The Bank of New York Mellon, a banking corporation organized under the laws of the State of New York (the “Trustee”) in order to terminate the Original Trust Agreement;

WHEREAS, concurrent with the execution and delivery of this Agreement, PLIC and SRLHA shall enter into a Trust Agreement dated as of the date hereof (the “New Trust Agreement”) with the Trustee;

WHEREAS, immediately following the execution and delivery of this Agreement, PLIC and SRLHA shall amend and restate in its entirety the Coinsurance Agreement, to be dated as of the date hereof and effective as of April 1, 2022 (the “Second Amended and Restated 80% Coinsurance Agreement”);

WHEREAS, immediately following the execution and delivery of the Second Amended and Restated 80% Coinsurance Agreement, PLIC, Pecan Re and SRLHA shall enter into a Waiver, to be dated as of the date hereof (the “Waiver”);

NOW, THEREFORE, in consideration of the mutual and several promises and undertakings herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions

. As used in this Agreement, the following terms have the meanings set forth below.

“Affiliate” means, with respect to any Person, at the time in question, any other Person controlling, controlled by or under direct or indirect common control with such Person. For this purpose, “control” means the power to direct the management and policies of a Person through the ownership of securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Agreement” has the meaning set forth in the preamble of this Agreement.

“Applicable Law” means any domestic or foreign, federal, state or local statute, law, ordinance or code, or any written rules, regulations or administrative interpretations issued by any Governmental Authority pursuant to any of the foregoing, in each case applicable to any Party, and any order, writ, injunction, directive, judgment or decree of a court of competent jurisdiction applicable to the Parties.

“Coinsurance Agreement” has the meaning set forth in the recitals.

“Effective Time” means 12:00:01 a.m., New York City time, on April 1, 2022.

“Eligible Assets” means cash in United States dollars, certificates of deposit issued by a United States bank and payable in United States dollars, and investments permitted under Title 56 of the Tennessee Code Annotated or any combination of the above, provided there shall be no investments in or issued by an entity controlling, controlled by or under common control with either PLIC or SRLHA. Commercial paper and other obligations of institutions must be issued by a corporation (other than PLIC or SRLHA or any Affiliate of any of them) which is organized and existing under the laws of the United States of America, unless otherwise allowed by Tenn. Code Ann. § 56-1-101 et seq. The Eligible Assets are further subject to, and limited by, the investment guidelines and collateral schedule set forth in the New Trust Agreement.

“Existing Agreements” means the Coinsurance Agreement; the Original Trust Agreement; the Monitoring and Reporting Agreement between PLIC and Pecan Re, dated March 31, 2016 (the “Existing Monitoring and Reporting Agreement”); and the Transaction Cooperation Agreement between PLIC, Prime Re, SRLHA and Pecan Re, dated March 16, 2016.

“Governmental Authority” means any government, political subdivision, court, board, commission, regulatory or administrative agency or other instrumentality thereof, whether federal, state, provincial, local or foreign and including any regulatory authority which may be partly or wholly autonomous.

“Initial Required Balance” means an amount equal to \$2,034,588,554.

“Losses” means any damage, loss, tax, liability or expense (including reasonable out-of-pocket expenses of investigation, enforcement and collection and reasonable attorneys’ and accountants’ fees and expenses in connection with any litigation), whether or not involving a Third Party Claim; provided, however, that Losses hereunder shall not include punitive or exemplary damages, incidental, indirect, special or consequential damages or damages based on a determination of lost profits or diminution in value other than (a) damages actually paid to a claimant in respect of a Third Party Claim (it being understood that no claim arising from any agreement among any of Prime Re, Pecan Re, SRLHA or any of their respective Affiliates shall be deemed to give rise to a Third Party Claim) and (b) damages based on a determination of lost profits or diminution in value to the extent such lost profits or diminution in value are within the reasonable contemplation of the Parties and are the reasonably foreseeable consequence of a breach by an Indemnifying Party for which indemnification may be sought hereunder.

“Market Value” means with respect to any financial asset as of any date, the sum of (i) the market value of such financial asset as made available to The Bank of New York Mellon, as trustee, by a data provider which The Bank of New York Mellon uses generally for pricing such financial asset, and (ii) accrued but unpaid income, if any, on the particular financial asset (to the extent not included therein). Market values provided by The Bank of New York Mellon’s data providers will be the most recently available closing bid price (usually from the previous Business Day), except that for certain financial assets it will be a same day price if available. In the case of cash, the face amount shall be deemed the Market Value. For the avoidance of doubt, nothing herein shall prohibit The Bank of New York Mellon from contacting SRLHA to obtain Market Data concerning financial assets other than price in order to assist The Bank of New York Mellon’s data providers in determining Market Value. The Bank of New York Mellon’s application of Market Values hereunder shall at all times be subject to its Clearance and Collateral Management Division – Pricing, Indicative Data and Other Disclosures.

“Material Adverse Effect” means any event, change, circumstance, effect, fact, development, condition or occurrence that has, or would reasonably be expected to have, a material adverse effect on (a) with respect to a Person, the condition (financial or otherwise), business, assets, or results of operations, or ability to pay claims of such Person, or (b) with respect to a Person that is Party hereto, the ability of such Party to consummate the Transactions or perform its obligations under the Transaction Documents, or, with respect to a Transaction Document, the binding nature, validity or enforceability of such Transaction Document; provided, however, that, solely with respect to clause (a), Material Adverse Effect shall not include, and in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur shall be deemed not to include, any adverse event, change, circumstance, effect, fact, development, condition or occurrence resulting from, arising out of or relating to (i) conditions affecting the economy or financial, banking, currency or capital markets in general; (ii) any changes in Applicable Law, generally accepted accounting principles, statutory accounting principles, or the interpretations of any of the foregoing, or changes in general legal, regulatory or political conditions; and (iii) the negotiation, execution, announcement or performance of this Agreement or the Transaction Documents or the pendency or consummation of the Transactions (including the impact thereof on relationships, contractual or otherwise, with other Persons); provided, that, notwithstanding the foregoing, with respect to clauses (i) and (ii) above, such adverse event, change, circumstance, effect, fact, development, condition or occurrence shall be taken into account in determining whether a Material Adverse Effect has

occurred or is reasonably expected to occur to the extent that such adverse event, change, circumstance, effect, fact, development, condition or occurrence has a disproportionate effect on the condition (financial or otherwise), business, assets, or results of operations, or ability to pay claims of such Person compared to other participants in the industries in which such Person operates.

“New Trust Agreement” has the meaning set forth in the recitals.

“Original Trust Agreement” has the meaning set forth in the recitals.

“Pecan Re” has the meaning set forth in the preamble of this Agreement.

“Person” means any natural person, corporation, partnership, limited liability company, trust, joint venture or other entity, including a Governmental Authority.

“PLIC” has the meaning set forth in the preamble of this Agreement.

“Prime Re” means Prime Reinsurance Company, Inc., a special purpose financial insurance company organized under Section 6048f of Title 8 of the Vermont Statutes Annotated.

“Second Amended and Restated 80% Coinsurance Agreement” has the meaning set forth in the recitals.

“SRLHA” has the meaning set forth in the recitals.

“Transaction Documents” means this Agreement; the Coinsurance Agreement; the Second Amended and Restated 80% Coinsurance Agreement; the Original Trust Agreement; the New Trust Agreement; the Monitoring and Reporting Agreement between PLIC and SRLHA, dated as of the date hereof; the Termination Agreement effecting the termination of the Existing Monitoring and Reporting Agreement among PLIC and Pecan Re, dated as of the date hereof; the Trust Termination Agreement; and the Waiver.

“Transactions” means the transactions contemplated by this Agreement and the Transaction Documents.

“Transfer Completion” means the funding on the date hereof of the Trust Account with Eligible Assets with a Market Value equal to or greater than the Initial Required Balance and the completion of the asset transfers contemplated hereunder and under the Trust Termination Agreement.

“Trustee” has the meaning set forth in the recitals.

“Trust Termination Agreement” has the meaning set forth in the recitals.

“Trust Account” means the trust account established pursuant to the New Trust Agreement.

“Waiver” has the meaning set forth in the recitals.

ARTICLE II

ASSIGNMENT, TRANSFER AND NOVATION OF COINSURANCE AGREEMENT

Section 2.01. Assignment and Transfer

. Effective as of the Effective Time, Pecan Re hereby irrevocably novates, assigns, transfers and conveys to SRLHA, and SRLHA hereby (a) accepts such novation, assignment, transfer and conveyance of all of Pecan Re's rights, title and interest in and to the Coinsurance Agreement and (b) assumes, and shall observe and perform, all of Pecan Re's duties, risks, obligations and liabilities under the Coinsurance Agreement (whether existing now or arising hereafter with respect to periods on, before or after the Effective Time). For the avoidance of doubt, such acceptance and assumption by SRLHA shall be effective whether or not the Transfer Completion and the transfers contemplated by Section 2.05 hereof occur in accordance therewith.

Section 2.02. Novation

. PLIC, Pecan Re and SRLHA acknowledge and agree that the assignment and transfer of the Coinsurance Agreement from Pecan Re to SRLHA hereunder constitutes a novation, effective as of the Effective Time, of the Coinsurance Agreement, with the effect that Pecan Re shall cease to be a party thereunder and SRLHA shall be substituted for Pecan Re under the Coinsurance Agreement in all respects as if SRLHA were the original party thereunder. For greater certainty, any claim with respect to any reinsurance benefit or any other payment due from Pecan Re under the Coinsurance Agreement that is unpaid as of the Effective Time shall be due and payable by SRLHA, regardless of the date the claim was reported or the date of occurrence of the event giving rise to the claim or other payment; provided, however, that should the Transfer Completion not occur on the date hereof, as of the Effective Time each of Pecan Re and SRLHA shall be jointly and severally liable to PLIC under the Coinsurance Agreement for all liabilities and obligations of the "Reinsurer" (as defined in the Coinsurance Agreement) thereunder or in connection therewith until such time as the Transfer Completion has occurred, and SRLHA hereby assumes and accepts all of such liabilities and obligations under and in connection with the Coinsurance Agreement.

Section 2.03. Consent and Release

. PLIC hereby consents to the novation, assignment, transfer, assumption and conveyance of the Coinsurance Agreement contemplated herein. PLIC, Pecan Re and SRLHA acknowledge and agree that, subject to the Transfer Completion, Pecan Re is hereby irrevocably released from all duties, risks, obligations and liabilities under the Coinsurance Agreement (whether known or unknown and whether existing now or arising hereafter with respect to periods on, before or after the Effective Time) and shall have no further rights, duties, risks, obligations or liabilities thereunder, it being understood that SRLHA is assuming all such rights, duties, risks, obligations and liabilities pursuant to this Agreement and is being substituted for Pecan Re under the Coinsurance Agreement. From and after the Effective Time, subject to the Transfer Completion, PLIC shall not look to Pecan Re and instead shall look only to SRLHA with respect to any rights it may have under the Coinsurance Agreement. PLIC, Pecan Re and SRLHA acknowledge and agree that any failure on the part of SRLHA to perform under the Coinsurance Agreement after the Effective Time, subject to the Transfer Completion, shall not result in any liability to Pecan Re. PLIC agrees that, from and after the Effective Time subject to the Transfer Completion, it shall perform any and all of its respective obligations and duties under the Coinsurance Agreement owing to Pecan

Re for the benefit of SRLHA and pay any amounts owing to Pecan Re under the Coinsurance Agreement to SRLHA.

Section 2.04. Continuing Effect of the Coinsurance Agreement

. Notwithstanding the novation, assignment, transfer, assumption and conveyance effected hereunder, the Coinsurance Agreement shall remain in full force and effect and nothing contained herein shall be interpreted in any way to supersede, modify, replace, amend, change, rescind, waive or otherwise affect any provision of the Coinsurance Agreement.

Section 2.05. Novation Consideration

. Pecan Re shall transfer to SRLHA or its designee(s) the assets on deposit in the trust accounts created pursuant to the Amended and Restated 80% Coinsurance Trust Agreement among PLIC, Pecan Re and The Bank of New York Mellon, as trustee, dated March 31, 2016, in accordance with and pursuant to the Trust Termination Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.01. Representations and Warranties of SRLHA

. As of the date hereof, SRLHA hereby represents and warrants to PLIC that:

(a) (i) SRLHA is duly incorporated, validly existing and in good standing as a corporation or other legal entity under the laws of its jurisdiction of incorporation or domicile, (ii) SRLHA has full corporate power and authority to carry on its business in all material respects as it is now being conducted and to own, lease and operate its properties and assets, (iii) SRLHA is duly qualified to do business as a foreign or alien corporation, as the case may be, in good standing in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its properties or assets makes such qualification necessary, except where the failure to so qualify would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (iv) this Agreement and the other Transaction Documents to which it is a party have been duly executed and delivered by it and, assuming due authorization, execution and delivery of such documents by each counterparty thereto, each such document constitutes a valid and binding agreement of SRLHA enforceable against SRLHA in accordance with the terms hereof or thereof, as applicable, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws of general application now or hereafter in effect relating to or affecting the rights and remedies of creditors of insurance companies or creditors' rights generally and general principles of equity, whether considered in a proceeding at law or in equity (such potential limitations to enforceability, the "Enforceability Exceptions") and (v) the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party and the consummation of the obligations contemplated hereby and thereby will not, with or without the giving of notice or passage of time or both, (A) violate any provision of the organizational documents of SRLHA or (B) violate any Applicable Law.

(b) To the knowledge of SRLHA after due inquiry, Schedule I includes a true and correct list of any filing or notice required to be made with, or consent, approval or non-

disapproval required to be obtained from, Governmental Authorities for SRLHA, Pecan Re and SRZ or any Affiliate thereof to enter into the Transaction Documents to which it is a party and to consummate the Transactions. Each such filing and notice has been duly made, and each such consent, approval and non-disapproval has been duly received. PLIC has been provided with a true and complete copy of each such consent, approval or non-disapproval.

(c) SRLHA and any of its Affiliates executing any Transaction Document is in compliance with Applicable Laws, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) The quarterly statutory financial statements of SRLHA as of and for the quarter ended September 30, 2021 provided to PLIC as of the date hereof, and the audited annual statutory financial statements of SRLHA as of and for the year ended December 31, 2021 to be furnished to PLIC reasonably promptly after such financial statements are available, present fairly, in all material respects, the financial position and summary of operations and cash flows of SRLHA, as of and for such periods as specified therein and have been prepared, in all material respects, in accordance with statutory accounting principles, consistently applied, and, with respect to such quarterly statement, subject to the absence of footnotes and year-end audit adjustments, as applicable.

(e) SRLHA has provided to PLIC a favorable opinion of Primmer Piper Eggleston & Cramer PC, outside Vermont counsel to Pecan Re, dated as of the date hereof.

(f) There has been no Material Adverse Effect with respect to SRLHA since December 31, 2021.

Section 3.02. Representations and Warranties of SRLHA and Pecan Re

. As of the date hereof, each of SRLHA and Pecan Re represents and warrants to PLIC that:

(a) (i) As of the date hereof, Pecan Re is duly organized, validly existing and in good standing as a corporation or other legal entity under the laws of the State of Vermont and as a special purpose financial insurance company, (ii) Pecan Re has full corporate power and authority to carry on its business as it is now being conducted and to own, lease and operate its properties and assets, (iii) Pecan Re is duly qualified to do business as a foreign or alien corporation, as the case may be, in good standing in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its properties or assets makes such qualification necessary, except where the failure to so qualify would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (iv) this Agreement and the other Transaction Documents to which it is a party have been duly executed and delivered by it and, assuming due authorization, execution and delivery of such documents by each counterparty thereto, each such document constitutes a valid and binding agreement of Pecan Re enforceable against Pecan Re in accordance with the terms hereof or thereof, as applicable, subject to the Enforceability Exceptions and (v) the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party and the consummation of the obligations contemplated hereby and thereby will not, with or without the giving of notice or passage of time or both, (A) violate any provision of the organizational documents of Pecan Re or (B) violate any Applicable Law.

(b) To the knowledge of Pecan Re after due inquiry, Schedule I includes a true and correct list of any filing or notice required to be made with, or consent, approval or non-disapproval required to be obtained from, Governmental Authorities for SRLHA, Pecan Re and SRZ or any Affiliate thereof to enter into the Transaction Documents to which it is a party and to consummate the Transactions. Each such filing and notice has been duly made, and each such consent, approval and non-disapproval has been duly received.

(c) There has been no Material Adverse Effect with respect to Pecan Re since the date of its formation.

(d) Pecan Re and any of its Affiliates executing any Transaction Document is in compliance with Applicable Laws, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(e) As of the date hereof and both prior to and after giving effect to the Transactions, Pecan Re meets all applicable requirements as to capital and surplus or risk-based capital under Applicable Law.

(f) Pecan Re (i) is in compliance in all material respects (A) with all Applicable Laws applicable to it or its property, (B) with the terms of the Pecan Re's organizational documents and (C) with the Transaction Documents to which it is a party and (ii) is in compliance in all material respects with the Plan of Operation of Pecan Re and any licensing order or certificate of authority of Pecan Re.

(g) Pecan Re (a) is solvent (in that both the fair value of its assets will not be less than the sum of its liabilities and that the present saleable value of its assets will not be less than the amount required to pay its probable liabilities as they become absolute and matured), (b) will have adequate capital with which to engage in its business, and (c) has not incurred and does not plan to incur liabilities beyond its ability to pay as they become absolute and matured.

(h) Pecan Re has no subsidiaries.

(i) Pecan Re is a direct wholly-owned subsidiary of SRLHA and an indirect wholly-owned subsidiary of SRZ.

(j) Pecan Re has engaged in no business since its formation other than the business conducted pursuant to and contemplated by the Plan of Operation of Pecan Re.

(k) The only contracts or agreements to which Pecan Re is a party as of the date hereof are (i) the Assignment, Transfer and Novation Agreement among Prime Re, Pecan Re and PLIC, dated as of March 31, 2016, (ii) the Amended and Restated 80% Coinsurance Agreement between PLIC and Pecan Re, dated as of March 31, 2016, as amended on May 1, 2017 and May 1, 2020, (iii) the Amended and Restated 80% Coinsurance Trust Agreement among Pecan Re, PLIC and The Bank of New York Mellon, dated as of March 31, 2016, (iv) Amendment No. 2 to the 80% Coinsurance Trust Agreement among Prime Re, Pecan Re, PLIC and The Bank of New York Mellon, dated as of March 31, 2016, (v) the Investment Management Agreement between Pecan Re and Invesco Advisers, Inc., dated as of March 31, 2020, (vi) the Investment Advisory Agreement between Pecan Re and Swiss Re America

Holding Corporation, dated as of March 31, 2016, as amended on January 1, 2019, (vii) the Monitoring and Reporting Agreement between PLIC and Pecan Re, dated as of March 31, 2016, (viii) the Transaction Cooperation Agreement among PLIC, Prime Re, SRLHA and Pecan Re, dated as of January 25, 2016, (ix) the Capital Maintenance Agreement between Swiss Reinsurance Company Ltd and Pecan Re, dated as of March 31, 2016, (x) the Services Agreement between Pecan Re and Swiss Re America Holding Corporation, dated as of March 31, 2016, (xi) the Retrocession Agreement between Pecan Re and SRLHA, dated as of March 31, 2016, (xii) the Captive Management Agreement between Marsh Management Services Inc. and Pecan Re, dated as of March 31, 2016 and (xiii) the Tax Allocation Agreement between Swiss Re America Holding Corporation and Pecan Re, dated as of January 1, 2016.

(l) Pecan Re is not, and after giving effect to the Transactions will not be, an investment company subject to registration and regulation under the Investment Company Act.

Section 3.03. Representations and Warranties of PLIC

. As of the date hereof, PLIC hereby represents and warrants to each of Pecan Re and SRLHA that:

(m) (i) PLIC is a corporation duly organized, validly existing and in good standing under the laws of the State of Tennessee, (ii) PLIC has full corporate power and authority to carry on its business in all material respects as it is now being conducted and to own, lease and operate its properties and assets, (iii) PLIC is duly qualified to do business as a foreign or alien corporation, as the case may be, in good standing in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its properties or assets makes such qualification necessary, except where the failure to so qualify would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (iv) this Agreement and the other Transaction Documents to which it is a party have been duly executed and delivered by it and, assuming due authorization, execution and delivery of such documents by each counterparty thereto, each such document constitutes a valid and binding agreement of PLIC enforceable against PLIC in accordance with the terms hereof or thereof, as applicable, except as such enforceability may be limited by the Enforceability Exceptions and (v) the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party and the consummation of the obligations contemplated hereby and thereby will not, with or without the giving of notice or passage of time or both (A) violate any provision of the organizational document of PLIC or (B) violate any Applicable Law.

(n) To the knowledge of PLIC after due inquiry, Schedule II includes a true and correct list of any consent, approval or non-disapproval required to be obtained from Governmental Authorities that are required for PLIC to enter into the Transaction Documents to which it is a party and to consummate the Transactions.

ARTICLE IV

COVENANTS

Pecan Re and SRLHA shall cause the Transfer Completion and the transfers and deposit contemplated hereby and by Section 17.4(b) of the Second Amended and Restated 80% Coinsurance Agreement and the Trust Termination Agreement to occur in full on the date hereof.

ARTICLE V

SURVIVAL AND INDEMNIFICATION

Section 5.01. Survival

. All representation, warranties, covenants and agreements made by the Parties shall survive the Effective Time.

Section 5.02. Indemnity by SRLHA

. From and after the Closing, and subject to this Article V, SRLHA shall defend, indemnify and hold harmless PLIC and its Affiliates and its and their respective officers, directors, employees, agents, successors and assigns (collectively, the "PLIC Indemnitees") from and against, and pay or reimburse the PLIC Indemnitees for, any and all Losses resulting from (a) any inaccuracy in or breach of any representation or warranty made by SRLHA or Pecan Re herein or in any Transaction Document as of the date hereof (or, in the case of any such representations and warranties given as of a particular date, only as of such date); (b) any breach or default in performance by SRLHA or Pecan Re of any covenant or agreement hereunder or under any Transaction Document; (c) any failure to complete the Transfer Completion on the date hereof and (d) any liability under Sections 8(a) and (b) of the Original Trust Agreement.

Section 5.03. Indemnity by PLIC. From and after the Closing, and subject to this Article V, PLIC shall defend, indemnify and hold harmless each of Pecan Re and SRLHA and its Affiliates and its and their respective officers, directors, employees, agents, successors and assigns (collectively, the "Swiss Re Indemnitees" and, together with the PLIC Indemnitees, the "Indemnitees") from and against, and pay or reimburse the Swiss Re Indemnitees for, any and all Losses resulting from (a) any inaccuracy in or breach of any representation or warranty made by PLIC herein or in any Transaction Document as of the date hereof and (b) any breach or default in performance by PLIC of any covenant or agreement hereunder or under any Transaction Document.

Section 5.04. Multiple Bases

. The rights and remedies of any Party in respect of any inaccuracy, breach or default of any representation, warranty, covenant or agreement shall in no way be limited by the fact that the act, omission, occurrence or other state of facts or circumstances upon which any claim of any such inaccuracy or breach is based may also be the subject matter of any other representation, warranty, covenant or agreement as to which there is no inaccuracy, breach or default.

Section 5.05. Limitations on Indemnity

. Required payments by SRLHA or Pecan Re, cumulatively, or PLIC, as applicable (any such indemnifying party, an "Indemnifying Party") pursuant to this Article V shall be limited to the amount of any Loss after deducting therefrom (a) with respect to any insurance coverage (other than any such coverage provided by a 100% subsidiary or 100% parent entity of the Indemnified Party or under or in connection with any Transaction Document or Existing Agreement), any proceeds of such insurance actually recovered by the Indemnified Party on account of the Loss (less the documented out-of-pocket amount of the expenses payable to third parties reasonably incurred by the Indemnified Party in procuring such recovery, including the present value of any reasonably determined prospective increase in insurance premiums), and (b) any indemnity, contribution, or other similar payment or proceeds recovered from a claim of breach of contract actually recovered by any Indemnified

Party from any third party other than any claim under or in connection with any Transaction Document or Existing Document, in each case with respect to such Loss. In the event that an Indemnified Party actually recovers or realizes any amounts in respect of any Losses under such insurance or claim, as the case may be, at any time subsequent to any indemnification payment being received by an Indemnified Party from an Indemnifying Party in respect of such Losses, then such Indemnified Party shall promptly reimburse by that amount (less the documented out-of-pocket amounts of the expenses payable to third parties reasonably incurred by the Indemnified Party in procuring such recovery, including the present value of any reasonably determined prospective increase in insurance premiums) the Indemnifying Party for any such indemnification payments actually made by such Indemnifying Party to such Indemnified Party up to the actual amount recovered or realized by the Indemnified Party.

Section 5.06. Indemnification Procedures

. Any Indemnitee shall promptly notify the applicable Indemnifying Party in writing of any claim in respect of which indemnity may be sought under this Article V, describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim, and indicating the amount (estimated, if necessary) of the Loss, and method of computation thereof, that has been or may be suffered by such Indemnitee and the provisions of this Agreement in respect of which such right of indemnification is sought or arises; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Article V except to the extent the Indemnifying Party is materially prejudiced by such failure.

Section 5.07. Further Indemnification Procedures

. Upon receipt of notice of a claim for indemnity from an Indemnitee pursuant to Section 4.05 in respect of a pending or threatened claim or demand by a third party that such Indemnitee has determined has given or could reasonably give rise to a right of indemnification under this Agreement (such claim or demand being a “Third Party Claim” and including without limitation a pending or threatened claim or demand asserted by a third party against such Indemnitee), the Indemnifying Party may, by notice to such Indemnitee delivered within twenty (20) Business Days of the receipt of notice of such Third Party Claim, assume the defense and control of such Third Party Claim (at the expense of such Indemnifying Party); provided that counsel for the Indemnifying Party who shall conduct the defense of such Third Party Claim shall be reasonably satisfactory to such Indemnitee. The Indemnitee may take any actions reasonably necessary to defend such Third Party Claim prior to the time that it receives notice from the Indemnifying Party as contemplated by the preceding sentence. The Indemnitee shall cooperate in the defense against such Third Party Claim, including, if appropriate and related to the Third Party Claim in question, in making any reasonable counterclaim against such third party, or any cross claim or third party claim against any Person (other than such Indemnitee or its Affiliates). Such cooperation shall also include the retention and (upon the Indemnifying Party’s request) the provision to the Indemnifying Party of records and information that are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. All documented out-of-pocket costs and expenses payable to third parties reasonably incurred in connection with such reasonable cooperation requested by the Indemnifying Party shall be borne by the Indemnifying Party. The Indemnitee shall have the right to employ, at its own expense, separate counsel in defense of such Third Party Claim and participate in the defense thereof (it being understood that the Indemnifying Party shall control such defense); provided, however, that the Indemnifying

Party shall bear the reasonable fees, costs and expenses of one such separate counsel if (i) such Indemnitee has available to it one or more defenses or counterclaims that are inconsistent with, different from or additional to one or more of those available to the Indemnifying Party or (ii) the Indemnifying Party shall have authorized such Indemnitee to employ separate counsel at the Indemnifying Party's expense.

Section 5.08. Defenses

. If the Indemnifying Party does not assume the defense of such Third Party Claim within twenty (20) Business Days of the receipt of notice of such Third Party Claim, the Indemnitee shall be entitled to assume and control such defense without prejudice to the ability of such Indemnitee to enforce its claim for indemnification against the Indemnifying Party hereunder. The Indemnitee shall not, without the prior written consent of the Indemnifying Party (which shall not be unreasonably withheld, delayed or conditioned), consent to a settlement, compromise or discharge of, or the entry of any judgment arising from, any Third Party Claim.

Section 5.09. Further Defenses

. If the Indemnifying Party does assume the defense of such Third Party Claim, the Indemnifying Party shall not, without the prior written consent of the Indemnitee (which shall not be unreasonably withheld, delayed or conditioned), consent to a settlement, compromise or discharge of, or the entry of any judgment arising from, any Third Party Claim, unless (a) such settlement, compromise or discharge does not involve any finding or admission of any violation of Applicable Law or admission of any wrongdoing by such Indemnitee and (b) the Indemnifying Party shall (i) pay or cause to be paid all amounts arising out of such settlement or judgment concurrently with the effectiveness of such settlement, (ii) not encumber any of the assets of any Indemnitee or agree to any restriction or condition that would apply to or adversely affect any Indemnitee and (iii) obtain, as a condition of any settlement or other resolution, a complete and unconditional release of any Indemnitee from any and all liability in respect of such Third Party Claim.

Section 5.10. Cumulative Remedies

(a) Subject to Section 5.10(b), each Party agrees that any right or remedy it may have under this Agreement is cumulative, and in addition to any other rights and remedies it may have under the Existing Agreements and, after the Closing, any Transaction Document.

(b) No Party shall receive any duplicate recovery under the indemnification provided under this Article V for any amount already indemnified and recovered under any Existing Agreement or Transaction Document.

Section 5.11. No Subrogation

. SRLHA shall not assert with respect to Pecan Re, and hereby waives with respect to Pecan Re, any right of subrogation, contribution, reimbursement or indemnification, whether arising by contract, operation of law (including any such right arising under any applicable insurance insolvency law or bankruptcy law or code) or otherwise by reason of any payment by it pursuant to this Article V or any guarantee of any obligations of Pecan Re now or hereafter in force and effect.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Entire Agreement. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof.

Section 6.02. Amendments

. Any provision of this Agreement may be amended if, but only if, such amendment is in writing and is signed by each Party. Any change or modification to this Agreement shall be null and void unless made by an amendment hereto signed by each Party.

Section 6.03. Severability

. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law or if determined by a court of competent jurisdiction to be unenforceable, and if the rights or obligations of the Parties under this Agreement will not be materially and adversely affected thereby, such provision shall be fully severable, and this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

Section 6.04. Governing Law

. This Agreement shall be governed by and construed in accordance with the laws of the State of Massachusetts, without giving effect to the principles of conflicts of law thereof.

Section 6.05. Notices

. Any notice and other communication required or permitted hereunder shall be in writing and shall be delivered personally or sent by certified, registered or express mail, postage prepaid. Any such notice shall be deemed given when so delivered personally or, if mailed, on the date shown on the receipt therefor, as follows:

if to Pecan Re:

Pecan Re Inc.
c/o Marsh Management Services, Inc.
P.O. Box 530
100 Bank Street, Suite 610
Burlington, VT 05402-0530
Attention: Lisa Kane

with a copy to (which shall not constitute notice):

Swiss Re Life & Health America Inc.
175 King Street
Armonk, New York 10504
Attention: John Regan

and a copy to (which shall not constitute notice):

Swiss Re Life & Health America Inc.
175 King Street
Armonk, New York 10504
Attention: Reka Koerner

and a copy to (which shall not constitute notice):

Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022
Attention: Alexander R. Cochran

if to SRLHA:

Swiss Re Life & Health America Inc.
175 King Street
Armonk, New York 10504
Attention: John Regan

with a copy to (which shall not constitute notice):

Swiss Re Life & Health America Inc.
175 King Street
Armonk, New York 10504
Attention: Reka Koerner

and a copy to (which shall not constitute notice):

Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022
Attention: Alexander R. Cochran

if to PLIC:

Primerica Life Insurance Company
1 Primerica Parkway
Duluth, Georgia 30099
Attention: General Counsel

with a copy to (which shall not constitute notice):

Willkie Farr & Gallagher LLP
787 7th Avenue
New York, NY 10019
Attention: David D. Luce

Any Party may change the names or addresses where notice is to be given by providing notice to the other Parties of such change in accordance with this [Section 3.05](#)

Section 6.06. [Consent to Jurisdiction](#)

. The Parties agrees that in the event of the failure of any Party to perform its obligations under the terms of this Agreement, the Party so failing to perform, at the request of another Party, shall submit to the jurisdiction of any court of competent jurisdiction in any state of the United States and shall comply with all requirements necessary to give such court jurisdiction, and shall abide by the final decision of such court or of any appellate court in the event of an appeal.

Section 6.07. [Assignment](#)

. This Agreement will inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. No Party may assign any of its duties or obligations hereunder without the prior written consent of the other parties. Any such assignment without such consent shall be null and void *ab initio*.

Section 6.08. [Captions](#)

. The captions contained in this Agreement are for reference only and are not part of the Agreement.

Section 6.09. [No Waiver; Preservation of Remedies](#)

. No consent or waiver, express or implied, by any Party to or of any breach or default by any other Party in the performance by such other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such other Party hereunder. Failure on the part of any Party to complain of any act or failure to act of any other Party or to declare any other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first Party of any of its rights hereunder.

Section 6.10. [Counterparts](#)

. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument, and any of the Parties may execute this Agreement by signing such counterpart. This Agreement may be executed by the insertion of images of manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, “pdf”, “tif” or “jpg”) and other electronic signatures (including, without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system. This Agreement shall become effective when each Party shall have received a counterpart hereof signed by the other Parties.

Section 6.11. Interpretation

. When a reference is made in this Agreement to a Section, such reference shall be to a Section to this Agreement unless otherwise indicated. The Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes. References to a Person are also to its permitted successors and assigns.

Section 6.12. Third Party Beneficiary

. Nothing in this Agreement is intended to give any Person, other than the Parties, their successors and permitted assigns, any legal or equitable right remedy or claim under or in respect of this Agreement.

[Signature pages follow]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

PRIMERICA LIFE INSURANCE COMPANY

By: /s/ Emily Roman

Name: Emily Roman

Title: Executive Vice President

PECAN RE INC.

By: /s/ John Regan

Name: John Regan

Title: Managing Director

By: /s/ Elissa Kenny

Name: Elissa Kenny

Title: Senior Vice President and Secretary

SWISS RE LIFE & HEALTH AMERICA INC.

By: /s/ Craig E. Hanford

Name: Craig E. Hanford

Title: Vice President

By: /s/ Abigail Cole

Name: Abigail M. Cole

Title: Vice President

[Signature Page to Assignment, Transfer and Novation Agreement]

SCHEDULE I

SRLHA, PECAN RE AND SRZ FILINGS AND APPROVALS

- Approval from the Vermont Department of Financial Regulation to amend Pecan Re's Plan of Operation
- Form D non-disapproval from the Missouri Department of Insurance with respect to this Agreement
- Consent of the Massachusetts Division of Insurance to this Agreement and the agreements, amendments, assignments and transactions described herein

Sch. I - 1

1007591430v11

SCHEDULE II

PLIC FILINGS AND APPROVALS

- Post- execution and delivery notice filing to the Tennessee Department of Commerce and Insurance.

Sch. 2 - 1

1007591430v11

SECOND AMENDED AND RESTATED

80% COINSURANCE AGREEMENT

by and between

PRIMERICA LIFE INSURANCE COMPANY

(the “Ceding Company”)

and

SWISS RE LIFE & HEALTH AMERICA INC.

(the “Reinsurer”)

Dated June 23, 2022

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SECOND AMENDED AND RESTATED 80% COINSURANCE AGREEMENT

This SECOND AMENDED AND RESTATED 80% COINSURANCE AGREEMENT (together with the Exhibits hereto, this “**Agreement**”) is made on this June 23, 2022 (the “**Second Restatement Date**”) and effecting an amendment and restatement effective as of April 1, 2022 by and between PRIMERICA LIFE INSURANCE COMPANY, a stock life insurance company domiciled in the State of Tennessee (together with its successors and permitted assigns, the “**Ceding Company**”) and SWISS RE LIFE & HEALTH AMERICA INC., a life insurance company domiciled under the laws of Missouri (together with its successors and permitted assigns, the “**Reinsurer**”), and hereby amends and restates in its entirety that certain Amended and Restated 80% Coinsurance Agreement, dated as of March 31, 2016, by and between the Ceding Company and Pecan Re (as defined below) (the “**A&R Coinsurance Agreement**”).

WHEREAS, the Ceding Company is engaged in the business of issuing certain life insurance policies and certain related riders;

WHEREAS, the Ceding Company and Prime Reinsurance Company, Inc., a special purpose financial insurance company organized under Section 6048f of Title 8 of the Vermont Statutes Annotated (“**Prime Re**”), entered into that certain 80% Coinsurance Agreement, dated as of March 31, 2010, by and between the Ceding Company and Prime Re (the “**Original Agreement**”), pursuant to which the Ceding Company ceded and Prime Re reinsured, on an indemnity reinsurance basis, certain liabilities with respect to the Reinsured Policies (as defined herein);

WHEREAS, Prime Re assigned and transferred, by novation, the Original Agreement to Pecan Re Inc., a special purpose financial insurance company organized under Section 6048f of Title 8 of the Vermont Statutes Annotated (“**Pecan Re**”) with the effect that Pecan Re succeeded to all rights, obligations, duties and liabilities of Prime Re under the Original Agreement, whenever arising, and Pecan Re accepted such assignment, transfer and novation (the “**First Novation**”) pursuant to a Novation Agreement among the Ceding Company, Prime Re and Pecan Re, dated as of March 31, 2016 (the “**First Novation Agreement**”);

WHEREAS, in connection with the First Novation, the Ceding Company and Pecan Re amended and restated the Original Agreement with the A&R Coinsurance Agreement;

WHEREAS, Pecan Re has assigned and transferred, by novation, the A&R Coinsurance Agreement to the Reinsurer with the effect that the Reinsurer succeeded to all rights, obligations, duties and liabilities of Pecan Re under the A&R Coinsurance Agreement, whenever arising, and the Reinsurer accepted such assignment, transfer and novation (the “**Second Novation**”) pursuant to a Novation Agreement among the Ceding Company, Pecan Re and the Reinsurer, dated as of the Second Restatement Date (the “**Second Novation Agreement**”); and

WHEREAS, in connection with the Second Novation, the Ceding Company and the Reinsurer have agreed to amend and restate the A&R Coinsurance Agreement in the form of this Agreement.

NOW THEREFORE, in consideration of the mutual and several promises and undertakings herein contained, and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Ceding Company and the Reinsurer (individually, a “Party” and collectively, the “Parties”), hereby agree as follows, effecting an amendment and restatement as of April 1, 2022:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions

. The following terms, when used in this Agreement, shall have the meanings set forth in this Article I.

- (a) “**A&R Coinsurance Agreement**” shall have the meaning specified in the Preamble.
- (b) “**Administrative Fee Allowance**” shall have the meaning specified in Section 4.5(b).
- (c) “**Administrative Practices**” shall have the meaning specified in Section 17.2(a).
- (d) “**Affiliate**” means, with respect to a Party, any entity that controls, is controlled by or is under common control with such Party.
- (e) “**Agreement**” shall have the meaning specified in the Preamble.
- (f) “**Amended License Agreement**” shall have the meaning specified in Section 4.5(c).
- (g) “**Annual FastTrack License Fee Methodology**” shall have the meaning specified in Section 4.5(a).
- (h) “**Applicable Law**” means any domestic or foreign, federal, state or local statute, law, ordinance or code, or any written rules, regulations or administrative interpretations issued by any Governmental Authority pursuant to any of the foregoing, in each case applicable to any Party, and any order, writ, injunction, directive, judgment or decree of a court of competent jurisdiction applicable to the Parties.
- (i) “**Business Day**” means any day other than a day on which banks in Zurich, Switzerland, the State of Missouri or the State of Tennessee are permitted or required to be closed.
- (j) “**Ceding Company**” shall have the meaning specified in the Preamble.
- (k) “**Change of Control**” shall have the meaning specified in Section 21.11.

(l) “Claims” means any and all claims, requests, demands or notices made under a Reinsured Policy for payment of benefits or other obligations, including death benefits, waived premiums, returned premium or any other payments alleged to be due in accordance with the terms and conditions of such Reinsured Policy.

(m) “Code” shall have the meaning specified in Section 5.3.

(n) “Commissioner” means the Commissioner of the Tennessee Department of Commerce and Insurance.

(o) “Commissions” means the contractual amounts earned by and the bonuses paid to the Ceding Company’s sales representatives in connection with the Reinsured Policies on and after the Original Effective Date.

(p) “Commutation Payment” shall have the meaning specified in Section 11.5.

(q) “Confidential Information” shall have the meaning specified in Section 21.11.

(r) “Conversion” means the issuance by the Ceding Company of a new Coverage in replacement of a Coverage under a Reinsured Policy pursuant to an option granted under the terms of such Reinsured Policy; provided, however, in no event shall Conversions include any Renewal.

(s) “Coverage” means, with respect to any Policy, one or more life insurance coverages issued by the Ceding Company. A single Policy may have multiple Coverages issued to multiple individuals and such multiple Coverages, in turn, may have different Original Initial Level Premium Periods, all within a single Policy.

(t) “Covered Liabilities” means all liabilities incurred by the Ceding Company under the express terms of the Reinsured Policies (including End of Term Renewals) and all Reinsured ECOs; provided, however, in no event shall Covered Liabilities include any Excluded Liabilities.

(u) “DAC Tax Election” shall have the meaning specified in Section 5.3.

(v) “Direct Premiums” means all premiums actually received from the Policyholders attributable to the Reinsured Policies from and after the Original Effective Date and waived premiums on such Policies.

(w) “Early Termination” shall have the meaning specified in Section 4.5(c).

(x) “Eligible Assets” means cash in United States dollars, certificates of deposit issued by a United States bank and payable in United States dollars, and investments permitted under Title 56 of the Tennessee Code Annotated or any combination of the above.

provided there shall be no investments in or issued by an entity controlling, controlled by or under common control with either the Ceding Company or the Reinsurer. Commercial paper and other obligations of institutions must be issued by a corporation (other than the Ceding Company or the Reinsurer or any Affiliate of any of them) which is organized and existing under the laws of the United States of America, unless otherwise allowed by Tenn. Code Ann. § 56-1-101 et seq. The Eligible Assets are further subject to and limited by, the investment guidelines and collateral schedule set forth in the Reinsurance Trust Agreement.

(y) **“End of Term Conversion”** means, with respect to a Coverage under a Reinsured Policy, a Conversion that occurs (i) at any time during the two year period ending on the last day of the Original Initial Level Premium Period of a Coverage or (ii) after the last day of such period.

(z) **“End of Term Renewal”** means with respect to any Coverage, a Renewal thereof that occurs at the end of the Original Initial Level Premium Period in respect of such Coverage.

(aa) **“Excess Withdrawal Amount”** shall have the meaning specified in Section 15.6.

(bb) **“Excluded Liabilities”** shall have the meaning specified in Section 2.2.

(cc) **“Existing Practice”** shall have the meaning specified in Section 17.2(a).

(dd) **“Expense Allowance”** means an annualized per base policy expense allowance equal to the Reinsurer’s Quota Share multiplied by \$42.50 for each Reinsured Policy payable on a monthly basis, which amount shall be increased (i) by 3% on the first anniversary date of the Original Effective Date and (ii) thereafter, by a compounded rate equal to the percentage increase, if any, in the employment cost index published by the United States Bureau of Labor Statistics at <http://www.bls.gov> on each subsequent anniversary date of the Original Effective Date.

(ee) **“Extra-Contractual Obligations”** means all liabilities, obligations and expenses not arising under the express terms and conditions of any Reinsured Policy, whether such liabilities, obligations or expenses are owing to an insured, a Governmental Authority or any other Person in connection with such Reinsured Policy, including (a) any liability for punitive, exemplary, consequential, special, treble, tort, bad faith or any other form of extra-contractual damages, (b) damages or claims in excess of the applicable policy limits of the Reinsured Policies, (c) statutory or regulatory damages, fines, penalties, forfeitures and similar charges of a penal or disciplinary nature, and (d) liabilities and obligations arising out of any act, error or omission, whether or not intentional, in bad faith or otherwise, including any act, error or omission relating to (i) the form, marketing, production, issuance, sale, cancellation or administration of Reinsured Policies or (ii) the failure to pay or the delay in payment of claims, benefits, disbursements or any other amounts due or alleged to be due under or in connection with Reinsured Policies (exclusive of interest on payments to Policyholders, as determined in

accordance with the Applicable Laws of the jurisdiction applicable to such Reinsured Policy). For avoidance of doubt, any liabilities, obligations and expenses relating to any change in the Reinsured Policies arising out of or resulting from litigation, arbitration or settlements will be deemed Extra-Contractual Obligations.

(ff) “**FastTrack**” shall have the meaning specified in Section 4.5(b).

(gg) “**First Novation**” shall have the meaning specified in the Recitals.

(hh) “**First Novation Agreement**” shall have the meaning specified in the Recitals.

(ii) “**Governmental Authority**” means any federal, state, county, local, foreign or other governmental or public agency, instrumentality, commission, authority or self-regulatory organization, board or body.

(jj) “**Indemnification Claims**” shall have the meaning specified in Section 18.1.

(kk) “**Initial Ceding Commission**” shall have the meaning specified in the Original Agreement.

(ll) “**Insurance Division**” means the insurance regulator of the state of domicile of the Ceding Company, which as of the date of this Agreement, is the Tennessee Department of Commerce and Insurance.

(mm) “**Interest Maintenance Reserves**” means the reserves required to be established under SAP as liabilities on a life insurer’s statutory financial statements applicable to all types of fixed income investments.

(nn) “**Margin Value**” shall have the meaning specified in the Reinsurance Trust Agreement.

(oo) “**Market Value**” shall mean with respect to any financial asset as of any date, the sum of (i) the market value of such financial asset as made available to the Trustee by a data provider which the Trustee uses generally for pricing such financial asset, and (ii) accrued but unpaid income, if any, on the particular financial asset (to the extent not included therein). Market values provided by the Trustee’s data providers will be the most recently available closing bid price (usually from the previous Business Day), except that for certain financial assets it will be a same day price if available. In the case of cash, the face amount shall be deemed the Market Value. For the avoidance of doubt, nothing herein shall prohibit the Trustee from contacting the Grantor to obtain Market Data concerning financial assets other than price in order to assist the Trustee’s data Providers in determining Market Value. The Trustee’s application of Market Values hereunder shall at all times be subject to its Clearance and Collateral Management Division – Pricing, Indicative Data and Other Disclosures, which are available upon request.

(pp) “**Milliman Report**” means the report attached hereto as Exhibit V.

(qq) **“Monthly Account Balance Report”** shall have the meaning specified in Section 8.2.

(rr) **“Monthly Report”** shall have the meaning specified in Section 8.1.

(ss) **“Net Premium”** shall have the meaning specified in Section 4.1.

(tt) **“Original Agreement”** shall have the meaning specified in the Recitals.

(uu) **“Original Effective Date”** means January 1, 2010.

(vv) **“Original Initial Level Premium Period”** means, with respect to each Reinsured Policy, the period beginning with the original issue date of a Coverage and ending with the first premium increase date identified within such Reinsured Policy on which premiums for such Coverage will increase without a corresponding increase in the terms or limits of such Coverage.

(ww) **“Parties”** shall have the meaning specified in the Recitals.

(xx) **“Pecan Re”** shall have the meaning specified in the Recitals.

(yy) **“Person”** means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

(zz) **“Policies”** means term life insurance base policies and riders thereto issued by the Ceding Company.

(aaa) **“Policyholders”** means the owners or holders of one or more of the Reinsured Policies.

(bbb) **“Premium Taxes”** means any taxes imposed on premiums relating to the Reinsured Policies.

(ccc) **“Prime Rate”** means, as of any day, a fluctuating interest rate per annum equal to the average (rounded upward to the nearest 1/16 of 1%) of the “prime” rate of interest announced publicly by Bank of America, N.T. & S.A., The Chase Manhattan Bank, N.A., Citibank N.A. and Morgan Guaranty Trust Company of New York. If any of these banks does not publicly announce a prime rate, the Ceding Company and the Reinsurer (or its designee) shall jointly select another bank that publicly announces a prime rate and the prime rate publicly announced by that bank shall be used.

(ddd) **“Prime Re”** shall have the meaning specified in the Recitals.

(eee) **“Primerica”** means Primerica, Inc., a Delaware corporation.

(fff) **“Recapture Fee”** shall have the meaning specified in Section 11.3.

- (ggg) **“Recapture Notice”** shall have the meaning specified in Section 11.2.
- (hhh) **“Recapture Triggers”** shall have the meaning specified in Section 11.1.
- (iii) **“Reinstatement”** shall have the meaning specified in Section 7.1.
- (jjj) **“Reinsurance Credit Notice”** shall have the meaning specified in Section 11.1(b).
- (kkk) **“Reinsurance Trust Account”** shall have the meaning specified in Section 15.1.

(lll) **“Reinsurance Trust Agreement”** means the 80% Coinsurance Trust Agreement, dated as of the Second Restatement Date, by and among the Ceding Company, the Reinsurer and The Bank of New York Mellon, as amended, supplemented, novated or otherwise modified from time to time, and at any time.

(mmm) **“Reinsured ECOs”** means (i) Extra-Contractual Obligations paid by the Ceding Company to a single (or joint) policyholder or beneficiary in the ordinary course of business, consistent with prudent business practices and (ii) Extra-Contractual Obligations arising in circumstances where the Reinsurer is an active party and directs or consents to the act, omission or course of conduct occurring after the date hereof that resulted in such Extra-Contractual Obligation; provided, however, that Reinsured ECOs shall not include any liabilities: (x) relating to class actions of any kind; (y) relating to sales, marketing or distribution practices of the Ceding Company or its sales representatives directed or applied to any specific class of policyholders as indicated on the underwriting records of the Ceding Company; or (z) relating to or based on violations of, or noncompliance with, Applicable Law by the Ceding Company. Notwithstanding the foregoing, the term “Reinsured ECOs” shall not include any punitive, exemplary, consequential, special, treble, tort, bad faith or any other form of extra-contractual damages to the extent not permitted to be insured or reinsured under applicable law.

(nnn) **“Reinsured Policies”** means Policies issued (i) on the policy forms identified in Exhibit I and riders thereto in force as of 11:59 p.m. (EST) on December 18, 2009 and (ii) as a result of any Conversions thereto, but not including any End of Term Conversions arising from Coverages with an Original Initial Level Premium Period ending on or after January 1, 2017.

(ooo) **“Reinsurer”** shall have the meaning specified in the Preamble.

(ppp) **“Reinsurer’s Quota Share”** means eighty percent (80%) or such other percentage as modified to reflect a partial recapture of the Reinsurer’s Quota Share of the Reinsured Policies pursuant to the terms and conditions specified in Section 2.1 and Article XI.

(qqq) **“Renewal”** means the continuation of Coverage under a Reinsured Policy after the end of the Original Initial Level Premium Period of such Coverage in accordance with the terms of such Reinsured Policy.

(rrr) **“Renewal Recapture Right”** shall have the meaning specified in Section 11.4.

(sss) **“Representatives”** shall have the meaning specified in Section 12.1.

(ttt) **“Required Balance”** means, as of any date, the amount equal to 100% of the Reinsurer’s Quota Share of the Statutory Reserves with respect to the Reinsured Policies; provided that the Required Balance shall mean, as of any date, the amount equal to 102% of the Reinsurer’s Quota Share of the Statutory Reserves with respect to the Reinsured Policies beginning on the date that the Ceding Company delivers a Reinsurance Credit Notice pursuant to this Agreement and continuing until the date, if any, that the Ceding Company delivers a Notice of Cure of Reinsurance Credit Event in accordance with Section 27(b) of the Reinsurance Trust Agreement.

(uuu) **“Required Balance Notice”** shall have the meaning specified in Section 8.3(b).

(vvv) **“Retained Asset Account”** means the Primerica Estate Account identified in the financial statements of the Ceding Company, reflecting death benefit proceeds retained by the Ceding Company on behalf of beneficiaries and available to such beneficiaries on demand.

(www) **“SAP”** means statutory accounting principles.

(xxx) **“Second Novation”** shall have the meaning specified in the Recitals.

(yyy) **“Second Novation Agreement”** shall have the meaning specified in the Recitals.

(zzz) **“Second Restatement Date”** shall have the meaning specified in the Preamble.

(aaaa) **“Security Balance”** means, as of the opening of each Business Day following the Second Restatement Date, the aggregate Margin Value as of such date of the Eligible Assets maintained in the Reinsurance Trust Account.

(bbbb) **“State of Domicile SAP”** means the statutory accounting and actuarial principles and practices prescribed or permitted by the Insurance Division for domestic life insurance companies in the state of domicile of the Ceding Company.

(cccc) **“Statutory Financial Statement Credit”** means credit for reinsurance permitted by the Applicable Laws on the Ceding Company’s statutory financial statements filed in the state of domicile of the Ceding Company with respect to the Reinsured Policies.

(dddd) **“Statutory Reserves”** means, as of any date, all reserves set forth on Schedule A as of such date corresponding to liabilities of a type or kind identified as Covered Liabilities, related to the Reinsured Policies, such amount as determined by the Ceding Company

in accordance with the methodologies used by the Ceding Company to calculate such amounts for purposes of its statutory financial statements prepared in accordance with State of Domicile SAP and generally consistent with past practices as of all dates without giving effect to this Agreement.

(eeee) **“Then Current Practice”** shall have the meaning specified in Section 17.2(a).

(ffff) **“Third Party Accountant”** means an independent accounting firm which is mutually acceptable to Ceding Company and Reinsurer, or, if Ceding Company and Reinsurer cannot agree on such an accounting firm, an independent accounting firm mutually acceptable to Ceding Company’s and Reinsurer’s respective independent accountants.

(gggg) **“Third Party Reinsurance”** means reinsurance of the Reinsured Policies placed with third party reinsurers as identified and summarized in Exhibit II (as such Exhibit II may be amended from time to time, and at any time).

(hhhh) **“Third Party Reinsurance Premiums”** means all premiums paid by the Ceding Company on or after the Original Effective Date for coverage under Third Party Reinsurance, net of refunds of unearned premiums on lapse (except that the refund of unearned premiums shall only apply for premiums payable under Third Party Reinsurance on or after the Original Effective Date).

(iiii) **“Trust Assets”** shall have the meaning specified in Section 15.2.

(jjjj) **“Trustee”** means the trustee under the Reinsurance Trust Agreement.

ARTICLE II

REINSURANCE

Section 2.1 Reinsurance

. Subject to the terms and conditions of this Agreement, the Ceding Company hereby cedes on an indemnity basis to the Reinsurer, and the Reinsurer hereby accepts and agrees to reinsure on an indemnity basis, the Reinsurer’s Quota Share of the Covered Liabilities, provided, however, in the event of a recapture involving a pro rata portion of the Reinsurer’s Quota Share of the Reinsured Policies pursuant to Article XI hereof, the Reinsurer’s Quota Share of the Covered Liabilities will be proportionately reduced. The Reinsurer’s Quota Share of Covered Liabilities shall be reduced, but not below zero, by the Reinsurer’s Quota Share of Third Party Reinsurance for Covered Liabilities in accordance with the respective terms thereof, to the extent such Third Party Reinsurance is actually collected.

Section 2.2 Exclusions

. Notwithstanding any provision of this Agreement to the contrary, the Reinsurer shall not be liable for any liabilities or obligations of the Ceding Company that are:

(a) liabilities relating to benefits, including, but not limited to, terminal illness benefits, other than life insurance death benefits, any related waiver of premium coverages and write-offs of terminal illness policy loan balances;

(b) any liabilities resulting from any coverage added after the Original Effective Date to a Reinsured Policy that is not a Conversion or Renewal or otherwise required or permitted by the terms of such Reinsured Policy in effect on the Original Effective Date, unless such additional coverage is required by Applicable Law or has been approved in writing in advance by the Reinsurer;

(c) any liabilities relating to deaths occurring prior to the Original Effective Date;

(d) Extra-Contractual Obligations, other than Reinsured ECOs;

(e) any loss or liabilities relating to or arising from the Ceding Company's Retained Asset Account for the Reinsured Policies;

(f) any losses or liabilities arising under any End of Term Conversion occurring on or after January 1, 2017;

(g) any loss or liabilities relating to or arising from actions taken by the Ceding Company without the consent of the Reinsurer as required by Section 17.2(b) hereof;

(h) any loss or liabilities relating to or arising from claims made, or lawsuits brought, by agents of the Ceding Company; and

(i) all liabilities or obligations of any kind or nature whatsoever that do not relate to the Reinsured Policies (collectively, (a)-(i) constitute the "**Excluded Liabilities**").

Section 2.3 Territory

. The reinsurance provided under this Agreement shall apply to the Covered Liabilities covering lives and risks wherever resident or situated.

ARTICLE III

COMMENCEMENT OF THE REINSURER'S LIABILITY

Section 3.1 Commencement of the Reinsurer's Liability

. Except as otherwise set forth in this Agreement, the Reinsurer's liability under this Agreement shall attach simultaneously with that of the Ceding Company, and all reinsurance with respect to which the Reinsurer shall be liable by virtue of this Agreement shall be subject in all respects to the same risks, terms, rates, conditions, interpretations, and to the same modifications, alterations, cancellations and receivables under Third Party Reinsurance, as the respective Reinsured Policies to which liability under this Agreement attaches, the true intent of this Agreement being that the Reinsurer shall, in every case to which liability under this Agreement attaches and always subject to the Excluded Liabilities, follow the fortunes of the Ceding Company.

ARTICLE IV

REINSURANCE PREMIUMS, ALLOWANCES AND OTHER OBLIGATIONS

Section 4.1 Reinsurance Premiums

. As consideration for the reinsurance provided herein, on a monthly basis during the term of this Agreement, the Ceding Company shall pay to the Reinsurer the Reinsurer's Quota Share of Direct Premiums net of the Reinsurer's Quota Share of Third Party Reinsurance Premiums (the "**Net Premium**"). The Net Premium shall be paid in accordance with Article VIII.

Section 4.2 Allowances

. At each month end following the date hereof, the Reinsurer shall pay the Ceding Company the Expense Allowance calculated on the basis of the number of Reinsured Policies in force on such date. The number of Reinsured Policies in force for each calendar month shall be determined by adding the number of Reinsured Policies in force on the last day of the prior calendar month and the number of Reinsured Policies in force on the last day of the current calendar month and dividing that total by two (2); provided, however, if there are any End of Term Renewals, the Expense Allowance for the Reinsured Policies associated with such End of Term Renewals that start after December 31, 2016 will be zero. The Expense Allowance shall be payable in accordance with Article VIII.

Section 4.3 Other Obligations

. On a monthly basis during the term of this Agreement, the Reinsurer shall pay the Ceding Company the Reinsurer's Quota Share of the following amounts: (i) 2.3% of premiums collected for such month in connection with the Reinsured Policies as a provision for Premium Taxes incurred by the Ceding Company; (ii) \$50 for each new Conversion which results in the issuance of a Reinsured Policy (including the issuance of one or more riders to a base Policy); (iii) Commissions for each Reinsured Policy; and (iv) any out-of-pocket underwriting fees associated with Reinstatements.

Section 4.4 Third Party Reinsurance

. The Ceding Company shall pay to the Reinsurer the Reinsurer's Quota Share of all ceding commissions and any Premium Tax or other expense allowances collected by the Ceding Company from the reinsurers under Third Party Reinsurance.

Section 4.5 Life Waiver Claims Allowance

(a) *FastTrack License Fee Allowance*. On each of May 1, 2020 and May 1, 2021, the Reinsurer paid the Ceding Company \$451,100, each payment as the Reinsurer's share of the Annual FastTrack License Fee for such years. The Reinsurer's share of the Annual FastTrack License Fee was determined in accordance with the methodology set forth on Exhibit VI (the "Annual FastTrack License Fee Methodology"). No later than June 15, 2022 and on May 1, 2023, the Reinsurer shall pay the Ceding Company \$429,000 as the Reinsurer's share of the Annual FastTrack License Fee for each such year. The Parties agree to negotiate in good faith to reach mutual agreement in accordance with the Annual FastTrack License Fee Methodology as to the Reinsurer's share of the Annual FastTrack License Fee for the remaining payment on May 1, 2024. The Parties agree to negotiate in good faith to reach mutual agreement as to any change in such FastTrack License Fee Allowance in the event of any material changes to the Annual FastTrack License Fee for 2024.

(b) *Administrative Fee Allowance.* On each of May 1, 2020 and May 1, 2021, the Reinsurer paid the Ceding Company \$62,700 (each payment representing the “Administrative Fee Allowance”) as the Reinsurer’s share of the monthly administrative fees payable by the Ceding Company to Kamine Technology Group, LLC (“FastTrack”) for such years. The Administrative Fee Allowance was determined in accordance with the Annual FastTrack License Fee Methodology. No later than June 15, 2022 and on May 1, 2023, the Reinsurer shall pay the Ceding Company \$59,631 as the Administrative Fee Allowance for each such year. The Parties agree to negotiate in good faith to reach mutual agreement in accordance with the Annual FastTrack License Fee Methodology as to the Administrative Fee Allowance for the remaining payment on May 1, 2024. The Parties agree to negotiate in good faith to reach mutual agreement as to any change in the Administrative Fee Allowance in the event of any material changes to the administrative fees payable to FastTrack for 2024.

(c) *Duration and Early Termination.* The Parties acknowledge that either the Ceding Company or FastTrack may terminate the Amended License Agreement between the Ceding Company and FastTrack, dated as of April 27, 2020, as of April 30, 2023 (the “Amended License Agreement” and, such early termination, the “Early Termination”). Following the earlier of the expiration of the Amended License Agreement or the Early Termination, the Reinsurer will not be obligated for any remaining payments pursuant to this Section 4.5, which have not yet accrued. Further, where applicable, the Parties shall reasonably prorate any payments to account for such expiration or Early Termination. The Ceding Company shall not exercise its early termination rights under the Amended License Agreement unless the Reinsurer has consented to such Early Termination, which consent shall not be unreasonably withheld, conditioned or delayed by the Reinsurer. The Ceding Company may extend the period of the Amended License Agreement; however, unless the Reinsurer has consented to such an extension, the Reinsurer shall not be obligated for any allowance under this Section 4.5 during any such extended period. Without limiting the foregoing, each Party will consider in good faith any recommendation that the other Party may propose regarding extension of the Amended License Agreement.

(d) *No Other Allowances.* Other than as set forth in this Section 4.5, the Reinsurer shall not be obligated to contribute or pay any allowances or amounts in connection with the provision of life waiver tools, software and services by FastTrack.

ARTICLE V

TAXES

Section 5.1 Guaranty Fund Assessments

. Except as provided in [Section 4.2](#), the Reinsurer shall not reimburse the Ceding Company for any guaranty fund assessments arising on account of premiums on the Reinsured Policies.

Section 5.2 Premium Taxes

. The Ceding Company shall be liable for all Premium Taxes. The Reinsurer shall pay to the Ceding Company a provision for Premium Taxes incurred in connection with premiums received under the Reinsured Policies in accordance with Section 4.3.

Section 5.3 DAC Tax Election

(a) The Ceding Company and the Reinsurer agree to the election pursuant to Treasury Regulations section 1.848-2(g)(8) (such election being referred to as the “**DAC Tax Election**”), whereby:

(i) the Party with the net positive consideration for this Agreement for each taxable year will capitalize specified policy acquisition expenses with respect to this Agreement without regard to the general deductions limitation of section 848(c)(1) of the Internal Revenue Code of 1986, as amended (the “**Code**”);

(ii) the Parties agree to exchange information pertaining to the amount of net consideration under this Agreement each year to ensure consistency. If requested, the Ceding Company will provide supporting information reasonably requested by the Reinsurer. The Parties also mutually agree to exchange information otherwise required by the U.S. Internal Revenue Service. (The term “net consideration” will refer to the net consideration as defined in Treasury Regulations section 1.848-2(f)); and

(iii) this DAC Tax Election will be effective for the first taxable year in which this Agreement is effective and for all years for which this Agreement remains in effect.

(b) The Ceding Company and the Reinsurer will each attach a schedule to their respective federal income tax returns filed for the first taxable year for which this DAC Tax Election is effective. Such schedule shall identify the Agreement as a reinsurance agreement for which the DAC Tax Election under Treasury Regulations section 1.848-2(g)(8) has been made.

(c) Each of the Ceding Company and the Reinsurer represents and warrants that it is subject to U.S. taxation under the provisions of subchapter L of Chapter 1 of the Code.

ARTICLE VI

CLAIMS

Section 6.1 Notice of Claims

. Claim amounts less than or equal to \$250,000 (net of amounts recoverable under Third Party Reinsurance) will be reported by the Ceding Company to the Reinsurer on a bordereau basis, and all other Claims shall be reported, with such information as may be reasonably requested by the Reinsurer, on an individual basis, in each case in accordance with [Section 8.1](#).

Section 6.2 Settlement Authority

. The Ceding Company shall have full authority to determine liability on any Claim reinsured hereunder and may settle losses as it deems appropriate, but in so doing it shall act with the skill and diligence commonly expected

from qualified personnel performing such duties for U.S. life insurance companies and consistent with the Ceding Company's Then Current Practice.

Section 6.3 Claim Payments

. Following receipt by the Reinsurer of the Monthly Report setting forth the Ceding Company's payment of any Covered Liabilities reinsured hereunder, the Reinsurer shall make payment of the Reinsurer's Quota Share of the Covered Liabilities in accordance with Article VIII.

Section 6.4 Misstatement of Age or Sex

. In the event of an increase or reduction in the amount of the Ceding Company's insurance on any Reinsured Policy because of an overstatement or understatement of age or misstatement of sex, established during the life, or after the death, of the insured, the Reinsurer will share in such increase or reduction in proportion to the Reinsurer's Quota Share.

ARTICLE VII

REINSTATEMENTS

Section 7.1 Reinstatements

. If a Reinsured Policy is reinstated in accordance with its terms and the Ceding Company's reinstatement rules as in effect on the Original Effective Date (a "**Reinstatement**"), the reinsurance of such Reinsured Policy will be restored as if no change had occurred. In such a case, the Ceding Company shall promptly pay the Reinsurer the Reinsurer's Quota Share of the Net Premiums attributable to such Reinstatement.

ARTICLE VIII

ACCOUNTING AND RESERVES

Section 8.1 Monthly Reports

(a) . Within twenty (20) Business Days after the end of each calendar month, the Ceding Company shall deliver to the Reinsurer the following monthly reports (each a "**Monthly Report**") substantially in the form set forth in Exhibit III hereto: (i) Monthly Settlement Report; (ii) Policy Exhibit; (iii) Reserve Report; (iv) Claim Reserve Report; (v) Bordereau Report; and (vi) Non-Bordereau Claims Report.

Section 8.2 Monthly Account Balance Reports

. No later than ten (10) Business Days after the end of each calendar month, the Ceding Company shall prepare and deliver to the Reinsurer a report in the form and containing the information set forth in Exhibit IV (each a "**Monthly Account Balance Report**").

Section 8.3 Settlements

(a) All monthly settlements shall be effected as follows: (i) if the Monthly Report shows that the Ceding Company owes the Reinsurer a positive amount, the Ceding Company will pay the amount owed simultaneously with the delivery to the Reinsurer of the Monthly Report and (ii) if the Monthly Report shows that the Reinsurer owes the Ceding Company a positive amount, the Reinsurer shall pay the amount owed within twenty (20) Business Days after receiving the Monthly Report, it being understood that, for purposes of this

Section 8.3(a), appropriate adjustments shall be made for withdrawals and reimbursements made during the month by the Ceding Company pursuant to Sections 15.5 and 15.6.

(b) Together with the Reserve Report for the last month of each calendar quarter, the Ceding Company shall notify the Reinsurer of the Required Balance as of the last day of such calendar quarter (the “**Required Balance Notice**”). The Required Balance Notice shall be delivered to the Reinsurer at the same time as the copy of the Monthly Report for the last month of such calendar quarter. The Ceding Company and the Reinsurer shall, within twenty (20) Business Days after the Ceding Company delivers the Required Balance Notice to the Reinsurer, provide a joint written notice of the Required Balance to the Trustee as described in the definition of “Required Asset Amount” in the Reinsurance Trust Agreement consistent with such Required Balance Notice.

(c) All settlements of account between the Ceding Company and the Reinsurer shall be made in cash or its equivalent.

Section 8.4 Offset and Recoupment

. Each Party, at its option, may offset or recoup any balance or balances, whether on account of premiums, Expense Allowances, claims and losses, Excess Withdrawal Amounts from the Reinsurance Trust Account and interest accrued thereon or amounts otherwise due from one Party to the other under this Agreement or other agreements between the Parties, or as a result of damages awarded to either Party pursuant to litigation or otherwise, which shall be deemed mutual debts or credits, as the case may be; provided, however, that the Party electing such right with respect to matters not reflected in the Monthly Reports shall notify the other Party in writing of its election to do so.

Section 8.5 Currency

. All financial data required to be provided pursuant to the terms of this Agreement shall be expressed in United States dollars. All payments and all settlements of account between the Parties shall be in United States currency unless otherwise agreed by the Parties.

ARTICLE IX

EXPENSES IN CONNECTION WITH THE REINSURED POLICIES

Section 9.1 Expenses in Connection with the Reinsured Policies

. The Ceding Company shall pay for all expenses and charges incurred in connection with the Reinsured Policies including medical examinations, inspection fees, and other fees. Except as provided in [Section 4.2](#) and Section 4.3, such amounts shall not be reimbursed by the Reinsurer.

ARTICLE X

ERRORS AND OMISSIONS

Section 10.1 Errors and Omissions

. Subject to the terms of this Agreement, neither Party shall be prejudiced in any way by inadvertent errors or omissions made by such Party in connection with this Agreement provided such errors and omissions are corrected promptly following discovery thereof. Upon the discovery of an inadvertent error or omission by either Party, appropriate adjustments shall be made as soon as practicable to restore the

Parties to the fullest extent possible to the position they would have been in had no such inadvertent error or omission occurred.

ARTICLE XI

RECAPTURE

Section 11.1 Recapture

. The Ceding Company may in accordance with the provisions of this Article XI recapture, in its sole discretion, all or a *pro rata* portion of all of the Reinsurer's Quota Share of the Reinsured Policies upon the occurrence of one of the following events ("**Recapture Triggers**"):

(a) If the Reinsurer becomes insolvent or if the Commissioner has instituted a proceeding or entered a decree or order for the appointment of a rehabilitator or liquidator;

(b) If the Reinsurer fails to take steps reasonably satisfactory to the Ceding Company to assure the Ceding Company of full Statutory Financial Statement Credit for the Reinsured Policies within forty-five (45) calendar days of Reinsurer's receipt of written notice from the Ceding Company (a "**Reinsurance Credit Notice**") that the Ceding Company has been advised by any Governmental Authority that the Governmental Authority will deny or has denied Statutory Financial Statement Credit on any financial statement filed by the Ceding Company with such Governmental Authority;

(c) If the Reinsurer is in material breach of any other representation, warranty or covenant under this Agreement and the Reinsurer fails to cure any such material breach of any representation, warranty or covenant hereunder within sixty (60) calendar days of receipt of written notice of such breach by the Reinsurer;

(d) If the Reinsurer fails to transfer Eligible Assets to the Reinsurance Trust Account with a Market Value equal to or greater than the Required Balance on the Second Restatement Date;

(e) If the Reinsurer fails in any material respects to fund, or cause to be funded, the Reinsurance Trust Account to an amount equal to or greater than the Required Balance on each Business Day and the Reinsurer fails to cure any such funding deficiency within twenty (20) Business Days of receipt of written notice of such funding deficiency by the Reinsurer and the Security Balance is less than the Required Balance; or

(f) If (i) the Reinsurer fails to timely execute or deliver the joint written notice of the Required Balance to the Trustee as required by Section 8.3(b), (ii) the Ceding Company has executed such notice in accordance with Section 8.3(b), (iii) the Required Balance to be included in such notice has increased from the Required Balance in effect under the Trust Agreement and (iv) the Reinsurer does not cure such failure within five (5) Business Days after receipt of written notice of such failure from the Ceding Company.

Section 11.2 Notice of Recapture

. The Ceding Company shall notify the Reinsurer in writing of the reasons for, and the effective date of, the recapture ninety (90)

calendar days prior to the effective date of recapture (the “**Recapture Notice**”); provided, however, that the recapture shall not be deemed to be consummated until the final accounting described in Section 11.4 of this Article XI has been completed and the Reinsurer has paid the Commutation Payment, if any.

Section 11.3 Recapture Fee

. The Ceding Company shall pay a recapture fee (the “**Recapture Fee**”) to the Reinsurer upon the occurrence of any recapture of the Reinsured Policies pursuant to Section 11.1(b) if such recapture was triggered by the inability of the Ceding Company to obtain full Statutory Financial Statement Credit for the Reinsured Policies due to actions taken by the Ceding Company or its Affiliates; provided, however, that if the Reinsurer is in material breach of any representation, warranty or covenant under this Agreement at the time a recapture is triggered under Section 11.1(b), no Recapture Fee will be due and payable by the Ceding Company. The Recapture Fee shall be equal to an amount to be determined by an actuarial appraisal prepared by a nationally recognized independent actuarial firm in accordance with methodologies agreed upon by the Ceding Company and Reinsurer to determine the value of the Reinsured Policies at such time in a manner consistent with the valuation of the Reinsured Policies as set forth in the Milliman Report and consistent with the determination of the Initial Ceding Commission based on such valuation.

Section 11.4 Renewal Recapture

. The Ceding Company shall also have the right, upon prior written notice to the Reinsurer, to recapture, in its sole discretion, all or a *pro rata* portion of End of Term Renewals arising from Policies with an Original Initial Level Premium Period ending on or after January 1, 2017 (the “**Renewal Recapture Right**”). No Recapture Fee is payable in connection with the recapture of any End of Term Renewal.

Section 11.5 Commutation Accounting and Settlement

. In the event of any recapture under this Article XI or termination under Section 21.8, the Reinsurer shall pay to the Ceding Company an amount equal to (i) the Reinsurer’s Quota Share of the Statutory Reserves, Interest Maintenance Reserves (but only to the extent the Ceding Company’s Interest Maintenance Reserves are increased) and advance premiums, if applicable, attributable to the Reinsured Policies being recaptured, in each case, calculated as of the effective date of the recapture set forth in the Recapture Notice; minus (ii) any amounts due to the Reinsurer but unpaid under this Agreement, including the Recapture Fee, if any, and net deferred premiums; plus (iii) any amounts due to the Ceding Company but unpaid under this Agreement (collectively, the “**Commutation Payment**”); provided, however, that, if the amount calculated pursuant to clause (ii) of this subsection exceeds the amounts calculated pursuant to clauses (i) and (iii) of this subsection, the Ceding Company shall pay to the Reinsurer the amount of such excess. Following recapture and payment to the appropriate Party of the net Commutation Payment required hereunder, neither Party shall have further liability to the other Party hereunder with respect to the recaptured business.

Section 11.6 Limitation on Partial Recaptures

. Notwithstanding the provisions of Section 11.1, the Ceding Company shall not be permitted to effect a partial recapture pursuant to Section 11.1 if, after giving effect to the recapture, the Statutory Reserves would be less than U.S. \$100,000,000.

ARTICLE XII

ACCESS TO BOOKS AND RECORDS

Section 12.1 Access to Books and Records

(a) The Ceding Company shall, upon reasonable notice, provide to the Reinsurer, and the counsel, financial advisors, accountants, actuaries and other representatives of the Reinsurer (the “**Representatives**”) access, at the Reinsurer’s sole cost and expense, to review, inspect, examine and reproduce the Ceding Company’s books, records, accounts, policies, practices and procedures, including underwriting policy, claims administration guidelines and sales and Conversion practices, relating to the Reinsured Policies, including any audits and self assessments conducted by the Ceding Company as well as any unaudited information provided to Primerica in connection with Primerica’s public company reporting requirements, at the place such records are located, and to discuss such matters with the employees, external auditors and external actuaries of the Ceding Company that are knowledgeable about such records, without undue disruption of the normal operations of the Ceding Company.

(b) The Reinsurer and its Representatives shall have the right, at its sole cost and expense, to conduct audits from time to time, upon reasonable notice to the Ceding Company, of the relevant books, records, accounts, policies, practices and procedures, including underwriting policy, claims administration guidelines and sales and Conversion practices of the Ceding Company relating to the Reinsured Policies.

(c) The Reinsurer shall reimburse the Ceding Company for any reasonable out-of-pocket costs that the Ceding Company incurs in providing assistance to the Reinsurer and its Representatives in connection with this Section 12.1.

(d) The Ceding Company shall use its reasonable best efforts to assist and cooperate with the Reinsurer, and its Representatives in providing access to the relevant in force files, experience data, books, records and accounts of the Ceding Company relating to the Reinsured Policies.

ARTICLE XIII

INSOLVENCY

Section 13.1 Insolvency

In the event of the insolvency of the Ceding Company, payments due the Ceding Company on all reinsurance made, ceded, renewed or otherwise becoming effective under this Agreement shall be payable by the Reinsurer on the basis of (a) the liability of the Ceding Company under the Reinsured Policies; or (b) claims filed and allowed in the liquidation proceeding under the Reinsured Policies, in either case, without diminution because of the insolvency of the Ceding Company, either directly to the Ceding Company or to its domiciliary liquidator or receiver, except where the Reinsurer, with the consent of the Policyholder and in conformity with Applicable Law, has assumed as of the date hereof, the Ceding Company’s obligations as direct obligations of the Reinsurer to the payees under the Reinsured Policies and in substitution for the obligations of the Ceding Company to the payees.

It is understood, however, that in the event of the insolvency of the Ceding Company, the liquidator or receiver or statutory successor of the Ceding Company shall give written notice to the Reinsurer of any impending Claim against the Ceding Company on a Reinsured Policy within a reasonable period of time after such Claim is filed in the insolvency proceedings and that during the pendency of such Claim the Reinsurer may, at its own expense, investigate such Claim and interpose, in the proceeding where such Claim is to be adjudicated any defense or defenses which it may deem available to the Ceding Company or its liquidator or receiver or statutory successor. It is further understood that the expense thus incurred by the Reinsurer shall be chargeable, subject to court approval, against the Ceding Company as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Ceding Company solely as a result of the defense undertaken by the Reinsurer.

ARTICLE XIV

DISPUTE RESOLUTION

Section 14.1 Consent to Jurisdiction

. Each of the Parties irrevocably and unconditionally submits to the exclusive jurisdiction of any United States District Court in the state of domicile of the Ceding Company, or, if such court does not have jurisdiction, the appropriate district court of the state of domicile of the Ceding Company, for the purposes of enforcing this Agreement. The Parties shall take such actions as are within their control to cause any disputes as described in the immediately preceding sentence to be assigned to the complex litigation docket of the applicable court. In any action, suit or other proceeding, each of the Parties irrevocably and unconditionally waives and agrees not to assert by way of motion, as a defense or otherwise any claims that it is not subject to the jurisdiction of the above courts, that such action or suit is brought in an inconvenient forum or that the venue of such action, suit or other proceeding is improper. Each of the Parties also agrees that any final and unappealable judgment against a Party in connection with any action, suit or other proceeding as contemplated in this Article XIV shall be conclusive and binding on such Party and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment.

Section 14.2 Waiver of Jury Trial

. Each of the Parties irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement or the transactions contemplated hereby.

Section 14.3 Specific Performance

. The Parties recognize and agree that if for any reason any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached, immediate and irreparable harm or injury would be caused for which money damages would not be an adequate remedy. Accordingly, each Party agrees that, in addition to any other available remedies each other Party shall be entitled to an injunction restraining any violation or threatened violation of any of the provisions of this Agreement without the necessity of posting a bond or other form of security. In the event that any action should be brought in equity to enforce any of the provisions of this Agreement, no Party will allege, and each Party hereby waives the defense, that there is an adequate remedy at law.

ARTICLE XV

REINSURANCE TRUST ACCOUNT

Section 15.1 Reinsurance Trust Agreement

. On the Second Restatement Date, the Reinsurer, as grantor, created a trust account to support the Reinsurer's Quota Share of the Statutory Reserves (the "**Reinsurance Trust Account**") and has named the Ceding Company as sole beneficiary of the Reinsurance Trust Account.

Section 15.2 Investment and Valuation of Trust Assets

. The assets held in the Reinsurance Trust Account (the "**Trust Assets**") shall be valued according to their current Market Value and shall consist of Eligible Assets.

Section 15.3 Adjustment of Trust Assets and Withdrawals

(a) The amount of assets to be maintained in the Reinsurance Trust Account shall be adjusted following the end of each calendar quarter in accordance with the Reserve Report for the last calendar month of each calendar quarter provided to the Reinsurer pursuant to the terms of Section 8.1. Such report shall set forth the Required Balance, as of the end of the immediately preceding calendar quarter. The Required Balance set forth in a Required Balance Notice shall become effective twenty Business Days following delivery thereof in accordance with Section 8.3(b).

(b) If the Security Balance exceeds the Required Balance in effect on any Business Day, securities and/or cash from the Reinsurance Trust Account having a Market Value equal to such excess shall be transferred by the Trustee to the account(s) designated in writing by the Reinsurer pursuant to Section 4(c)(iii) of the Reinsurance Trust Agreement, and the Ceding Company hereby consents to such transfer, it being understood that, immediately following any such transfer, the aggregate Margin Value of Eligible Assets in the Reinsurance Trust Account shall be no less than the Required Balance. In the event that the Ceding Company delivers a Reinsurance Credit Notice in accordance with this Agreement and until such time, if ever, as the Ceding Company delivers a Notice of Cure of Reinsurance Credit Event in accordance with Section 27(b) of the Reinsurance Trust Agreement, such consent shall be revoked and the Trustee shall cease making any such transfers pursuant to this Section 15.3(b), and solely to the extent that the Security Balance as of the last day of a calendar quarter exceeds the Required Balance then the Reinsurer shall have the right to seek approval (which shall not be unreasonably or arbitrarily withheld, conditioned or delayed) from the Ceding Company to withdraw any remaining excess of the Security Balance over the Required Balance from the Reinsurance Trust Account.

(c) In accordance with Section 4(c)(ii) of the Reinsurance Trust Agreement, in the event that the Required Balance in effect on any Business Day is greater than the aggregate Margin Value of the Eligible Assets in the Reinsurance Trust Account on any such Business Day, the Grantor shall, promptly after notice by the Trustee and on such Business Day, transfer to the Reinsurance Trust Account additional Eligible Assets such that, after such transfer to the Reinsurance Trust Account, the aggregate Margin Value of all Eligible Assets in the Reinsurance Trust Account equals or exceeds the Required Balance in effect as of such date. In

the event that the Trustee does not timely provide any such notice, the Ceding Company may provide such notice to the Reinsurer instead.

Section 15.4 Negotiability of Trust Assets

. Prior to depositing Trust Assets with the Trustee, the Reinsurer or such other Person depositing Trust Assets shall execute all assignments or endorsements in blank, or transfer legal title to the Trustee of all shares, obligations or any other assets requiring assignments, in order that the Ceding Company, or the Trustee upon direction of the Ceding Company, may whenever necessary negotiate any such assets without consent or signature from the Reinsurer or any other entity.

Section 15.5 Ceding Company's Withdrawals

. The Ceding Company (or any successor by operation of law of the Ceding Company, including, but not limited to, any liquidator, rehabilitator, receiver or conservator of the Ceding Company) may only withdraw Trust Assets for one or more of the following purposes, without diminution because of insolvency on the part of the Ceding Company or the Reinsurer:

- (a) to pay, or reimburse the Ceding Company for payment of, the Reinsurer's Quota Share of premiums to be returned, but not yet recovered from the Reinsurer, to Policyholders because of cancellations of Reinsured Policies;
- (b) to pay, or reimburse the Ceding Company for payment of, the Reinsurer's Quota Share of Covered Liabilities payable pursuant to the provisions of the Reinsured Policies, but not yet recovered from the Reinsurer;
- (c) to pay to the Ceding Company any Commutation Payment due the Ceding Company but not yet paid by the Reinsurer;
- (d) in the event that the Ceding Company has received notification from the Reinsurer or Trustee of termination of the Reinsurance Trust Account and where the Reinsurer's Quota Share of obligations under this Agreement remain unliquidated and undischarged ten (10) days prior to the scheduled termination date, the Ceding Company may withdraw all the assets in the Reinsurance Trust Account and deposit such amounts, in the name of the Ceding Company, in any United States bank or trust account, apart from its general assets, in trust for such uses and purposes specified in (a) and (b) above as may remain executory after such withdrawal and for any period after such termination date;
- (e) to pay to the Reinsurer or its designated payee amounts held in the Reinsurance Trust Account in excess of the amount necessary to secure the credit or reduction from liability for reinsurance taken by the Ceding Company; or
- (f) to pay any other amounts due to the Ceding Company from the Reinsurer, but not yet recovered from the Reinsurer, pursuant to this Agreement or the Reinsurance Trust Agreement.

Any assets deposited into an account of the Ceding Company pursuant to clause (d) of this Section 15.5 or withdrawn by the Ceding Company pursuant to clause (e) of this Section 15.5 and any interest or other earnings thereon shall be held by the Ceding Company in trust and

separate and apart from any assets of the Ceding Company, for the sole purpose of funding the payments and reimbursements described in clauses (a) through (f), inclusive, of this Section 15.5.

Section 15.6 Return of Excess Withdrawals

. The Ceding Company shall return to the Reinsurer, within five (5) Business Days, assets withdrawn in excess of all amounts due under Sections 15.5(a), (b), (e) and (f), or, in the case of Section 15.5(d) above, assets that are subsequently determined not to be due (the Market Value of any such withdrawn assets at the time of withdrawal, the “**Excess Withdrawal Amount**”). Any assets subsequently returned in the case of Section 15.5(d) shall include interest at the Prime Rate applied on a daily basis for the amounts returned. Any such Excess Withdrawal Amount from the Reinsurance Trust Account and any interest accrued thereon in accordance with the preceding sentence shall be deemed to be an amount due to the Reinsurer and subject to Section 8.4.

Section 15.7 Costs of Trust

. The cost of maintaining the Reinsurance Trust Account shall be borne by the Reinsurer.

ARTICLE XVI

THIRD PARTY BENEFICIARY

Section 16.1 Third Party Beneficiary

. Nothing in this Agreement or the Reinsurance Trust Agreement is intended to give any person, other than the parties to such agreements, their successors and permitted assigns, any legal or equitable right remedy or claim under or in respect of this Agreement or the Reinsurance Trust Agreement or any provision contained therein.

ARTICLE XVII

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 17.1 Representations and Warranties of the Ceding Company

(a) Organization, Standing and Authority of the Ceding Company. The Ceding Company is a life insurance company duly organized, validly existing and in good standing under the Applicable Laws of the state of domicile of the Ceding Company, and has all requisite corporate power and authority to carry on the operations of its business as they are now being conducted. The Ceding Company has obtained all authorizations and approvals required under Applicable Law to enter into and perform the obligations contemplated of the Ceding Company under this Agreement.

(b) Authorization. The Ceding Company has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by the Ceding Company of this Agreement, and the performance by the Ceding Company of its obligations under this Agreement, have been duly authorized by all necessary corporate action and do not require any further authorization, action or consent of the Ceding Company. This Agreement, when duly executed and delivered by the Ceding Company, subject to the due execution and delivery by the Reinsurer, will be a valid and binding obligation of the Ceding Company, enforceable against the Ceding Company in accordance with its terms,

in each case subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting enforcement of creditors' rights and to general equity principles.

(c) No Conflict or Violation. Except as set forth in Schedule B, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby in accordance with the respective terms and conditions hereof will not (i) violate any provision of the Articles of Incorporation or Bylaws of the Ceding Company, (ii) violate, conflict with or result in the breach of any of the terms of, result in any modification of, give any counterparty the right to terminate, or constitute a default under, any contract or other agreement to which the Ceding Company is a party, or (iii) violate any order, judgment, injunction, award or decree of any court, arbitrator or Governmental Authority against, or binding upon, or any agreement with, or condition imposed by, any Governmental Authority, foreign or domestic, binding upon the Ceding Company.

(d) Absence of Litigation. There is no action, suit, proceeding or investigation pending or threatened that questions the legality of the transactions contemplated by this Agreement or that would prevent consummation of the transactions contemplated by this Agreement or the performance by the Ceding Company of its obligations hereunder.

Section 17.2 Covenants of the Ceding Company

(a) Administration and Claims Practices.

(i) In the administration and claims practices relating to the Reinsured Policies (the "**Administrative Practices**"), the Ceding Company shall (A) use the skill and diligence commonly expected from qualified personnel performing such duties for U.S. life insurance companies; (B) act in accordance with the Ceding Company's internal company guidelines as in effect on the Second Restatement Date; (C) be in conformance with Applicable Law in all material respects; and (D) act in a manner consistent with its existing administrative and claims practices in effect on the Second Restatement Date and in any case with no less skill, diligence and expertise as the Ceding Company applies to servicing its other business, including those claims practices in existence for Third Party Reinsurance (each, an "**Existing Practice**"); notwithstanding the foregoing, the Ceding Company shall not be in breach of this Section 17.2(a)(i) unless either (Y) the Reinsurer shall have notified the Ceding Company in writing of the Ceding Company's failure to perform its obligations under this Section 17.2(a)(i) (which written notice shall describe such failure with reasonable particularity) or (Z) an officer of the Ceding Company with direct responsibility for its administrative services, or any senior officer of the Ceding Company, has actual knowledge that the Ceding Company has failed to perform its obligations under this Section 17.2(a)(i), and in either case the Ceding Company shall have failed to cure such breach within thirty (30) days following receipt of such notice or such actual knowledge.

(ii) An Existing Practice may be reasonably modified from time to time, except that, to the extent the Ceding Company modifies an Existing Practice from time to time following the Second Restatement Date (an Existing Practice, as modified from time to time, a “**Then Current Practice**”), the Ceding Company shall act in accordance and consistent with the Then Current Practice; provided, that, if a Then Current Practice would materially adversely affect the rights, remedies and position of the Reinsurer, the Ceding Company shall obtain the consent of the Reinsurer (which consent shall not be unreasonably withheld, conditioned or delayed) prior to applying the Then Current Practice to the Reinsured Policies.

(b) Reinsured Policies. In all instances as they relate to the Reinsured Policies:

(i) The Ceding Company shall not, and shall cause its Affiliates not to (A) change agent commission and compensation schedules, (B) adopt or implement any program that is expected to result in a material increase in lapses, exchanges, replacements or Conversions under the Reinsured Policies or (C) change coverage options or premiums (except as contemplated by Section 17.2(f) hereof), including coverage options for End of Term Conversions, in each case under (A), (B) and (C) without notifying the Reinsurer in advance of any such action and obtaining the Reinsurer’s prior written consent (which shall not be unreasonably withheld, conditioned or delayed).

(ii) The Ceding Company and the Reinsurer shall reasonably cooperate on any proposals for pricing or coverage changes proposed by either Party, including making any rate and form filings or other regulatory filings that impact pricing or premiums under the Reinsured Policies; provided, however, the Ceding Company shall have final approval authority in its discretion over any proposal brought by the Reinsurer pursuant to this Section 17.2(b)(ii).

(iii) The Parties agree and acknowledge that the Ceding Company’s relationship with the Reinsurer shall in all respects be governed by a duty of utmost good faith. At all times during the term of this Agreement, the Ceding Company shall (i) administer, manage and oversee the Reinsured Policies and the Covered Liabilities, and (ii) perform all its obligations to the Reinsurer under this Agreement, in a manner consistent with its utmost good faith obligations.

(c) Third Party Reinsurance.

(i) The Ceding Company shall not, without the Reinsurer’s prior approval (which approval shall not be unreasonably or arbitrarily withheld, conditioned or delayed), (A) terminate or materially modify any existing Third Party Reinsurance or (B) purchase new third party reinsurance for the Reinsured Policies.

(ii) The Ceding Company shall use commercially reasonable efforts to maintain its existing Third Party Reinsurance from and after the Original Effective Date, consistent with the existing practice of the Ceding Company in effect on the Original Effective Date.

(d) Reporting. To the extent not prohibited by Applicable Law, the Ceding Company will provide all reports it is required to deliver under this Agreement (including, without limitation, each Monthly Report and Quarterly Report) not later than the last date on which such report is required to be so delivered, except that the Ceding Company shall not be in breach of this Section 17.2(d) unless either (i) the Reinsurer shall have notified the Ceding Company in writing of its failure to timely deliver such report or (ii) an officer of the Ceding Company with direct responsibility for the preparation and delivery of such report has actual knowledge that the report was not delivered when due, and in either case the Ceding Company shall have failed to deliver such information within thirty (30) days following receipt of such notice or actual knowledge.

(e) Books and Records. The Ceding Company shall maintain and implement reasonable administrative and operating procedures with respect to records relating to the Reinsured Policies and shall keep and maintain all material documents, books, records and other information reasonably necessary for the maintenance of the Reinsured Policies, which documents, books, records and other information will be accurately maintained in all material respects throughout the term of this Agreement.

(f) Reinsurance Credit Notice. Without limitation of the Ceding Company's rights under Article XI, and so long as no event described in Section 11.1 giving rise to a right of recapture hereunder by the Ceding Company has occurred and is continuing, following the delivery of a Reinsurance Credit Notice, the Ceding Company will, promptly upon any written request delivered by the Reinsurer within five (5) Business Days of delivery of such Reinsurance Credit Notice, discuss in good faith with the Reinsurer and consider whether to (i) make such modifications as may be needed to this Agreement and the Reinsurance Trust Agreement or (ii) enter into new agreements, in each case, as may be necessary to cure any denial of Statutory Financial Statement Credit by any insurance regulatory Governmental Authority. For the avoidance of doubt, the foregoing shall not require the Ceding Company to take actions that would be adverse to the Ceding Company in its sole discretion.

(g) Winding Up of Pecan Re. Upon the reasonable request of the Reinsurer, the Ceding Company shall provide commercially reasonable cooperation to the Reinsurer, at the expense of the Reinsurer, with respect to the Reinsurer's compliance with Section 17.4(a).

Section 17.3 Representations and Warranties of the Reinsurer

(a) Organization, Standing and Authority of the Reinsurer. The Reinsurer is a life insurance company duly organized, validly existing and in good standing under the Applicable Laws of the State of Missouri and has all requisite corporate power and authority to carry on the operations of its business as they are proposed to be conducted. The Reinsurer has obtained all authorizations and approvals required under Applicable Law to enter

into and perform the obligations contemplated of the Reinsurer under this Agreement and the Reinsurer shall maintain throughout the term of this Agreement all licenses, permits or other permissions of any Governmental Authority that shall be required in order to perform the obligations of the Reinsurer hereunder.

(b) Authorization. The Reinsurer has all requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery by the Reinsurer of this Agreement, and the performance by the Reinsurer of its obligations under this Agreement, have been duly authorized by all necessary corporate action and do not require any further authorization, action or consent of the Reinsurer or its stockholder. This Agreement, when duly executed and delivered by the Reinsurer, subject to the due execution and delivery by the Ceding Company, will be a valid and binding obligation of the Reinsurer, enforceable against the Reinsurer in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting enforcement of creditors' rights and to general equity principles.

(c) No Conflict or Violation. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not (a) violate any provision of the Articles of Incorporation, Bylaws or other charter or organizational document of the Reinsurer, or (b) violate any order, judgment, injunction, award or decree of any court, arbitrator or Governmental Authority against, or binding upon, or any agreement with, or condition imposed by, any Governmental Authority, foreign or domestic, binding upon the Reinsurer, except when any such violation would not have a material adverse effect on this Agreement or the consummation of the transactions contemplated hereby.

(d) Absence of Litigation. There is no action, suit, proceeding or investigation pending or threatened that questions the legality of the transactions contemplated by this Agreement or that would prevent consummation of the transactions contemplated by this Agreement or the performance by the Reinsurer of its obligations hereunder.

Section 17.4 Covenants of the Reinsurer.

(a) Winding Up of Pecan Re. Upon execution of this Agreement, the Reinsurer shall use commercially reasonable efforts to dissolve Pecan Re as promptly as practicable and wind up its business and affairs pursuant to written instruments executed by Pecan Re, the Reinsurer or other Persons, as applicable. The Reinsurer shall be responsible for overseeing the winding up and dissolution of Pecan Re and shall use commercially reasonable efforts to promptly proceed to liquidate Pecan Re's assets and settle its accounts, such that there are no outstanding liabilities to creditors remaining. The Reinsurer shall provide the Ceding Company with notice of the liquidation or dissolution of Pecan Re and any accompanying general orders or approvals relating thereto promptly after receiving such notices or accompanying general orders or approvals.

(b) Funding the Reinsurance Trust Account. On the Second Restatement Date, the Reinsurer shall deposit in, and transfer to, the Reinsurance Trust Account Eligible Assets with a Market Value equal to or greater than the Required Balance as of such date.

ARTICLE XVIII

INDEMNIFICATION

Section 18.1 Indemnification

(a) The Ceding Company shall indemnify, defend and hold harmless the Reinsurer and its directors, officers, employees, agents, representatives, successors, permitted assigns and Affiliates from and against any and all losses, liabilities, claims, expenses (including reasonable attorneys' fees and expenses) and damages reasonably and actually incurred by the Reinsurer (collectively, "**Indemnification Claims**") to the extent arising from:

- (i) any breach or falsity of any representation, warranty or covenant of the Ceding Company; or
- (ii) the breach of or failure to perform any of the duties, obligations, covenants or agreements of the Ceding Company contained in this Agreement.

(b) The Reinsurer agrees to indemnify and hold harmless the Ceding Company and its directors, officers, employees, agents, representatives, successors, permitted assigns and Affiliates from and against any and all Indemnification Claims to the extent arising from:

- (i) any breach or falsity of any representation, warranty or covenant of the Reinsurer;
- (ii) the breach of or failure to perform any of the duties, obligations, covenants or agreements of the Reinsurer contained in this Agreement; or
- (iii) (A) any breach or violation by Pecan Re of the Transaction and Cooperation Agreement, dated as of January 25, 2016 among Pecan Re, the Ceding Company and Prime Reinsurance Company occurring on or prior to the date hereof; (B) the novation of this Agreement from Pecan Re to the Reinsurer; and (C) any liquidation, rehabilitation, receivership, bankruptcy, moratorium or similar proceeding with respect to Pecan Re.

ARTICLE XIX

LICENSES; REGULATORY MATTERS

Section 19.1 Licenses

(a) At all times during the term of this Agreement, each of the Reinsurer and the Ceding Company, respectively agrees that it shall hold and maintain all licenses and authorities required under Applicable Laws to perform its respective obligations hereunder unless otherwise mutually agreed by the Parties.

(b) At all times during the term of this Agreement, the Reinsurer shall hold and maintain all licenses and authorizations required under Applicable Law or otherwise take all action that may be necessary so that the Ceding Company shall receive Statutory Financial Statement Credit.

Section 19.2 Regulatory Matters

. If Ceding Company or Reinsurer receives notice of, or otherwise becomes aware of any inquiry, investigation, examination, audit or proceeding outside the ordinary course of business by Governmental Authorities, relating to the Reinsured Policies or the reinsurance provided hereunder, the Ceding Company or Reinsurer, as applicable, shall promptly notify the other Party thereof.

ARTICLE XX

DURATION OF AGREEMENT; TERMINATION

Section 20.1 Duration

. This Agreement shall automatically terminate if, at such time, there are no Covered Liabilities.

Section 20.2 Termination

. This Agreement shall be terminated only by the mutual written consent of the Reinsurer and the Ceding Company, which writing shall state the effective date and relevant terms of termination or by the Reinsurer pursuant to Section 21.8. For the avoidance of doubt, a Change of Control, sale or merger of the Reinsurer will not result in termination of this Agreement.

Section 20.3 Survival

. Notwithstanding the other provisions of this Article XX, the terms and conditions of Articles I, IV, V, VIII, X, XI, XII, XIV, XV, XVI, XX and XXI shall remain in full force and effect after termination of this Agreement.

ARTICLE XXI

MISCELLANEOUS

Section 21.1 Entire Agreement

. This Agreement represents the entire agreement between the Reinsurer and the Ceding Company concerning the business reinsured hereunder. There are no understandings between the Reinsurer and the Ceding Company other than as expressed in this Agreement and the Reinsurance Trust Agreement.

Section 21.2 Amendments

(a) Any provision of this Agreement may be amended if, but only if, such amendment is in writing and is signed by each Party. Any change or modification to this Agreement shall be null and void unless made by an amendment hereto signed by each Party.

(b) No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Attention: Reka Koerner

and

Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022
Attention: Alexander R. Cochran

Either Party may change the names or addresses where notice is to be given by providing notice to the other Party of such change in accordance with this Section 21.5.

Section 21.6 Consent to Jurisdiction

. Subject to the terms and conditions of [Article XIV](#), the Reinsurer agrees that in the event of the failure of either Party to perform its obligations under the terms of this Agreement, the Party so failing to perform, at the request of the other Party, shall submit to the jurisdiction of any court of competent jurisdiction in any state of the United States shall comply with all requirements necessary to give such court jurisdiction, and shall abide by the final decision of such court or of any appellate court in the event of an appeal.

Section 21.7 Service of Process

. The Reinsurer hereby designates the Tennessee Department of Commerce & Insurance, 500 James Robertson Parkway, Nashville, Tennessee 37243 as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Ceding Company. The Ceding Company hereby designates C T Corporation, 300 Montvue Road, Knoxville, Tennessee 37919, and the insurance commissioner in the Reinsurer's state of domicile, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Reinsurer.

Section 21.8 Failure to Pay

. If the Ceding Company fails to pay any Net Premiums that are due within 20 Business Days of the Ceding Company receiving written notice from the Reinsurer that Net Premiums are past due, the Reinsurer will have the right to terminate this Agreement and the reinsurance provided hereunder upon at least five (5) Business Days written notice to the Ceding Company specifying the termination effective date; provided, however, that upon any such termination effective date unless on or prior to such termination effective date the Reinsurer pays such Net Premiums and any interest thereon in full, (i) in accordance with Section 11.5, the Reinsurer shall pay the Ceding Company a Commutation Payment, unless the amount thereof is negative, in which case the Ceding Company shall pay the absolute value thereof to the Reinsurer and (ii) the Ceding Company shall pay a Recapture Fee to the Reinsurer. The Ceding Company will not cease paying any Net Premiums that are due or any other amounts in an effort to force or encourage the Reinsurer to exercise its termination rights under this Section 21.8.

Section 21.9 Assignment and Retrocession

. This Agreement will inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties. Neither Party may assign any of its duties or obligations hereunder without the prior written consent of the other Party. Notwithstanding any other provision in this Agreement to the

contrary, the Reinsurer shall have the right to retrocede all or a portion of the Reinsured Policies under this Agreement.

Section 21.10 Captions

. The captions contained in this Agreement are for reference only and are not part of the Agreement.

Section 21.11 Treatment of Confidential Information

. The Parties agree that, other than as contemplated by this Agreement and to the extent permitted or required to implement the transactions contemplated hereby, the Parties will keep confidential and will not use or disclose the other Party's Confidential Information or the terms and conditions of this Agreement, including, without limitation, the exhibits and schedules hereto, except as otherwise required by Applicable Law or any order or ruling of any state insurance regulatory authority, the Securities and Exchange Commission or any other Governmental Authority; provided, however, that the Reinsurer may disclose Confidential Information to its Representatives in connection with the exercise of its rights under Article XII; provided, further, that either Party may disclose, with the other Party's written consent, Confidential Information to any person other than its Representatives who agrees to (i) hold such Confidential Information in strict confidence as if such person were a party to this Agreement and (ii) use such Confidential Information solely for the limited purpose of evaluating a potential purchase, merger or Change of Control of such Party. Without limiting the generality of the foregoing, neither the Reinsurer nor any Affiliates of the Reinsurer shall utilize any Confidential Information regarding Policyholders for the purpose of soliciting Policyholders for the sale of any insurance policies or other products or services. The Parties agree that any violation or threatened violation of this Section 21.11 may cause irreparable injury to a Party and that, in addition to any other remedies that may be available, each Party shall be entitled to seek injunctive relief against the threatened breach of the provisions of this Section 21.11, or a continuation of any such breach by the other Party or any person provided with Confidential Information, specific performance and other such relief to redress such breach together with damages and reasonable counsel fees and expenses to enforce its rights hereunder. For purposes of this Agreement, "**Confidential Information**" means all documents and information concerning one Party, any of its Affiliates, the Covered Liabilities or the Reinsured Policies, including any information relating to any person insured directly or indirectly under the Reinsured Policies, furnished to the other Party or such other Party's Affiliates or representatives in connection with this Agreement or the transactions contemplated hereby, except that Confidential Information shall not include information which: (a) at the time of disclosure or thereafter is generally available to and known by the public other than by way of a wrongful disclosure by a Party or by any representative of a Party; (b) was available on a nonconfidential basis from a source other than the Parties or their representatives, provided that such source is not and was not bound by a confidentiality agreement with a Party; or (c) was independently developed without violating any obligations under this Agreement and without the use of any Confidential Information. For the purposes of this Agreement, "**Change of Control**" means the acquisition of ten percent (10%) or more of the voting securities of a Party or any parent of such Party, or any other acquisition that is deemed to be a Change of Control by applicable insurance regulatory authorities of the state of domicile of such Party.

Section 21.12 No Waiver; Preservation of Remedies

. No consent or waiver, express or implied, by any Party to or of any breach or default by any other Party in the performance by such other Party of its obligations hereunder shall be deemed or construed to be

a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such other Party hereunder. Failure on the part of any Party to complain of any act or failure to act of any other Party or to declare any other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first Party of any of its rights hereunder.

Section 21.13 Calendar Days

. To the extent that any calendar day on which a deliverable pursuant to this Agreement is due is not a Business Day, such deliverable will be due the next Business Day.

Section 21.14 Counterparts

. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument, and either of the Parties may execute this Agreement by signing such counterpart. This Agreement may be executed by the insertion of images of manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, "pdf", "tif" or "jpg") and other electronic signatures (including, without limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system. This Agreement shall become effective when each Party shall have received a counterpart hereof signed by the other Party.

Section 21.15 Incontestability

. In consideration of the mutual covenants and agreements contained herein, each Party does hereby agree that this Agreement, and each and every provision hereof, is and shall be enforceable by and between them according to its terms, and each Party does hereby agree that it shall not contest the validity or enforceability hereof.

Section 21.16 Interpretation

(a) When a reference is made in this Agreement to a Section, such reference shall be to a Section to this Agreement unless otherwise indicated. The Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes. References to a person are also to its permitted successors and assigns.

(b) The Parties have participated jointly in the negotiation and drafting of this Agreement; consequently, in the event an ambiguity or question of intent or interpretation

arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement.

Section 21.17 Reasonableness

. Each of the Parties will act reasonably and in good faith on all matters within the terms of this Agreement.

Section 21.18 Ratification and Enforceability. Each of the Parties hereby agrees that the Second Novation Agreement is in all respects ratified and confirmed, and is legal, valid, binding and enforceable in accordance with its terms, and each Party hereby agrees that it shall not contest the validity or enforceability of any terms, provisions and conditions thereof. Irrespective of the assignment, transfer and novation contemplated under the Second Novation Agreement, each of the Parties hereby agrees that the obligations of the Parties under this Agreement are legal, valid, binding and enforceable in accordance with the terms hereof, as evidenced by such Party's execution and delivery hereof.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

PRIMERICA LIFE INSURANCE COMPANY

By: /s/ Emily Roman

Name: Emily Roman

Title: Executive Vice President

SWISS RE LIFE & HEALTH AMERICA INC.

By: /s/ Craig E. Hanford

Name: Craig E. Hanford

Title: Vice President

By: /s/ Abigail Cole

Name: Abigail M. Cole

Title: Vice President

[Signature Page to Second A&R Coinsurance Agreement]

Schedule A

Identification of Reserves

Schedule B

No Conflict or Violation Exceptions

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Exhibit I

Identification of Reinsured Policies

Exhibit II

Third Party Reinsurance

Exhibit III
Form of Monthly Report

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Exhibit IV

Form of Monthly Account Balance Report

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Exhibit V
Milliman Report

1007603798v5

Exhibit VI

Annual FastTrack License Fee Methodology

1007603798v5

VI-1

REINSURANCE TRUST AGREEMENT

Dated as of June 23, 2022

among

SWISS RE LIFE & HEALTH AMERICA INC.,

as Grantor

PRIMERICA LIFE INSURANCE COMPANY,

as Beneficiary

and

THE BANK OF NEW YORK MELLON,

as Trustee

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EXHIBIT A: Reinsurance Agreement

EXHIBIT B: Form of Withdrawal Notice

EXHIBIT C: Notice of Reinsurance Credit Event

EXHIBIT D: Notice of Cure of Reinsurance Credit Event

EXHIBIT E: Amended and Restated Trust Provisions

SCHEDULE I-A: Investment Guidelines

SCHEDULE I-B: Collateral Schedule

REINSURANCE TRUST AGREEMENT

This REINSURANCE TRUST AGREEMENT, dated as of June 23, 2022 (the “Agreement”), by and among Swiss Re Life & Health America Inc., a life insurance company domiciled under the laws of Missouri (the “Grantor”), which term shall include any successor and assigns of the Grantor by operation of law, including without limitation any liquidator, rehabilitator, receiver or conservator, Primerica Life Insurance Company, a stock life insurance company domiciled in the State of Tennessee (the “Beneficiary”), which term shall include any successor and assigns of the Beneficiary by operation of law, including without limitation any liquidator, rehabilitator, receiver or conservator, and The Bank of New York Mellon, a New York banking corporation with trust authority organized and existing under the laws of the State of New York (the “Trustee”) (the Grantor, the Beneficiary and the Trustee are hereinafter each sometimes referred to individually as a “Party” and collectively as the “Parties”). If a court of law appoints a successor in interest to the Beneficiary, then the Beneficiary includes, and is limited to, the court appointed domiciliary receiver, conservator, rehabilitator or liquidator.

WITNESSETH:

WHEREAS, the Grantor and the Beneficiary have entered into the reinsurance agreement listed in Exhibit A hereto (the “Reinsurance Agreement”);

WHEREAS, the Beneficiary desires the Grantor to secure payments of amounts at any time and from time to time owing by the Grantor to the Beneficiary under the Reinsurance Agreement;

WHEREAS, the Grantor desires to transfer to the Trustee for deposit to the trust account established hereby (the “Trust Account”) such assets as it may desire to make subject to this Agreement in order to secure payments under the Reinsurance Agreement;

WHEREAS, the Trustee has agreed to act as Trustee hereunder, and to hold such assets in trust in the Trust Account for the sole benefit of the Beneficiary; and

WHEREAS, this Agreement is made for the sole benefit of the Beneficiary and for the purpose of setting forth the duties and powers of the Trustee with respect to the Trust Account;

NOW, THEREFORE, for and in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereby agree as follows:

I. Deposit of Assets to the Trust Account.

- (a) The Trustee shall establish the Trust Account and shall administer the Trust Account in its name as Trustee for the sole benefit of the Beneficiary in accordance with the terms of this Agreement. Assets in the Trust Account shall be subject to withdrawal by the Beneficiary

solely as provided herein. Margin Excess shall be subject to withdrawal by the Grantor solely as provided herein. All assets in the Trust Account at all times shall be maintained in the Trust Account, separate and distinct from all other assets of the Trustee.

- (b) The Grantor shall transfer or cause to be transferred to the Trustee, for deposit to the Trust Account, assets of the type indicated on Schedule I-A hereto (all such assets, together with the proceeds thereof and cash, all investments of such assets and proceeds in other assets, and all substitutions of such assets and proceeds for other assets, are herein referred to individually as an "Asset" and collectively as the "Assets"). The Assets shall be valued according to their current Market Value and shall consist only of cash (United States legal tender) and Eligible Securities (as hereinafter defined). The Beneficiary acknowledges that the Grantor shall prepare a collateral schedule as agreed in writing with the Beneficiary and acceptable to the Trustee (the "Collateral Schedule"), attached hereto as Schedule I-B, consisting of Assets permitted by Schedule I-A, which will be utilized by the Trustee in performing its eligibility and valuation responsibilities hereunder, provided, however, that it is understood and agreed that the Trustee shall not have any responsibility to determine whether the Asset types listed on the Collateral Schedule conform to the Investment Guidelines, which shall be the sole responsibility of the Grantor. No amendment, modification or change shall be made to the Collateral Schedule without the prior written consent of Beneficiary.
- (c) The Grantor hereby represents and warrants that all Assets transferred by the Grantor to the Trustee for deposit to the Trust Account and all Assets invested and substituted at the direction of the Grantor hereunder will comply with the Collateral Schedule and the Investment Guidelines and be in such form that the Beneficiary whenever necessary may, and the Trustee upon direction by the Beneficiary will, negotiate any such Assets without consent or signature from the Grantor or any person in accordance with the terms of this Agreement.
- (d) The Trustee shall receive and hold the Assets in the Trust Account, which shall be maintained in a safe place at the Trustee's offices in the United States of America. The Trustee shall hold, manage and dispose of the Assets as directed pursuant to the terms hereof, and shall maintain the Trust Account in accordance with the terms and conditions of this Agreement.

2. Withdrawal of Assets from the Trust Account.

- (a) Without notice to or the consent of the Grantor, the Beneficiary shall have the right, at any time and from time to time, to withdraw from the Trust Account, upon written notice to the Trustee in substantially the form of Exhibit B hereto (a "Withdrawal Notice"), such Assets as are specified in such Withdrawal Notice. The Withdrawal Notice may designate a third party (the "Designee") to whom Assets specified therein shall be delivered. The Beneficiary need present no statement or document in addition to a Withdrawal Notice in order to withdraw any Assets.

- (b) Upon receipt of a Withdrawal Notice, the Trustee shall immediately (i) take any and all steps necessary to transfer absolutely and unequivocally all right, title and interest in the Assets specified in such Withdrawal Notice, and shall deliver physical custody of such Assets, as applicable, to or for the account of the Beneficiary or such Designee as specified in such Withdrawal Notice and (ii) simultaneously reduce the Required Asset Amount by the amount stipulated in the Withdrawal Notice.
- (c) Subject to paragraph (a) of this Section 2 and to Section 4 of this Agreement, in the absence of a Withdrawal Notice the Trustee shall allow no substitution or withdrawal of any Asset from the Trust Account, provided, however, that (i) the Trustee may surrender for payment all maturing Assets and Assets called for redemption and deposit the principal amount of the proceeds of any such payment or other amounts received from the issuer to the Trust Account.
- (d) Each of the Grantor and Beneficiary shall, on the date of this Agreement, deliver to the Trustee a certificate as to the incumbency and specimen signature of at least two (2) officers or other representatives of such Party authorized to act for and give and receive notices, requests and instructions on behalf of such party in connection with this Agreement (each such officer or other representative, an "Authorized Person"). From time to time, the Grantor and Beneficiary may, by delivering to the Trustee a revised certificate, change the information previously given, but the Trustee shall be entitled to rely conclusively on the then-current exhibit until receipt of a superseding exhibit.
- (e) For purposes of convenience of reference, the Trust Account established and maintained hereunder by the Trustee on its books and records is identified on Schedule II hereto.

3. Application of Assets.

- (a) The Beneficiary hereby covenants to the Grantor that it shall use and apply any withdrawn Assets, without diminution because of the insolvency of the Beneficiary or the Grantor, for the following purposes only:
 - (i) to pay, or reimburse the Beneficiary for payment of, the Reinsurer's Quota Share of premiums to be returned, but not yet recovered from the Grantor, to Policyholders because of cancellations of Reinsured Policies;
 - (ii) to pay, or reimburse the Beneficiary for payment of, the Reinsurer's Quota Share of Covered Liabilities (which, for the avoidance of doubt, includes surrenders and benefits or losses paid by the Reinsurer) payable pursuant to the provisions of the Reinsured Policies, but not yet recovered from the Grantor;
 - (iii) to pay to the Beneficiary any Commutation Payment due the Beneficiary but not yet paid by the Grantor;
 - (iv) in the event that the Beneficiary has received a Termination Notice (as hereinafter defined) pursuant to Section 10 of this Agreement and where the Reinsurer's Quota

Share of obligations under the Reinsurance Agreement remain unliquidated and undischarged ten (10) days prior to the Termination Date (as hereinafter defined), the Beneficiary may withdraw all the assets in the Trust Account and deposit such amounts, in the name of the Beneficiary, in any qualified United States financial institution, apart from its general assets, in trust for such uses and purposes specified in (i) and (ii) above as may remain executory after such withdrawal and for any period after such termination date;

- (v) pay to the Grantor or its designated payee amounts held in the Trust Account in excess of the Required Asset Amount; or
- (vi) to pay any other amounts due to the Beneficiary from the Grantor, but not yet recovered from the Grantor, pursuant to the Reinsurance Agreement or this Agreement.

Any assets deposited into an account of the Beneficiary pursuant to subclause (iv) of this Section 3(a) or withdrawn by the Beneficiary pursuant to subclause (v) of this Section 3(a) and any interest or other earnings thereon shall be held by the Beneficiary in trust and separate and apart from any assets of the Beneficiary, for the sole purpose of funding the payments and reimbursements described in subclauses (i) through (vi), inclusive, of this Section 3(a).

The Trustee shall have no responsibility whatsoever to determine that any Assets withdrawn from the Trust Account pursuant to Section 2 of this Agreement will be used and applied in the manner contemplated by paragraph (a) of this Section 3.

To the extent permitted by applicable law and available for withdrawal, all withdrawals by the Beneficiary from the Trust Account shall be effected in cash. For the avoidance of doubt, to the extent that cash is not available to satisfy the Beneficiary's withdrawal request, the Beneficiary will have the right to instruct the Trustee to deliver other Assets held in the Trust Account to the Beneficiary in satisfaction of such withdrawal.

4. Redemption, Investment and Substitution of Assets.

- (a) The Trustee shall surrender for payment all maturing Assets and all Assets called for redemption and deposit the principal amount of the proceeds of any such payment to the Trust Account.
- (b) From time to time, at the written order and direction of the Grantor or its designated investment advisor, the Trustee shall invest Assets in the Trust Account in Eligible Securities and shall facilitate the substitutions of securities described in Section 4(c).
- (c) Substitutions of Securities. The Beneficiary hereby authorizes the Trustee, upon Written Instructions from the Grantor (and without any further action or consent of the Beneficiary), to transfer securities to the Grantor ("Transferred Securities") against transfer to the Trust Account of substitute Eligible Securities ("Substitute Eligible Securities") provided that the Trustee determines that the Market Value of the Substitute Eligible Securities is of

comparable value to the Transferred Securities and that after such transfer the Margin Value of the cash and Eligible Securities in the Trust Account is equal to or greater than the Required Asset Amount.

(i) Valuation of Securities. At the opening of each Business Day, the Trustee shall determine the Margin Value of the cash and Eligible Securities in the Trust Account.

(ii) Margin Deficit. In the event the Required Asset Amount is greater than the aggregate Margin Value of the cash and Eligible Securities in the Trust Account, the Trustee shall so notify the Grantor on the same Business Day. On the date of any such notice, the Grantor shall promptly transfer to the Trust Account additional cash and/or Eligible Securities ("Additional Eligible Securities") such that, after transfer to the Trust Account, the aggregate Margin Value of all cash and Eligible Securities (including Additional Eligible Securities) in the Trust Account equals or exceeds the Required Asset Amount. If the Grantor fails to transfer an appropriate amount of Additional Eligible Securities on the date of any such notice, the Trustee shall notify the Beneficiary and Grantor and await further instructions from the Beneficiary.

(iii) Margin Excess. In the event the then aggregate Margin Value of the cash and Eligible Securities in the Trust Account shall exceed the Required Asset Amount (such excess amount, the "Margin Excess"), the Trustee shall transfer securities and/or cash from the Trust Account having a Market Value equal to the Margin Excess to the account(s) designated in writing by the Grantor, and the Beneficiary, hereby irrevocably authorizes the Trustee, without any further action or consent of the Beneficiary, to make such transfer, it being understood that, immediately following any such transfer, the aggregate Margin Value of cash and Eligible Securities in the Trust Account shall be no less than 100% of the Required Asset Amount. Margin Excess shall not be deemed or construed as income for the purposes of this Agreement.

(d) All investments and substitutions of securities referred to in sections 4(b) and 4(c) above shall be in compliance with the relevant provisions of the Tennessee Insurance Law, as set forth in the definition of "Eligible Securities" in Section 11 of this Agreement, and with the Collateral Schedule, provided, however, that the Trustee shall only be required to verify compliance with the Collateral Schedule. Any instruction or order concerning such investments or substitutions of securities shall be referred to herein as an "Investment Order". The Trustee shall execute Investment Orders and settle securities transactions by itself or by means of an agent or broker. The Trustee shall not be responsible for any act or omission, or for the solvency, of any such agent or broker. The Grantor and each of its designated investment managers is hereby authorized to issue Investment Orders and direct the Trustee to invest the Assets in the Trust Account, without obtaining the consent of the Beneficiary prior to each investment, provided, however, that the Grantor shall ensure that all such investments are limited to Eligible Securities.

(e) When the Trustee is directed to deliver or receive securities against payment, settlement will be made in accordance with generally accepted market practice.

(f) Any loss incurred from any investment pursuant to the terms of this Section 4 shall be borne exclusively by the Trust Account.

5. Income.

All payments of Income actually received in respect of Assets held in the Trust Account shall be deposited in a separate account established in the Grantor's name (the "Grantor's Account") without any further action or consent of the Beneficiary in accordance with written standing instructions provided by the Grantor to the Trustee. The proceeds of any redemption or the payment of other amounts representing principal received from the issuer shall be deposited to the Trust Account pursuant to Sections 2(c) and 4(a) of this Agreement.

6. Corporate Actions.

(a) Whenever there are voluntary rights that may be exercised or alternate courses of action that may be taken by reason of the Grantor's ownership of Eligible Securities, the Grantor or its designee shall be responsible for making any decisions relating thereto and for directing the Trustee to act pursuant to Corporate Action Instructions (as defined herein). The Trustee shall notify the Grantor or its designee of rights or discretionary actions with respect to Eligible Securities as promptly as practicable under the circumstances, provided that the Trustee has actually received notice of such right or discretionary corporate action from the relevant depository, etc. Absent actual receipt of such notice, the Trustee shall have no liability for failing to so notify the Grantor or its designee. Absent the Trustee's timely receipt of instructions, the Trustee shall not be liable for failure to take any action relating to or to exercise any rights conferred by such Eligible Securities. As used herein, "Corporate Action Instructions" shall mean instructions delivered to Trustee by Electronic Methods (as defined in Section 7(h)(2)) other than e-mail. Corporate Action Instructions sent by facsimile shall be sent to the following number 844-299-3627 (which such number may be changed from time to time as Trustee may designate in writing).

(b) Subject to the actual receipt of notices described in this Section 6, the Trustee shall execute, in its capacity as Trustee, and deliver (or cause to be executed and delivered) to the Grantor all such proxies, powers of attorney, and other instruments as the Grantor may reasonably request in writing for the purpose of enabling the Grantor to exercise the voting and/or consensual rights and powers that the Grantor is entitled to exercise pursuant to this Agreement.

(c) Notwithstanding the requirements of Section 17 hereof, the Trustee is authorized to accept and act upon any investment direction from the Grantor or its designee delivered electronically in accordance with generally accepted and standard practices in the financial services industry, including investment instructions delivered via the SWIFT or DTC ID systems, or through an online system maintained by the Trustee.

7. Additional Rights and Duties of the Trustee.

(a) The Trustee shall notify the Grantor and the Beneficiary in writing within ten (10) days following each deposit to, or withdrawal from, the Trust Account.

- (b) Before accepting any Asset for deposit to the Trust Account, the Trustee shall determine that such Asset is in such form that the Beneficiary whenever necessary may, or the Trustee upon direction by the Beneficiary will, negotiate such Asset without consent or signature from the Grantor or any person or entity other than the Trustee in accordance with the terms of this Agreement.
- (c) When required hereunder to confirm that any Assets constitute Eligible Securities, the Trustee shall conclusively rely upon Schedule I-B hereto, as such Schedule I-B may be amended from time to time upon the agreement of the Grantor and the Beneficiary and consented to by the Trustee. The Trustee shall have no obligation whatsoever to confirm that Schedule I-B is at any time in compliance with the applicable requirements of the Tennessee Insurance Law.
- (d) The Trustee may deposit any Assets in the Trust Account in a book-entry account maintained at the Federal Reserve Bank of New York or in depositories such as The Depository Trust Company. The Trustee shall have no liability whatsoever for the action or inaction of any depository or for any losses resulting from the maintenance of Assets with a depository. Assets may be held in the name of a nominee maintained by the Trustee or by any such depository.
- (e) The Trustee shall accept and open all mail directed to the Grantor or the Beneficiary in care of the Trustee.
- (f) The Trustee shall furnish to the Grantor and the Beneficiary a statement of all Assets in the Trust Account upon its inception and at the end of each calendar month. The statement under this Section 7(f) and the notices under Section 7(a) hereof shall be deemed given by the Trustee to the Grantor and the Beneficiary to the extent that the Grantor and the Beneficiary, as the case may be, had previously requested and had been given access to the Trustee's automated data system affording on-line access to trust accounts information and such information is posted by the Trustee on such system within the relevant period.
- (g) Upon the request of the Grantor or the Beneficiary, the Trustee shall promptly permit the Grantor or the Beneficiary, their respective agents, employees or independent auditors to examine, audit, excerpt, transcribe and copy, during the Trustee's normal business hours, any books, documents, papers and records relating to the Trust Account or the Assets.
- (h) (1) Unless otherwise provided in this Agreement, the Trustee is authorized to follow and rely upon all instructions given by Authorized Persons of the Grantor, any relevant investment manager of the Grantor, and the Beneficiary; respectively, and by attorneys-in-fact acting under written authority furnished to the Trustee by the Grantor or the Beneficiary, including, without limitation, instructions given by letter, facsimile transmission, telegram, teletype, cablegram or electronic media, if the Trustee believes such instructions to be genuine and to have been signed, sent or presented by the proper party or parties. The Trustee shall not incur any liability to anyone resulting from actions taken by the Trustee in reliance in good faith on such instructions in the absence of negligence, willful misconduct or lack of good

faith. The Trustee shall not incur any liability in executing instructions otherwise in accordance with this Agreement (i) from any attorney-in-fact prior to receipt by it of notice of the revocation of the written authority of the attorney-in-fact or (ii) from any officer of the Grantor or the Beneficiary named in an incumbency certificate delivered hereunder prior to receipt by it of a more current certificate. Each of the Grantor and the Beneficiary acknowledges and agrees that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee, and that there may be more secure methods of transmitting instructions than the method selected by the sender. Each of the Grantor and the Beneficiary agrees: i) that the security procedures, if any, to be followed in connection with a transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances, and ii) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(2) Each of the Grantor and the Beneficiary hereby authorize the Trustee to rely upon and comply with instructions and directions, including funds transfer instructions and Corporate Action Instructions, sent by e-mail, facsimile and other similar secure electronic transmissions containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee (“Secure Platform”), or another method or system specified by the Trustee as available for use in connection with its services hereunder (“Electronic Methods”) by persons believed by the Trustee to be authorized to give instructions and directions on behalf of the Grantor and/or the Beneficiary. Except as set forth below with respect to funds transfers, the Trustee shall have no duty or obligation to verify or confirm that the person who sent such instructions or directions is, in fact, a person authorized to give instructions or directions on behalf of the Grantor and/or the Beneficiary (other than to verify that the signature on a facsimile is the signature of a person authorized to give instructions and directions on behalf of such party); and the Trustee shall have no liability for any losses, liabilities, costs or expenses incurred or sustained by the Grantor and/or the Beneficiary as a result of such reliance upon or compliance with such instructions or directions. Each of the Grantor and the Beneficiary agrees to assume all risks arising out of the use of Electronic Methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(3) Funds Transfers. With respect to any “funds transfer,” as defined in Article 4-A of the Uniform Commercial Code, the following security procedure will apply unless a Secure Platform is utilized to send instructions or an alternative authentication method employing security procedures (which the Grantor and the Beneficiary have determined to be at least as secure as the following procedures and which is acceptable to the Trustee) is utilized: payment instruction of the Grantor or the Beneficiary, as the case may be, is to include the name and (in the case of a facsimile) signature of the person initiating the funds transfer request. If the name is listed as an Authorized Person on the relevant account, the Trustee will confirm the instructions by telephone call to any person listed as an Authorized Person on the account, who may be the same person who initiated the instruction. When calling back, the Trustee will request from the staff member of the Grantor or the Beneficiary, as the case may be, his or her name. If the name is listed in the Trustee’s records as an Authorized

Person, the Trustee will confirm the instructions with respect to amount, names and numbers of accounts to be charged or credited and other relevant reference information. Where the Agreement contemplates joint payment instructions from the Grantor and Beneficiary, the Trustee shall call back both the Grantor and Beneficiary. Each of the Grantor and Beneficiary acknowledges that Trustee has offered such Grantor and Beneficiary other security procedures that are more secure and are commercially reasonable for such Grantor and Beneficiary, and that such Grantor and Beneficiary has nonetheless chosen the procedure described in this paragraph. Each of the Grantor and the Beneficiary agrees to be bound by any payment order issued in its name, whether or not authorized, that is accepted by the Trustee in accordance with the above procedures. When instructed to credit or pay a party by both name and a unique numeric or alpha-numeric identifier (e.g. ABA number or account number), the Trustee, and any other bank participating in the funds transfer, may rely solely on the unique identifier, even if it identifies a party different than the party named. This applies to beneficiaries as well as any intermediary bank. Each of the Grantor and Beneficiary agrees to be bound by the rules of any funds transfer network used in connection with any payment order accepted by the Trustee hereunder. The Trustee shall not be obliged to make any payment or otherwise to act on any instruction notified to it under this Agreement if it is unable to validate the authenticity of the request by telephoning an Authorized Person who has not executed the relevant request or instruction of the relevant Grantor and Beneficiary. Payment or otherwise to act on any instruction by Authorized Person of the relevant Grantor and Beneficiary will be made by the Trustee within three (3) Business Days after Trustee's verification of instructions as set forth above.

- (i) Notwithstanding any revocation, cancellation or amendment of this authorization, any action taken by the Trustee pursuant to this authorization prior to the Trustee's actual receipt and acknowledgement of a notice of revocation, cancellation or amendment shall not be affected by such notice.
- (j) If the Grantor or Beneficiary elect to transmit instructions, including Corporate Action Instructions ("Instructions"), through an on-line communication system electronic platform offered by the Trustee or an Affiliate of the Trustee, such access to and use thereof shall be subject to any the terms and conditions contained in a separate written agreement. The Grantor and Beneficiary shall each be responsible for requesting access to any such electronic platform and completing the documentation required for such access and nothing herein shall obligate the Trustee to ensure any such access. Should the Grantor or Beneficiary fail to, or elect not to, avail itself of such access, neither the Trustee nor any Affiliate of the Trustee accepts any responsibility whatsoever for any Losses arising as a result of the lack of such access in connection with its services under this Agreement. Notwithstanding any other provision of this Agreement, whenever the Trustee is required to deliver any notice or information to the Grantor or Beneficiary, as applicable, under the terms of this Agreement, it may do so by making the relevant notice or information available to such party via an electronic platform operated by the Trustee or an Affiliate of the Trustee. If the Grantor or Beneficiary elect (with the Trustee's prior consent) to transmit Instructions through an on-line communications service owned or operated by a third party, the Grantor and Beneficiary, as applicable, agrees that the Trustee shall not be responsible or liable for the reliability or availability of any such service.

- (k) The duties and obligations of the Trustee shall only be such as are specifically set forth in this Agreement, as it may from time to time be amended, and no implied duties or obligations shall be read into this Agreement against the Trustee. The Trustee shall be liable for its own negligence, willful misconduct or lack of good faith.
- (l) No provision of this Trust Agreement shall require the Trustee to take any action which, in the Trustee's reasonable judgment, would result in any violation of this Trust Agreement or any provision of law. The Trustee shall exercise the same care that is expected of a directed trustee with the responsibility for the safeguarding of Assets in the Trust Account and for compliance with all provisions of this Trust Agreement, whether the Assets are in the Trustee's physical possession or are held through a Depository. The Trustee may obtain the advice of counsel and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice.
- (m) Anything in this Agreement to the contrary notwithstanding, in no event shall the Trustee, be liable under or in connection with this Agreement for indirect, special, incidental, punitive or consequential losses or damages of any kind whatsoever, including but not limited to lost profits, whether or not foreseeable, even if the Trustee, has been advised of the possibility thereof and regardless of the form of action in which such damages are sought.
- (n) The Trustee shall not be responsible for the existence, genuineness or value of any of the Assets or for the validity, perfection, priority or enforceability of the liens in any of the Assets, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes negligence, bad faith or willful misconduct on the part of the Trustee, for the validity of title to the Assets, for insuring the Assets or for the payment of taxes, charges, assessments or liens upon the Assets.
- (o) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement to the extent caused, directly or indirectly, by natural disasters, fire, acts of God, strikes or other labor disputes, work stoppages, acts of war or terrorism, general civil unrest, actual or threatened epidemics, disease, act of any government, governmental authority or police or military authority, declared or threatened state of emergency, legal constraint, the interruption, loss or malfunction of utilities or transportation, communications or computer systems, or any other similar events beyond its reasonable control. The Trustee will use commercially reasonable efforts to minimize the effects of any such events.
- (p) The Trustee shall have no responsibility or liability for, and the Grantor is solely responsible and liable for the payment of and obtaining reclaims, refunds and credits, where applicable, of all taxes assessments, duties, and other governmental charges (including any interest or penalties with respect thereto) with respect to the Assets or the Trust Account. With respect to the payment of taxes, in the event the Trustee is required under applicable law to pay any tax, duty or other governmental charge or any interest or penalty with respect thereto in connection with its services hereunder, the Trustee is hereby authorized to debit the Grantor's

Account in the amount thereof and to pay such amount to the appropriate taxing authority. With respect to tax reclaims, refunds and credits, for each country in which the Trustee holds in the Trust Account Eligible Securities and a tax reclaim, refund or credit may be available, the Trustee will submit such forms as are necessary to the appropriate tax or other governmental authorities and take such action as is reasonable to obtain such benefits and, where such forms must be completed by the Grantor, will provide the Grantor with the appropriate forms and otherwise assist the Grantor to obtain such tax benefits.

- (q) The Trustee shall not be required to risk or expend its own funds in performing its obligations under this Agreement.
- (r) The Trustee is authorized to utilize any generally recognized currency exchange rate quotation service and any generally recognized pricing information service (including brokers and dealers of securities, clearing systems or agents) in order to perform its valuation responsibilities under this Agreement, and each of the Grantor and the Beneficiary agrees that the Trustee shall not be liable for any losses suffered or incurred by either of the Grantor or the Beneficiary as a result of errors or omissions of any exchange rate quotation service, pricing information service, broker or dealer, and shall be entitled to rely upon such exchange rate or pricing information without inquiry, provided that the selection of such exchange rate quotation service, pricing information service, broker or dealer was done in good faith on the part of the Trustee without negligence or willful misconduct. Each of the Grantor and the Beneficiary acknowledges that certain pricing or valuation information may be based upon calculated amounts rather than actual market transactions and may not reflect actual market values, and the variance between such calculated amounts and actual market values may be material.
- (s) The Trustee represents and warrants that it is a Qualified United States Financial Institution.

8. The Trustee's Compensation, Expenses, etc.

- (a) The Grantor shall pay the Trustee, as compensation for its services under this Agreement, a fee computed at rates determined by the Trustee from time to time and mutually agreed to in writing by the Grantor and the Trustee. The Grantor shall pay or reimburse the Trustee for all of the Trustee's expenses and disbursements in connection with its duties under this Agreement (including attorney's fees and expenses), except any such expense or disbursement as may arise from the Trustee's negligence, willful misconduct, or lack of good faith. The Trustee shall be entitled to deduct its compensation and expenses from payments of dividends, interest and other income in respect of the Assets held in the Trust Account and deposited into the Income Account as provided in Section 5 of this Agreement. The Grantor and the Beneficiary jointly and severally hereby indemnify the Trustee for, and hold it harmless against, any loss, liability, costs or expenses (including attorney's fees and expenses) ("Losses") incurred or made without negligence, willful misconduct or lack of good faith on the part of the Trustee, arising out of or in connection with the performance of its obligations in accordance with the provisions of this Agreement or arising out of or in connection with the status of the Trustee and its nominee as the holder of record of the Assets and shall include reimbursement for any cost or expense incurred by the Trustee in

connection with its successful defense, in whole or in part, of any claim by the Grantor or the Beneficiary that it was negligent or engaged in willful misconduct. In the event that the Grantor fails to pay any fees, expenses or any other amount payable by it to the Trustee hereunder as and when required, the Grantor agrees that the Trustee shall have the right, without further notice or demand, to set off against, and to appropriate and apply to such amount owing any indebtedness, liability or obligation of any nature owing to the Grantor by the Trustee in its capacity as a state bank (except for any such indebtedness, liability or obligation owing pursuant to this Agreement) and/or to set off against, and to appropriate and apply to such amount owing all deposits, and/or custodial accounts now or hereafter maintained by the Grantor with the Trustee, without any recourse to the Trust Account or any Assets. The rights of the Trustee provided herein are in addition to all other rights of set-off and all other rights and remedies which the Trustee may otherwise have against the Grantor at law, in equity or otherwise, and nothing in this Agreement shall be deemed a waiver or prohibition of, or restriction upon, the Trustee's rights of set-off against the Grantor. The Grantor hereby acknowledges that the foregoing indemnities and Grantor payment and reimbursement obligations shall survive the resignation or discharge of the Trustee or the termination of this Agreement.

- (b) No Assets shall be withdrawn from the Trust Account or used in any manner for paying commission or compensation to, or reimbursement of expenses of, or indemnification of, the Trustee.

9. Resignation or Removal of the Trustee.

- (a) The Trustee may resign at any time by giving not less than ninety (90) days' written notice thereof to the Beneficiary and to the Grantor. The Trustee may be removed by the Grantor's delivery of not less than ninety (90) days' written notice of removal to the Trustee and the Beneficiary. Such resignation or removal shall become effective on the acceptance of appointment by a successor Trustee and the transfer to such successor Trustee of all Assets in the Trust Account in accordance with paragraph (b) of this Section 9.
- (b) Upon receipt by the proper Parties of the Trustee's notice of resignation or the Grantor's notice of removal, the Grantor and the Beneficiary shall appoint a successor Trustee. Any successor Trustee shall be a bank that is a member of the Federal Reserve System or chartered in the State of New York and shall not be a Parent, a Subsidiary or an Affiliate of the Grantor or the Beneficiary. Upon the acceptance of the appointment as Trustee hereunder by a successor Trustee and the transfer to such successor Trustee of all Assets in the Trust Account, the resignation or removal of the Trustee shall become effective. Thereupon, such successor Trustee shall succeed to and become vested with all the rights, powers, privileges and duties of the resigning or removed Trustee, and the resigning or removed Trustee shall be discharged from any future duties and obligations under this Agreement, but the resigning or removed Trustee shall continue after such resignation or removal to be entitled to the benefits of the indemnities provided herein for the Trustee.

10. Termination of the Trust Account.

- (a) The Trust Account and this Agreement, except for the indemnities provided herein, may be terminated only after (i) the Grantor or the Beneficiary has given the Trustee written notice of its intention to terminate the Trust Account (the “Notice of Intention”), and (ii) the Trustee has given the Grantor and the Beneficiary the written notice specified in paragraph (b) of this Section 10. The Notice of Intention shall specify the date on which the notifying Party intends the Trust Account to terminate (the “Proposed Date”).
- (b) Within three (3) days following receipt by the Trustee of the Notice of Intention, the Trustee shall give written notification (the “Termination Notice”) to the Beneficiary and the Grantor of the date (the “Termination Date”) on which the Trust Account shall terminate. The Termination Date shall be (a) the Proposed Date if the Proposed Date is at least thirty (30) days but no more than forty-five (45) days subsequent to the date the Termination Notice is given; (b) thirty (30) days subsequent to the date the Termination Notice is given, if the Proposed Date is fewer than thirty (30) days subsequent to the date the Termination Notice is given; or (c) forty-five (45) days subsequent to the date the Termination Notice is given, if the Proposed Date is more than forty-five (45) days subsequent to the date the Termination Notice is given.
- (c) On the Termination Date, upon receipt of written approval of the Beneficiary, the Trustee shall transfer to the Grantor any Assets remaining in the Trust Account, at which time all liability of the Trustee with respect to such Assets shall cease.

11. Definitions.

Except as the context shall otherwise require, the following terms shall have the following meanings for all purposes of this Agreement (the definitions to be applicable to both the singular and the plural forms of each term defined if both forms of such term are used in this Agreement):

The term “Additional Eligible Securities” has the meaning set forth in Section 4(c)(ii) of this Agreement.

The term “Affiliate” with respect to any Person shall mean an entity which directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such entity.

The term “Agreement” has the meaning set forth in the Preamble of this Agreement.

The term “Assets” has the meaning set forth in Section 1(b) of this Agreement.

The term “Authorized Person” has the meaning set forth in Section 2(d) of this Agreement.

The term “Beneficiary” has the meaning set forth in the Preamble of this Agreement.

The term “BNY Mellon Group” has the meaning set forth in Section 25 of this Agreement.

The term “Business Day” means any day on which the Trustee is open for business.

The term “Centralized Functions” has the meaning set forth in Section 25 of this Agreement.

The term “Collateral Schedule” has the meaning set forth in Section 1(b) of this Agreement.

The term “Commutation Payment” has the meaning set forth in the Reinsurance Agreement.

The term “control” (including the related terms “controlled by” and “under common control with”) shall mean the ownership, directly or indirectly, of more than 10% of the voting stock of a corporation.

The term “Covered Liabilities” has the meaning set forth in the Reinsurance Agreement.

The terms “Data Providers” means, without limitation, pricing vendors, analytics providers, brokers and dealers providing Market Data to the Trustee.

The term “Designee” has the meaning set forth in Section 2(a) of this Agreement.

The term “Electronic Methods” has the meaning set forth in Section 7(h)(2) of this Agreement.

The term “Eligible Securities” means asset types listed on the Collateral Schedule, consisting of cash in United States dollars, certificates of deposit issued by a United States bank and payable in United States dollars, and investments permitted under Title 56 of the Tennessee Code Annotated or any combination of the above, provided there shall be no investments in or issued by an entity controlling, controlled by or under common control with either the Beneficiary or the Grantor. Commercial paper and other obligations of institutions must be issued by a corporation (other than the Grantor or the Beneficiary, or any of their respective Affiliates) which is organized and existing under the laws of the United States of America, unless otherwise allowed by Tenn. Code Ann. §56-1-101 et seq. The Eligible Securities are further subject to and limited by the Investment Guidelines as set forth in Schedule I-A.

The term “Grantor” has the meaning set forth in the Preamble of this Agreement.

The term “Grantor's Account” has the meaning set forth in Section 5 of this Agreement.

The term “Grantor and Beneficiary Information” has the meaning set forth in Section 25 of this Agreement.

The term “Income” means payments of interest, dividends or similar distributions received on an Asset, including regularly scheduled payments of interest in respect of the Assets.

The term “Instructions” has the meaning set forth in Section 7(j) of this Agreement.

The term “Investment Order” has the meaning set forth in Section 4(d) of this Agreement.

The term “Losses” has the meaning set forth in Section 8(a) of this Agreement.

The term “Margin Excess” has the meaning set forth in Section 4(c)(iii) of this Agreement.

The term “Margin Percentage” shall mean the percentage indicated on Schedule I-B with respect to specific types of Eligible Securities, as Schedule I-B may be amended from time to time.

The term “Margin Value” means the amount obtained by dividing the Market Value of securities and cash by the applicable Margin Percentage.

The term “Market Data” means, without limitation, prices, security identifiers, valuations, bond ratings, indicative data, classification data, offering memoranda, and observable and non-observable information and assumptions.

The term “Market Value” means with respect to any financial asset as of any date, the sum of (i) the market value of such financial asset as made available to the Trustee by a Data Provider which the Trustee uses generally for pricing such financial asset, and (ii) accrued but unpaid income, if any, on the particular financial asset (to the extent not included therein). Market values provided by the Trustee’s Data Providers will be the most recently available closing bid price (usually from the previous Business Day), except that for certain financial assets it will be a same day price if available. In the case of cash, the face amount shall be deemed the Market Value. For the avoidance of doubt, nothing herein shall prohibit the Trustee from contacting the Grantor to obtain Market Data concerning financial assets other than price in order to assist the Trustee’s Data Providers in determining Market Value. The Trustee’s application of Market Values hereunder shall at all times be subject to its Clearance and Collateral Management Division – Pricing, Indicative Data and Other Disclosures, which are available upon request.

The term “Notice of Intention” has the meaning set forth in Section 10(a) of this Agreement.

The term “Notice of Reinsurance Credit Event” has the meaning set forth in Section 27 of this Agreement.

The term “Outsourced Functions” has the meaning set forth in Section 25 of this Agreement.

The term “Parent” means an institution that, directly or indirectly, controls another institution.

The term “Person” means an individual, a corporation, a limited liability corporation, partnership, a joint venture, an association, a trust, an unincorporated organization or a government or any agency or political subdivision thereof, or any similar entity or any combination of the foregoing acting in concert.

The term “Policyholders” has the meaning set forth in the Reinsurance Agreement.

The term “Proposed Date” has the meaning set forth in Section 10(a) of this Agreement.

The term “Qualified United States Financial Institution” means an institution that is eligible to act as a fiduciary of a trust and (a) is organized, or (in the case of a United States branch or

agency office of a foreign banking organization) licensed, under the laws of the United States or any state and has been granted authority to operate with fiduciary powers; and (b) is regulated, supervised and examined by federal or state authorities having regulatory authority over banks and trust companies.

The term “Reinsurance Agreement” has the meaning set forth in the Recitals of this Agreement.

The term “Reinsurance Credit Event” means that the Beneficiary delivered a Reinsurance Credit Notice to the Grantor pursuant to the Reinsurance Agreement.

The term “Reinsurance Credit Notice” has the meaning set forth in the Reinsurance Agreement.

The term “Reinsured Policies” has the meaning set forth in the Reinsurance Agreement.

The term “Reinsurer’s Quota Share” has the meaning set forth in the Reinsurance Agreement.

The term “Required Asset Amount” means the Required Balance under the Reinsurance Agreement, as may be communicated in writing from time to time by the Beneficiary and the Grantor to the Trustee pursuant to the terms of the Reinsurance Agreement, subject to reduction pursuant to the immediately following sentence. The Required Asset Amount shall be reduced by all amounts withdrawn by the Beneficiary pursuant to this Agreement until such time as the Beneficiary and the Grantor provide a written communication to the Trustee of an update to such Required Asset Amount pursuant to the Reinsurance Agreement, after which time only subsequent amounts withdrawn shall operate to reduce the Required Asset Amount automatically.

The term “Sanctions” means all economic sanctions laws, rules, regulations, executive orders and requirements administered by any governmental authority of the United States (including the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”)), the United Nations Security Council, the European Union, HM Treasury or any other applicable domestic or foreign authority.

The term “Secure Platform” has the meaning set forth in Section 7(h)(2) of this Agreement.

The term “Statutory Financial Statement Credit” has the meaning set forth in the Reinsurance Agreement.

The term “Subsidiary” means an institution controlled, directly or indirectly, by another institution.

The term “Substitute Eligible Securities” has the meaning set forth in Section 4(c) of this Agreement.

The term “Tennessee Insurance Law” means Tenn. Code Ann. §56-1-101 et seq, and any regulations promulgated with respect thereto.

The term "Termination Date" has the meaning set forth in Section 10 (b) of this Agreement.

The term "Termination Notice" has the meaning set forth in Section 10(b) of this Agreement.

The term "Transferred Securities" has the meaning set forth in Section 4(c) of this Agreement.

The term "Trust Account" has the meaning set forth in the Recitals of this Agreement.

The term "Trustee" has the meaning set forth in the Preamble of this Agreement.

The term "Withdrawal Notice" has the meaning set forth in Section 2(a) of this Agreement.

governing Law; Etc.

This Agreement shall be construed in accordance with the substantive laws of the State of New York, without regard to conflicts of laws principles thereof. Each Party hereby waives any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement. Each Party consents to the jurisdiction of any state or federal court situated in the State of New York in connection with any dispute arising hereunder. Each Party hereby irrevocably waives, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of venue of any such proceeding brought in such a court and any claim that such proceeding brought in such a court has been brought in an inconvenient forum. The establishment and maintenance of the Trust Account, and all interests, duties and obligations with respect thereto, shall be governed by the laws of the State of New York.

Each of the Parties hereby submits to the personal jurisdiction of and each agrees that all proceedings relating hereto shall be brought in courts located within the State of New York.

13. Successors and Assigns.

This Agreement shall extend to and shall be binding upon the Parties hereto and their respective successors and assignees; provided, that no Party may assign this Agreement or any of its rights or obligations hereunder without the consent of the other parties, except as expressly permitted by Section 9 of this Agreement. Notwithstanding the foregoing, this Agreement shall inure to the benefit of, and bind those who, by operation of law, become successors to any of the Parties, including, without limitation, any liquidator, rehabilitator, receiver or conservator and any successor merged or consolidated entity, and provided that, in the case of the Trustee, the successor trustee is eligible to be a trustee under the terms hereof, and in the case of the Grantor and Beneficiary, the parties have provided the Trustee with prior written notice of such assignment and subject to the bank's satisfactory completion of CIP on the successor.

14. Severability.

In the event that any provision of this Agreement shall be declared invalid or unenforceable by any regulatory body or court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.

15. Entire Agreement.

This Agreement constitutes the entire agreement among the Parties, and there are no understandings or agreements, conditions or qualifications relative to this Agreement which are not fully expressed in this Agreement.

16. Amendments.

This Agreement may be modified or otherwise amended, and the observance of any term of this Agreement may be waived, if such modification, amendment or waiver is in writing and signed by the Parties.

17. Notices, etc.

Unless otherwise provided in this Agreement, all notices, directions, requests, demands, acknowledgments and other communications required or permitted to be given or made under the terms hereof shall be in writing and shall be deemed to have been duly given or made (a)(i) when delivered personally, (ii) when made or given by e-mail, or (iii) in the case of mail delivery, upon the expiration of three days after any such notice, direction, request, demand, acknowledgment or other communication shall have been deposited in the United States mail for transmission by first class mail, postage prepaid, or upon receipt thereof, whichever shall first occur and (b) when addressed as follows:

Grantor:

Re Life & Health America Inc.
ing Street
nk, NY 10504
ion: John Regan
l: John_Regan@swissre.com

a copy to:

Reinsurance Company Ltd
enquai 50/60
Zurich, Switzerland
ion: Juerg Unger
l: Juerg_Unger@swissre.com

a copy to:

Re Management AG, org. zl.
ské nivy 12
9 Bratislava, Slovakia
ion: Peter Dianiska
l: Peter_Dianiska@swissre.com

Beneficiary:

Primerica Life Insurance Company
1 Primerica Parkway
Duluth, GA 30099-0001
Attention: Michael Wells
Email: Michael.Wells@Primerica.com

With a copy to:

Primerica Life Insurance Company
1 Primerica Parkway
Duluth, GA 30099-0001
Attention: Emily Roman
Email: Emily.Roman@Primerica.com

Trustee:

Bank of New York Mellon
Greenwich Street
New York, New York 10286
Attention: Insurance Trust Group
Email: Paul.Gambetta@bnymellon.com

Each Party may from time to time designate a different address for notices, directions, requests, demands, acknowledgments and other communications by giving written notice of such change to the other Parties. All notices, directions, requests, demands, acknowledgments and other communications relating to the Beneficiary's approval of the Grantor's authorization to substitute Trust Assets and to the termination of the Trust Account shall be in writing and may be made or given by prepaid telex, telegraph, telecopier, facsimile or electronic media. Any instruction given to the Trustee in connection with securities pursuant to Section 6 shall be given by Grantor's exclusively by Corporate Action Instructions.

18. Headings.

The headings of the Sections and the Table of Contents have been inserted for convenience of reference only and shall not be deemed to constitute a part of this Agreement.

19. Counterparts.

This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument, and either of the Parties may execute this Agreement by signing such counterpart. This Agreement may be executed by the insertion of images of manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, "pdf", "tif" or "jpg") and other electronic signatures (including, without

limitation, DocuSign and AdobeSign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system. This Agreement shall become effective when each Party shall have received a counterpart hereof signed by the other Party.

20. USA Patriot Act.

The Grantor and Beneficiary hereby acknowledges that the Trustee is subject to federal laws, including the Customer Identification Program ("CIP") requirements under the USA PATRIOT Act and its implementing regulations, pursuant to which the Trustee must obtain, verify and record information that allows the Trustee to identify the Grantor and Beneficiary. Accordingly, prior to opening the Trust Account hereunder, the Trustee will ask the Grantor and Beneficiary to provide certain information including, but not limited to, the Grantor's and Beneficiary's name, physical address, tax identification number and other information that will help the Trustee to identify and verify the Grantor's and Beneficiary's identity such as organizational documents, certificate of good standing, license to do business, or other pertinent identifying information. Each of the Grantor and Beneficiary agrees that the Trustee cannot open the Trust Account hereunder unless and until the Trustee verifies the Grantor's and Beneficiary's identity in accordance with the Trustee's CIP.

21. Required Disclosure.

The Trustee is authorized to supply any information regarding the Trust Account and related Assets that is required by any law, regulation or rule now or hereafter in effect. Each of the Grantor and the Beneficiary agrees to supply the Trustee with any required information if it is not otherwise reasonably available to the Trustee.

22. Representations.

Each Party represents and warrants to the others that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind such Party to this Agreement, and that the Agreement constitutes a binding obligation of such party enforceable in accordance with its terms.

23. Successors and Assigns of Trustee.

Any corporation or other company into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or other company resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or other company succeeding to the business of the Trustee shall be the successor of the Trustee hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto, except where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

24. Shareholder Communication Act, Etc.

With respect to securities issued in the United States, the Shareholders Communications Act of 1985 (the “Act”) requires Trustee to disclose to the issuers, upon their request, the name, address and securities position of its Grantor who are (a) the “beneficial owners” (as defined in the Act) of the issuer’s securities, if the beneficial owner does not object to such disclosure, or (b) acting as a “respondent bank” (as defined in the Act) with respect to the securities. (Under the Act, “respondent banks” do not have the option of objecting to such disclosure upon the issuers’ request.) The Act defines a “beneficial owner” as any person who has, or shares, the power to vote a security (pursuant to an agreement or otherwise), or who directs the voting of a security. The Act defines a “respondent bank” as any bank, association or other entity that exercises fiduciary powers which holds securities on behalf of beneficial owners and deposits such securities for safekeeping with a bank, such as Trustee. Under the Act, the Grantor is either the “beneficial owner” or a “respondent bank.”

Grantor is the “beneficial owner,” as defined in the Act, of the securities to be held by Trustee hereunder.

Grantor is not the beneficial owner of the securities to be held by Trustee, but is acting as a “respondent bank,” as defined in the Act, with respect to the securities to be held by Trustee hereunder.

IF NO BOX IS CHECKED, TRUSTEE SHALL ASSUME THAT GRANTOR IS THE BENEFICIAL OWNER OF THE SECURITIES.

For beneficial owners of the securities only:

Grantor objects

Grantor does not object to the disclosure of its name, address and securities position to any issuer which requests such information pursuant to the Act for the specific purpose of direct communications between such issuer and Grantor.

IF NO BOX IS CHECKED, TRUSTEE SHALL RELEASE SUCH INFORMATION UNTIL IT RECEIVES A CONTRARY WRITTEN INSTRUCTION FROM GRANTOR.

With respect to securities issued outside of the United States, information shall be released to issuers only if required by law or regulation of the particular country in which the securities are located.

The Grantor agrees to disseminate in a timely manner any proxies or requests for voting instructions, other proxy soliciting material, information statements, and/or annual reports that it receives to any other beneficial owners.

25. Sanctions.

- (a) Throughout the term of this Agreement, the Grantor and Beneficiary: (i) will have in place and will implement policies and procedures reasonably designed to prevent violations of Sanctions, including risk-based screening procedures with respect to incoming or outgoing assets or transactions relating to this Agreement; (ii) shall ensure that neither the Grantor or Beneficiary nor any of its affiliates, directors, officers, employees is an individual or entity that is, or is owned or controlled by an individual or entity that is: (A) the target of Sanctions;

or (B) located, organized or resident in a country or territory that is, or whose government is, the target of Sanctions; and (iii) shall not, directly or indirectly, use the services and/or Accounts in any manner that would result in a violation by the Grantor or Beneficiary of Sanctions.

- (b) The Grantor and Beneficiary will promptly provide to the Trustee such information as the Trustee reasonably requests in connection with the matters referenced in this Section 25, including information regarding the Grantor and the Beneficiary, the Trust Accounts, the Assets in relation to which services are to be provided and the source thereof, and the identity of any individual or entity having or claiming an interest therein. The Trustee may decline to act or provide services in respect of any Trust Account, and take such other actions as it, in its reasonable discretion, deems necessary or advisable, in connection with the matters referenced in this Section 25. If the Trustee declines to act or provide services as provided in the preceding sentence, except as otherwise prohibited by applicable law or official request, the Trustee will inform the Grantor and Beneficiary as soon as reasonably practicable.
- (c) This Section 25 does not apply if and to the extent that it is or would be unenforceable by reason of breach of (i) any provision of Council Regulation (EC) No 2271/96 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the EEA) or (ii) any similar blocking or anti-boycott law in the United Kingdom or elsewhere. However, if the aforementioned Council Regulation purports to make compliance with any portion of this Section 25 unenforceable by any Grantor and Beneficiary, the Grantor and Beneficiary will nonetheless take such measures as may be necessary to ensure that the Grantor and Beneficiary does not use the services or Trust Accounts in any manner which would cause the Trustee to violate Sanctions applicable to the Trustee.

26. Information Sharing.

The Bank of New York Mellon Corporation is a global financial organization that operates in and provides services and products to clients through its affiliates and subsidiaries located in multiple jurisdictions (the “BNY Mellon Group”). The BNY Mellon Group may (i) centralize in one or more affiliates and subsidiaries certain activities (the “Centralized Functions”), including audit, accounting, administration, risk management, legal, compliance, sales, product communication, relationship management, and the compilation and analysis of information and data regarding Grantor and Beneficiary (which, for purposes of this provision, includes the name and business contact information for the Grantor and Beneficiary’s employees and representatives) and the accounts established pursuant to this Agreement (“Grantor and Beneficiary Information”) and (ii) use third party service providers to store, maintain and process Grantor and Beneficiary’s Information (“Outsourced Functions”). Notwithstanding anything to the contrary contained elsewhere in this Agreement and solely in connection with the Centralized Functions and/or Outsourced Functions, Grantor and Beneficiary consent to the disclosure of, and authorize BNY Mellon to disclose, Grantor and Beneficiary’s Information to (i) other members of the BNY Mellon Group (and their respective officers, directors and employees) and to (ii) third-party service providers (but solely in connection with Outsourced Functions) who are required to maintain the confidentiality of Grantor and Beneficiary’s Information. In addition, the BNY Mellon Group may aggregate the Grantor and Beneficiary’s Information with other

data collected and/or calculated by the BNY Mellon Group, and the BNY Mellon Group will own all such aggregated data, provided that the BNY Mellon Group shall not distribute the aggregated data in a format that identifies the Grantor and Beneficiary Information with the Grantor and Beneficiary specifically. The Grantor and Beneficiary represent that the Grantor and Beneficiary are authorized to consent to the foregoing and that the disclosure of the Grantor and Beneficiary's Information in connection with the Centralized Functions and/or Outsourced Functions does not violate any relevant data protection legislation. The Grantor and Beneficiary also consent to the disclosure of the Grantor and Beneficiary's Information to governmental and regulatory authorities in jurisdictions where the BNY Mellon Group operates and otherwise as required by law.

27. Reinsurance Credit Event.

- (a) Notwithstanding anything in this Agreement to the contrary, in the event that the Beneficiary delivers to the Trustee a written notice of the occurrence of a Reinsurance Credit Event in substantially the form attached hereto as Exhibit C (a "Notice of Reinsurance Credit Event"), the amendments set forth in Exhibit E to this Agreement (the terms and conditions of this Agreement as amended by Exhibit E, the "Amended and Restated Trust Provisions") shall take effect as soon as reasonably practicable following receipt of such notice by the Trustee, without any further action by any Party, but in no event later than one Business Day following receipt of such Notice of Reinsurance Credit Event. The delivery of a Notice of Reinsurance Credit Event constitutes a certification by the Beneficiary to each of the Trustee and the Grantor that a Reinsurance Credit Event has occurred and is continuing as of such date of delivery, and the Beneficiary covenants to the Grantor that it will not issue any Notice of Reinsurance Credit Event unless a Reinsurance Credit Event has occurred and is continuing. The Trustee shall have no duty or responsibility to determine whether the Beneficiary has complied with the immediately preceding sentence.
- (b) Upon the Beneficiary's delivery to the Trustee of a written notice that no Reinsurance Credit Event is continuing in accordance with the terms of the Reinsurance Agreement in substantially the form attached hereto as Exhibit D (a "Notice of Cure of Reinsurance Credit Event"), the Amended and Restated Trust Provisions shall no longer be effective and shall be replaced with the provisions of this Agreement as in effect immediately prior to the Notice of Reserve Credit Event to which the Notice of Cure of Reserve Credit Event relates, effective immediately without any further action by any Party. The Beneficiary covenants to the Reinsurer that it will deliver a Notice of Cure of Reinsurance Credit Event promptly after a Reinsurance Credit Event once there is no Reinsurance Credit Event continuing. To the extent any regulator having jurisdiction over the Beneficiary or any applicable law or regulation requires any addition or revision to this Agreement to provide full Statutory Financial Statement Credit, then the Grantor shall cooperate with the Beneficiary in good faith to amend this Agreement to comply with such requirement consistent with Section 19.1(b) of the Reinsurance Agreement.

28. Tax Treatment of Trust Account . The Parties agree that the Trust Account is a security device and not a separate legal entity. For U.S. federal income tax purposes, the Trust Account is a grantor trust . The Grantor shall constitute the grantor and, thus, any and all income derived

from the Assets in the Trust Account shall constitute income or gain of the Grantor as the owner of such Assets.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

WISS RE LIFE & HEALTH AMERICA INC.
as Grantor

By: /s/ Laura Orth

Name: Laura Orth

Title:

Date: June 15, 2022

By: /s/ Michael Long

Name: Michael Long

Title:

Date: June 15, 2022

RIMERICA LIFE INSURANCE COMPANY

as Beneficiary

By: /s/ Michael Wells

Name: Michael Wells

Title: Executive Vice President

Date: June 16, 2022

THE BANK OF NEW YORK MELLON,
as Trustee

By: /s/ Glenn G. McKeever

Name: Glenn G. McKeever

Title: Vice President

Date: June 21, 2022

[Signature Page to SRLHA Trust Agreement]

EXHIBIT A

(Reinsurance Agreement)

Second Amended and Restated 80% Coinsurance Agreement between Primerica Life Insurance Company and Swiss Re Life & Health America Inc., dated as of June 23, 2022

EXHIBIT B

Form of Withdrawal Notice

[DATE]

The Bank of New York Mellon
101 Barclay Street
Mailstop: 101-0850
New York, New York 10286
Attention: Insurance Trust

Re: Withdrawal Notice re Trust Agreement dated as of June 23, 2022, among Swiss Re Life & Health America Inc., as Grantor, Primerica Life Insurance Company, as Beneficiary, and The Bank of New York Mellon, as Trustee, as amended, supplemented or otherwise modified (the “Trust Agreement”).

We refer to Section 2(a) of the Trust Agreement, and hereby give you notice of our election to withdraw the following amount from the Trust Account:

[SPECIFY AMOUNT]

Please deliver such amount to or for the account of the person or entity named below at the address specified below:

[SPECIFY DESIGNEE AND ADDRESS]

Immediately following the delivery of assets described herein, the Required Asset Amount, as defined in the Trust Agreement, shall be \$[SPECIFY AMOUNT].

Very truly yours,

Primerica Life Insurance Company

By: _____
Name:
Title:

cc: Swiss Re Life & Health America Inc.

EXHIBIT C

Form of Notice of Reinsurance Credit Event

[DATE]

The Bank of New York Mellon
101 Barclay Street
Mailstop: 101-0850
New York, New York 10286
Attention: Insurance Trust

Re: Notice of Reinsurance Credit Event re Trust Agreement dated as of June 23, 2022, among Swiss Re Life & Health America Inc., as Grantor, Primerica Life Insurance Company, as Beneficiary, and The Bank of New York Mellon, as Trustee, as amended, supplemented or otherwise modified (the “Trust Agreement”).

We refer to Section 26 of the Trust Agreement, and hereby give you notice that a Reinsurance Credit Event (as defined in the Trust Agreement) has occurred. From and after the date of this notice, without any further action on the part of the Beneficiary, the Grantor or the Trustee, the terms of the Amended and Restated Trust Provisions (as defined in the Trust Agreement) shall be effective until such time as the Beneficiary has given the Trustee a Notice of Cure of Reinsurance Credit Event (as defined in the Trust Agreement).

Very truly yours,

Primerica Life Insurance Company

By: _____
Name:
Title:

cc: Swiss Re Life & Health America Inc.

EXHIBIT D

Form of Notice of Cure of Reinsurance Credit Event

[DATE]

The Bank of New York Mellon
101 Barclay Street
Mailstop: 101-0850
New York, New York 10286
Attention: Insurance Trust

Re: Notice of Cure of Reinsurance Credit Event re Trust Agreement dated as of June 23, 2022, among Swiss Re Life & Health America Inc., as Grantor, Primerica Life Insurance Company, as Beneficiary, and The Bank of New York Mellon, as Trustee, as amended, supplemented or otherwise modified (the “Trust Agreement”).

We refer to our Notice of Reinsurance Credit Event (as defined in the Trust Agreement) provided to the Trustee on [●]. We hereby give you notice pursuant to Section 26 of the Trust Agreement that no Reinsurance Credit Event (as defined in the Trust Agreement) is continuing. From and after the date of this notice, without any further action on the part of the Beneficiary, the Grantor or the Trustee, the terms of the Trust Agreement shall again become effective and the terms of the Amended and Restated Trust Provisions (as defined in the Trust Agreement) shall no longer be effective.

Very truly yours,

Primerica Life Insurance Company

By: _____
Name:
Title:

cc: Swiss Re Life & Health America Inc.

EXHIBIT E

Amended and Restated Trust Provisions

1. The following language shall be added as a new final sentence to the opening paragraph of Section 1(a):

“Legal title to the Assets of the Trust Account shall be vested in the Trustee for the benefit of the Grantor's United States ceding insurers, their assigns and successors in interest.”

2. The following language shall be added as a new Section 3(d):

"Contested claims shall be valid and enforceable out of funds in the Trust Account to the extent remaining unsatisfied thirty (30) days after entry of the final order of any court of competent jurisdiction in the United States."

3. The following language shall be added as a new final sentence to the opening paragraph of Section 4(c):

“Other than as set forth above, the Trustee shall allow no substitutions or withdrawals of assets from the Trust Account, except on written instructions from the Beneficiary, except that the Trustee may, without the consent of but with notice to the Beneficiary, upon call or maturity of any asset in the Trust Account, withdraw such asset upon condition that the proceeds are paid into the Trust Account.”

4. The following language shall be added as a new final sentence to Section 7(g):

"The trust shall be subject to examination as determined by the Commissioner of the Tennessee Department of Commerce and Insurance."

5. The following shall be added as a new Section 7(s):

“All Assets shall be maintained by the Trustee on its books and records at the Trustee’s offices in the United States. Assets held in book-entry form may be held by the Trustee through securities depositories and clearing corporations. Any Assets received by the Trustee in physical form, will be continuously held in a safe place.”

6. The following shall be added as a new Section 7(s):

“No later than February 28 of each year the Trustee shall report to the Commissioner of the Tennessee Department of Commerce and Insurance in writing setting forth the balance in the Trust Account and listing the Trust Account’s investments at the preceding year-end, and shall certify the date of termination of the Trust Account, if so

planned, or certify that the Trust Account shall not expire prior to the following December 31.”

7. The following shall be added as a new Section 10(d):

“The Trust shall remain in effect for as long as the assuming insurer, or any member or former member of a group of insurers, shall have outstanding obligations under reinsurance agreements subject to the Trust.”

8. The following shall be added as a new Section 30 to this Agreement:

“30. Amendments.

Should any term of this Agreement be deemed by an insurance regulator at any time to fail to comply with any requirement of any applicable law necessary for the Beneficiary to receive full Statutory Financial Statement Credit for the Reinsured Policies, then, upon the occurrence of a Reinsurance Credit Event, to the extent reasonably necessary for the Grantor to comply with Section 19.1(b) of the Reinsurance Agreement, the Grantor and the Beneficiary shall amend, and the Grantor shall cause the Trustee to amend, this Agreement to make it comply with the relevant credit for reinsurance requirements necessary so as to permit the Beneficiary to receive full Statutory Financial Statement Credit for the Reinsured Policies. Notwithstanding the foregoing, in the event that the Trustee objects to any such amendments, the Trustee reserves the right to resign pursuant to Section 9.”

9. The Beneficiary will provide the Grantor and the Trustee with prompt written notice of any change of Tenn. Code Ann. § 56-2-209 or any regulations promulgated thereunder (or any successor provisions or regulations) that would impact the eligibility of securities otherwise permissible under Schedule I-A and Schedule I-B and the Parties shall promptly amend Schedule I-A and Schedule I-B to be limited to investments of the types specified in Tenn. Code Ann. § 56-2-209 or any regulations promulgated thereunder (or any successor provisions or regulations).

SCHEDULE I-A
INVESTMENT GUIDELINES

SCHEDULE I-B
COLLATERAL SCHEDULE

SCHEDULE II
TRUST ACCOUNT(S)

1007616079v11

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.

August 9, 2022

/s/ Glenn J. Williams

Glenn J. Williams

Chief Executive Officer

Certification of Chief Financial Officer

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

1. I have reviewed this 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: August 9, 2022

/s/ Alison S. Rand

Alison S. Rand
Executive Vice President and
Chief Financial Officer

**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 June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn J. Williams, as Chief Executive Officer of the Company, and I, Alison S. Rand, as Executive Vice President and Chief Financial Officer of the Company, each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Glenn J. Williams

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

/s/ Alison S. Rand

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