Symetra Financial Corporation

Consolidated Financial Statements

As of December 31, 2015 and 2014

and for the Years Ended December 31, 2015, 2014 and 2013

With Report of Independent Registered Public Accounting Firm

CONSOLIDATED FINANCIAL STATEMENTS OF SYMETRA FINANCIAL CORPORATION

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Report of Independent Registered Public Accounting Firm

The Board of Directors
Symetra Financial Corporation

We have audited the accompanying consolidated balance sheets of Symetra Financial Corporation as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Symetra Financial Corporation at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the attestation standards established by the American Institute of Certified Public Accountants and in accordance with the standards of the Public Company Accounting Oversight Board (United States), Symetra Financial Corporation's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2016 expressed an unqualified opinion thereon.

Ernst & Young LLP

February 24, 2016

MANAGEMENT'S REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors
Symetra Financial Corporation

Management of Symetra Financial Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance to our management and Board of Directors regarding the reliability and the preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles.

The policies and procedures management has established for the Company's internal control over financial reporting are designed to maintain adequate records for providing reasonable assurance regarding the accuracy, timeliness and proper authorization for its transactions. However, because of inherent limitations, management does not expect its internal controls over financial reporting will prevent or detect all misstatements. Further, the evaluation of effectiveness over future periods is subject to the risk that changes in conditions or the degree of compliance may result in the deterioration of its internal control environment.

Management has assessed the effectiveness of its internal control over financial reporting as of December 31, 2015 based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

As a result of this assessment, management concluded that, as of December 31, 2015, its internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements.

Ernst & Young LLP, our independent registered public accounting firm, has independently assessed the effectiveness of the Company's internal control over financial reporting, and their report follows this report.

Thomas M. Marra, *President and Chief Executive Officer*
February 24, 2016

Margaret A. Meister, *Executive Vice President and Chief Financial Officer*
February 24, 2016

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Report of Independent Registered Public Accounting Firm on the Effectiveness of Internal Control Over Financial Reporting

The Board of Directors
Symetra Financial Corporation

We have audited Symetra Financial Corporation's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Symetra Financial Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with attestation standards established by the American Institute of Certified Public Accountants and in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Symetra Financial Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with auditing standards generally accepted in the United States and in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Symetra Financial Corporation as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015, and our report dated February 24, 2016 expressed an unqualified opinion thereon.

Ernst & Young LLP

February 24, 2016

A member firm of Ernst & Young Global Limited

CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share data)

	As of December 31, 2015	As of December 31, 2014
ASSETS		
Investments:		
Available-for-sale securities:		
Fixed maturities, at fair value (amortized cost: **$25,891.9** and $23,646.5, respectively)	**$ 26,730.4**	$ 25,379.4
Marketable equity securities, at fair value (cost: **$175.8** and $112.9, respectively)	**173.4**	120.5
Trading securities:		
Marketable equity securities, at fair value (cost: **$416.9** and $453.4, respectively)	**482.4**	532.0
Mortgage loans, net	**4,778.5**	4,130.1
Policy loans	**58.5**	61.9
Investments in limited partnerships (includes **$45.9** and $71.5 at fair value, respectively)	**256.8**	309.9
Other invested assets (includes **$141.7** and $95.8 at fair value, respectively)	**146.2**	100.5
Total investments	**32,626.2**	30,634.3
Cash and cash equivalents	**172.2**	158.8
Accrued investment income	**320.7**	304.9
Reinsurance recoverables	**340.3**	328.7
Deferred policy acquisition costs	**666.1**	395.1
Receivables and other assets	**302.1**	230.1
Separate account assets	**909.8**	949.8
Total assets	**$ 35,337.4**	$ 33,001.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Funds held under deposit contracts	**$ 29,571.8**	$ 26,602.6
Future policy benefits	**432.8**	415.9
Policy and contract claims	**150.3**	141.8
Other policyholders' funds	**138.9**	115.7
Notes payable	**697.6**	697.2
Deferred income tax liabilities, net	**78.4**	396.7
Other liabilities	**429.0**	321.4
Separate account liabilities	**909.8**	949.8
Total liabilities	**32,408.6**	29,641.1
Commitments and contingencies *(Note 13)*		
Preferred stock, $0.01 par value; 10,000,000 shares authorized; none issued	—	—
Common stock, $0.01 par value; 750,000,000 shares authorized; **125,064,342** issued and **116,011,039** outstanding as of December 31, 2015; 124,850,754 issued and 115,797,451 outstanding as of December 31, 2014	**1.2**	1.2
Additional paid-in capital	**1,476.0**	1,469.5
Treasury stock, at cost; 9,053,303 shares as of December 31, 2015 and 2014	**(134.6)**	(134.6)
Retained earnings	**1,070.8**	1,033.9
Accumulated other comprehensive income, net of taxes	**515.4**	990.6
Total stockholders' equity	**2,928.8**	3,360.6
Total liabilities and stockholders' equity	**$ 35,337.4**	$ 33,001.7

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME
(In millions)

	For the Years Ended December 31,		
	2015	**2014**	**2013**
Revenues:			
Premiums	**$ 716.6**	$ 629.1	$ 627.2
Net investment income	**1,336.4**	1,320.5	1,285.0
Policy fees, contract charges, and other	**222.9**	190.4	191.7
Net realized gains (losses):			
Total other-than-temporary impairment losses on securities	**(56.1)**	(16.3)	(20.8)
Less: portion recognized in other comprehensive income (loss)	**17.5**	2.2	2.5
Net impairment losses recognized in earnings	**(38.6)**	(14.1)	(18.3)
Other net realized gains (losses)	**(57.9)**	56.5	53.9
Net realized gains (losses)	**(96.5)**	42.4	35.6
Total revenues	**2,179.4**	2,182.4	2,139.5
Benefits and expenses:			
Policyholder benefits and claims	**570.8**	445.9	462.9
Interest credited	**967.2**	953.8	932.0
Other underwriting and operating expenses	**406.0**	367.0	365.1
Interest expense	**44.9**	37.7	33.0
Amortization of deferred policy acquisition costs	**90.1**	78.1	72.4
Total benefits and expenses	**2,079.0**	1,882.5	1,865.4
Income from operations before income taxes	**100.4**	299.9	274.1
Provision (benefit) for income taxes:			
Current	**15.9**	64.5	61.7
Deferred	**(62.3)**	(19.0)	(8.3)
Total provision (benefit) for income taxes	**(46.4)**	45.5	53.4
Net income	**$ 146.8**	$ 254.4	$ 220.7

See accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	For the Years Ended December 31,		
	2015	**2014**	**2013**
Net income	**$ 146.8**	$ 254.4	$ 220.7
Other comprehensive income (loss), net of taxes and reclassification adjustments:			
Changes in unrealized gains (losses) on available-for-sale securities (net of taxes of **$(324.7)**, $212.5 and $(465.8))	**(603.0)**	394.5	(865.4)
Other-than-temporary impairments on fixed maturities not related to credit losses (net of taxes of **$(6.1)**, $(0.8) and $(0.9))	**(11.4)**	(1.4)	(1.6)
Impact of net unrealized (gains) losses on deferred policy acquisition costs and deferred sales inducements (net of taxes of **$55.7**, $(9.9) and $58.3)	**103.3**	(18.3)	108.3
Impact of cash flow hedges (net of taxes of **$19.3**, $12.0 and $(10.2))	**35.9**	22.2	(18.9)
Other comprehensive income (loss)	**(475.2)**	397.0	(777.6)
Total comprehensive income (loss)	**$ (328.4)**	$ 651.4	$ (556.9)

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In millions)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balances as of January 1, 2013	$ 1.2	$ 1,459.3	$ —	$ 798.4	$ 1,371.2	$ 3,630.1
Net income	—	—	—	220.7	—	220.7
Other comprehensive income (loss)	—	—	—	—	(777.6)	(777.6)
Stock-based compensation	—	5.3	—	—	—	5.3
Shares repurchased	—	—	(93.4)	—	—	(93.4)
Dividends declared	—	—	—	(43.2)	—	(43.2)
Balances as of December 31, 2013	$ 1.2	$ 1,464.6	$ (93.4)	$ 975.9	$ 593.6	$ 2,941.9
Balances as of January 1, 2014	$ 1.2	$ 1,464.6	$ (93.4)	$ 975.9	$ 593.6	$ 2,941.9
Net income	—	—	—	254.4	—	254.4
Other comprehensive income (loss)	—	—	—	—	397.0	397.0
Stock-based compensation	—	4.9	—	—	—	4.9
Shares repurchased	—	—	(41.2)	—	—	(41.2)
Dividends declared	—	—	—	(196.4)	—	(196.4)
Balances as of December 31, 2014	$ 1.2	$ 1,469.5	$ (134.6)	$ 1,033.9	$ 990.6	$ 3,360.6
Balances as of January 1, 2015	**$ 1.2**	**$ 1,469.5**	**$ (134.6)**	**$ 1,033.9**	**$ 990.6**	**$ 3,360.6**
Net income	**—**	**—**	**—**	**146.8**	**—**	**146.8**
Other comprehensive income (loss)	**—**	**—**	**—**	**—**	**(475.2)**	**(475.2)**
Stock-based compensation	**—**	**6.5**	**—**	**—**	**—**	**6.5**
Dividends declared	**—**	**—**	**—**	**(109.9)**	**—**	**(109.9)**
Balances as of December 31, 2015	**$ 1.2**	**$ 1,476.0**	**$ (134.6)**	**$ 1,070.8**	**$ 515.4**	**$ 2,928.8**

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	For the Years Ended December 31,		
	2015	**2014**	**2013**
Cash flows from operating activities			
Net income	$ **146.8**	$ 254.4	$ 220.7
Adjustments to reconcile net income to net cash provided by operating activities:			
Net realized (gains) losses	**96.5**	(42.4)	(35.6)
Accretion and amortization of invested assets, net	**123.4**	83.8	75.3
Accrued interest on fixed maturities	**(9.8)**	(11.7)	(14.1)
Amortization and depreciation	**24.3**	24.7	27.8
Deferred income tax provision (benefit)	**(62.3)**	(19.0)	(8.3)
Interest credited on deposit contracts	**967.2**	953.8	932.0
Mortality and expense charges and administrative fees	**(162.1)**	(137.1)	(122.6)
Changes in:			
Accrued investment income	**(15.8)**	(6.9)	(21.8)
Deferred policy acquisition costs, net	**(157.6)**	(93.3)	(52.0)
Future policy benefits	**16.9**	18.0	7.3
Policy and contract claims	**8.5**	(18.1)	(2.3)
Current income taxes	**(13.7)**	(11.8)	28.3
Other assets and liabilities	**32.1**	(16.5)	(18.6)
Other, net	**(0.4)**	0.4	3.5
Total adjustments	**847.2**	723.9	798.9
Net cash provided by (used in) operating activities	**994.0**	978.3	1,019.6
Cash flows from investing activities			
Purchases of:			
Fixed maturities and marketable equity securities	**(6,919.9)**	(5,750.1)	(5,107.6)
Other invested assets and investments in limited partnerships	**(153.1)**	(128.5)	(106.6)
Issuances of mortgage loans	**(1,016.2)**	(896.6)	(697.4)
Maturities, calls, paydowns, and other repayments	**1,882.2**	1,795.0	1,771.3
Sales of:			
Fixed maturities and marketable equity securities	**2,660.9**	2,526.6	2,172.8
Other invested assets and investments in limited partnerships	**62.8**	60.9	22.4
Repayments of mortgage loans	**368.7**	309.0	248.3
Other, net	**55.4**	62.4	25.8
Net cash provided by (used in) investing activities	**(3,059.2)**	(2,021.3)	(1,671.0)
Cash flows from financing activities			
Policyholder account balances:			
Deposits	**4,335.2**	3,125.6	2,470.8
Withdrawals	**(2,148.8)**	(1,998.3)	(1,705.2)
Net proceeds from issuance of debt	**—**	246.0	—
Cash dividends paid on common stock	**(109.1)**	(196.4)	(43.2)
Shares repurchased	**—**	(41.2)	(93.4)
Other, net	**1.3**	(9.9)	(32.4)
Net cash provided by (used in) financing activities	**2,078.6**	1,125.8	596.6
Net increase (decrease) in cash and cash equivalents	**13.4**	82.8	(54.8)
Cash and cash equivalents at beginning of period	**158.8**	76.0	130.8
Cash and cash equivalents at end of period	$ **172.2**	$ 158.8	$ 76.0
Supplemental disclosures of cash flow information			
Net cash paid during the year for:			
Interest	**41.8**	31.2	31.5
Income taxes	**25.0**	75.0	32.0
Non-cash transactions during the period:			
Fixed maturities exchanges	**143.9**	279.7	334.5
Investments in limited partnerships and capital obligations incurred	**12.0**	9.7	34.3

See accompanying notes.

1. Organization and Description of Business

Symetra Financial Corporation (the Company) is a Delaware corporation that, through its subsidiaries, offers products and services that serve the retirement, employment-based benefits and life insurance markets. These products and services are marketed through financial institutions, broker-dealers, benefits consultants, and independent agents and advisors in all states and the District of Columbia. The Company's principal products include fixed, fixed indexed and variable deferred annuities, single premium immediate annuities, medical stop-loss insurance, limited benefit medical insurance, group life and disability income (DI) insurance, individual life insurance and institutional life insurance including bank-owned life insurance (BOLI) and variable corporate owned life insurance (COLI). The Company also services its block of structured settlement annuities.

Sumitomo Life Merger

On February 1, 2016, the Company became a wholly owned subsidiary of Sumitomo Life Insurance Company, a mutual company (*sougo kaisha*) organized under the laws of Japan (Sumitomo Life) in accordance with the terms of the Agreement and Plan of Merger (the Merger Agreement), dated August 11, 2015. Each outstanding share of the Company's common stock was converted into the right to receive $32.00 in cash, without interest (the Per Share Merger Consideration). The aggregate cash consideration paid in connection with the Merger for the outstanding shares of common stock was $3.7 billion. Prior to February 1, 2016, and for the periods this report presents, the Company's stock was publicly traded on the New York Stock Exchange.

At or immediately prior to the effective time of the Merger, outstanding awards granted under Symetra's Equity Plan were cancelled and converted into a right to receive an amount in cash, without interest. This included unvested and outstanding stock options, restricted stock and performance unit awards.

Subsequent to the Merger, the Company will apply "pushdown" accounting by applying the guidance allowed by Accounting Standards Codification (ASC) 805, *Business Combinations*, including the initial recognition of most of the Company's assets and liabilities at fair value as of the acquisition date, and similarly goodwill calculated and recognized based on the terms of the transaction and the new basis of net assets of the Company. As part of the application of this standard, certain balances will be reset to zero. The new basis of accounting will be the basis of the accounting records in the preparation of future financial statements and related disclosures.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that may affect the amounts reported in the consolidated financial statements and accompanying notes. All significant intercompany transactions and balances have been eliminated. Certain reclassifications have been made to prior year financial information for it to conform to the current period presentation.

The most significant estimates include those used to determine the following: valuation of investments carried at fair value; the balance, recoverability and amortization of deferred policy acquisition costs (DAC) and deferred sales inducements (DSI); and the liabilities for funds held under deposit contracts, future policy benefits, and policy and contract claims. The recorded amounts reflect management's best estimates, though actual results could differ from those estimates.

Recognition of Insurance Revenue and Related Benefits

The Company's group insurance policies, which include medical stop-loss, limited benefit medical, and group life and DI, are short-duration contracts. Premiums from these products are recognized as revenue when earned over the life of the policy. Policyholder claims are charged to operations as incurred.

Traditional individual life insurance products, including term and whole life insurance products, are long-duration contracts, and the associated premiums and benefits are fixed. Premiums from these products are considered earned and recognized as revenue when due. The Company establishes a reserve for future policy benefits associated with earned premiums, resulting in the recognition of profits over the life of the policy.

Deposits related to universal life (UL) insurance products and investment-type products are credited to policyholder account balances and reflected as liabilities, rather than as premium income, when received. These investment-type products include fixed deferred annuities, single premium immediate annuities (SPIA), and structured settlements.

Revenues from UL insurance and investment type products consist of net investment income on the policyholders' fund balances, and amounts assessed during the period for cost of insurance, policy administration, and surrender charges. The Company includes the amounts assessed in policy fees, contract charges, and other in the consolidated statements of income. Expenses that are charged to operations for these products include interest credited and claims incurred in excess of related policyholder account balances.

Revenue from variable annuities, life and COLI include mortality and expense, policy administration and surrender charges. These fees are charged to policyholders' accounts based upon the daily net assets of the policyholders' account values and are recognized as revenue in policy fees, contract charges, and other in the consolidated statements of income when assessed.

Separate Account Assets and Liabilities

Separate account balances primarily relate to the Company's variable products. Separate account assets are reported at fair value and represent funds that are invested on behalf of the Company's variable product policyholders. The assets of each separate account are legally segregated and are not subject to claims that arise out of the Company's other business activities. Investment risks associated with market value changes are borne by the policyholder, except to the extent of guaranteed minimum death benefits (GMDB) made by the Company with respect to certain accounts. Net investment income and realized gains and losses accrue directly to the policyholders and are not included in the Company's revenues. Separate account liabilities represent the policyholder's account balance in the separate account.

For variable annuity contracts with GMDB, the Company contractually guarantees death benefits that may exceed the policyholder's account balance. The Company reinsures nearly all of the GMDB risk on its variable annuity contracts.

Funds Held Under Deposit Contracts

Liabilities for fixed annuity contracts and universal life policies, including BOLI, are computed as deposits net of withdrawals made by the policyholder, plus interest amounts credited based on contract specifications, less contract fees and charges assessed.

For SPIAs, including structured settlements, liabilities are based on discounted amounts of estimated future benefits. Future benefits are either fully guaranteed or are contingent on the survivorship of the annuitant. Contingent future benefits are discounted with pricing mortality assumptions, which include provisions for longer life spans over time. The interest rate pattern used to calculate the reserves for SPIAs is set at issue. The interest rates within the pattern vary over time and start with interest rates that prevailed at contract issue. As of December 31, 2015, the weighted-average implied interest rate on the existing book of business was 5.54% and grades to 6.33% during the next 20 years.

Funds held under deposit contracts also include a liability for the embedded derivative related to the Company's fixed indexed annuity (FIA) policies, which is recorded at fair value. See Note 5 for further discussion.

Future Policy Benefits

The Company estimates liabilities for future policy benefits for its traditional individual life policies as the present value of expected future policy benefits less future net premiums. The Company selects the net premiums so that the actuarial present

value of future benefits equals the actuarial present value of future premiums. The Company sets the interest, mortality, and persistency assumptions in the year of issue and includes a provision for adverse deviation. The provision for adverse deviation is intended to provide coverage for the risk that actual experience may be worse than locked-in best-estimate assumptions. The Company derives mortality assumptions from both company-specific and industry statistics. Future benefits are discounted at interest rates that vary by year of policy issue. These rates are initially set to be consistent with investment rates at the time of issue, and are graded to a lower rate over time. Assumptions are set at the time each product is introduced and are not updated for actual experience unless the total product liability amount is determined to be inadequate to cover future policy benefits.

The Company estimates liabilities for future policy benefits for certain group long-term disability policies as the present value of future benefit payments, net of terminations and recoveries, and discounted at interest rates based on investment rates at the time of disability.

Policy Loans

Policy loans are carried at unpaid principal balances. Policy loans are not granted for amounts in excess of the accumulated cash surrender value of the policy or contract.

Investments in Limited Partnerships

The Company invests in limited partnerships that generate tax benefits. These partnerships are established to invest in low-income housing and other qualifying purposes, where the primary return on investment is in the form of income tax credits (collectively referred to as "tax credit investments"). The Company's investments are primarily accounted for under the equity method and recorded at amortized cost. Amortization is based on the expected performance of the underlying partnership, with amortization recorded as a reduction to net investment income. When the carrying value of an investment exceeds the total amount of remaining tax benefits, the Company records an impairment loss, which is included in other net realized gains (losses) in the consolidated statements of income. For certain partnerships, the Company provides its investment over time, and the present value of any unfunded commitments is included in the asset balance and recorded in other liabilities.

Investments in limited partnerships also include alternative investments (private equity and hedge funds) recorded at fair value. The impact of changes in the fair value of alternative investments is recorded in net investment income. The Company elected the fair value option for these investments, regardless of ownership percentage, to standardize the related accounting and reporting.

Variable Interest Entities

The Company performs an ongoing qualitative assessment of its involvement with variable interest entities (VIEs). A VIE is an entity that does not have sufficient equity to finance its own activities without additional financial support, or where investors lack certain characteristics of a controlling financial interest. The Company assesses its contractual, ownership or other interests in a VIE to determine whether it has a variable interest in the entity, and if so, to determine whether the Company has a controlling financial interest and would therefore be considered the primary beneficiary of the VIE. If it is determined the Company is the primary beneficiary of a VIE, the Company includes the assets and liabilities of the VIE in the consolidated financial statements.

The limited partnerships that the Company invests in meet the definition of a VIE. Because the Company, as a limited partner, lacks the ability to direct the activities of any of these partnerships, it is not considered the primary beneficiary and therefore has not consolidated them. The maximum exposure to loss in these VIEs was $276.7 and $327.1 as of December 31, 2015 and 2014, respectively. The maximum exposure to loss includes unconditional commitments to provide future capital contributions.

In the normal course of business, the Company also makes passive investments in structured securities issued by VIEs. These structured securities primarily include residential and commercial mortgage-backed securities and collateralized loan obligations. Because the Company lacks the ability to direct the activities that most significantly impact the economic

performance of the VIEs, it is not considered the primary beneficiary and therefore does not consolidate them. The Company's maximum exposure to loss with respect to these investments is limited to the amortized cost of the Company's investment, which was $4,825.7 and $4,569.4 as of December 31, 2015 and 2014, respectively.

Other Significant Accounting Policies

The following table includes significant accounting policies that are described in other notes to the financial statements, including the number of the note.

Significant Accounting Policy	Note #
Investments	3
Mortgage Loans	4
Derivative Financial Instruments	5
Fair Value of Financial Instruments	6
Deferred Policy Acquisition Costs	7
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New Accounting Pronouncements

Standard	Description	Date of adoption	Effect on the financial statements or other significant matters
Accounting Pronouncements Newly Adopted			
Update No. 2014-01, *Investments (Topic 323) – Equity Method and Joint Ventures: Accounting for Investments in Qualified Affordable Housing Projects*	This standard provides companies with the option to elect the proportional method of amortization for qualified affordable housing investments if certain criteria are met. Under this method, a company would amortize the cost of its investment in proportion to the tax credits and other tax benefits received. Amortization would be presented as a component of income tax expense. The standard does not apply to other types of tax credit investments.	January 1, 2015	The Company adopted the standard but did not elect the proportional method of amortization for its qualified affordable housing investments. The Company has included the required disclosures about such investments in Note 4.
Accounting Pronouncements Not Yet Adopted			
Update No. 2015-05, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*	This standard provides companies with guidance on how to account for a cloud computing arrangement including a software license. Under the standard, if a cloud computing arrangement includes a software license, a company should account for the fees associated with the software license consistent with the acquisition of other software licenses. If the cloud computing arrangement does not include a software license, it should be accounted for as a service contract.	January 1, 2016	The Company has elected to prospectively adopt this standard and it does not expect that the standard will have a material impact on the consolidated financial statements.
Update No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*	This standard amends disclosure requirements for companies that use the practical expedient to measure the fair value of certain investments using the net asset value per share. Under the standard, companies are no longer required to categorize fair value measurements for these investments in the fair value hierarchy.	January 1, 2017	Upon adoption, the Company will apply the new disclosure requirements to its investments in limited partnerships that are valued using the practical expedient.
Update No. 2015-09, *Financial Services - Insurance (Topic 944): Disclosures about Short-Duration Contracts*	This standard amends disclosure requirements for the liability for unpaid claims and claim adjustment expenses on short-duration contracts for insurance entities. Under the standard, companies must include certain additional quantitative and qualitative information about these liabilities in its financial statements.	January 1, 2017 for annual disclosures; January 1, 2018 for interim disclosures. Companies must present information retrospectively, and early adoption is permitted.	Upon adoption, the Company will apply the new disclosure requirements to its short-duration contracts, which are primarily related to its group insurance policies.
Update No. 2016-01, *Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities*	This standards amends recognition and disclosure requirements for equity investments, except those accounted for under the equity method of accounting or those consolidated. Under the standard, companies must measure these investments at fair value. In addition, the requirement to disclose the fair value of financial instruments held at amortized cost has been eliminated for nonpublic companies.	January 1, 2019	The Company is in the early stages of evaluating the potential impact of the standard on its financial statements.

3. Investments

The Company's investment portfolio consists in large part of fixed maturities and commercial mortgage loans, as well as a smaller allocation of marketable equity securities, investments in limited partnerships, and other investments. Equity investments primarily consist of common stock and exchange-traded funds (ETFs) and support long-duration insurance products in the Income Annuities segment. The majority of the Company's investments are classified as available-for-sale and a small portion is classified as trading.

Available-for-Sale Securities

The Company classifies its investments in fixed maturities and certain marketable equity securities as available-for-sale and carries them at fair value. Fixed maturities primarily include bonds, mortgage-backed securities, collateralized loan obligations and redeemable preferred stock. See Note 6 for information on the valuation of these securities and additional disclosures regarding fair value measurements.

The Company reports net unrealized gains (losses) related to its available-for-sale securities in accumulated other comprehensive income (AOCI) in stockholders' equity, net of related DAC and DSI adjustments and deferred income taxes. The cost of securities sold is determined using the specific-identification method.

The Company reports interest and dividends earned, including prepayment fees or interest-related make whole payments, in net investment income. Interest income for fixed maturities is recognized using the effective yield method. For mortgage-backed securities, the Company recognizes income using a constant effective yield based on anticipated prepayments and the estimated economic life of the securities. Quarterly, the Company compares actual prepayments to anticipated prepayments and recalculates the effective yield to reflect actual payments plus anticipated future payments. The Company includes any resulting adjustment in net investment income in the current period.

When the collectability of interest income for fixed maturities is considered doubtful, any accrued but uncollectible interest is deducted from investment income in the current period. The Company then places the securities on nonaccrual status, and they are not restored to accrual status until all delinquent interest and principal are paid.

Trading Securities

The Company classifies its investments in certain marketable equity securities as trading. Changes in the fair value of the Company's trading portfolio are recorded in net realized gains (losses) in the consolidated statements of income. Dividends earned on trading securities are reported in net investment income.

The following tables summarize the Company's available-for-sale fixed maturities and marketable equity securities.

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
As of December 31, 2015				
Fixed maturities:				
U.S. government and agencies	**$ 479.8**	**$ 3.7**	**$ (1.4)**	**$ 482.1**
State and political subdivisions	**842.5**	**34.1**	**(1.5)**	**875.1**
Corporate securities	**19,639.5**	**955.0**	**(313.6)**	**20,280.9**
Residential mortgage-backed securities	**2,539.2**	**132.7**	**(9.9)**	**2,662.0**
Commercial mortgage-backed securities	**1,186.5**	**36.2**	**(5.0)**	**1,217.7**
Collateralized loan obligations	**663.1**	**0.1**	**(18.4)**	**644.8**
Other debt obligations	**541.3**	**30.5**	**(4.0)**	**567.8**
Total fixed maturities	**25,891.9**	**1,192.3**	**(353.8)**	**26,730.4**
Marketable equity securities, available-for-sale	**175.8**	**1.2**	**(3.6)**	**173.4**
Total	**$ 26,067.7**	**$ 1,193.5**	**$ (357.4)**	**$ 26,903.8**

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
As of December 31, 2014				
Fixed maturities:				
U.S. government and agencies	$ 404.8	$ 6.1	$ (1.0)	$ 409.9
State and political subdivisions	789.7	40.1	(0.6)	829.2
Corporate securities	17,768.7	1,511.5	(87.7)	19,192.5
Residential mortgage-backed securities	2,772.0	155.9	(6.5)	2,921.4
Commercial mortgage-backed securities	1,262.6	73.0	(1.7)	1,333.9
Other debt obligations	648.7	44.5	(0.7)	692.5
Total fixed maturities	23,646.5	1,831.1	(98.2)	25,379.4
Marketable equity securities, available-for-sale	112.9	8.6	(1.0)	120.5
Total	$ 23,759.4	$ 1,839.7	$ (99.2)	$ 25,499.9

The Company maintains a diversified portfolio of corporate fixed maturity securities across industries. The following table presents the composition of the Company's corporate securities portfolio by sector:

	As of December 31, 2015		As of December 31, 2014	
	Fair Value	% of Total	Fair Value	% of Total
Industrial	**$ 3,995.4**	**19.7%**	$ 3,468.3	18.1%
Consumer discretionary	**2,829.5**	**14.0**	2,409.3	12.6
Consumer staples	**2,676.5**	**13.2**	2,861.5	14.9
Health care	**2,463.9**	**12.1**	2,210.1	11.5
Utilities	**2,103.9**	**10.4**	2,139.6	11.1
Financial	**2,090.8**	**10.3**	2,042.2	10.6
Other	**4,120.9**	**20.3**	4,061.5	21.2
Total	**$ 20,280.9**	**100.0%**	$ 19,192.5	100.0%

The following tables summarize gross unrealized losses and fair values of the Company's available-for-sale investments. The tables are aggregated by investment category and present separately those securities that have been in a continuous unrealized loss position for less than twelve months and for twelve months or more.

	Less Than 12 Months			12 Months or More		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
As of December 31, 2015						
Fixed maturities:						
U.S. government and agencies	**$ 153.4**	**$ (1.4)**	**18**	**$ —**	**$ —**	**—**
State and political subdivisions	**92.3**	**(1.3)**	**15**	**5.4**	**(0.2)**	**2**
Corporate securities	**6,046.7**	**(235.4)**	**550**	**544.8**	**(78.2)**	**96**
Residential mortgage-backed securities	**384.7**	**(5.6)**	**65**	**113.7**	**(4.3)**	**22**
Commercial mortgage-backed securities	**268.3**	**(4.5)**	**23**	**25.3**	**(0.5)**	**4**
Collateralized loan obligations	**566.4**	**(18.4)**	**52**	**—**	**—**	**—**
Other debt obligations	**140.5**	**(4.0)**	**15**	**—**	**—**	
Total fixed maturities	**7,652.3**	**(270.6)**	**738**	**689.2**	**(83.2)**	**124**
Marketable equity securities, available-for-sale	**138.3**	**(3.6)**	**4**	**—**	**—**	**—**
Total	**$ 7,790.6**	**$ (274.2)**	**742**	**$ 689.2**	**$ (83.2)**	**124**

	Less Than 12 Months			12 Months or More		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
As of December 31, 2014						
Fixed maturities:						
U.S. government and agencies	$ 38.4	$ (0.2)	7	$ 59.9	$ (0.8)	2
State and political subdivisions	9.3	(0.1)	3	39.3	(0.5)	12
Corporate securities	1,348.8	(44.0)	235	1,064.0	(43.7)	75
Residential mortgage-backed securities	191.5	(1.1)	15	241.0	(5.4)	40
Commercial mortgage-backed securities	54.9	(0.2)	4	52.8	(1.5)	8
Other debt obligations	81.7	(0.2)	10	29.9	(0.5)	3
Total fixed maturities	1,724.6	(45.8)	274	1,486.9	(52.4)	140
Marketable equity securities, available-for-sale	14.9	(0.7)	11	3.3	(0.3)	7
Total	$ 1,739.5	$ (46.5)	285	$ 1,490.2	$ (52.7)	147

Based on National Association of Insurance Commissioners (NAIC) ratings as of December 31, 2015 and December 31, 2014, the Company held below-investment-grade fixed maturities with fair values of $1,039.0 and $1,126.6, respectively, and amortized costs of $1,083.2 and $1,111.9, respectively. These holdings amounted to 3.8% and 4.4% of the Company's investments in fixed maturities at fair value as of December 31, 2015 and December 31, 2014, respectively.

The following table summarizes the amortized cost and fair value of fixed maturities as of December 31, 2015, by contractual years to maturity. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

	Amortized Cost	Fair Value
One year or less	$ 574.5	$ 580.7
Over one year through five years	6,520.1	6,819.3
Over five years through ten years	9,811.2	9,834.5
Over ten years	4,140.3	4,490.4
Residential mortgage-backed securities	2,539.2	2,662.0
Commercial mortgage-backed securities	1,186.5	1,217.7
Collateralized loan obligations	663.1	644.8
Other asset-backed securities	457.0	481.0
Total fixed maturities	$ 25,891.9	$ 26,730.4

The following table summarizes the Company's net investment income:

	For the Years Ended December 31,		
	2015	2014	2013
Fixed maturities	$ 1,160.5	$ 1,136.7	$ 1,117.2
Marketable equity securities	18.1	17.8	16.7
Mortgage loans	247.6	215.7	190.2
Policy loans	3.3	3.5	3.7
Investments in limited partnerships	(60.0)	(23.9)	(16.5)
Other	4.7	4.4	4.3
Total investment income	1,374.2	1,354.2	1,315.6
Investment expenses	(37.8)	(33.7)	(30.6)
Net investment income	$ 1,336.4	$ 1,320.5	$ 1,285.0

The following table summarizes the Company's net realized gains (losses):

	For the Years Ended December 31,		
	2015	2014	2013
Fixed maturities:			
Gross gains on sales	$ 13.7	$ 27.6	$ 11.7
Gross losses on sales	(22.2)	(6.8)	(20.0)
Net impairment losses recognized in earnings	(38.6)	(14.1)	(18.3)
Other (1)	(16.4)	(7.4)	(2.4)
Total fixed maturities	(63.5)	(0.7)	(29.0)
Marketable equity securities, trading (2)	10.0	55.7	66.0
Investments in limited partnerships (3)	(44.8)	(16.7)	(6.8)
Other (4)	(5.4)	2.6	2.7
DAC and DSI adjustment	7.2	1.5	2.7
Net realized gains (losses)	$ (96.5)	$ 42.4	$ 35.6

(1) This includes net gains (losses) on calls and redemptions, and changes in the fair value of the Company's convertible securities.

(2) This includes net gains (losses) on changes in the fair value of trading securities held as of period end totaling **$(4.0)**, $32.3 and $41.1 for the years ended December 31, 2015, 2014 and 2013, respectively.

(3) This reflects impairments related to tax credit investments and, for the year ended December 31, 2015, includes a $(3.9) impairment of an alternative investment.

(4) This includes net gains (losses) on derivatives not designated for hedge accounting and other instruments including embedded derivatives related to the Company's FIA product.

Other-Than-Temporary Impairments (OTTI)

The Company's review of available-for-sale investment securities for OTTI includes both quantitative and qualitative criteria. Quantitative criteria include the length of time and amount that each security is in an unrealized loss position (i.e., is underwater) and, for fixed maturities, whether expected future cash flows indicate that a credit loss exists.

While all securities are monitored for impairment, the Company's experience indicates that, under normal market conditions, securities for which the cost or amortized cost exceeds fair value by less than 20% do not typically represent a significant risk of impairment and, often, fair values recover over time as the factors that caused the declines improve. If the estimated fair value has declined and remained below cost or amortized cost by 20% or more for at least six months, the Company further analyzes the decrease in fair value to determine whether it is an other-than-temporary decline.

The Company considers the following qualitative factors as part of its OTTI analysis:

- Extent and duration of the decline in fair value below cost or amortized cost;
- The financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations, earnings potential or compliance with terms and covenants of the security;
- Changes in the financial condition of the security's underlying collateral;
- Any downgrades of the security by a rating agency;
- Nonpayment of scheduled interest, or the reduction or elimination of dividends;
- Other indications that a credit loss has occurred; and
- For fixed maturities, the Company's intent to sell or whether it is more likely than not the Company will be required to sell the fixed maturity prior to recovery of its amortized cost, considering any regulatory developments, prepayment or call notifications and the Company's liquidity needs.

For fixed maturities, the Company concludes that an OTTI has occurred if a security is underwater and there is an intent to sell the security or if the present value of expected cash flows is less than the amortized cost of the security (i.e., a credit loss exists). Where a credit loss exists, the Company isolates the portion of the total unrealized loss related to a credit loss, which is recognized in realized gains (losses) on the consolidated statements of income, and the remainder is recorded as a non-credit OTTI through other comprehensive income.

In order to determine the amount of the credit loss, the Company calculates the recovery value by discounting its estimate of future cash flows from the security. The discount rate is the original effective yield for corporate securities or current effective yield for mortgage-backed and other structured securities.

Determination of Credit-Related OTTI on Corporate Securities

To determine the recovery value for a corporate security, the Company performs an analysis including, but not limited to, the following:

- Expected cash flows of the issuer;
- Fundamentals of the industry in which the issuer operates;
- Fundamentals of the issuer to determine what the Company would recover if the issuer were to file for bankruptcy or restructure its debt outside of bankruptcy;
- Expectations regarding defaults and recovery rates;
- Changes to the rating of the security by a rating agency;
- Third party guarantees; and
- Additional available market information.

Determination of Credit-Related OTTI on Structured Securities

To determine the recovery value for a structured security, including residential mortgage-, commercial mortgage- and other asset-backed securities, the Company performs an analysis including, but not limited to, the following:

- Expected cash flows from the security;
- Creditworthiness;
- Delinquency ratios, debt-service coverage, and loan-to-value ratios on the underlying collateral;
- Underlying collateral values, vintage year and level of subordination;
- Geographic concentrations; and
- Susceptibility to prepayment and anti-selection due to changes in the interest rate environment.

The largest write-downs recorded through net realized gains (losses) on fixed maturities were related to investments in the following sectors:

	As of December 31,					
	2015		2014		2013	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Energy	**$ 30.5**	**79.0%**	$ 8.9	63.1%	$ 0.7	3.8%
Financials	**1.8**	**4.7**	0.6	4.3	1.9	10.4
U.S. Federal Government (1)	**1.6**	**4.1**	1.2	8.5	6.2	33.9
Materials	**1.5**	**3.9**	2.9	20.6	4.3	23.5
Other	**3.2**	**8.3**	0.5	3.5	5.2	28.4
Net impairment losses recognized in earnings	**$ 38.6**	**100.0%**	$ 14.1	100.0%	$ 18.3	100.0%

(1) Impairments on U.S. Federal Government securities are due to the Company's intent to sell.

The following table presents the severity and duration of the gross unrealized losses on the Company's available-for-sale fixed maturities in an unrealized loss position (i.e., underwater), after the recognition of OTTI:

	December 31, 2015			December 31, 2014		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
Fixed maturities						
Underwater by 20% or more:						
Less than 6 consecutive months	**$ 86.4**	**$ (37.1)**	**56**	$ 38.5	$ (17.3)	33
6 consecutive months or more	**44.9**	**(21.5)**	**22**	4.5	(2.8)	8
Total underwater by 20% or more	**131.3**	**(58.6)**	**78**	43.0	(20.1)	41
All other underwater fixed maturities	**8,210.2**	**(295.2)**	**761**	3,168.5	(78.1)	373
Total underwater fixed maturities	**$ 8,341.5**	**$ (353.8)**	**839**	$ 3,211.5	$ (98.2)	414

The Company reviewed its available-for-sale fixed maturities with unrealized losses as of December 31, 2015 and 2014 in accordance with its impairment policy and determined, after the recognition of OTTI, that the remaining declines in fair value were temporary. The Company did not intend to sell its underwater securities, and it was not more likely than not that the Company will be required to sell the securities before recovery of cost or amortized cost, which may be maturity. This conclusion is supported by the Company's spread analyses, cash flow modeling and expected continuation of contractually required principal and interest payments.

Changes in the amount of credit-related OTTI recognized in net income where the portion related to other factors was recognized in other comprehensive income (OCI) were as follows:

	For the Years Ended December 31,		
	2015	**2014**	**2013**
Balance, beginning of period	**$ 20.1**	$ 23.1	$ 36.2
Increases recognized in the current period:			
For which an OTTI was not previously recognized	**8.3**	1.1	2.9
For which an OTTI was previously recognized	**7.8**	1.8	2.7
Decreases attributable to:			
Securities sold or paid down during the period	**(7.4)**	(5.8)	(18.7)
Previously recognized credit losses on securities impaired during the period due to a change in intent to sell (1)	**(1.1)**	(0.1)	—
Balance, end of period	**$ 27.7**	$ 20.1	$ 23.1

(1) Represents circumstances where the Company determined in the period that it intended to sell the security prior to recovery of its amortized cost.

Investments in Limited Partnerships — Affordable Housing Project Investments

The Company invests in limited partnerships that are established to fund low-income housing and other qualifying purposes, where the primary return on investment is in the form of income tax credits. These are collectively referred to as "tax credit investments," and the majority of the Company's investments in such partnerships relate to affordable housing project investments. As of December 31, 2015 and December 31, 2014, the Company's tax credit investments had carrying values of $210.9 and $238.4, respectively, of which $193.1 and $228.7 related to affordable housing project investments, respectively.

The following table sets forth the impact of affordable housing project investments on net income. These amounts do not include the impacts of the Company's holdings in other types of tax credit investments.

	For the Years Ended December 31,		
	2015	**2014**	**2013**
Amortization	**$ (30.6)**	$ (25.8)	$ (20.0)
Realized losses	**(8.3)**	(8.5)	(2.2)
Tax benefit from amortization and realized losses	**13.6**	12.0	7.8
Tax credits	**45.2**	48.4	34.3
Impact to net income	**$ 19.9**	$ 26.1	$ 19.9

4. Mortgage Loans

The Company originates and manages a portfolio of mortgage loans which are secured by first-mortgage liens on income-producing commercial real estate, primarily in the retail, industrial and office building sectors. Loans are underwritten based on loan-to-value (LTV) ratios and debt-service coverage ratios (DSCR) as well as detailed market, property and borrower analyses. The Company's mortgage loan portfolio is considered a single portfolio segment and class of financing receivables, which is consistent with how the Company assesses and monitors the risk and performance of the portfolio. A large majority of these loans have personal guarantees, and all mortgaged properties are inspected annually.

The Company carries its mortgage loans at outstanding principal balances, adjusted for unamortized deferred fees and costs, net of an allowance for loan losses. Loan origination fees and costs are deferred and amortized over the life of the loan. Interest income, including amortization of deferred fees and expenses, is recorded in net investment income.

The Company's mortgage loan portfolio is generally diversified by geographic region, loan size and scheduled maturity. As of December 31, 2015, the three states with the largest concentrations of the Company's commercial mortgage loans were California, primarily the Los Angeles area, Texas and Washington. Loans in these states comprised 29.1%, 11.0% and 7.5% of the total portfolio, respectively.

Allowance for Mortgage Loans

The allowance for losses on mortgage loans provides for the risk of credit loss inherent in the lending process. The allowance includes a portfolio reserve for probable losses incurred but not specifically identified and, as needed, specific reserves for impaired loans. The allowance for losses on mortgage loans is evaluated at each reporting period and adjustments are recorded when appropriate. To assist in its evaluation of the allowance for loan losses, the Company utilizes the following credit quality indicators to categorize its loans as lower, medium or higher risk:

- *Lower Risk Loans* – Loans with an LTV ratio of less than 65%, and a DSCR of greater than 1.50.
- *Medium Risk Loans* – Loans that have an LTV ratio at or less than 65% but a DSCR at or below 1.50, or loans with an LTV ratio between 65% and 80%, and a DSCR at or greater than 1.50.
- *Higher Risk Loans* – Loans with an LTV ratio greater than 80%, or loans which have an LTV ratio between 65% and 80%, and a DSCR of less than 1.50.

Loans are specifically evaluated for impairment if the Company considers it probable that amounts due according to the terms of the loan agreement will not be collected, or the loan is modified in a troubled debt restructuring. The Company establishes specific reserves for these loans when the fair value is less than its carrying value.

The following table sets forth the Company's mortgage loans by risk category:

	As of December 31, 2015		As of December 31, 2014	
	Carrying Value	% of Total	Carrying Value	% of Total
Lower risk	**$ 3,103.2**	**64.9%**	$ 2,567.0	62.1%
Medium risk	**1,129.3**	**23.6**	994.2	24.1%
Higher risk	**547.9**	**11.5%**	571.3	13.8%
Credit quality indicator total	**4,780.4**	**100.0%**	4,132.5	100.0%
Loans specifically evaluated for impairment (1)	**1.7**		2.0	
Other (2)	**(3.6)**		(4.4)	
Total	**$ 4,778.5**		$ 4,130.1	

(1) As of December 31, 2015 and 2014, reserve amounts of **$0.2** were held for loans specifically evaluated for impairment.
(2) Includes the allowance for loan losses and deferred fees and costs.

In developing its portfolio reserve for incurred but not specifically identified losses, the Company evaluates loans by risk category and considers its past loan experience, commercial real estate market conditions, and third party data for expected losses on loans with similar LTV ratios and DSCRs. Each loan's LTV ratio and DSCR is updated annually, primarily during the third quarter. In developing its provision for specifically identified loans, a market valuation on the collateral is performed to determine if a reserve is necessary.

The following table summarizes the activity in the Company's allowance for mortgage loan losses, which includes portfolio and specific reserves:

	For the Years Ended December 31,		
	2015	2014	2013
Allowance at beginning of period	**$ 8.1**	$ 8.1	$ 7.9
Provision for specific loans	**—**	—	0.2
Allowance at end of period (1)	**$ 8.1**	$ 8.1	$ 8.1

(1) For the years ended December 31, 2015, 2014 and 2013, no additional portfolio reserve provisions or charge offs were recorded.

Non-performing loans, defined generally as those in default, close to being in default or more than 90 days past due, are placed on non-accrual status. As of December 31, 2015, no loans were considered non-performing. There was one such loan with an outstanding balance of $1.5 as of December 31, 2014.

5. Derivative Instruments

The Company uses derivative financial instruments to hedge certain portions of its exposure to equity market risk, interest rate risk and foreign currency exchange risk. Derivative financial instruments currently held consist primarily of index options, interest rate swaps, foreign currency swaps and foreign currency forwards. Derivative instruments may be exchange-traded or contracted in the over-the-counter (OTC) market. The Company has established policies for managing its derivatives, including prohibitions on derivatives market-making and other speculative derivatives activities. All of the Company's derivative financial instruments are individually recognized at fair value as either assets within other invested assets, or liabilities within other liabilities in the consolidated balance sheets.

The accounting for changes in the fair value of derivative instruments depends on whether it qualifies and has been designated for hedge accounting. To qualify for hedge accounting treatment, a derivative must be highly effective in mitigating the designated risk of the hedged item. Effectiveness of the hedge is formally assessed at inception and throughout the life of the hedging relationship.

When a derivative is designated as a cash flow hedge and is determined to be highly effective, changes in its fair value are recorded as a component of OCI and reclassified into net income in the same period during which the hedged transaction affects net income. Any hedge ineffectiveness is recorded in the consolidated statements of income within net realized gains (losses). If a derivative instrument does not qualify, or is not designated for hedge accounting, the changes in its fair value are recorded in the consolidated statements of income within net realized gains (losses).

The Company prospectively discontinues hedge accounting when: (1) the criteria to qualify for hedge accounting is no longer met (e.g., the derivative is no longer highly effective in offsetting the change in cash flows of a hedged item); (2) the derivative expires, is sold, terminated or exercised; or (3) the derivative is de-designated as a hedging instrument for hedge accounting purposes. If it is determined that a derivative no longer qualifies as an effective hedge, the derivative continues to be carried in the consolidated balance sheets at its fair value, with changes in fair value recognized prospectively in income.

The Company also issues fixed indexed annuity contracts that contain embedded derivatives, which are recorded at fair value in funds held under deposit contracts in the consolidated balance sheets.

Derivative Exposure

The following table sets forth the fair value of the Company's derivative instruments. In the consolidated balance sheets, derivative contracts in an asset position are included in other invested assets, derivative contracts in a liability position are included in other liabilities, and liabilities with embedded derivatives are included in funds held under deposit contracts.

	As of December 31, 2015			As of December 31, 2014		
		Fair Value			Fair Value	
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Derivatives designated as hedges						
Cash flow hedges:						
Interest rate swaps	**$ 424.5**	**$ 6.1**	**$ 3.1**	$ 158.5	$ 5.4	$ —
Foreign currency swaps	**679.8**	**61.8**	**—**	638.6	14.9	10.2
Total derivatives designated as hedges	**$ 1,104.3**	**$ 67.9**	**$ 3.1**	$ 797.1	$ 20.3	$ 10.2
Derivatives not designated as hedges						
Index options	**$ 3,794.0**	**$ 71.3**	**$ —**	$ 2,055.9	$ 71.0	$ 0.1
Interest rate swaps	**118.3**	**0.1**	**0.8**	—	—	—
Foreign currency forwards	**9.5**	**0.2**	**—**	18.3	0.1	—
Embedded derivatives	**—**	**—**	**385.7**	—	—	230.1
Other derivatives	**122.7**	**—**	**0.5**	25.3	0.2	0.4
Total derivatives not designated as hedges	**4,044.5**	**71.6**	**387.0**	2,099.5	71.3	230.6
Total derivatives	**$ 5,148.8**	**$ 139.5**	**$ 390.1**	$ 2,896.6	$ 91.6	$ 240.8

Equity Market Contracts and Embedded Derivatives

The Company uses indexed call options, as part of its equity market risk management strategy. The Company offers a FIA contract that permits the contract holder to allocate all or a portion of their account value to an index-linked component, where interest credited to the contract is linked to index performance, subject to caps or performance margins set by the Company. The contract holders may elect to rebalance index options at renewal dates, typically annually. As of each renewal date, the Company has the opportunity to re-price the indexed component by establishing revised cap rates or performance margins, subject to contractual guarantees. The Company transacts in call options according to the portfolio allocation decisions of the contract holders, such that the Company is economically hedged with respect to equity returns for the current interest term. These derivatives are not designated for hedge accounting.

The index-based crediting feature in these contracts is an embedded derivative instrument that is bifurcated from the host contract for measurement purposes, because it possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract. The embedded derivative, which is reported with the host instrument as funds held under deposit contracts in the consolidated balance sheets, is carried at fair value with changes in fair value recognized in net realized gains (losses).

Foreign Currency Contracts

The Company uses foreign currency swaps and forwards as part of its foreign currency risk management strategy, to reduce risks from changes in currency exchange rates with respect to the Company's investments denominated in foreign currencies. In a foreign currency swap transaction, the Company agrees with other parties to exchange, at specified intervals, one currency for another at a specified rate of exchange. Generally, the notional amount of each currency is exchanged at the maturity of the currency swap by each party. These derivatives qualify and are designated as cash flow hedges, and accumulated gains (losses) are reclassified into income when interest and principal payments on the underlying foreign bonds are received.

The Company is invested in foreign currency forwards to hedge exposure related to purchases of foreign denominated equities and fixed maturities. The Company invests in foreign currency forwards to economically hedge its exposure related to foreign currency-denominated fixed maturity purchases until a foreign currency swap is executed, or to economically hedge fluctuations in the value of foreign-denominated equities owing to exchange rate changes. In a foreign currency forward transaction, the Company agrees with other parties to deliver a specified amount of an identified currency at a specified future date. The price is agreed upon at the time of the contract and payment for such a contract is made at the specified future date. In general, the Company is selling a foreign currency and receiving U.S. dollars to protect against fluctuations in exchange rates over a short period of time. These derivatives are not designated for hedge accounting.

Interest Rate Swaps

The Company uses interest rate swaps as part of its interest rate risk management strategy. In an interest rate swap, the Company agrees with other parties to exchange, at specified intervals, the difference between floating-rate and fixed-rate interest amounts calculated by reference to an agreed upon notional principal amount. The Company primarily uses interest rate swaps to synthetically convert variable rate fixed maturities, including investment in collateralized loan obligations, to fixed rate securities. Most of these derivatives qualify and are designated as cash flow hedges, and accumulated gains (losses) are reclassified into income when interest payments on the underlying bonds are received.

Collateral Arrangements and Offsetting of Financial Instruments

The Company's non-centrally-cleared, over-the-counter derivative contracts are typically governed by an International Swaps and Derivatives Association (ISDA) Master Agreement, except for foreign currency forwards which do not require an ISDA. For each ISDA, the Company and the counterparty have also entered into a credit support annex (CSA) to reduce the risk of counterparty default in derivative transactions by requiring the posting of cash collateral or other financial assets. The CSA requires either party to post collateral when net exposures from all derivative contracts between the parties exceed pre-determined contractual thresholds, which vary by counterparty. The amount of net exposure is the difference between the derivative contract's fair value and the fair value of the collateral held for such agreements with each counterparty. Collateral amounts required to be posted or received are determined daily based on the net exposure with each counterparty under a master netting agreement. The Company is also required to post initial and variation margin on centrally cleared instruments and, as a result, may have collateral posted related to derivatives in an asset position. The Company does not offset recognized collateral amounts pledged or received against the fair value amounts recognized for derivative contracts.

In the consolidated balance sheets, the Company recognizes cash collateral received in cash and cash equivalents, and the obligation to return cash collateral in other liabilities. Non-cash collateral received is not recognized in the consolidated balance sheets. In the event of default, the counterparty relinquishes claim to the assets pledged as collateral, and the Company recognizes the collateral as its own asset recorded at fair value, or, in the case of cash collateral, derecognizes its obligation to return collateral. As our activity increases in derivatives associated with our collateralized loan obligations, there are corresponding increases in non-cash collateral posted, owing to initial margin requirements of our central counterparty.

The following tables present the potential effect of netting arrangements by counterparty on the Company's consolidated balance sheets:

	As of December 31, 2015			
		Gross Amount of Collateral (Received) Posted		
	Fair Value Presented in the Balance Sheets	Financial Instruments	Cash Collateral	Net Amount
Counterparty:				
Assets:				
A	$ 11.4	$ —	$ (11.4)	$ —
B (1)	38.1	12.1	(37.7)	12.5
C	14.2	—	(13.7)	0.5
F	19.9	—	(19.9)	—
G	21.9	—	(21.9)	—
H	10.0	—	(10.0)	—
Other	24.0	—	(21.3)	2.7
Total derivative assets	$ 139.5	$ 12.1	$ (135.9)	$ 15.7

(1) Amounts include financial instruments of **$12.1** posted by the Company to comply with regulatory requirements on certain centrally cleared instruments.

	As of December 31, 2015			
		Gross Amount of Collateral Received (Posted)		
	Fair Value Presented in the Balance Sheets	Financial Instruments	Cash Collateral	Net Amount
Counterparty:				
Liabilities:				
F	$ 0.5	—	—	$ 0.5
Other	3.9	—	—	3.9
Total derivative liabilities (1)	$ 4.4	$ —	$ —	$ 4.4

(1) Excludes **$385.7** of embedded derivatives which have no counterparty.

	As of December 31, 2014			
		Gross Amount of Collateral (Received) Posted		
Counterparty:	Fair Value Presented in the Balance Sheets	Financial Instruments	Cash Collateral	Net Amount
Assets:				
A	$ 12.0	$ —	$ (12.0)	$ —
B (1)	20.2	1.9	(13.9)	8.2
C	12.0	—	(12.0)	—
D	14.9	—	(14.9)	—
F	24.0	—	(24.0)	—
Other	8.5	—	(6.7)	1.8
Total derivative assets	$ 91.6	$ 1.9	$ (83.5)	$ 10.0

(1) Amounts include financial instruments of $1.9 posted by the Company to comply with regulatory requirements on certain centrally cleared instruments.

	As of December 31, 2014			
		Gross Amount of Collateral Received (Posted)		
Counterparty:	Fair Value Presented in the Balance Sheets	Financial Instruments	Cash Collateral	Net Amount
Liabilities:				
A	$ 1.2	$ —	$ —	$ 1.2
B	6.7	—	(0.1)	6.6
E	2.4	—	—	2.4
Other	0.4	—	—	0.4
Total derivative liabilities (1)	$ 10.7	$ —	$ (0.1)	$ 10.6

(1) Excludes $230.1 of embedded derivatives which have no counterparty.

Derivatives Designated as Hedges

The following table presents the amount of gain (loss) recognized in OCI on derivatives that qualify as cash flow hedges:

	For the Years Ended December 31,		
	2015	2014	2013
Interest rate swaps	**$ 2.4**	$ 3.6	$ (2.8)
Foreign currency swaps	**62.7**	34.5	(24.0)
Total	**$ 65.1**	$ 38.1	$ (26.8)

See Note 8 for amounts reclassified out of AOCI and into net income for the years ended December 31, 2015, 2014 and 2013. The Company expects to reclassify net gains of $11.1 from AOCI into net income in the next 12 months, which includes both discontinued hedges and periodic settlements of active hedges. Actual amounts may vary from this estimate as a result of market conditions.

As of December 31, 2015, the maximum term over which the Company is hedging its exposure to the variability in future cash flows is approximately fifteen years. The Company recorded no ineffectiveness for cash flow hedging relationships for the years ended December 31, 2015, 2014 or 2013.

Derivatives Not Designated as Hedges

The following table shows the effect of derivatives not designated as hedges in the consolidated statements of income, which is recorded in net realized gains (losses):

	For the Years Ended December 31,		
	2015	**2014**	**2013**
Index options	**$ (23.9)**	$ 33.4	$ 21.4
Interest rate swaps	**3.6**	—	—
Foreign currency forwards	**0.6**	1.3	0.9
Embedded derivatives	**6.9**	(38.7)	(23.0)
Other derivatives	**(2.5)**	2.5	(1.9)
Total	**$ (15.3)**	$ (1.5)	$ (2.6)

6. Fair Value of Financial Instruments

The Company determines the fair value of its financial instruments based on the fair value hierarchy, which favors the use of observable inputs over the use of unobservable inputs when measuring fair value. The Company has categorized its financial instruments into the three-level hierarchy, which gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The level to which a fair value measurement falls is assigned based on the lowest-level input that is significant to the measurement. The fair value measurements for the Company's financial instruments are categorized as follows:

- *Level 1* — Unadjusted quoted prices in active markets for identical instruments. This category primarily consists of exchange-traded marketable equity securities and mutual fund investments.
- *Level 2* — Quoted prices for similar instruments in active markets and model-derived valuations whose inputs are observable. This category includes those financial instruments that are valued using industry-standard pricing methodologies or models. All significant inputs are observable or derived from observable information in the marketplace. Financial instruments in this category primarily include corporate fixed maturities and mortgage-backed securities.
- *Level 3* — Fair value estimates whose significant inputs are unobservable. This includes financial instruments for which fair value is estimated based on industry-standard pricing methodologies and internally developed models utilizing significant inputs not based on or corroborated by readily available market information. In limited circumstances, this may also utilize estimates based on non-binding broker quotes. This category primarily consists of funds held under deposit contracts and mortgage loans.

The following tables present the fair value of the Company's financial instruments classified by the valuation hierarchy described above. The financial instruments are separated between those measured at fair value on a recurring basis and those not carried at fair value, but for which disclosure of fair value is required.

	As of December 31, 2015				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis:					
Financial assets:					
Fixed maturities, available-for-sale:					
U.S. government and agencies	$ 482.1	$ 482.1	$ —	$ 482.1	$ —
State and political subdivisions	875.1	875.1	—	875.1	—
Corporate securities	20,280.9	20,280.9	—	20,246.8	34.1
Residential mortgage-backed securities	2,662.0	2,662.0	—	2,662.0	—
Commercial mortgage-backed securities	1,217.7	1,217.7	—	1,216.5	1.2
Collateralized loan obligations	644.8	644.8	—	555.2	89.6
Other debt obligations	567.8	567.8	—	525.3	42.5
Total fixed maturities, available-for-sale	26,730.4	26,730.4	—	26,563.0	167.4
Marketable equity securities, available-for-sale	173.4	173.4	140.5	27.0	5.9
Marketable equity securities, trading	482.4	482.4	482.2	—	0.2
Investments in limited partnerships, alternative investments	45.9	45.9	—	17.7	28.2
Other invested assets:					
Index options	71.3	71.3	—	67.6	3.7
Other	70.4	70.4	0.6	68.2	1.6
Total other invested assets	141.7	141.7	0.6	135.8	5.3
Total investments carried at fair value	27,573.8	27,573.8	623.3	26,743.5	207.0
Separate account assets	909.8	909.8	909.8	—	—
Total assets at fair value	$ 28,483.6	$ 28,483.6	$ 1,533.1	$ 26,743.5	$ 207.0
Financial liabilities:					
Embedded derivatives	385.7	385.7	—	—	385.7
Total liabilities at fair value	$ 385.7	$ 385.7	$ —	$ —	$ 385.7
Subject to fair value disclosure requirements:					
Financial assets:					
Mortgage loans	$ 4,778.5	$ 4,995.6	$ —	$ —	$ 4,995.6
Investments in limited partnerships, tax credit investments	210.9	197.1	—	197.1	—
Cash and cash equivalents	172.2	172.2	172.2	—	—
Financial liabilities:					
Funds held under deposit contracts (1):					
Deferred annuities	$ 16,292.9	$ 16,487.2	$ —	$ —	$ 16,487.2
Income annuities	6,490.9	7,816.1	—	—	7,816.1
Notes payable:					
Capital Efficient Notes (CENts)	149.9	151.5	—	151.5	—
Senior notes	547.7	555.1	—	555.1	—

(1) The carrying value of this balance excludes **$6,788.0** of liabilities related to insurance contracts and embedded derivatives.

	As of December 31, 2014				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis:					
Financial assets:					
Fixed maturities, available-for-sale:					
U.S. government and agencies	$ 409.9	$ 409.9	$ —	$ 409.9	$ —
State and political subdivisions	829.2	829.2	—	829.2	—
Corporate securities	19,192.5	19,192.5	—	19,120.9	71.6
Residential mortgage-backed securities	2,921.4	2,921.4	—	2,921.4	—
Commercial mortgage-backed securities	1,333.9	1,333.9	—	1,331.4	2.5
Other debt obligations	692.5	692.5	—	620.8	71.7
Total fixed maturities, available-for-sale	25,379.4	25,379.4	—	25,233.6	145.8
Marketable equity securities, available-for-sale	120.5	120.5	62.8	57.7	—
Marketable equity securities, trading	532.0	532.0	531.6	—	0.4
Investments in limited partnerships, alternative investments	71.5	71.5	—	—	71.5
Other invested assets:					
Index options	71.0	71.0	—	68.6	2.4
Other	24.8	24.8	0.6	20.7	3.5
Total other invested assets	95.8	95.8	0.6	89.3	5.9
Total investments carried at fair value	26,199.2	26,199.2	595.0	25,380.6	223.6
Separate account assets	949.8	949.8	949.8	—	—
Total assets at fair value	$ 27,149.0	$ 27,149.0	$ 1,544.8	$ 25,380.6	$ 223.6
Financial liabilities:					
Embedded derivatives	230.1	230.1	—	—	230.1
Foreign currency swaps	10.2	10.2	—	10.2	—
Total liabilities at fair value	$ 240.3	$ 240.3	$ —	$ 10.2	$ 230.1
Subject to fair value disclosure requirements:					
Financial assets:					
Mortgage loans	$ 4,130.1	$ 4,375.8	$ —	$ —	$ 4,375.8
Investments in limited partnerships, tax credit investments	238.4	226.6	—	226.6	—
Cash and cash equivalents	158.8	158.8	158.8	—	—
Financial liabilities:					
Funds held under deposit contracts (1):					
Deferred annuities	$ 13,686.8	$ 14,004.2	$ —	$ —	$ 14,004.2
Income annuities	6,527.1	8,452.5	—	—	8,452.5
Notes payable:					
Capital Efficient Notes (CENts)	149.9	155.6	—	155.6	—
Senior notes	547.3	569.6	—	569.6	—

(1) The carrying value of this balance excludes $6,388.7 of liabilities related to insurance contracts and embedded derivatives.

Financial Instruments Measured at Fair Value on a Recurring Basis

Fixed Maturities

The vast majority of the Company's fixed maturities have been classified as Level 2 measurements. To make this assessment, the Company determines whether the market for a security is active and if significant pricing inputs are observable. The Company predominantly utilizes third party independent pricing services to assist management in determining the fair value of its fixed maturity securities. As of December 31, 2015 and 2014, respectively, pricing services provided prices for 94.9% and 95.5% of the Company's fixed maturities.

As of December 31, 2015, the Company had $1,157.6 or 4.3%, of its fixed maturities invested in private placement securities. The use of significant observable inputs in determining the fair value of the Company's investments in private placement securities resulted in the classification of $1,138.8, or 98.4%, as Level 2 measurements as of December 31, 2015. As of December 31, 2014, the Company had $929.0, or 3.7%, of its fixed maturities invested in private placement securities, of which $870.7, or 93.7%, were classified as Level 2 measurements.

Corporate Securities

As of December 31, 2015 and 2014, the fair value of the Company's corporate securities classified as Level 2 measurements was $20,246.8 and $19,120.9, respectively. The following table presents additional information about the composition of the Level 2 corporate securities:

	As of December 31, 2015			As of December 31, 2014		
	Amount	**% of Total**	**# of Securities**	**Amount**	**% of Total**	**# of Securities**
Significant security sectors:						
Industrial	**$ 3,995.0**	**19.7%**	**253**	$ 3,468.3	18.1%	226
Consumer staples	**2,676.4**	**13.2**	**158**	2,855.1	14.9	162
Consumer discretionary	**2,829.5**	**14.0**	**222**	2,409.3	12.6	199
Health care	**2,464.0**	**12.1**	**146**	2,175.4	11.4	122
Utilities	**2,080.6**	**10.3**	**159**	2,119.1	11.1	154
Financials	**2,080.5**	**10.3**	**155**	2,032.2	10.6	162
Weighted-average coupon rate	**4.80%**			5.30%		
Weighted-average remaining years to contractual maturity	**8.3**			9.1		

The majority of corporate securities classified as Level 2 measurements are priced by independent pricing services utilizing evaluated pricing models. Because many corporate securities do not trade on a daily basis, evaluated pricing models apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing to prepare valuations. The significant inputs for security evaluations include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and other reference data, including market research publications.

As of December 31, 2015 and 2014, $1,073.3, or 5.3%, and $770.6, or 4.0%, respectively, of Level 2 corporate securities were privately placed. These securities were valued using a matrix pricing approach. The significant inputs to the measurement are the base credit spread, treasury yield and expected future cash flows of the security, which are all observable inputs. The base spread is determined based on trades of similar publicly-traded securities, and the expected future cash flows are based on the contractual terms of the security. The valuation approach also incorporates an illiquidity spread, determined based on premiums demanded by investors for privately placed securities. The illiquidity spread is an unobservable input, which ranges from 0 to 40 basis points and is based on the credit quality of the security. The illiquidity spread generally does not significantly impact the resulting valuation and thus management does not believe it prohibits Level 2 classification.

Residential Mortgage-backed Securities

As of December 31, 2015 and 2014, the fair value of the Company's residential mortgage-backed securities (RMBS) classified as Level 2 measurements was $2,662.0 and $2,921.4, respectively. These securities were primarily fixed-rate, with a weighted-average coupon rate of 3.91% and 4.18% as of December 31, 2015 and 2014, respectively.

The Company's residential mortgage-backed securities (RMBS) classified as Level 2 measurements are priced by pricing services that utilize evaluated pricing models. Because many RMBS do not trade on a daily basis, evaluated pricing models apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing to prepare evaluations. The significant observable inputs for security evaluations include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and other reference data, including market research publications. In addition, the pricing services use models and processes to develop prepayment and interest rate scenarios. The pricing services monitor market indicators, industry and economic events, and their models take into account market convention.

Agency securities comprised 88.3% and 87.9% of the Company's Level 2 RMBS as of December 31, 2015 and 2014, respectively. The following table presents additional information about the composition of the Level 2 non-agency RMBS securities:

	As of December 31, 2015		As of December 31, 2014	
	Fair Value	**% of Total**	**Fair Value**	**% of Total**
Highest rating agency rating:				
AAA	**$ 170.9**	**54.8%**	$ 159.6	45.1%
AA through BBB	**31.6**	**10.2**	56.1	15.9
BB & below	**109.1**	**35.0**	138.1	39.0
Total non-agency RMBS	**$ 311.6**	**100.0%**	$ 353.8	100.0%
Non-agency RMBS with super senior subordination	**$ 234.8**	**75.4%**	$ 240.4	67.9%

As of December 31, 2015 and 2014, the Company's non-agency Level 2 RMBS had a weighted-average credit enhancement of 10.8% and 9.0%, respectively. As of December 31, 2015 and 2014, $46.1 and $72.8, or 14.8% and 20.6%, respectively, of the Company's non-agency Level 2 RMBS had an origination or vintage year of 2004 and prior. The underlying collateral in years prior to 2006 and subsequent to 2008 is considered higher quality as underwriting standards were more stringent.

Commercial Mortgage-backed Securities

As of December 31, 2015 and 2014, the fair value of the Company's commercial mortgage-backed securities (CMBS) classified as Level 2 measurements was $1,216.5 and $1,331.4, respectively. The weighted-average coupon rate on these securities was 4.25% and 4.65% as of December 31, 2015 and 2014, respectively.

The Company's commercial mortgage-backed securities (CMBS) classified as Level 2 are priced by pricing services that utilize evaluated pricing models. Because many CMBS do not trade on a daily basis, evaluated pricing models apply available information through processes, such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing to prepare evaluations. The significant observable inputs for security evaluations include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, new issues, monthly payment information and other reference data, including market research publications.

The Company's Level 2 CMBS securities were primarily non-agency securities, which comprised 92.4% and 87.8% of Level 2 CMBS as of December 31, 2015 and 2014, respectively. The non-agency Level 2 CMBS had an estimated weighted-average credit enhancement of 32.6% and 32.8% as of December 31, 2015 and 2014, respectively, and 86.5% and 96.8% were in the most senior tranche as of December 31, 2015 and 2014, respectively.

The following table presents additional information about the composition of the underlying collateral of Level 2 non-agency CMBS securities:

	As of December 31, 2015	As of December 31, 2014
	% of Total	% of Total
Significant underlying collateral locations:		
New York	**27.6%**	24.5%
California	**11.9**	10.7
Florida	**7.1**	7.8
Texas	**6.8**	7.1
Significant underlying collateral property types:		
Office buildings	**35.2%**	33.4%
Retail shopping centers	**28.6**	29.8

Marketable Equity Securities

Marketable equity securities are investments in exchange-traded funds (ETFs) common stock, and certain nonredeemable preferred stocks. When the fair values of the Company’s marketable equity securities are based on quoted market prices in active markets for identical assets, they are classified as Level 1 measurements. The fair values of nonredeemable preferred stocks are determined by pricing services utilizing evaluated pricing models and are classified as a Level 2 measurement. These valuations are created based on benchmark curves using industry standard inputs and exchange prices of underlying securities and common stock of the same issuer.

Investments in Limited Partnerships

Investments in limited partnerships recorded at fair value relate to the Company's alternative investments, primarily private equity and hedge funds. The Company utilizes the fair value option for these investments, regardless of ownership percentage, to standardize the related accounting and reporting. The fair value is determined using the practical expedient based on the Company’s proportionate interest in the underlying partnership or fund’s net asset values (NAV). The Company’s ability to redeem or otherwise liquidate these investments varies by partnership. If the partnership terms generally allow for redemption or liquidation within one year, the investment is classified as a Level 2 measurement. Otherwise, the investment is classified as a Level 3 measurement.

Index Options

Index options consist primarily of S&P 500 options. As of December 31, 2015, the fair values of these index options were determined using option pricing models. Significant inputs include index implied volatilities, index dividend yields, index prices, a risk-free rate, option term and option strike price. As these inputs are observable, most index options are classified as a Level 2 measurement.

Separate Accounts

Separate account assets are primarily invested in mutual funds with published NAVs, which are classified as a Level 1 measurement.

Embedded Derivatives

Embedded derivatives relate to the Company’s FIA product, which credits interest to the policyholder’s account balance based on increases in selected indexes, primarily the S&P 500. See Note 5 for further discussion of the embedded derivative. The fair value reflects the excess of the projected benefits based on the indexed fund value over the projected benefits based on the guaranteed fund value. The excess benefits are projected using best estimates for surrenders, mortality and indexed fund interest, and discounted at a risk-free rate plus a spread for nonperformance and policyholder behavior risk. Because the estimates utilize significant unobservable inputs, the Company classifies the embedded derivatives as a Level 3 measurement.

Foreign Currency Swaps

Foreign currency swaps are valued using an income approach. These swaps are priced utilizing a discounted cash flow model. The significant inputs include the projected cash flows, currency spot rates, swap yield curve and cross currency basis curve. As these inputs are observable, the foreign currency swaps are classified as a Level 2 measurement.

Other Financial Instruments Subject to Fair Value Disclosure Requirements

Cash and cash equivalents consist of demand bank deposits and short-term highly liquid investments with original maturities of three months or less at the time of purchase. Cash equivalents are reported at cost and approximate fair value. There were no cash equivalents as of December 31, 2015 and $16.6 as of December 31, 2014. These are classified as a Level 1 measurement.

The fair value of the Company's mortgage loans is measured by discounting the projected future cash flows using the current rate at which the loans would be made to borrowers with similar credit ratings and for the same maturities. Because these estimates utilize significant unobservable inputs, mortgage loans are classified as a Level 3 measurement.

The fair value of the Company's investments in limited partnerships associated with tax credit investments is estimated based on the discounted cash flows over the remaining life of the tax credits, using the original internal rate of return for each investment. As these inputs are considered observable, investments in limited partnerships are classified as a Level 2 measurement.

The fair values of funds held under deposit contracts related to investment-type contracts are estimated based on the present value of the discounted cash flows. Cash flows were projected using best estimates for lapses, mortality and expenses, and discounted at a risk-free rate plus a spread for nonperformance and policyholder behavior risk. Because these estimates utilize significant unobservable inputs, the Company classifies funds held under deposit contracts as a Level 3 measurement.

The fair value of the Company's notes payable is determined by an independent pricing service utilizing evaluated pricing models, consistent with how fair value was determined for the majority of its corporate securities. The use of observable inputs resulted in the classification of notes payable as a Level 2 measurement.

Rollforward of Financial Instruments Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)

The following tables present additional information about financial instruments measured at fair value on a recurring basis and for which the Company has utilized significant unobservable inputs (Level 3) to determine fair value for the years ended December 31, 2015 and 2014:

						Unrealized Gains (Losses) Included in:			
	Balance as of January 1, 2015	Purchases and issues(1)	Sales and settlements(1)	Transfers In and/or (Out) of Level 3(2)	Other(3)	Net Income(4)	Other Comprehensive Income (Loss)	Realized Gains (Losses)(4)	Balance as of December 31, 2015
Financial Assets:									
Fixed maturities, available-for-sale:									
Corporate securities	$ 71.6	$ 16.2	$ —	$ (41.5)	$ (7.2)	$ —	$ (5.1)	$ 0.1	$ 34.1
Commercial mortgage-backed securities	2.5	—	—	(0.8)	(0.4)	—	(0.1)	—	1.2
Collateralized loan obligations	—	89.6	—	—	—	—	—	—	89.6
Other debt obligations	71.7	—	—	(24.5)	(2.4)	—	(2.3)	—	42.5
Total fixed maturities, available-for-sale	145.8	105.8	—	(66.8)	(10.0)	—	(7.5)	0.1	167.4
Marketable equity securities, available-for-sale	—	—	—	6.1	—	—	(0.2)	—	5.9
Marketable equity securities, trading	0.4	—	(0.3)	—	—	(0.1)	—	0.2	0.2
Investments in limited partnerships	71.5	4.0	—	(28.5)	(3.0)	(13.8)	—	(2.0)	28.2
Other invested assets:									
Index options	2.4	5.8	—	—	—	(2.4)	—	(2.1)	3.7
Other	3.5	2.3	—	—	(5.5)	3.0	—	(1.7)	1.6
Total other invested assets	5.9	8.1	—	—	(5.5)	0.6	—	(3.8)	5.3
Total Level 3 assets	$ 223.6	$ 117.9	$ (0.3)	$ (89.2)	$ (18.5)	$ (13.3)	$ (7.7)	$ (5.5)	$ 207.0
Financial Liabilities:									
Embedded derivatives	230.1	170.5	(8.1)	—	—	(6.8)	—	—	385.7
Total Level 3 liabilities	$ 230.1	$ 170.5	$ (8.1)	$ —	$ —	$ (6.8)	$ —	$ —	$ 385.7

	Balance as of January 1, 2014	Purchases and issues(1)	Sales and settlements(1)	Transfers In and/or (Out) of Level 3(2)	Other(3)	Unrealized Gains (Losses) Included in: Net Income(4)	Unrealized Gains (Losses) Included in: Other Comprehensive Income	Realized Gains (Losses)(4)	Balance as of December 31, 2014
Financial Assets:									
Fixed maturities, available-for-sale:									
U.S. government and agencies	$ 17.4	$ —	$ —	$ (17.4)	$ —	$ —	$ —	$ —	$ —
Corporate securities	28.0	41.4	—	—	(0.7)	—	2.9	—	71.6
Residential mortgage-backed securities	0.2	—	(0.1)	—	(0.2)	—	0.1	—	—
Commercial mortgage-backed securities	5.8	—	—	—	(3.3)	—	0.1	(0.1)	2.5
Other debt obligations	128.8	—	—	(56.9)	(1.3)	—	1.1	—	71.7
Total fixed maturities, available-for-sale	180.2	41.4	(0.1)	(74.3)	(5.5)	—	4.2	(0.1)	145.8
Marketable equity securities, trading	0.3	—	—	—	0.3	(0.2)	—	—	0.4
Investments in limited partnerships	31.2	37.9	—	—	(1.4)	2.7	—	1.1	71.5
Other invested assets:									
Index options	38.8	2.5	—	(37.0)	(1.6)	0.2	—	(0.5)	2.4
Other	3.2	1.7	—	—	(2.4)	0.4	—	0.6	3.5
Total other invested assets:	42.0	4.2	—	(37.0)	(4.0)	0.6	—	0.1	5.9
Total Level 3 assets	$ 253.7	$ 83.5	$ (0.1)	$ (111.3)	$ (10.6)	$ 3.1	$ 4.2	$ 1.1	$ 223.6
Financial Liabilities:									
Embedded derivatives	92.1	100.6	(1.3)	—	—	38.7	—	—	230.1
Total Level 3 liabilities	$ 92.1	$ 100.6	$ (1.3)	$ —	$ —	$ 38.7	$ —	$ —	$ 230.1

(1) Issues and settlements are related to the Company's embedded derivative liabilities.
(2) Transfers into and/or out of Level 3 are reported at the value as of the beginning of the period in which the transfer occurs. Gross transfers into Level 3 were **$6.0** and $27.4 for the years ended December 31, 2015 and 2014. Gross transfers out of Level 3 were **$95.2** and $138.7 for the years ended December 31, 2015 and 2014, respectively, related to fixed maturities for which observable inputs became available. Additionally, transfers out included a change in valuation methodology for index options during the first quarter of 2014 to a method that uses significant observable inputs. Such securities are now classified as Level 2.
(3) Other is comprised of transactions such as pay downs, calls, amortization and redemptions.
(4) Realized and unrealized gains and losses for investments in limited partnerships are included in net investment income. All other realized and unrealized gains and losses recognized in net income are included in net realized gains (losses). Amounts shown for financial liabilities are (gains) losses in net income.

7. Deferred Policy Acquisition Costs and Deferred Sales Inducements

Deferred Policy Acquisition Costs

The Company defers costs that are directly related to the successful acquisition or renewal of insurance contracts. These primarily include commissions, distribution costs directly related to production, third-party underwriting costs and the portion of salaries and benefits directly related to processing successful new and renewal contracts. All other acquisition-related costs, including costs incurred for soliciting potential customers, managing the distribution and underwriting functions, training, administration, unsuccessful acquisition or renewal efforts, market research and product development are not deferrable and are expensed in the period incurred.

The Company amortizes deferred acquisition costs for deferred annuity contracts and universal life insurance policies over the lives of the contracts or policies in proportion to the estimated future gross profits. The Company makes assumptions as to lapse rates, mortality experience, maintenance expenses, crediting rates, and investment performance. Actual profits can vary from the estimates and can thereby result in increases or decreases to DAC amortization. The Company regularly evaluates its assumptions and, when necessary, revises the estimated gross profits of these contracts, resulting in assumption and experience unlocking adjustments to DAC amortization. When such estimates are revised, the impact is recorded in the consolidated statements of income.

The Company amortizes acquisition costs for traditional individual life insurance policies over the premium paying period of the related policies, using assumptions consistent with those used in computing policy reserves. The Company amortizes acquisition costs for immediate annuities using a constant yield approach.

The Company adjusts the unamortized DAC balance for the effect of net unrealized gains and losses on securities as if they had been realized as of the balance sheet date. The Company includes the impact of this adjustment, net of tax, in AOCI. The Company also adjusts its unamortized DAC balance for the effect of realized gains and losses including changes in fair value of the embedded derivatives for the Company's FIA policy assets. These adjustments are recognized in net realized gains (losses) in the consolidated statements of income.

For some products, policyholders can elect to modify product benefits, features, rights or coverage by exchanging a contract for a new contract; by amendment, endorsement or rider to a contract; or by election of a feature or coverage within a contract. These transactions are known as internal replacements. If the modification substantially changes the original contract, the remaining DAC balance is immediately written off through earnings and any eligible costs associated with the replacement contract are deferred. If the modification does not substantially change the contract, the DAC is retained and amortized over the life of the modified contract and any acquisition costs associated with the related modification are expensed as incurred.

The following table provides a reconciliation of the beginning and ending balance for DAC:

	For the Years Ended December 31,		
	2015	**2014**	**2013**
Unamortized balance at beginning of period	**$ 513.9**	$ 419.9	$ 367.9
Deferral of acquisition costs	**247.7**	171.4	122.3
Adjustments for realized (gains) losses	**6.0**	0.7	2.1
Amortization — excluding unlocking	**(86.4)**	(67.0)	(61.6)
Amortization — impact of assumption and experience unlocking	**(3.7)**	(11.1)	(10.8)
Unamortized balance at end of period	**677.5**	513.9	419.9
Accumulated effect of net unrealized gains	**(11.4)**	(118.8)	(97.4)
Balance at end of period	**$ 666.1**	$ 395.1	$ 322.5

The Company conducts regular recoverability analyses for its DAC asset balances associated with deferred and immediate annuity, universal life, traditional life, and group life and DI contracts. The Company compares the current DAC asset balances with the estimated present value of future profitability of the underlying business. The DAC asset balances are considered recoverable if the present value of future profits is greater than the current DAC asset balance. As of December 31, 2015 and 2014, all of the DAC asset balances were considered recoverable.

Deferred Sales Inducements

The Company offers sales inducements on certain deferred annuity contracts and universal life policies. For certain deferred annuity contracts, the inducement entitles the contract holder to an incremental amount of interest that is credited to the account value over a 12- to 60-month period following the initial deposit, depending on the product. The incremental interest causes the initial credited rate to be higher than the contract’s expected ongoing crediting rates for periods after the inducement. For certain universal life policies, the inducement provides an immediate increment to the policyholder’s account value at the issue date or time of deposit. Deferred sales inducements are included in receivables and other assets and amortized into interest credited using the same methodology and assumptions used to amortize DAC.

Similar to DAC, the Company amortizes deferred sales inducements for deferred annuity contracts and universal life insurance policies over the lives of the contracts or policies in proportion to the estimated future gross profits. The Company makes assumptions as to lapse rates, mortality experience, maintenance expenses, crediting rates, and investment performance. Actual profits can vary from the estimates and can thereby result in increases or decreases to DSI amortization. The Company regularly evaluates its assumptions and, when necessary, revises the estimated gross profits of these contracts, resulting in assumption and experience unlocking adjustments to DSI amortization. When such estimates are revised, the impact is recorded in the consolidated statements of income. Deferred sales inducement balances are subject to regular recoverability testing to ensure that capitalized amounts do not exceed the present value of estimated gross profits. As of December 31, 2015 and 2014, all of the deferred sales inducement balances were considered recoverable.

The Company adjusts the unamortized DSI balance for the effect of net unrealized gains and losses on securities as if they had been realized as of the balance sheet date. The Company includes the impact of this adjustment, net of tax, in AOCI. The Company also adjusts its unamortized DSI balance for the effect of realized gains and losses. These adjustments are recognized in net realized gains (losses) in the consolidated statements of income.

The following table provides a reconciliation of the beginning and ending balance for DSI, which is included in receivables and other assets in the consolidated balance sheets. DSI amortization is included in interest credited in the consolidated statements of income.

	For the Years Ended December 31,		
	2015	**2014**	**2013**
Unamortized balance at beginning of period	**$ 136.7**	$ 154.8	$ 153.4
Capitalizations	**22.1**	31.4	49.5
Adjustments for realized (gains) losses	**1.2**	0.8	0.6
Amortization — excluding unlocking	**(41.7)**	(42.0)	(41.2)
Amortization — impact of assumption and experience unlocking	**(1.4)**	(8.3)	(7.5)
Unamortized balance at end of period	**116.9**	136.7	154.8
Accumulated effect of net unrealized gains	**(28.7)**	(79.6)	(76.7)
Balance at end of period	**$ 88.2**	$ 57.1	$ 78.1

8. Stockholders' Equity

The following tables summarize the components of AOCI and the adjustments to OCI for amounts reclassified from AOCI into net income for the years ended December 31, 2015, 2014 and 2013:

	Net unrealized gains (losses) on available-for-sale securities	OTTI on fixed maturities not related to credit losses (2)	Adjustment for DAC and DSI	Net gains (losses) on cash flow hedges	Accumulated other comprehensive income
Balance as of January 1, 2015	**$ 1,130.2**	**$ (13.5)**	**$ (131.4)**	**$ 5.3**	**$ 990.6**
Other comprehensive income (loss) before reclassifications, net of taxes (1)	**(645.0)**	**(11.4)**	**108.0**	**42.3**	**(506.1)**
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	—	—	—	**(4.4)**	**(4.4)**
Foreign currency swaps	—	—	—	**(5.5)**	**(5.5)**
Net realized (gains) losses	**53.5**	**11.1**	**(7.2)**	—	**57.4**
Total provision (benefit) for income taxes	**(18.7)**	**(3.9)**	**2.5**	**3.5**	**(16.6)**
Total reclassifications from AOCI, net of taxes	**34.8**	**7.2**	**(4.7)**	**(6.4)**	**30.9**
Other comprehensive income (loss) after reclassifications	**(610.2)**	**(4.2)**	**103.3**	**35.9**	**(475.2)**
Balance as of December 31, 2015	**$ 520.0**	**$ (17.7)**	**$ (28.1)**	**$ 41.2**	**$ 515.4**

	Net unrealized gains (losses) on available-for-sale securities	OTTI on fixed maturities not related to credit losses (2)	Adjustment for DAC and DSI	Net gains (losses) on cash flow hedges	Accumulated other comprehensive income
Balance as of January 1, 2014	$ 737.8	$ (14.2)	$ (113.1)	$ (16.9)	$ 593.6
Other comprehensive income (loss) before reclassifications, net of taxes (1)	393.8	(1.4)	(17.3)	24.7	399.8
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	—	—	—	(2.5)	(2.5)
Foreign currency swaps	—	—	—	(1.4)	(1.4)
Net realized (gains) losses	(2.1)	3.3	(1.5)	—	(0.3)
Total provision (benefit) for income taxes	0.7	(1.2)	0.5	1.4	1.4
Total reclassifications from AOCI, net of taxes	(1.4)	2.1	(1.0)	(2.5)	(2.8)
Other comprehensive income (loss) after reclassifications	392.4	0.7	(18.3)	22.2	397.0
Balance as of December 31, 2014	$ 1,130.2	$ (13.5)	$ (131.4)	$ 5.3	$ 990.6

	Net unrealized gains (losses) on available-for-sale securities	OTTI on fixed maturities not related to credit losses (2)	Adjustment for DAC and DSI	Net gains (losses) on cash flow hedges	Accumulated other comprehensive income
Balance as of January 1, 2013	$ 1,610.2	$ (19.6)	$ (221.4)	$ 2.0	$ 1,371.2
Other comprehensive income (loss) before reclassifications, net of taxes (1)	(893.6)	(1.6)	110.1	(17.4)	(802.5)
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	—	—	—	(2.2)	(2.2)
Foreign currency swaps	—	—	—	(0.1)	(0.1)
Net realized (gains) losses	32.6	10.9	(2.7)	—	40.8
Total provision (benefit) for income taxes	(11.4)	(3.9)	0.9	0.8	(13.6)
Total reclassifications from AOCI, net of taxes	21.2	7.0	(1.8)	(1.5)	24.9
Other comprehensive income (loss) after reclassifications	(872.4)	5.4	108.3	(18.9)	(777.6)
Balance as of December 31, 2013	$ 737.8	$ (14.2)	$ (113.1)	$ (16.9)	$ 593.6

(1) Other comprehensive income (loss) before reclassifications is net of taxes of **$(347.3), $(6.1), $58.2, $22.8 and $(272.4),** respectively, for the year ended December 31, 2015, net of taxes of $212.0, $(0.8), $(9.4), $13.4 and $215.2, respectively, for the year ended December 31, 2014, and net of taxes of $(481.1), $(0.9), $59.2, $(9.4) and $(432.2), respectively, for the year ended December 31, 2013.

(2) Reclassification adjustments of OTTI on fixed maturities not related to credit losses are included in changes in unrealized gains and losses on available-for-sale securities within the consolidated statements of comprehensive income (loss).

Common Stock Outstanding

The following table provides a reconciliation of changes in outstanding shares of common stock:

	Common Shares As of December 31,		
	2015	**2014**	**2013**
Beginning Balance	**115,797,451**	117,730,757	119,087,677
Common stock issued (1)	**624**	1,790	5,300,569
Restricted stock issued, net	**261,969**	195,346	254,579
Employee stock purchase plan shares issued	**88,112**	110,287	133,122
Common stock repurchased (2)	**(137,117)**	(2,240,729)	(7,045,190)
Ending Balance	**116,011,039**	115,797,451	117,730,757

(1) The 2013 activity includes 5,297,758 shares of common stock issued from the settlement of warrants.
(2) Represents shares of common stock repurchased pursuant to the Company's stock repurchase program that began in 2013, which are held in treasury, as well as shares repurchased and subsequently retired to satisfy employee income tax withholding pursuant to the Company's Equity Plan.

On February 1, 2016, Sumitomo Life acquired 100% of the Company's outstanding shares of common stock. For more information, refer to Note 1, Sumitomo Life Merger.

Stock-Based Compensation

As of December 31, 2015, the Company had two stock-based compensation plans: the Symetra Financial Corporation Equity Plan, amended and restated on March 5, 2014, (the Equity Plan) and the Symetra Financial Corporation Employee Stock Purchase Plan, amended and restated on May 11, 2010, (the Stock Purchase Plan).

The Equity Plan authorized the Company to issue various types of awards, including restricted stock, stock options, stock appreciation rights, restricted stock units, performance shares, performance units and other types of awards to employees, directors and consultants. A total of 7,830,000 shares were authorized for issuance under the Equity Plan, and 3,948,730 shares were available for future issuance as of December 31, 2015.

The Stock Purchase Plan allowed eligible employees to purchase shares of the Company's common stock at a 15% discount from the market price. A total of 870,000 shares were authorized for issuance under this plan. As of December 31, 2015, 240,481 shares were available for future issuance under the Stock Purchase Plan. In anticipation of the Merger, the Company discontinued purchases of additional shares as of August 11, 2015.

Immediately prior to the effective time of the Merger, the awards outstanding were canceled and converted into the right to receive an amount in cash. In addition, the Equity Plan and Stock Purchase Plan were terminated subsequent to December 31, 2015. For more information, refer to Note 1, Sumitomo Life Merger.

The Company accounts for stock-based compensation based on the grant-date fair value of the awards. Compensation expense for these awards is recognized over the requisite service period, using the straight-line method.

Restricted Shares

Restricted shares are valued based on the number of shares granted and the Company's closing stock price on the grant date. The Company recognizes such compensation cost as expense over the service period (generally three years), net of estimated forfeitures, using the straight-line method. Many factors are considered when estimating forfeitures, including types of awards, employee class and historical experience. The estimation of equity awards that will ultimately vest requires judgment, and to the extent actual results or future estimates differ from current estimates, the Company records a cumulative adjustment in the period that the estimates are revised.

Stock-based compensation expense for restricted shares, recognized in other underwriting and operating expenses in the consolidated statements of income, was $5.0, $3.6, and $3.5 for the years ended December 31, 2015, 2014 and 2013, respectively. The related income tax benefit for the years ended December 31, 2015, 2014 and 2013 was $1.8, $1.3 and $1.2, respectively.

The following table summarizes the Company's restricted share activity for the year ended December 31, 2015:

	Number of Shares	Weighted-Average Fair Value
Outstanding as of January 1, 2015	**475,602**	**$ 16.46**
Shares granted	**280,580**	**22.69**
Shares vested	**(364,976)**	**16.05**
Shares forfeited	**(18,611)**	**19.48**
Outstanding as of December 31, 2015	**372,595**	**$ 21.40**

Stock Options

The Company issued 2,950,000 options during the year ended December 31, 2010, with an exercise price of $26.20. The weighted average grant-date fair value of the awards was $2.73 per share. No options were granted after December 31, 2010. As of December 31, 2015 and 2014, 2,650,000 options were outstanding, none of which were exercisable.

The Company measures compensation cost for stock awards at fair value on the grant date and recognizes such cost, net of estimated forfeitures, over the requisite service period. Stock options are valued using the Black-Scholes valuation model. Stock-based compensation expense for stock options was $1.1, $1.0 and $0.9 for the years ended December 31, 2015, 2014 and 2013 respectively, and the related tax benefit was $0.4, $0.4 and $0.3.

Performance Units

During 2015, 2014 and 2013, the Company granted performance units to various members of management under the Equity Plan. The value of each performance unit was determined at the discretion of the Company's board of directors based on the success of the Company over a three-year period. These are accounted for as liability awards, as the Company intended or was required to settle such awards in cash. The Company recognized $8.7, $8.0 and $6.4 in expense related to performance units granted under the Equity Plan for the years ended December 31, 2015, 2014 and 2013, respectively.

9. Reinsurance

The Company reinsures portions of its insurance risk, primarily in the Individual Life and Benefits segments, in order to spread risk, limit losses and minimize exposure to significant risks. Starting in 2014, the Company began to utilize inter-company reinsurance agreements to manage its statutory capital position.

In the Benefits segment, the Company reinsures portions of risk associated with its group life and DI and medical stop-loss businesses. The Company typically reinsures group life mortality risk in excess of $0.25 per individual, per line of coverage. The Company fully retains its short-term disability risk, and reinsures 45% of its long-term disability risk. The Company reinsures its exposure to medical stop-loss in excess of $1.7 per individual claim and on the excess of $1.0 for aggregate policy claims. The Company also has catastrophic coverage for group life policies.

In the Individual Life segment, the Company reinsures portions of the risk associated with universal life, term life, BOLI and variable COLI products. Coverage under these reinsurance agreements varies by product, policy issue year and issue age of the insured. For newly issued policies, the Company retains up to a maximum of $3.0 per life.

The Company remains liable to its policyholders to the extent that counterparties to reinsurance contracts do not meet their contractual obligations. Accordingly, the future policy benefit reserves and policy and contract claims liabilities are reported gross of any related reinsurance recoverables, which are reported as assets. The Company reports premiums, benefits, and settlement expenses net of reinsurance in the consolidated statements of income. The Company accounts for reinsurance premiums, commissions, expense reimbursements, benefits and reserves related to reinsured business on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

The following table sets forth net life insurance in force:

	As of December 31,		
	2015	**2014**	**2013**
Direct life insurance in force	**$ 76,853.1**	$ 66,931.6	$ 60,554.7
Amounts assumed from other companies	**184.7**	184.8	213.2
Amounts ceded to other companies	**(23,558.3)**	(22,628.9)	(21,635.5)
Net life insurance in force	**$ 53,479.5**	$ 44,487.5	$ 39,132.4
Percentage of amount assumed to net	**0.35%**	0.42%	0.54%
Percentage of amount ceded to direct	**30.65%**	33.81%	35.73%

The Company evaluates the financial condition of its reinsurers to monitor its exposure to losses from reinsurer insolvencies. The Company analyzes reinsurance recoverables according to the credit ratings and financial health of its reinsurers and is not aware of its major reinsurers currently experiencing financial difficulties. As of December 31, 2015, $116.5 or 34.2%, of the reinsurance recoverable was related to one reinsurer. Of the total amount due from reinsurers, 99.2% and 99.5% were with reinsurers rated A- or higher by A.M. Best, as of December 31, 2015 and 2014, respectively. The Company had no write-offs or reserve for uncollectible reinsurance in 2015, 2014 or 2013.

Reinsurance recoverables are composed of the following amounts:

	As of December 31,	
	2015	**2014**
Life insurance		
Reinsurance recoverables on:		
Funds held under deposit contracts	**$ 96.7**	$ 94.4
Future policy benefits	**148.3**	145.6
Policy and contract claims	**4.5**	5.0
Paid claims, expense allowance, premium tax recoverables and other	**5.9**	3.8
Total life insurance	**255.4**	248.8
Accident and health insurance		
Reinsurance recoverables on:		
Future policy benefits	**76.2**	75.4
Policy and contract claims	**4.1**	3.3
Paid claims, expense allowance and premium tax recoverables	**4.6**	1.2
Total accident and health insurance	**84.9**	79.9
Total reinsurance recoverables	**$ 340.3**	$ 328.7

The following table sets forth the effect of reinsurance on premiums and policy fees and contract charges. It is disaggregated by accident and health and life insurance products, which are short- and long-duration contracts, respectively.

	For the Years Ended December 31,		
	2015	**2014**	**2013**
Premiums:			
Direct:			
Accident and health	**$ 676.0**	$ 592.6	$ 601.9
Life insurance	**123.1**	104.8	92.4
Total	**799.1**	697.4	694.3
Total Assumed	**0.1**	—	0.1
Ceded:			
Accident and health	**(43.5)**	(30.9)	(29.2)
Life insurance	**(39.1)**	(37.4)	(38.0)
Total	**(82.6)**	(68.3)	(67.2)
Total premiums	**716.6**	629.1	627.2
Policy fees and contract charges:			
Direct life insurance	**180.0**	145.0	132.3
Ceded life insurance	**(8.6)**	(6.1)	(5.6)
Total policy fees and contract charges (1)	**171.4**	138.9	126.7
Total premiums and other amounts assessed to policyholders	**$ 888.0**	$ 768.0	$ 753.9
Percentage of assumed to total premiums and other amounts assessed to policyholders	**0.01%**	—%	0.01%

(1) Total policy fees and contract charges represents amounts charged to policyholders other than premiums and recorded in policy fees, contract charges and other in the consolidated statements of income. This primarily consists of costs of insurance charges.

Ceded reinsurance reduced policyholder benefits and claims by $70.1, $75.8 and $65.2 for the years ended December 31, 2015, 2014 and 2013, respectively.

10. Liability for Unpaid Claims and Claim Adjustment Expenses

Liabilities for policy and contract claims, which primarily represent liabilities for claims under medical stop-loss, group term life insurance, group short- and long-term disability, and individual life policies, are established on the basis of reported losses. The Company also provides for claims incurred but not reported (IBNR). For medical stop-loss policies, this is based on expected loss ratios, claims paying completion patterns and historical experience. If expected loss ratios increase or expected claims paying completion patterns extend, the IBNR claim liability increases. The Company reviews estimates for reported but unpaid claims and IBNR claims quarterly. Any necessary adjustments are reflected in earnings.

The following table provides a reconciliation of the beginning and ending liability balances for unpaid claims and claims adjustment expenses. These reserves include policy and contract claims and certain amounts recorded in future policy benefits on the consolidated balance sheets.

	As of December 31,		
	2015	**2014**	**2013**
Balance as of January 1	**$ 239.6**	$ 234.4	$ 227.7
Less: reinsurance recoverables	**83.9**	69.2	63.7
Net balance as of January 1	**155.7**	165.2	164.0
Incurred related to insured events of:			
The current year	**535.0**	468.1	479.5
Prior years	**0.2**	(24.5)	(10.4)
Total incurred	**535.2**	443.6	469.1
Paid related to insured events of:			
The current year	**375.5**	334.2	320.0
Prior years	**133.1**	118.9	147.9
Total paid	**508.6**	453.1	467.9
Net balance as of December 31	**182.3**	155.7	165.2
Add: reinsurance recoverables	**84.9**	83.9	69.2
Balance as of December 31	**$ 267.2**	$ 239.6	$ 234.4

For the year ended December 31, 2014, the change in prior year incurred claims was primarily due to favorable claims experience for medical stop-loss. The Company experienced higher than expected claims frequency and severity during 2013 and established its year-end reserves for estimated IBNR based on this experience. The related 2014 claims experience was lower than expected, and the Company released a portion of the reserves. For the year ended December 31, 2013, the change in prior year incurred claims was primarily due to favorable claims experience for medical stop-loss, offset by higher than expected claims on the Company's BOLI product.

11. Notes Payable and Credit Facilities

Senior Notes Due 2016

On March 30, 2006, the Company issued $300.0 of 6.125% Senior Notes due on April 1, 2016, which were issued at a discount yielding $298.7. Interest on the Senior Notes is payable semi-annually. The effective interest rate on the Senior Notes is 6.11%, including the impact of a related terminated cash flow hedge.

The Senior Notes are unsecured senior obligations and are equal in right of payment to all existing and future unsecured senior indebtedness. These notes are redeemable, in whole or in part, at the option of the Company at any time at a redemption price equal to the greater of: (1) 100% of the aggregate principal amount of the notes to be redeemed or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Senior Notes, discounted to the redemption date on a semi-annual basis at a prevailing U.S. Treasury rate plus 25 basis points, together in each case with accrued interest

payments to the redemption date. On or before April 1, 2016, the Senior Notes will be redeemed with proceeds from the $300.0 term loan credit facility discussed below.

Senior Notes Due 2024

On August 4, 2014, the Company issued $250.0 of 4.25% Senior Notes due on July 15, 2024, which were issued at a discount yielding $249.0. Interest on the notes is payable semi-annually and the effective interest rate of the notes is 4.44%. The notes are general unsecured obligations of the Company and rank equally in right of payment with all existing and future senior indebtedness of the Company, including its Senior Notes due 2016 and revolving credit facility. The notes are senior in right of payment to the Company's capital efficient notes (CENts).

The notes are redeemable, in whole or in part, at the option of the Company on at least 30 but not more than 60 days prior notice, at a redemption price equal to the greater of (i) 100% of the principal amount of the notes or (ii) the present value of the remaining scheduled payments on the redemption date, discounted to the date of redemption using the yield to maturity of a comparable treasury issue plus 30 basis points; plus, in each case, any accrued and unpaid interest.

Capital Efficient Notes (CENts) Due 2067

On October 10, 2007, the Company issued $150.0 aggregate principal amount CENts with a scheduled maturity date of October 15, 2037, subject to certain limitations, with a final maturity date of October 15, 2067. The Company issued the CENts at a discount, yielding $149.8. For the initial 10-year period following the original issuance date, to, but not including October 15, 2017, the CENts carry a fixed interest rate of 8.3% payable semi-annually. From October 15, 2017, until the final maturity date of October 15, 2067, interest on the CENts will accrue at a variable annual rate equal to the three-month LIBOR plus 4.18%, payable quarterly. The effective interest rate on the CENts is 9.39%, including the impact of a related terminated cash flow hedge.

The Company is required to use commercially reasonable efforts to sell enough qualifying capital securities to permit repayment of the CENts at the scheduled maturity date or on each interest payment date thereafter. Any remaining outstanding principal amount will be due on October 15, 2067.

Subject to certain conditions, the Company has the right, on one or more occasions, to defer the payment of interest on the CENts during any period up to 10 years without giving rise to an event of default. Deferred interest will accumulate additional interest at an annual rate equal to the annual interest rate then applicable to the CENts.

The CENts are unsecured junior subordinated obligations. The Company can redeem the CENts at its option, in whole or in part, on October 15, 2017, and on each interest payment date thereafter at a redemption price of 100% of the principal amount being redeemed plus accrued but unpaid interest. The Company can redeem the CENts at its option, prior to October 15, 2017, in whole or in part, at a redemption price of 100% of the principal amount being redeemed or, if greater, a make-whole price, plus accrued and unpaid interest.

In connection with the offering of the CENts, the Company entered into a replacement capital covenant (RCC) for the benefit of the holders of the Senior Notes due 2016, which will be redeemed on or before April 1, 2016. Under the terms of the RCC, the Company may not redeem or repay the CENts prior to October 15, 2047 unless the redemption or repayment is financed from the offering of replacement capital securities, as specified in the covenant. The Senior Notes due 2024 are not entitled to benefit from or otherwise acquire any rights or claims by virtue of the RCC.

Revolving Credit Facility

On August 28, 2014, the Company entered into a $400.0 senior unsecured revolving credit facility with a syndicate of lending institutions. The facility also provides access to up to an additional $100.0 of financing, subject to the availability of additional commitments from lenders. The facility is set to mature on August 28, 2019 and is available to provide support for working capital, capital expenditures, and other general corporate purposes.

Borrowings under the facility will bear interest at a variable annual rate based on adjusted LIBOR or the alternate base rate plus, in each case, an applicable margin. The terms of the facility call for the Company to maintain a debt-to-capitalization ratio, excluding AOCI, not to exceed 35%, and risk-based capital ratios of at least 225% for each material insurance company

subsidiary, as well as other customary affirmative covenants. The Company is required to pay facility fees ranging from 0.1% to 0.3%, depending on the Company's ratings from Moody's and S&P, on the daily amount of the commitment. The Company has not borrowed under this facility and was in compliance with all covenants as of December 31, 2015.

Surplus Note

On December 12, 2014, the Company's primary insurance subsidiary, Symetra Life Insurance Company, and its newly formed, indirect wholly owned subsidiary, Symetra Reinsurance Corporation (SRC), entered into a 25-year transaction to finance certain non-economic statutory reserves related to a block of universal life insurance policies with secondary guarantees issued by Symetra Life Insurance Company. As part of this transaction, SRC issued a surplus note with no initial principal balance. The maximum capacity as of December 31, 2015 was $105.2. There have been no borrowings since inception under the surplus note.

Term Loan Credit Agreement

On October 16, 2015, the Company entered into a term loan credit agreement. The Company may borrow up to $300.0 of unsecured term loans on a single delayed-draw basis on or before April 1, 2016. The Company will use the proceeds of the term loans to settle its $300.0 Senior Notes that are scheduled to mature on April 1, 2016. The term loans will bear interest at a variable annual rate based on LIBOR, or an alternate base rate, plus an applicable margin and are scheduled to mature two years after the funding date, which maturity may be extended subject to certain conditions in the credit agreement. The Company has not borrowed under this facility and was in compliance with all covenants as of December 31, 2015.

12. Income Taxes

Income taxes have been determined using the liability method. The provision for income taxes has two components: amounts currently payable or receivable and deferred income taxes. The deferred income taxes are calculated as the difference between the book and tax bases of the appropriate assets and liabilities and are measured using enacted tax rates.

The Company files income tax returns in the U.S. federal and various state jurisdictions. The Company's federal income tax returns have been examined and closing agreements have been executed with the Internal Revenue Service, or the statute of limitations has expired, for all tax periods through December 31, 2010. The Company is not currently subject to any state income tax exams.

Differences between income taxes computed by applying the U.S. federal income tax rate of 35% to income from operations before income taxes and the provision (benefit) for income taxes were as follows:

	For the Years Ended December 31,					
	2015		2014		2013	
Income from operations before income taxes	**$ 100.4**		$ 299.9		$ 274.1	
Tax provision at U.S. Federal statutory rate	**35.1**	**35.0 %**	105.0	35.0%	95.9	35.0%
Increase (reduction) in rate resulting from:						
Tax credit investment credits	**(79.8)**	**(79.5)**	(56.8)	(18.9)	(41.2)	(15.0)
Separate account dividend received deduction	**(1.2)**	**(1.2)**	(1.4)	(0.5)	(1.2)	(0.4)
Other	**(0.5)**	**(0.5)**	(1.3)	(0.4)	(0.1)	(0.1)
Provision (benefit) for income taxes	**$ (46.4)**	**(46.2)%**	$ 45.5	15.2%	$ 53.4	19.5%

The tax effects of temporary differences that gave rise to the deferred income tax assets and liabilities were as follows:

	As of December 31,	
	2015	**2014**
Deferred income tax assets:		
Adjustments to life policy liabilities	**$ 356.8**	$ 323.5
Capitalization of policy acquisition costs	**86.7**	69.9
Non-insurance entity net operating loss	**37.7**	28.4
Other	**20.4**	19.2
Total deferred income tax assets	**501.6**	441.0
Deferred income tax liabilities:		
Deferred policy acquisition costs	**237.1**	179.8
Basis adjustment on securities	**66.0**	124.2
Unrealized gains on investment securities (net of DAC and DSI adjustment: $14.0 and $69.4, respectively)	**276.9**	532.1
Other	**—**	1.6
Total deferred income tax liabilities	**580.0**	837.7
Deferred income tax liability, net	**$ 78.4**	$ 396.7

As of December 31, 2015, the Company's non-insurance entities have gross federal net operating loss carry-forwards of $107.7, which are reflected in its deferred tax assets. These are due to expire under current law during 2028 through 2035.

Deferred tax assets are recognized only to the extent that it is more likely than not that future taxable profits will be available, and a valuation allowance is established where deferred tax assets cannot be recognized. Based on an analysis of the Company's tax position, management believes that it is more likely than not that the results of future operations will generate sufficient taxable income to enable the Company to utilize all of its deferred tax assets. Accordingly, no valuation allowance for deferred tax assets has been established as of December 31, 2015 and 2014.

The Company includes penalties and interest accrued related to unrecognized tax benefits in the calculation of income tax expense. As of December 31, 2015, the Company has no unrecognized tax benefits and does not expect significant changes within the next year.

13. Commitments and Contingencies

Operating Leases

The Company has office space and certain equipment under leases that expire at various dates through 2025, subject to certain renewal options. The Company accounts for these leases as operating leases.

Future minimum lease commitments, including cost escalation clauses, for the next five years and thereafter are as follows:

	Lease Payments
2016	**$ 24.7**
2017	**24.5**
2018	**23.7**
2019	**23.6**
2020	**23.4**
Thereafter	**60.8**
Total	**$ 180.7**

Other Commitments

The Company outsources the majority of its information technology infrastructure. For the provision of these services, the Company incurred expenses of $14.0, $13.9 and $13.4 for the years ended December 31, 2015, 2014 and 2013, respectively, which included a fixed fee as well as variable fees based on usage. In 2016, the term on a new five year service agreement will begin. Under the terms of this service agreement, the Company agreed to pay an annual fixed service fee ranging from $11.0 to $12.1 for each of the five years of the contract.

As of December 31, 2015 and 2014, unfunded mortgage loan commitments were $81.0 and $50.7, respectively. The Company had no other material commitments or contingencies as of December 31, 2015 and 2014.

Litigation

Because of the nature of its business, the Company is subject to legal actions filed or threatened in the ordinary course of its business operations. The Company establishes liabilities for litigation and regulatory actions when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. For matters where a loss is believed to be reasonably possible, but not probable, no liability is established. For such matters, the Company may provide an estimate of the possible loss or range of loss or a statement that such an estimate cannot be made. The Company reviews relevant information with respect to litigation and regulatory matters on a quarterly and annual basis and updates its established liabilities, disclosures and estimates of reasonably possible losses or range of loss based on such reviews.

Although the Company cannot predict the outcome of any litigation or regulatory action, the Company does not believe that any such matters will have an impact on its financial condition or results of operations that differs materially from the Company's established liabilities. Given the inherent difficulty in predicting the outcome of such matters, however, it is possible that an adverse outcome in certain such matters could be material to the Company's financial condition or results of operations for any particular reporting period.

14. Dividends

The Company's insurance subsidiaries are restricted by state regulations as to the aggregate amount of dividends they may pay to their parent company in any consecutive 12-month period without regulatory approval. The aggregate amount of dividends for the current year is determined based on the prior year's statutory limits. Accordingly, during 2015 Symetra Financial Corporation was eligible to receive dividends from its directly owned insurance company subsidiary, Symetra Life Insurance Company, without obtaining regulatory approval, as long as the aggregate dividends paid over 12 months did not exceed $207.8. The total amount of dividends declared to Symetra Financial Corporation by Symetra Life Insurance Company during 2015 was $140.0. Based on state regulations as of December 31, 2015, during 2016 Symetra Financial Corporation is eligible to receive dividends from Symetra Life Insurance Company without obtaining regulatory approval as long as the aggregate dividends paid over the 12 months preceding any dividend payment date in 2016 do not exceed $211.9.

There are no regulatory restrictions on the ability of Symetra Financial Corporation to pay dividends. The declaration and payment of future dividends to Sumitomo Life will be dependent on, and may be limited by, many factors including the receipt of dividends from the Company's insurance company.

15. Statutory-Basis Information

The Company's insurance subsidiaries are required to prepare statutory financial statements in accordance with statutory accounting practices prescribed or permitted by the insurance department of the state of domicile. Statutory accounting practices differ from GAAP primarily by charging policy acquisition costs to expense as incurred and establishing future policy benefit liabilities using different actuarial assumptions, as well as accounting for investments, certain assets and deferred taxes on a different basis. Permitted statutory accounting practices encompass all accounting practices not prescribed and adopted by the NAIC, but which have been specifically allowed by state insurance authorities. The Company's insurance subsidiaries have no material permitted accounting practices.

The statutory net income and statutory capital and surplus for the Company's insurance subsidiaries are as follows:

	For the Years Ended December 31,		
	2015	2014	2013
Statutory net income (loss):			
Symetra Life Insurance Company	$ **205.6**	$ 241.0	$ 183.6
Other subsidiaries	**9.4**	(64.3)	12.4
Statutory capital and surplus:			
Symetra Life Insurance Company (1)	$ **2,081.5**	$ 2,078.3	$ 1,869.7
Other subsidiaries	**138.1**	136.3	106.7

(1) Symetra Life Insurance Company's surplus includes the balances of its three wholly owned subsidiaries, First Symetra National Life Insurance Company of New York, Symetra National Life Insurance Company and Symetra Reinsurance Corporation.

Each insurance subsidiary's state of domicile imposes minimum risk–based capital (RBC) requirements that were developed by the NAIC. The formulas for determining the amount of RBC specify various weighting factors that are applied to the financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of total adjusted capital, as defined by the NAIC, to company action level RBC, as defined by the NAIC. Companies below specific trigger points or ratios are classified within certain levels, each of which requires specified corrective action. The Company's insurance subsidiaries have statutory surplus and RBC levels above current regulatory required levels.

16. Related Parties

The Company has an investment management agreement with White Mountains Advisors, LLC (WMA), a subsidiary of White Mountains Insurance Group, Ltd. White Mountains Insurance Group, Ltd. was a related party which beneficially owned 20,562,379 shares of the Company's common stock as of December 31, 2015. The agreement, as amended, provides for investment advisory services related to the Company's invested assets. As of the Merger, WMA is no longer a related party of the Company.

Expenses for the year amounted to $7.8, $19.0 and $16.9 for the years ended December 31, 2015, 2014 and 2013, respectively. As of December 31, 2015 and 2014, amounts due to WMA were $2.0 and $5.1, respectively.

17. Segment Information

The Company's operations are managed separately as three divisions, consisting of four business segments based on product groupings, and a fifth reportable segment consisting primarily of unallocated corporate items and surplus investment income. The five segments are Benefits, Deferred Annuities, Income Annuities, Individual Life and Other, described further below.

The primary profitability measure that management uses to manage business segment results is pre-tax adjusted operating income (loss). Pre-tax adjusted operating income is defined as income from operations, excluding net realized gains (losses) that are not reflective of the performance of the Company's insurance operations. Excluded gains (losses) are associated with investment sales or disposal, investment impairments, changes in the fair value of mark-to-market investments and derivative investments (except for certain S&P 500 options discussed below) and changes in the fair value of embedded derivatives related to the Company's FIA product.

In the Deferred Annuities segment, certain net gains (losses) related to FIA products sold in the late 1990s are considered related to the performance of insurance operations and included in the pre-tax adjusted operating income. These products credit interest to policyholder accounts based on equity market performance, which is recorded in interest credited. The Company purchases S&P 500 options to economically hedge exposure to this block of business, which are not designated for hedge accounting. Any realized gains from these options are used to meet policyholder obligations.

Benefits Division

- *Benefits.* As a multi-line carrier, Benefits offers products and services related to medical stop-loss insurance, limited benefit medical insurance, group life insurance, accidental death and dismemberment insurance and DI insurance, mainly to employer groups.

Retirement Division

- *Deferred Annuities.* Deferred Annuities offers fixed and variable deferred annuities, including fixed indexed annuities, to consumers who want to accumulate tax-deferred assets for retirement.
- *Income Annuities.* Income Annuities offers SPIAs to customers seeking a reliable source of retirement income or to protect against outliving their assets during retirement. In addition, Income Annuities services a block of structured settlement policies sold to fund third party personal injury settlements. Income Annuities also offers funding services options to existing structured settlement clients.

Individual Life Division

- *Individual Life.* Individual Life offers insurance products such as universal and term life insurance. Individual Life also offers institutional products including BOLI and variable COLI.

Non-Operating

- *Other.* This segment consists of unallocated corporate income, which primarily includes investment income on unallocated surplus, unallocated corporate expenses, interest expense on debt, earnings related to limited partnership interests, the results of small, non-insurance businesses that are managed outside of the divisions, and inter-segment elimination entries.

The accounting policies of the segments are the same as those described for the Company, except for the method of capital allocation. The Company has an internally developed risk-based capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. This model accounts for the unique and specific nature of the risks inherent in the Company's segments, and a portion of net investment income on surplus investments, but not the invested assets, is allocated to the segments based on the level of allocated capital.

The following tables present selected financial information by segment and reconcile segment pre-tax adjusted operating income (loss) to amounts reported in the consolidated statements of income:

	For the Year Ended December 31, 2015					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	$ 683.2	$ —	$ —	$ 33.4	$ —	$ 716.6
Net investment income	23.4	663.6	380.9	290.9	(22.4)	1,336.4
Policy fees, contract charges, and other	17.7	21.7	0.8	180.7	2.0	222.9
Certain realized gains (losses)	—	(1.0)	—	—	—	(1.0)
Total operating revenues	724.3	684.3	381.7	505.0	(20.4)	2,274.9
Benefits and expenses:						
Policyholder benefits and claims	456.9	0.6	—	113.3	—	570.8
Interest credited	—	374.8	336.0	257.8	(1.4)	967.2
Other underwriting and operating expenses	191.6	100.8	19.1	86.7	7.8	406.0
Interest expense	—	—	—	0.5	44.4	44.9
Amortization of DAC	1.8	71.8	6.1	10.4	—	90.1
Total benefits and expenses	650.3	548.0	361.2	468.7	50.8	2,079.0
Segment pre-tax adjusted operating income (loss)	$ 74.0	$ 136.3	$ 20.5	$ 36.3	$ (71.2)	$ 195.9
Operating revenues	$ 724.3	$ 684.3	$ 381.7	$ 505.0	$ (20.4)	$ 2,274.9
Add: Excluded realized gains (losses)	0.1	(34.6)	(6.3)	(5.3)	(49.4)	(95.5)
Total revenues	724.4	649.7	375.4	499.7	(69.8)	2,179.4
Total benefits and expenses	650.3	548.0	361.2	468.7	50.8	2,079.0
Income (loss) from operations before income taxes	$ 74.1	$ 101.7	$ 14.2	$ 31.0	$ (120.6)	$ 100.4
As of December 31, 2015:						
Total investments	$ 7.2	$ 16,985.5	$ 7,051.2	$ 6,307.4	$ 2,274.9	$ 32,626.2
Deferred policy acquisition costs	3.5	400.2	64.6	197.8	—	666.1
Goodwill	31.1	—	—	—	—	31.1
Separate account assets	—	694.3	—	215.5	—	909.8
Total assets	176.2	18,525.1	7,195.3	7,061.5	2,379.3	35,337.4
Future policy benefits, losses, claims and loss expense (1)	252.4	17,115.9	6,436.6	6,370.1	(20.1)	30,154.9
Other policyholders' funds	25.3	41.4	7.5	54.0	10.7	138.9
Notes payable	—	—	—	—	697.6	697.6

(1) Includes funds held under deposit contracts, future policy benefits and policy and contract claims.

	For the Year Ended December 31, 2014					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	$ 595.3	$ —	$ —	$ 33.8	$ —	$ 629.1
Net investment income	21.0	619.7	382.0	283.0	14.8	1,320.5
Policy fees, contract charges, and other	15.6	23.0	1.0	149.0	1.8	190.4
Certain realized gains (losses)	—	0.6	—	—	—	0.6
Total operating revenues	631.9	643.3	383.0	465.8	16.6	2,140.6
Benefits and expenses:						
Policyholder benefits and claims	365.9	0.3	—	79.7	—	445.9
Interest credited	—	354.9	342.1	258.4	(1.6)	953.8
Other underwriting and operating expenses	175.4	91.6	20.3	76.7	3.0	367.0
Interest expense	—	—	—	—	37.7	37.7
Amortization of DAC	0.7	67.4	4.7	5.3	—	78.1
Total benefits and expenses	542.0	514.2	367.1	420.1	39.1	1,882.5
Segment pre-tax adjusted operating income (loss)	$ 89.9	$ 129.1	$ 15.9	$ 45.7	$ (22.5)	$ 258.1
Operating revenues	$ 631.9	$ 643.3	$ 383.0	$ 465.8	$ 16.6	$ 2,140.6
Add: Excluded realized gains (losses)	—	(12.2)	63.8	2.7	(12.5)	41.8
Total revenues	631.9	631.1	446.8	468.5	4.1	2,182.4
Total benefits and expenses	542.0	514.2	367.1	420.1	39.1	1,882.5
Income (loss) from operations before income taxes	$ 89.9	$ 116.9	$ 79.7	$ 48.4	$ (35.0)	$ 299.9
As of December 31, 2014:						
Total investments	$ 4.7	$ 14,529.3	$ 7,420.4	$ 6,240.0	$ 2,439.9	$ 30,634.3
Deferred policy acquisition costs	2.0	215.9	58.0	119.2	—	395.1
Goodwill	31.1	—	—	—	—	31.1
Separate account assets	—	794.9	—	154.9	—	949.8
Total assets	180.1	15,902.5	7,559.7	6,873.7	2,485.7	33,001.7
Future policy benefits, losses, claims and loss expense (1)	220.6	14,356.7	6,482.1	6,122.5	(21.6)	27,160.3
Other policyholders' funds	20.0	22.1	5.6	58.9	9.1	115.7
Notes payable	—	—	—	—	697.2	697.2

(1) Includes funds held under deposit contracts, future policy benefits and policy and contract claims.

	For the Year Ended December 31, 2013					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	$ 591.4	$ —	$ —	$ 35.8	$ —	$ 627.2
Net investment income	20.9	565.3	397.9	280.4	20.5	1,285.0
Policy fees, contract charges, and other	14.1	22.2	2.6	136.3	16.5	191.7
Certain realized gains (losses)	—	5.1	—	—	—	5.1
Total operating revenues	626.4	592.6	400.5	452.5	37.0	2,109.0
Benefits and expenses:						
Policyholder benefits and claims	393.4	0.2	—	69.3	—	462.9
Interest credited	—	337.7	343.0	253.0	(1.7)	932.0
Other underwriting and operating expenses	168.8	86.6	21.3	67.2	21.2	365.1
Interest expense	—	—	—	—	33.0	33.0
Amortization of DAC	—	60.8	3.9	7.7	—	72.4
Total benefits and expenses	562.2	485.3	368.2	397.2	52.5	1,865.4
Segment pre-tax adjusted operating income (loss)	$ 64.2	$ 107.3	$ 32.3	$ 55.3	$ (15.5)	$ 243.6
Operating revenues	$ 626.4	$ 592.6	$ 400.5	$ 452.5	$ 37.0	$ 2,109.0
Add: Excluded realized gains (losses)	—	(11.2)	43.5	(7.8)	6.0	30.5
Total revenues	626.4	581.4	444.0	444.7	43.0	2,139.5
Total benefits and expenses	562.2	485.3	368.2	397.2	52.5	1,865.4
Income (loss) from operations before income taxes	$ 64.2	$ 96.1	$ 75.8	$ 47.5	$ (9.5)	$ 274.1
As of December 31, 2013:						
Total investments	$ 6.5	$ 12,562.0	$ 7,079.7	$ 5,938.7	$ 2,314.2	$ 27,901.1
Deferred policy acquisition costs	—	194.5	49.2	78.8	—	322.5
Goodwill	31.1	—	—	—	—	31.1
Separate account assets	—	836.2	—	142.2	—	978.4
Total assets	165.8	13,958.9	7,213.6	6,470.9	2,320.3	30,129.5
Future policy benefits, losses, claims and loss expense (1)	218.8	12,554.0	6,479.5	5,971.3	(22.9)	25,200.7
Other policyholders' funds	18.8	32.7	10.4	58.3	7.9	128.1
Notes payable	—	—	—	—	449.5	449.5

(1) Includes funds held under deposit contracts, future policy benefits and policy and contract claims.

18. Parent Company Information

The financial statements presented below include the unconsolidated financial position and results of operations of Symetra Financial Corporation (the Parent Company). Investments in subsidiaries are accounted for using the equity method of accounting.

Condensed Statements of Financial Position
(Parent Company Only)

	As of December 31,	
	2015	**2014**
ASSETS		
Cash and investments:		
Investments, at fair value (cost or amortized cost: **$344.9** and $354.9, respectively)	**$ 335.5**	$ 368.7
Investments in subsidiaries	**3,255.3**	3,677.2
Cash and cash equivalents	**20.1**	4.0
Total cash and investments	**3,610.9**	4,049.9
Accrued investment income	**2.5**	1.5
Current and deferred income taxes	**48.1**	31.1
Receivables due from affiliates	**7.8**	8.5
Other assets	**7.3**	7.6
Total assets	**$ 3,676.6**	$ 4,098.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes payable	**$ 697.6**	$ 697.2
Other liabilities	**50.2**	40.8
Total liabilities	**747.8**	738.0
Common stock, $0.01 par value, 750,000,000 shares authorized; **125,064,342** shares issued and **116,011,039** outstanding as of December 31, 2015 and 124,850,754 shares issued and 115,797,451 outstanding as of December 31, 2014	**1.2**	1.2
Additional paid-in capital	**1,476.0**	1,469.5
Treasury stock, at cost; **9,053,303** shares as of December 31, 2015 and 2014	**(134.6)**	(134.6)
Retained earnings	**1,070.8**	1,033.9
Accumulated other comprehensive income, net of taxes	**515.4**	990.6
Total stockholders' equity	**2,928.8**	3,360.6
Total liabilities and stockholders' equity	**$ 3,676.6**	$ 4,098.6

Condensed Statements of Comprehensive Income (Loss)
(Parent Company Only)

	Years Ended December 31,		
	2015	**2014**	**2013**
Revenues:			
Dividends from subsidiaries:			
Symetra Life Insurance Company	**$ 140.0**	$ 80.0	$ 240.0
Other subsidiaries	**8.6**	9.5	24.1
Net investment income	**(6.0)**	14.4	5.9
Net realized gains (losses)	**(3.4)**	4.6	4.3
Total revenues	**139.2**	108.5	274.3
Expenses:			
Interest expense	**44.4**	37.7	33.0
Operating expenses	**8.3**	2.6	2.7
Total expenses	**52.7**	40.3	35.7
Income from operations before income taxes	**86.5**	68.2	238.6
Income tax benefit	**(21.0)**	(6.8)	(8.6)
Income before equity in earnings of subsidiaries	**107.5**	75.0	247.2
Equity in earnings of subsidiaries:			
Symetra Life Insurance Company	**38.4**	176.2	(11.6)
Other subsidiaries	**0.9**	3.2	(14.9)
Total equity in earnings of subsidiaries	**39.3**	179.4	(26.5)
Net income	**$ 146.8**	$ 254.4	$ 220.7
Other comprehensive income, net of taxes:			
Changes in unrealized gains (losses) on available-for-sale securities (net of taxes of **$(2.3),** $2.7 and $(2.1))	**$ (4.1)**	$ 4.9	$ (3.9)
Impact of cash flow hedges (net of taxes of **$0.1**, $0.1 and $0.1)	**0.2**	0.1	0.1
Other comprehensive income (loss) of subsidiaries (net of taxes of **$(253.8)**, $211.1, $(416.7))	**(471.3)**	392.0	(773.8)
Other comprehensive income (loss)	**(475.2)**	397.0	(777.6)
Total comprehensive income (loss)	**$ (328.4)**	$ 651.4	$ (556.9)

19. Subsequent Event

The Company has evaluated the effects of events subsequent to December 31, 2015, and all accounting and disclosure requirements related to subsequent events are included in the consolidated financial statements. Management has assessed material subsequent events through February 24, 2016, the date the financial statements were available to be issued.