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

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2011

OR

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

Commission file number: 001-33808

SYMETRA FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**20-0978027** (I.R.S. Employer Identification No.)

777 108th Avenue NE, Suite 1200
Bellevue, Washington 98004
(Address of principal executive offices, including zip code)
(425) 256-8000
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of August 5, 2011, the Registrant had 118,538,606 common voting shares outstanding, with a par value of $0.01 per share.

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Unless the context otherwise requires, references in this quarterly report on Form 10-Q to "we," "our," "us" and "the Company" are to Symetra Financial Corporation together with its subsidiaries. References to "Symetra" refer to Symetra Financial Corporation on a stand-alone, non-consolidated basis.

Forward-Looking Statements

This Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains statements, which constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of current or historical facts included or referenced in this report that address activities, events or developments that we expect or anticipate will or may occur in the future, are forward-looking statements. The words "will," "believe," "intend," "plan," "expect," "anticipate," "project," "estimate," "predict," "potential" and similar expressions also are intended to identify forward-looking statements. These forward-looking statements include, among others, statements with respect to Symetra Financial Corporation's:

- estimates or projections of revenues, net income, net income per share, adjusted operating income, adjusted operating income per share, market share or other financial forecasts;
- trends in operations, financial performance and financial condition;
- financial and operating targets or plans; and
- business and growth strategy.

These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate under the circumstances. Whether actual results and developments will conform to the Company's expectations and predictions is subject to a number of risks, uncertainties and contingencies that could cause actual results to differ materially from expectations, including, among others:

- general economic, market or business conditions, including further economic downturns or other adverse conditions in the global and domestic capital and credit markets;
- the availability of capital and financing;
- potential investment losses;
- the effects of fluctuations in interest rates and a prolonged low interest rate environment;
- recorded reserves for future policy benefits and claims subsequently proving to be inadequate or inaccurate;
- deviations from assumptions used in setting prices for insurance and annuity products;
- continued viability of certain products under various economic and other conditions;
- market pricing and competitive trends related to insurance products and services;
- changes in amortization of deferred policy acquisition costs or deferred sales inducements;
- financial strength or credit ratings downgrades;
- the continued availability and cost of reinsurance coverage;
- changes in laws or regulations, or their interpretation, including those that could increase the Company's business costs and required capital levels;
- the ability of subsidiaries to pay dividends to Symetra;
- the ability of the new executive leadership team to successfully implement business strategies;
- the effects of implementation of the Patient Protection and Affordable Care Act ("PPACA");
- the effects of implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd Frank Act"); and

- the risks that are described in Part II, Item 1A — “Risk Factors” in this report; and Part I, Item 1A — “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2010.

Consequently, all of the forward-looking statements made in this report are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company or its business or operations. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

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PART I — Financial Information

Item 1. ***Financial Statements***

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

	As of June 30, 2011 (Unaudited)	As of December 31, 2010
ASSETS		
Investments:		
Available-for-sale securities:		
Fixed maturities, at fair value (amortized cost: **$20,982.1** and $20,416.5, respectively)	**$ 22,146.5**	$ 21,281.8
Marketable equity securities, at fair value (cost: **$52.8** and $52.8, respectively)	**51.2**	45.1
Trading securities:		
Marketable equity securities, at fair value (cost: **$355.6** and $168.0, respectively)	**380.9**	189.3
Mortgage loans, net	**2,085.0**	1,713.0
Policy loans	**69.6**	71.5
Investments in limited partnerships (includes **$30.4** and $36.5 measured at fair value, respectively)	**193.8**	186.9
Other invested assets	**14.5**	12.6
Total investments	**24,941.5**	23,500.2
Cash and cash equivalents	**87.4**	274.6
Accrued investment income	**268.1**	257.6
Accounts receivable and other receivables	**97.5**	65.6
Reinsurance recoverables	**288.8**	280.8
Deferred policy acquisition costs	**238.5**	250.0
Goodwill	**29.4**	28.4
Current income taxes recoverable	**4.4**	3.0
Other assets	**99.9**	95.0
Separate account assets	**887.3**	881.7
Total assets	**$ 26,942.8**	$ 25,636.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Funds held under deposit contracts	**$ 21,909.0**	$ 20,953.3
Future policy benefits	**399.6**	398.4
Policy and contract claims	**126.4**	116.6
Unearned premiums	**12.6**	12.2
Other policyholders' funds	**109.5**	111.0
Notes payable	**449.1**	449.0
Deferred income tax liabilities, net	**192.2**	99.0
Other liabilities	**209.8**	235.1
Separate account liabilities	**887.3**	881.7
Total liabilities	**24,295.5**	23,256.3
Commitments and contingencies (*Note 10*)		
Preferred stock, $0.01 par value; 10,000,000 shares authorized; none issued	**—**	—
Common stock, $0.01 par value; 750,000,000 shares authorized; **118,570,964** issued and outstanding as of June 30, 2011; 118,216,470 issued and 118,215,701 outstanding as of December 31, 2010	**1.2**	1.2
Additional paid-in capital	**1,452.3**	1,450.2
Retained earnings	**595.9**	496.7
Accumulated other comprehensive income, net of taxes	**597.9**	432.5
Total stockholders' equity	**2,647.3**	2,380.6
Total liabilities and stockholders' equity	**$ 26,942.8**	$ 25,636.9

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share data)
(Unaudited)

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Revenues:				
Premiums	**$ 119.4**	$ 115.5	**$ 240.3**	$ 234.5
Net investment income	**312.2**	297.1	**622.2**	584.0
Policy fees, contract charges, and other	**45.9**	41.8	**90.6**	82.3
Net realized investment gains (losses):				
Total other-than-temporary impairment losses on securities	**(3.1)**	(2.7)	**(4.0)**	(20.6)
Less: portion of losses recognized in other comprehensive income	**0.3**	1.2	**0.3**	9.4
Net impairment losses recognized in earnings	**(2.8)**	(1.5)	**(3.7)**	(11.2)
Other net realized investment gains (losses)	**16.9**	(8.5)	**33.4**	8.0
Total net realized investment gains (losses)	**14.1**	(10.0)	**29.7**	(3.2)
Total revenues	**491.6**	444.4	**982.8**	897.6
Benefits and expenses:				
Policyholder benefits and claims	**83.7**	83.3	**176.0**	169.5
Interest credited	**225.1**	221.5	**453.4**	440.0
Other underwriting and operating expenses	**70.5**	64.2	**136.5**	123.8
Interest expense	**8.0**	7.9	**16.0**	15.9
Amortization of deferred policy acquisition costs	**20.0**	17.0	**40.1**	32.4
Total benefits and expenses	**407.3**	393.9	**822.0**	781.6
Income from operations before income taxes	**84.3**	50.5	**160.8**	116.0
Provision (benefit) for income taxes:				
Current	**31.1**	17.4	**42.3**	27.3
Deferred	**(6.2)**	(2.7)	**4.2**	6.6
Total provision for income taxes	**24.9**	14.7	**46.5**	33.9
Net income	**$ 59.4**	$ 35.8	**$ 114.3**	$ 82.1
Net income per common share:				
Basic	**$ 0.43**	$ 0.26	**$ 0.83**	$ 0.61
Diluted	**$ 0.43**	$ 0.26	**$ 0.83**	$ 0.61
Weighted-average number of common shares outstanding:				
Basic	**137.523**	137.019	**137.408**	134.035
Diluted	**137.532**	137.038	**137.417**	134.056
Cash dividends declared per common share	**$ 0.06**	$ 0.05	**$ 0.11**	$ 0.05

See accompanying notes.

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

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock, at Cost	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balances as of January 1, 2010	$ 0.9	$ 1,165.7	$ 316.4	$ —	$ (49.7)	$ 1,433.3
Common stock issued (net of issuance costs of $20.6)	0.3	282.2	—	—	—	282.5
Comprehensive income, net of taxes:						
Net income	—	—	82.1	—	—	82.1
Other comprehensive income (net of taxes: $296.5)	—	—	—	—	550.8	550.8
Total comprehensive income, net of taxes						632.9
Stock-based compensation	—	1.6	—	(0.6)	—	1.0
Dividends declared	—	—	(6.9)	—	—	(6.9)
Balances as of June 30, 2010	$ 1.2	$ 1,449.5	$ 391.6	$ (0.6)	$ 501.1	$ 2,342.8
Balances as of January 1, 2011	**$ 1.2**	**$ 1,450.2**	**$ 496.7**	**$ —**	**$ 432.5**	**$ 2,380.6**
Comprehensive income, net of taxes:						
Net income	**—**	**—**	**114.3**	**—**	**—**	**114.3**
Other comprehensive income (net of taxes: **$89.0**)	**—**	**—**	**—**	**—**	**165.4**	**165.4**
Total comprehensive income, net of taxes						**279.7**
Stock-based compensation	**—**	**2.1**	**—**	**—**	**—**	**2.1**
Dividends declared	**—**	**—**	**(15.1)**	**—**	**—**	**(15.1)**
Balances as of June 30, 2011	**$ 1.2**	**$ 1,452.3**	**$ 595.9**	**$ —**	**$ 597.9**	**$ 2,647.3**

See accompanying notes.

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CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	For the Six Months Ended June 30,	
	2011	2010
Cash flows from operating activities		
Net income	$ **114.3**	$ 82.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized investment (gains) losses	**(29.7)**	3.2
Accretion and amortization of invested assets, net	**23.3**	18.9
Accrued interest on fixed maturities	**(15.0)**	(21.5)
Amortization and depreciation	**12.8**	11.5
Deferred income tax provision	**4.2**	6.6
Interest credited on deposit contracts	**453.4**	440.0
Mortality and expense charges and administrative fees	**(53.8)**	(51.2)
Changes in:		
Accrued investment income	**(10.5)**	(14.4)
Deferred policy acquisition costs, net	**(24.0)**	(35.1)
Other receivables	**(8.3)**	2.8
Future policy benefits	**1.2**	2.1
Policy and contract claims	**9.8**	(4.9)
Current income taxes	**(1.4)**	22.3
Other assets and liabilities	**(25.8)**	(27.0)
Other, net	**0.8**	1.4
Total adjustments	**337.0**	354.7
Net cash provided by operating activities	**451.3**	436.8
Cash flows from investing activities		
Purchases of:		
Fixed maturities and marketable equity securities	**(2,535.0)**	(2,397.7)
Other invested assets and investments in limited partnerships	**(16.1)**	(23.4)
Issuances of mortgage loans	**(425.7)**	(179.6)
Issuances of policy loans	**(6.5)**	(8.6)
Maturities, calls, paydowns, and other	**950.8**	892.7
Sales of:		
Fixed maturities and marketable equity securities	**803.1**	441.7
Other invested assets and investments in limited partnerships	**12.1**	6.3
Repayments of mortgage loans	**52.1**	37.5
Repayments of policy loans	**8.0**	9.7
Other, net	**1.2**	(1.8)
Net cash used in investing activities	**(1,156.0)**	(1,223.2)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	**1,261.8**	1,215.9
Withdrawals	**(724.4)**	(621.2)
Proceeds from issuance of common stock	**—**	282.5
Cash dividends paid on common stock	**(15.1)**	(6.9)
Acquisition of treasury stock	**—**	(0.6)
Other, net	**(4.8)**	(18.4)
Net cash provided by financing activities	**517.5**	851.3
Net increase (decrease) in cash and cash equivalents	**(187.2)**	64.9
Cash and cash equivalents at beginning of period	**274.6**	257.8
Cash and cash equivalents at end of period	$ **87.4**	$ 322.7
Supplemental disclosures of cash flow information		
Non-cash transactions during the period:		
Investments in limited partnerships and capital obligations incurred	$ **13.5**	$ 20.2
Bond exchanges	**69.8**	72.7

See accompanying notes.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in millions, except per share data, unless otherwise stated)
(Unaudited)

1. Description of Business

Symetra Financial Corporation is a Delaware corporation that, through its subsidiaries, offers group and individual insurance products and retirement products, including annuities, marketed through benefits consultants, financial institutions and independent agents and advisors in all states and the District of Columbia. The Company's principal products include medical stop-loss insurance, fixed and variable deferred annuities, single premium immediate annuities and individual life insurance.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying interim financial statements include, on a consolidated basis, the accounts of Symetra Financial Corporation and its subsidiaries, which are collectively referred to as "Symetra Financial" or "the Company". All significant intercompany transactions and balances have been eliminated.

The interim consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP), including the rules and regulations of the Securities and Exchange Commission (SEC), for interim reporting. 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 interim consolidated financial statements and accompanying notes. These interim consolidated financial statements are unaudited but in management's opinion include all adjustments, consisting of normal recurring adjustments and accruals, necessary for a fair presentation.

These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC. The consolidated balance sheet as of December 31, 2010 was derived from audited consolidated financial statements as of that date, but certain information and footnotes required by GAAP for complete financial statements have been excluded from this interim report. Operating results for the three and six months ended June 30, 2011 are not necessarily indicative of the results that may be expected for the twelve months ended December 31, 2011.

During the first quarter of 2010, the Company revised its estimate for bonus interest reserves on one of its universal life products. This bonus interest is not earned by the contract holder if the policy's credited rate is equal to the guaranteed minimum. Due to the negative impact the low interest rate environment has had on investment yields, the credited interest rate was adjusted downward to the guaranteed minimum rate over a period of 12 months, beginning in first quarter 2010. As a result, for the six months ended June 30, 2010, income from operations before income taxes was $7.4 higher than it would have been without this adjustment. The impact on net income for the same period was $4.8, or $0.03 per share of common stock.

Adoption of New Accounting Pronouncements

ASU 2010-06, Improving Disclosures about Fair Value Measurement

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, *Fair Value Measurements and Disclosures (Topic 820) — Improving Disclosures about Fair Value Measurement*. The guidance in this ASU requires additional disclosures about an entity's fair value measurements, including information about inputs to Level 2 measurements, gross transfers into and out of Levels 1 and 2, and information about activity for Level 3 measurements on a gross basis. It also clarifies the level of disaggregation required for existing fair value disclosures. The Company adopted this guidance on January 1, 2010, except for the provisions regarding activity for Level 3 measurements presented on a gross basis, which was adopted on January 1, 2011, as provided for in the guidance. See Note 6 for the Company's disclosures related to fair value measurements.

ASU 2010-15, How Investments Held through Separate Accounts Affect an Insurer's Consolidation Analysis of Those Investments

In April 2010, the FASB issued ASU 2010-15, *Financial Services — Insurance (Topic 944) — How Investments Held through Separate Accounts Affect an Insurer's Consolidation Analysis of Those Investments*. This guidance clarifies that an insurer should only consider its ownership interests held within its general account when determining if it holds a controlling interest, thus excluding interests held in a separate account from the analysis. It does not change the guidance for consolidating investments when the general account holds a controlling interest. The Company adopted this guidance on January 1, 2011, which did not change the Company's current practice of excluding ownership interests held in its separate account from its consolidation analysis.

ASU 2011-02, A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring

In April 2011, the FASB issued ASU 2011-02, *Receivables (Topic 310) — A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring.* This guidance eliminates diversity in practice by clarifying the criteria for whether a troubled debt restructuring has occurred when a creditor modifies a financing receivable for a borrower. The Company elected to early adopt this guidance, effective April 1, 2011, with retrospective application to January 1, 2011. Upon adoption of ASU 2011-02, the additional disclosures required by the guidance in ASU 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* were also adopted by the Company. The adoption of this guidance did not have a material impact on the financial statements.

Accounting Pronouncements Not Yet Adopted

ASU 2010-26, Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts

In October 2010, the FASB issued ASU 2010-26, *Financial Services — Insurance (Topic 944) — Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts*. This guidance limits the amount of deferrable acquisition costs to those incremental costs directly related to the successful acquisition of an insurance contract and clarifies which costs are included in that definition. The guidance is effective for fiscal years beginning after December 15, 2011. Retrospective application, as well as early adoption, are permitted, but not required. The Company expects to retrospectively adopt this guidance on January 1, 2012, and is in the process of evaluating the potential impact to the financial statements.

ASU 2011-05, Presentation of Comprehensive Income

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 220) — Presentation of Comprehensive Income*. This standard eliminates the current option to report other comprehensive income (OCI) and its components in the statement of changes in equity, but will not change the components of net income or OCI, or the calculation of earnings per share (EPS). The guidance is effective for fiscal years beginning after December 15, 2011. Retrospective application is required upon adoption. Early adoption is permitted, but not required. The Company expects to retrospectively adopt this guidance on January 1, 2012. The adoption of this guidance will result in a change in the presentation of other comprehensive income, but will not have a material impact on the financial statements.

3. Earnings Per Share

Basic earnings per share represents the amount of earnings for the period available to each share of common stock outstanding during the reporting period. Diluted earnings per share represents the earnings available to each share of common stock outstanding during the reporting period, adjusted for the potential issuance of dilutive common stock.

The Company's outstanding warrants and certain restricted stock granted to employees are included in weighted-average common shares outstanding for the purposes of computing basic and diluted earnings per share, using the two-class method. These are considered participating or potential common stock securities because the terms of the agreements entitle the holders to receive any dividends declared concurrently with the holders of outstanding shares of common stock, on a one-to-one basis. Non-participating restricted stock is included in diluted earnings per share based on the application of the treasury stock method.

For the three and six months ended June 30, 2011, 2.950 stock options were excluded from the computation of diluted earnings per share, based on the application of the treasury stock method, because they were antidilutive. For the three and six months ended June 30, 2010, 1.750 stock options were excluded from the computation of diluted earnings per share.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in millions, except per share data, unless otherwise stated)
(Unaudited)

The following table presents information relating to the Company’s calculations of basic and diluted earnings per share:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Numerator:				
Net income, as reported	$ 59.4	$ 35.8	$ 114.3	$ 82.1
Denominator:				
Weighted-average common shares outstanding — basic	137.523	137.019	137.408	134.035
Add: dilutive effect of restricted stock	0.009	0.019	0.009	0.021
Weighted-average common shares outstanding — diluted	137.532	137.038	137.417	134.056
Net income per common share:				
Basic	$ 0.43	$ 0.26	$ 0.83	$ 0.61
Diluted	$ 0.43	$ 0.26	$ 0.83	$ 0.61

4. Investments

The following tables summarize the Company’s available-for-sale fixed maturities and marketable equity securities. The other-than-temporary impairments (OTTI) in accumulated other comprehensive income (AOCI) represent the amount of cumulative non-credit OTTI losses transferred to, or recorded in, AOCI for securities that also had a credit-related impairment.

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	OTTI in AOCI
As of June 30, 2011					
Fixed maturities:					
U.S. government and agencies	$ 40.0	$ 3.1	$ —	$ 43.1	$ (0.1)
State and political subdivisions	521.1	10.6	(8.1)	523.6	(0.2)
Corporate securities	14,674.0	998.1	(127.9)	15,544.2	(18.3)
Residential mortgage-backed securities	3,495.2	158.3	(22.1)	3,631.4	(38.3)
Commercial mortgage-backed securities	1,702.0	123.9	(9.0)	1,816.9	(3.1)
Other debt obligations	549.8	40.6	(3.1)	587.3	(4.5)
Total fixed maturities	20,982.1	1,334.6	(170.2)	22,146.5	(64.5)
Marketable equity securities, available-for-sale	52.8	0.3	(1.9)	51.2	—
Total	$ 21,034.9	$ 1,334.9	$ (172.1)	$ 22,197.7	$ (64.5)

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	OTTI in AOCI
As of December 31, 2010					
Fixed maturities:					
U.S. government and agencies	$ 30.3	$ 2.8	$ —	$ 33.1	$ (0.1)
State and political subdivisions	462.9	5.3	(15.4)	452.8	(0.2)
Corporate securities	13,891.7	855.3	(205.6)	14,541.4	(26.2)
Residential mortgage-backed securities	3,707.2	148.9	(54.5)	3,801.6	(40.0)
Commercial mortgage-backed securities	1,782.2	115.2	(10.1)	1,887.3	(3.3)
Other debt obligations	542.2	35.8	(12.4)	565.6	(6.4)
Total fixed maturities	20,416.5	1,163.3	(298.0)	21,281.8	(76.2)
Marketable equity securities, available-for-sale	52.8	0.1	(7.8)	45.1	—
Total	$ 20,469.3	$ 1,163.4	$ (305.8)	$ 21,326.9	$ (76.2)

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in millions, except per share data, unless otherwise stated)
(Unaudited)

The following tables summarize gross unrealized losses and fair values of the Company's available-for-sale investments. For fixed maturities, gross unrealized losses include the portion of OTTI recorded in AOCI. 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 June 30, 2011						
Fixed maturities:						
State and political subdivisions	**$ 83.2**	**$ (0.7)**	**15**	**$ 127.1**	**$ (7.4)**	**19**
Corporate securities	**1,812.0**	**(43.5)**	**223**	**700.9**	**(84.4)**	**74**
Residential mortgage-backed securities	**485.3**	**(8.8)**	**39**	**179.6**	**(13.3)**	**26**
Commercial mortgage-backed securities	**138.5**	**(2.3)**	**17**	**59.0**	**(6.7)**	**17**
Other debt obligations	**67.4**	**(0.7)**	**5**	**70.8**	**(2.4)**	**8**
Total fixed maturities	**$ 2,586.4**	**$ (56.0)**	**299**	**$ 1,137.4**	**$ (114.2)**	**144**
Marketable equity securities, available-for-sale	**20.1**	**(0.3)**	**1**	**29.5**	**(1.6)**	**2**
Total	**$ 2,606.5**	**$ (56.3)**	**300**	**$ 1,166.9**	**$ (115.8)**	**146**

	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, 2010						
Fixed maturities:						
State and political subdivisions	$ 139.1	$ (3.3)	19	$ 146.9	$ (12.1)	24
Corporate securities	2,191.5	(92.2)	203	897.7	(113.4)	105
Residential mortgage-backed securities	525.8	(18.6)	37	273.1	(35.9)	42
Commercial mortgage-backed securities	160.5	(2.9)	26	63.2	(7.2)	17
Other debt obligations	41.4	(0.8)	7	94.9	(11.6)	10
Total fixed maturities	$ 3,058.3	$ (117.8)	292	$ 1,475.8	$ (180.2)	198
Marketable equity securities, available-for-sale	19.9	(0.7)	2	24.1	(7.1)	3
Total	$ 3,078.2	$ (118.5)	294	$ 1,499.9	$ (187.3)	201

Based on National Association of Insurance Commissioners (NAIC) ratings, as of June 30, 2011 and December 31, 2010, the Company held below-investment-grade fixed maturities with fair values of $1,481.3 and $1,257.5, respectively, and amortized costs of $1,510.0 and $1,321.2, respectively. These holdings amounted to 6.7% and 5.9% of the Company's investments in fixed maturities at fair value as of June 30, 2011 and December 31, 2010, respectively.

The following table summarizes the amortized cost and fair value of fixed maturities as of June 30, 2011, by contractual years to maturity. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without prepayment penalties.

	Amortized Cost	Fair Value
One year or less	**$ 484.6**	**$ 493.7**
Over one year through five years	**3,252.9**	**3,482.9**
Over five years through ten years	**6,630.9**	**7,076.2**
Over ten years	**4,909.1**	**5,108.0**
Residential mortgage-backed securities	**3,495.2**	**3,631.4**
Commercial mortgage-backed securities	**1,702.0**	**1,816.9**
Other asset-backed securities	**507.4**	**537.4**
Total fixed maturities	**$ 20,982.1**	**$ 22,146.5**

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

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Fixed maturities	**$ 283.1**	$ 280.4	**$ 569.8**	$ 551.4
Marketable equity securities, available-for-sale	**1.1**	1.1	**1.7**	1.7
Marketable equity securities, trading	**2.2**	0.8	**3.1**	1.5
Mortgage loans	**31.3**	20.9	**59.2**	39.7
Policy loans	**1.0**	1.1	**2.0**	2.2
Investments in limited partnerships	**(1.3)**	(2.6)	**(3.9)**	(3.8)
Other	**1.4**	0.7	**2.7**	1.8
Total investment income	**318.8**	302.4	**634.6**	594.5
Investment expenses	**(6.6)**	(5.3)	**(12.4)**	(10.5)
Net investment income	**$ 312.2**	$ 297.1	**$ 622.2**	$ 584.0

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

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Fixed maturities:				
Gross gains on sales	**$ 29.7**	$ 7.0	**$ 32.4**	$ 17.4
Gross losses on sales	**(1.5)**	(0.2)	**(7.6)**	(1.3)
Other-than-temporary impairments	**(2.8)**	(1.5)	**(3.7)**	(11.2)
Other(1)	**(2.2)**	(0.1)	**6.0**	2.2
Total fixed maturities	**23.2**	5.2	**27.1**	7.1
Marketable equity securities, trading(2)	**(7.7)**	(8.8)	**4.5**	(1.2)
Other invested assets	**(0.7)**	(4.8)	**(0.2)**	(6.2)
Deferred policy acquisition costs adjustment	**(0.7)**	(1.6)	**(1.7)**	(2.9)
Net realized investment gains (losses)	**$ 14.1**	$ (10.0)	**$ 29.7**	$ (3.2)

(1) This includes net gains on calls and redemptions and changes in the fair value of the Company's convertible securities held as of period end totaling $(3.0), $(2.9), $(1.3) and $(0.6) for the three and six months ended June 30, 2011 and 2010, respectively.

(2) This includes changes in fair value of trading securities held as of period end, totaling $(7.3), $(7.4), $3.2 and $(2.7) of net gains (losses) for the three and six months ended June 30, 2011 and 2010, respectively.

Other-Than-Temporary Impairments

The Company's review of 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 securities for which the cost or amortized cost exceeds fair value by less than 20% do not 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. To make this determination for each security the Company considers, among other factors:

- 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;

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- Any reduction or elimination of dividends or non-payment of scheduled interest payments;
- 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 and the Company’s liquidity needs.

For fixed maturities, if the Company determines that the present value of the cash flows expected to be collected is less than the amortized cost of the security (*i.e.*, a credit loss exists), the Company concludes that an OTTI has occurred. In order to determine the amount of the credit loss, the Company calculates the recovery value by discounting the current expectations of future cash flows it expects to recover. The discount rate is the effective interest rate implicit in the underlying fixed maturity. The effective interest rate is the original effective yield for corporate securities, or current effective yield for mortgage-backed securities.

Determination of OTTI on Corporate Securities

To determine the recovery value, credit loss or intent to sell for a corporate security, the Company performs an analysis related to the underlying issuer 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, compared to the price at which the market is trading;
- Earnings multiples for an issuer’s industry or sector of the industry, divided by the outstanding debt to determine an expected recovery value of the security in the case of a liquidation;
- Expectations regarding defaults and recovery rates;
- Changes to the rating of the security by a rating agency; and
- Additional market information.

Determination of OTTI on Structured Securities

To determine the recovery value, credit loss or intent to sell for a structured security, including residential mortgage-, commercial mortgage- and other asset-backed securities, the Company performs an analysis related to the underlying issuer including, but not limited to, the following:

- Discounted cash flow analysis based on the future cash flows the Company expects to recover;
- Level of creditworthiness;
- Delinquency ratios and loan-to-value ratios;
- Average cumulative collateral loss, vintage year and level of subordination;
- Susceptibility to fair value fluctuations due to changes in the interest rate environment;
- Susceptibility to variability of prepayments; and
- Susceptibility to reinvestment risk.

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The following table presents the severity and duration of the gross unrealized losses on the Company's underwater available-for-sale securities, after the recognition of OTTI:

	As of June 30, 2011		As of December 31, 2010	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fixed maturities				
Underwater by 20% or more:				
Less than 6 consecutive months	**$ 43.2**	**$ (11.9)**	$ 69.1	$ (23.7)
6 consecutive months or more	**36.2**	**(12.2)**	93.9	(36.2)
Total underwater by 20% or more	**79.4**	**(24.1)**	163.0	(59.9)
All other underwater fixed maturities	**3,644.4**	**(146.1)**	4,371.1	(238.1)
Total underwater fixed maturities	**$ 3,723.8**	**$ (170.2)**	$ 4,534.1	$ (298.0)
Marketable equity securities, available-for-sale				
Underwater by 20% or more:				
Less than 6 consecutive months	**$ —**	**$ —**	$ —	$ —
6 consecutive months or more	**—**	**—**	1.7	(4.4)
Total underwater by 20% or more	**—**	**—**	1.7	(4.4)
All other underwater marketable equity securities, available-for-sale	**49.6**	**(1.9)**	42.3	(3.4)
Total underwater marketable equity securities, available-for-sale	**$ 49.6**	**$ (1.9)**	$ 44.0	$ (7.8)

The Company reviewed its available-for-sale investments with unrealized losses as of June 30, 2011 in accordance with its impairment policy and determined, after the recognition of other-than-temporary impairments, that the remaining declines in fair value were temporary. The Company did not intend to sell its underwater fixed maturities and it was not more likely than not that the Company will be required to sell the fixed maturities before recovery of amortized cost. This conclusion is supported by the Company's spread analysis, cash flow modeling and expected continuation of contractually required principal and interest payments.

As of June 30, 2011, the Company did not intend to sell its underwater available-for-sale marketable equity securities, primarily consisting of non-redeemable preferred stocks. Based on its analysis of these securities, including an evaluation of the near term prospects of the issuers, it had the intent and ability to hold them until recovery. Therefore, the Company concluded that the declines in fair value of these securities were temporary.

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 were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Balance, beginning of period	**$ 52.2**	$ 69.5	**$ 68.0**	$ 69.6
Increases recognized in the current period:				
For which an OTTI was not previously recognized	**0.2**	0.5	**0.6**	6.5
For which an OTTI was previously recognized	**—**	0.9	**—**	2.4
Decreases attributable to:				
Securities sold or paid down during the period	**(2.1)**	(2.4)	**(18.3)**	(10.0)
Balance, end of period	**$ 50.3**	$ 68.5	**$ 50.3**	$ 68.5

5. 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. All loans are underwritten consistently using standards 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 receivable, which is consistent with how the Company assesses and monitors the risk and performance of the portfolio. A large majority of these

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loans have personal guarantees and all loans are inspected and evaluated annually. The Company's mortgage loan portfolio is diversified by geographic region, loan size and scheduled maturities. As of June 30, 2011, 32.3% of our commercial mortgage loans were located in California, 14.0% were located in Washington and 10.0% were located in Texas. Individual loans generally do not exceed $10.0.

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 incurred but not specifically identified losses and, as needed, specific reserves for non-performing loans. The allowance for losses on mortgage loans is evaluated as of 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 of less than 65% but a DSCR below 1.50, or loans with an LTV ratio between 65% and 80%, and a DSCR of greater than 1.50.
- *Higher Risk Loans* — All 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.

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

	As of June 30, 2011		As of December 31, 2010	
	Carrying Value	% of Total	Carrying Value	% of Total
Lower Risk	**$ 1,135.2**	**54.2%**	$ 917.5	53.3%
Medium Risk	**470.3**	**22.5**	430.4	25.0
Higher Risk	**487.3**	**23.3**	372.3	21.7
Credit quality indicator total	**2,092.8**	**100.0%**	1,720.2	100.0%
Other (1)	**(7.8)**		(7.2)	
Total	**$ 2,085.0**		$ 1,713.0	

(1) Other includes the allowance for loan losses, deferred fees and costs, and a 2004 purchase accounting adjustment.

In developing its portfolio reserve for incurred but not specifically identified losses, the Company evaluates loans by risk category as well as its past loan experience, commercial real estate market conditions, and third party data for expected losses on loans with similar LTV ratios and DSCRs. For existing loans, the Company's LTV ratios and DSCRs are updated each year between June 1 and August 31.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Allowance at beginning of period	**$ 7.1**	$ 8.3	**$ 7.1**	$ 8.2
Provision for loans not specifically identified	**—**	0.6	**—**	0.7
Write-off for foreclosed property	**—**	(2.2)	**—**	(2.2)
Allowance at end of period	**$ 7.1**	$ 6.7	**$ 7.1**	$ 6.7

Specific reserves are established for non-performing loans, which are those loans that are more than 90 days past due on payment or for which the Company considers it probable that amounts due according to the terms of the loan agreement will not be collected. As of June 30, 2011 and December 31, 2010, no loans were considered non-performing or were specifically evaluated and identified as impaired.

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6. Fair Value of Financial Instruments

The Company determines the fair value of its financial instruments based on the fair value hierarchy, which requires an entity to maximize its use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company has categorized its financial instruments, based on the priority of the inputs to the valuation technique, 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 within which a fair value measurement falls is determined based on the lowest-level input that is significant to the fair value measurement. The Company's financial assets recorded at fair value on the consolidated balance sheets are categorized as follows:

- *Level 1* — Unadjusted quoted prices in active markets for identical instruments. This level primarily consists of exchange-traded marketable equity securities and actively traded mutual fund investments.
- *Level 2* — Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose significant value drivers are observable. This level includes those financial instruments that are valued using industry-standard pricing methodologies, models or other valuation methodologies. All significant inputs are observable, derived from observable information in the marketplace or are supported by observable levels at which transactions are executed in the market place. Financial instruments in this category primarily include certain corporate fixed maturities, government or agency securities and certain mortgage-backed securities.
- *Level 3* — Instruments whose significant value drivers are unobservable. This comprises 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 category may also utilize non-binding broker quotes. This category primarily consists of certain less liquid fixed maturities, including certain corporate private placement securities, and investments in private equity funds.

The following tables present the financial assets accounted for at fair value on a recurring basis, classified by the valuation hierarchy described above. The Company has no financial liabilities accounted for at fair value on a recurring basis.

	As of June 30, 2011				
	Fair Value	**Level 1**	**Level 2**	**Level 3**	**Level 3 Percent**
Types of Investments					
Fixed maturities, available-for-sale:					
U.S. government and agencies	**$ 43.1**	**$ —**	**$ 43.1**	**$ —**	**—**
State and political subdivisions	**523.6**	**—**	**523.6**	**—**	**—**
Corporate securities	**15,544.2**	**—**	**14,817.3**	**726.9**	**3.1%**
Residential mortgage-backed securities	**3,631.4**	**—**	**3,631.4**	**—**	**—**
Commercial mortgage-backed securities	**1,816.9**	**—**	**1,800.1**	**16.8**	**0.1**
Other debt obligations	**587.3**	**—**	**435.6**	**151.7**	**0.6**
Total fixed maturities, available-for-sale	**22,146.5**	**—**	**21,251.1**	**895.4**	**3.8**
Marketable equity securities, available-for-sale	**51.2**	**46.2**	**—**	**5.0**	**—**
Marketable equity securities, trading	**380.9**	**371.5**	**—**	**9.4**	**0.1**
Investments in limited partnerships(1)	**30.4**	**—**	**—**	**30.4**	**0.1**
Other invested assets	**8.7**	**2.7**	**—**	**6.0**	**—**
Total investments carried at fair value	**22,617.7**	**420.4**	**21,251.1**	**946.2**	**4.0**
Separate account assets	**887.3**	**887.3**	**—**	**—**	**—**
Total	**$ 23,505.0**	**$ 1,307.7**	**$ 21,251.1**	**$ 946.2**	**4.0%**

(1) Includes investments in private equity funds.

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	As of December 31, 2010				
	Fair Value	Level 1	Level 2	Level 3	Level 3 Percent
Types of Investments					
Fixed maturities, available-for-sale:					
U.S. government and agencies	$ 33.1	$ —	$ 33.1	$ —	—
State and political subdivisions	452.8	—	452.8	—	—
Corporate securities	14,541.4	—	13,786.8	754.6	3.3%
Residential mortgage-backed securities	3,801.6	—	3,801.6	—	—
Commercial mortgage-backed securities	1,887.3	—	1,868.2	19.1	0.1
Other debt obligations	565.6	—	412.4	153.2	0.7
Total fixed maturities, available-for-sale	21,281.8	—	20,354.9	926.9	4.1
Marketable equity securities, available-for-sale	45.1	43.3	—	1.8	—
Marketable equity securities, trading	189.3	188.7	—	0.6	—
Investments in limited partnerships(1)	36.5	—	—	36.5	0.2
Other invested assets	6.4	2.6	—	3.8	—
Total investments carried at fair value	21,559.1	234.6	20,354.9	969.6	4.3
Separate account assets	881.7	881.7	—	—	—
Total	$22,440.8	$ 1,116.3	$20,354.9	$ 969.6	4.3%

(1) Includes investments in private equity funds.

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 June 30, 2011 and December 31, 2010, respectively, pricing services provided prices for 96.0% and 95.6% of the Company’s fixed maturities.

The pricing services provide prices where observable inputs are available. The Company’s pricing services utilize evaluated pricing models that vary by asset class. If sufficient objectively verifiable information about a security’s valuation is not available, the pricing services will not provide a valuation for the security.

The Company performs an analysis on the prices received from the pricing services to ensure they represent a reasonable estimate of fair value and to gain assurance on the overall reasonableness and consistent application of input assumptions, valuation methodologies and compliance with accounting standards for fair value determination. This analysis is performed through evaluation of pricing methodologies and inputs, analytical reviews of certain prices between reporting periods, and back-testing of selected sales activity to determine whether there were significant differences between the market price used to value the security prior to sale and the actual sales price. Based upon this analysis, the Company has not adjusted prices obtained from the pricing services, and multiple prices for these securities are not obtained.

In situations where the Company is unable to obtain sufficient market-observable information to estimate the fair value of a security, the security’s fair value is determined using internal pricing models. These models typically utilize significant, unobservable market inputs or inputs that are difficult to corroborate with observable market data, and the resulting value is considered a Level 3 measurement. This is generally the case for private placement securities and other securities the pricing services are unable to price.

As of June 30, 2011 and December 31, 2010, the Company had $869.7, or 3.9%, and $892.9, or 4.2%, respectively, of its fixed maturities invested in private placement securities. The valuation of certain private placement securities requires significant judgment by management due to the absence of quoted market prices, the inherent lack of liquidity and the long-term nature of such assets. The use of significant unobservable inputs in determining the fair value of the Company’s investments in private placement securities resulted in the classification of $796.0, or 91.5%, and $815.4, or 91.3%, as Level 3 measurements as of June 30, 2011 and December 31, 2010, respectively.

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Corporate Securities

As of June 30, 2011 and December 31, 2010, the fair value of the Company's corporate securities classified as Level 2 measurements was $14,817.3 and $13,786.8, respectively. The following table presents additional information about the composition of the Level 2 corporate securities:

	As of June 30, 2011			As of December 31, 2010		
	Amount	% of Total	# of Securities	Amount	% of Total	# of Securities
Significant Security Sectors:						
Industrials	**$ 2,696.3**	**18.2%**	**212**	$ 2,444.7	17.7%	225
Consumer staples	**2,420.4**	**16.3**	**157**	2,118.0	15.4	157
Financials	**1,924.7**	**13.0**	**231**	1,862.1	13.5	260
Utilities	**1,771.7**	**12.0**	**175**	1,738.2	12.6	194
Weighted-average coupon rate	**6.18%**			6.27%		
Weighted-average remaining years to contractual maturity	**11.8**			12.2		

Corporate securities classified as Level 2 measurements are priced by independent pricing services utilizing evaluated pricing models. 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. Because many corporate securities do not trade on a daily basis, evaluated pricing applications apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing to prepare evaluations.

As of June 30, 2011, 94.4% of corporate securities classified as Level 3 were privately placed securities. These securities were issued by entities primarily in the industrial sector, 21.6%, the financial sector, 20.9%, and the consumer discretionary sector, 14.5%.

As of December 31, 2010, 94.7% of corporate securities classified as Level 3 were privately placed securities. These securities were issued by entities primarily in the industrial sector, 21.6%, the financial sector, 21.2%, and the consumer discretionary sector, 15.9%.

The valuation of these privately placed Level 3 corporate securities requires significant judgment due to the absence of quoted market prices, the inherent lack of liquidity and the duration of such assets. The fair values of these securities were determined using a discounted cash flow approach. The discount rate was based on the current Treasury curve, adjusted for credit and liquidity factors. The credit factor adjustment, which is based on credit spreads to the Treasury curve for similar securities, varies for each security based on its quality and industry or sector. The illiquidity adjustment is estimated based on illiquidity spreads observed in transactions involving similar securities. As of June 30, 2011 and December 31, 2010 the range of illiquidity adjustments varied from 0 to 50 basis points.

The following table presents additional information about the quality of the Level 3 privately placed corporate securities:

		As of June 30, 2011		As of December 31, 2010	
		Fair Value	% of Total	Fair Value	% of Total
NAIC Rating:	**Comparable Standard & Poor's rating:**				
1	AAA, AA, A	**$ 89.3**	**13.0**%	$ 118.6	16.6%
2	BBB	**487.4**	**71.0**	497.5	69.6
3 - 6	BB & below	**109.8**	**16.0**	98.7	13.8
	Total	**$ 686.5**	**100.0**%	$ 714.8	100.0%

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Residential Mortgage-backed Securities

As of June 30, 2011 and December 31, 2010, the fair value of the Company's residential mortgage-backed securities (RMBS) classified as Level 2 measurements was $3,631.4 and $3,801.6, respectively. These securities were primarily fixed-rate, with a weighted-average coupon rate of 4.98% and 5.13% as of June 30, 2011 and December 31, 2010, respectively. Agency securities comprised 88.8% and 88.4% of the Company's Level 2 RMBS as of June 30, 2011 and December 31, 2010, respectively.

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

	As of June 30, 2011		As of December 31, 2010	
	Fair Value	% of Total	Fair Value	% of Total
Standard & Poor's equivalent rating:				
AAA	**$ 146.9**	**36.1%**	$ 166.6	37.8%
AA through BBB	**87.2**	**21.4**	89.0	20.2
BB & below	**173.1**	**42.5**	185.4	42.0
Total non-agency RMBS	**$ 407.2**	**100.0%**	$ 441.0	100.0%
Non-agency RMBS with super senior subordination	**$ 244.0**	**59.9%**	$ 259.2	58.8%

As of June 30, 2011 and December 31, 2010, the Company's non-agency Level 2 RMBS had a weighted-average credit enhancement of 9.5% and 9.8%, respectively. As of June 30, 2011 and December 31, 2010, $166.8 and $181.8, or 41.0% and 41.2%, respectively, of the Company's non-agency Level 2 RMBS had an origination or vintage year of 2004 and prior.

Level 2 RMBS securities are priced by independent pricing services that utilize evaluated pricing models. 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. Because many RMBS do not trade on a daily basis, evaluated pricing applications apply available information through processes such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing to prepare evaluations. 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.

Commercial Mortgage-backed Securities

As of June 30, 2011 and December 31, 2010, the fair value of the Company's commercial mortgage-backed securities (CMBS) classified as Level 2 measurements was $1,800.1 and $1,868.2, respectively. These were primarily non-agency securities, which comprised 73.2% and 68.3% of Level 2 CMBS as of June 30, 2011 and December 31, 2010, respectively. The non-agency CMBS had an estimated weighted-average credit enhancement of 28.6% and 28.5% as of June 30, 2011 and December 31, 2010, respectively, and 94.5% and 94.3% were in the most senior tranche as of June 30, 2011 and December 31, 2010, respectively.

The Company's Level 2 CMBS had a weighted-average coupon rate of 5.37% and 5.50% as of June 30, 2011 and December 31, 2010, respectively. As of June 30, 2011 and December 31, 2010, 18.2% of the underlying collateral for these securities was located in New York for both periods, 13.2% and 13.3% was located in California, and 7.3% and 7.1% was located in Texas. The underlying collateral primarily consisted of retail shopping centers, comprising 33.7% as of both periods, and office buildings comprising 30.6% and 30.5%, respectively, of these securities as of June 30, 2011 and December 31, 2010.

Level 2 CMBS securities are priced by independent pricing services that utilize evaluated pricing models. The significant 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. Because many CMBS do not trade on a daily basis, evaluated pricing applications apply available information through processes, such as benchmark curves, benchmarking of like securities, sector groupings and matrix pricing to prepare evaluations.

Marketable Equity Securities

Marketable equity securities are investments in common stock, real estate investment trusts (REITs) and certain nonredeemable preferred stocks, which primarily consist of investments in publicly traded companies and actively traded mutual fund

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investments. The fair values of the Company's marketable equity securities are primarily based on quoted market prices in active markets for identical assets, which are classified as Level 1 measurements.

Investments in Limited Partnerships

Investments in limited partnerships recorded at fair value are investments in private equity 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 for the Company's investments in private equity funds is based upon the Company's proportionate interest in the underlying partnership or fund's net asset value (NAV), which approximates fair value. The Company is generally unable to liquidate these investments during the term of the partnership or fund, which range from five to twelve years. As such, the Company classifies these securities as Level 3 measurements.

Separate Accounts

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

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 assets measured at fair value on a recurring basis and for which significant unobservable inputs (Level 3) were utilized to determine fair value for the three and six months ended June 30, 2011:

						Unrealized Gain (Loss) Included in:			
	Balance as of April 1, 2011	Purchases	Sales	Transfers In and/or (Out) of Level 3(1)	Other(2)	Net Income(3)	Other Comprehensive Income	Realized Gains (Losses)(3)	Balance as of June 30, 2011
Types of Investments:									
Corporate securities	$ 769.4	$ 2.2	$ (1.3)	$ (28.4)	$ (21.5)	$ —	$ 6.3	$ 0.2	$ 726.9
Commercial mortgage backed securities	17.7	—	—	—	(1.1)	—	0.2	—	16.8
Other debt obligations	150.4	—	—	—	(0.5)	—	1.8	—	151.7
Total fixed maturities, available-for-sale	937.5	2.2	(1.3)	(28.4)	(23.1)	—	8.3	0.2	895.4
Marketable equity securities, available-for-sale	1.8	—	—	—	—	—	3.2	—	5.0
Marketable equity securities, trading	0.7	7.9	—	—	—	0.8	—	—	9.4
Investments in limited partnerships	34.9	2.3	—	—	(8.5)	0.5	—	1.2	30.4
Other invested assets	4.4	1.5	—	—	—	(0.4)	0.5	—	6.0
Total Level 3	$ 979.3	$ 13.9	$ (1.3)	$ (28.4)	$ (31.6)	$ 0.9	$ 12.0	$ 1.4	$ 946.2

						Unrealized Gain (Loss) Included in:			
	Balance as of January 1, 2011	Purchases	Sales	Transfers In and/or (Out) of Level 3(1)	Other(2)	Net Income(3)	Other Comprehensive Income	Realized Gains (Losses)(3)	Balance as of June 30, 2011
Types of Investments:									
Corporate securities	$ 754.6	$ 3.2	$ (9.8)	$ (4.5)	$ (24.0)	$ —	$ 11.1	$ (3.7)	$ 726.9
Commercial mortgage backed securities	19.1	—	—	—	(2.5)	—	0.2	—	16.8
Other debt obligations	153.2	9.0	(10.8)	—	(1.3)	—	3.3	(1.7)	151.7
Total fixed maturities, available-for-sale	926.9	12.2	(20.6)	(4.5)	(27.8)	—	14.6	(5.4)	895.4
Marketable equity securities, available-for-sale	1.8	—	—	—	—	—	3.2	—	5.0
Marketable equity securities, trading	0.6	7.9	—	—	—	0.9	—	—	9.4
Investments in limited partnerships	36.5	2.4	—	—	(12.3)	1.8	—	2.0	30.4
Other invested assets	3.8	1.5	—	—	—	0.2	0.5	—	6.0
Total Level 3	$ 969.6	$ 24.0	$ (20.6)	$ (4.5)	$ (40.1)	$ 2.9	$ 18.3	$ (3.4)	$ 946.2

(1) 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 $0.9 and $0.0 for the three and six months ended June 30, 2011, respectively. Gross transfers out of Level 3 were $29.3 and $4.5 for the three and six months ended June 30, 2011, respectively.

(2) Other is comprised of transactions such as pay downs, calls, amortization and redemptions.

(3) Realized and unrealized gains and losses for investments in limited partnerships are included in net investment income.

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The following tables present additional information about assets 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 three and six months ended June 30, 2010:

	Balance as of April 1, 2010	Purchases	Sales	Transfers In and/or (Out) of Level 3(1)	Other(2)	Unrealized Gain (Loss) Included in: Net Income(3)	Unrealized Gain (Loss) Included in: Other Comprehensive Income	Realized Gains (Losses)(3)	Balance as of June 30, 2010
Types of Investments:									
State and political subdivisions	$ 7.4	$ —	$ —	$ —	$ —	$ —	$ 0.2	$ —	$ 7.6
Corporate securities	862.6	15.7	—	4.5	(35.7)	—	12.8	2.3	862.2
Residential mortgage-backed securities	260.8	17.4	—	(202.6)	0.7	—	0.8	—	77.1
Commercial mortgage backed securities	23.1	10.1	—	(1.3)	(1.0)	—	0.7	—	31.6
Other debt obligations	55.0	—	—	0.2	(0.4)	—	1.8	(0.1)	56.5
Total fixed maturities, available-for-sale	1,208.9	43.2	—	(199.2)	(36.4)	—	16.3	2.2	1,035.0
Marketable equity securities, available-for-sale	1.8	—	—	—	—	—	—	—	1.8
Marketable equity securities, trading	0.5	—	—	—	0.1	0.1	—	—	0.7
Investments in limited partnerships	25.2	8.6	(1.4)	—	0.1	(1.1)	—	0.7	32.1
Other invested assets	3.8	—	—	—	—	(1.3)	—	—	2.5
Total Level 3	$ 1,240.2	$ 51.8	$ (1.4)	$ (199.2)	$ (36.2)	$ (2.3)	$ 16.3	$ 2.9	$ 1,072.1

	Balance as of January 1, 2010	Purchases	Sales	Transfers In and/or (Out) of Level 3(1)	Other(2)	Unrealized Gain (Loss) Included in: Net Income(3)	Unrealized Gain (Loss) Included in: Other Comprehensive Income	Realized Gains (Losses)(3)	Balance as of June 30, 2010
Types of Investments:									
State and political subdivisions	$ 7.2	$ —	$ —	$ —	$ —	$ —	$ 0.4	$ —	$ 7.6
Corporate securities	847.1	31.7	(17.3)	12.8	(37.6)	—	24.9	0.6	862.2
Residential mortgage-backed securities	250.5	17.4	—	(194.6)	1.4	—	2.4	—	77.1
Commercial mortgage backed securities	24.0	10.1	—	(1.3)	(2.8)	—	1.6	—	31.6
Other debt obligations	54.7	—	—	—	(1.3)	—	3.2	(0.1)	56.5
Total fixed maturities, available-for-sale	1,183.5	59.2	(17.3)	(183.1)	(40.3)	—	32.5	0.5	1,035.0
Marketable equity securities, available-for-sale	1.8	—	—	—	—	—	—	—	1.8
Marketable equity securities, trading	0.3	—	—	—	0.3	0.1	—	—	0.7
Investments in limited partnerships	24.7	9.2	(2.4)	—	—	(0.2)	—	0.8	32.1
Other invested assets	4.6	—	(0.3)	—	(0.8)	(1.1)	—	0.1	2.5
Total Level 3	$ 1,214.9	$ 68.4	$ (20.0)	$ (183.1)	$ (40.8)	$ (1.2)	$ 32.5	$ 1.4	$ 1,072.1

(1) 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 $4.7 and $14.9 for the three and six months ended June 30, 2010, respectively. Gross transfers out of Level 3 were $203.9 and $198.0 for the three and six ended June 30, 2010, respectively, as public market information on certain of the Company’s RMBS securities became available and third party independent pricing services began to provide process. Such securities are now classified as Level 2.

(2) Other is comprised of transactions such as pay downs, calls, amortization, and redemptions.

(3) Realized and unrealized gains and losses for investments in limited partnerships are included in net investment income.

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The following table summarizes the carrying or reported values and corresponding fair values of financial instruments subject to fair value disclosure requirements:

	As of June 30, 2011		As of December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Fixed maturities	**$22,146.5**	**$22,146.5**	$21,281.8	$21,281.8
Marketable equity securities, available-for-sale	**51.2**	**51.2**	45.1	45.1
Marketable equity securities, trading	**380.9**	**380.9**	189.3	189.3
Mortgage loans	**2,085.0**	**2,173.1**	1,713.0	1,772.2
Investments in limited partnerships:				
Private equity funds	**30.4**	**30.4**	36.5	36.5
Tax credit investments	**163.4**	**163.3**	150.4	152.6
Other invested assets	**14.5**	**14.5**	12.6	12.6
Cash and cash equivalents	**87.4**	**87.4**	274.6	274.6
Separate account assets	**887.3**	**887.3**	881.7	881.7
Financial liabilities:				
Funds held under deposit contracts:				
Deferred annuities	**9,678.4**	**9,525.8**	8,795.8	8,694.2
Immediate annuities	**6,642.9**	**7,195.0**	6,670.4	7,188.9
Notes payable:				
Capital Efficient Notes (CENts)	**149.8**	**151.8**	149.8	140.9
Senior notes	**299.3**	**316.6**	299.2	301.6

Other Financial Instruments

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, which approximates fair value, and were $78.5 and $261.0 as of June 30, 2011 and December 31, 2010, respectively. Cash equivalents of $75.7 and $257.9 were held in a single highly rated overnight money market fund as of June 30, 2011 and December 31, 2010, respectively.

The fair values of the Company's mortgage loans were 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.

Investments in limited partnerships associated with tax credit investments are carried at amortized cost. Fair value was estimated based on the discounted cash flows over the remaining life of the tax credits. The discount rate used was the original internal rate of return for each investment.

The Company estimates the fair values of funds held under deposit contracts related to investment-type contracts using an income approach, 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 nonperformance risk spread. The carrying value of this balance excludes $5,587.7 and $5,487.1 of liabilities related to insurance contracts as of June 30, 2011 and December 31, 2010, respectively.

The fair values of the Company's notes payable were based on nonbinding quotes provided by third-parties. The fair value measurement assumes that liabilities were transferred to a market participant of equal credit standing and without consideration for any optional redemption features.

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7. Deferred Policy Acquisition Costs and Deferred Sales Inducements

The following table provides a reconciliation of the beginning and ending balance for deferred policy acquisition costs (DAC):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Unamortized balance at beginning of period	**$ 403.6**	$ 339.8	**$ 387.4**	$ 325.7
Deferral of acquisition costs	**28.4**	39.2	**65.4**	69.7
Adjustments related to investment gains	**(0.6)**	(1.2)	**(1.3)**	(2.2)
Amortization	**(20.0)**	(17.0)	**(40.1)**	(32.4)
Unamortized balance at end of period	**411.4**	360.8	**411.4**	360.8
Accumulated effect of net unrealized investment gains	**(172.9)**	(161.8)	**(172.9)**	(161.8)
Balance at end of period	**$ 238.5**	$ 199.0	**$ 238.5**	$ 199.0

The following table provides a reconciliation of the beginning and ending balance for deferred sales inducements, which are included in other assets on the consolidated balance sheets:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Unamortized balance at beginning of period	**$ 116.4**	$ 76.7	**$ 105.8**	$ 67.6
Capitalizations	**18.1**	14.7	**35.2**	28.0
Adjustments related to investment gains	**(0.2)**	(0.4)	**(0.5)**	(0.7)
Amortization	**(7.4)**	(4.4)	**(13.6)**	(8.3)
Unamortized balance at end of period	**126.9**	86.6	**126.9**	86.6
Accumulated effect of net unrealized investment gains	**(62.3)**	(46.0)	**(62.3)**	(46.0)
Balance at end of period	**$ 64.6**	$ 40.6	**$ 64.6**	$ 40.6

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8. Stockholders' Equity

The components of comprehensive income are as follows:

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Net income	**$ 59.4**	$ 35.8	**$ 114.3**	$ 82.1
Other comprehensive income, net of taxes:				
Changes in unrealized gains and losses on available-for-sale securities(1)	**203.7**	380.0	**213.2**	624.9
Reclassification adjustment for net realized investment (gains) losses included in net income(2)	**(10.0)**	2.4	**(20.4)**	(3.7)
Adjustment for deferred policy acquisition costs and deferred sales inducements valuation allowance(3)	**(30.8)**	(42.8)	**(35.0)**	(74.2)
Other-than-temporary-impairments on fixed maturities not related to credit losses(4)	**1.0**	2.0	**7.6**	3.8
Other comprehensive income, net of taxes	**163.9**	341.6	**165.4**	550.8
Total comprehensive income	**$ 223.3**	$ 377.4	**$ 279.7**	$ 632.9

(1) Net of taxes of $109.7, $204.5, $114.8 and $336.4 for the three and six months ended June 30, 2011 and 2010, respectively.

(2) Net of taxes of $(5.5), $1.3, $(11.1) and $(2.0) for the three and six months ended June 30, 2011 and 2010, respectively. For the three and six months ended June 30, 2011, $1.2 (net of taxes of $0.6) and $7.8 (net of taxes of $4.2), respectively, of the reclassification adjustment is related to losses previously classified as OTTI not related to credit losses. For the three and six months ended June 30, 2010, $2.8 (net of taxes of $1.4) and $9.9 (net of taxes of $5.3), respectively, of the reclassification adjustment is related to losses previously classified as OTTI not related to credit losses.

(3) Net of taxes of $(16.5), $(23.0), $(18.8) and $(39.9) for the three and six months ended June 30, 2011 and 2010, respectively.

(4) Net of taxes of $0.5, $1.0, $4.1 and $2.0 for the three and six months ended June 30, 2011 and 2010, respectively.

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

	Common Shares
Balance as of January 1, 2010	92.729
Common stock, issued in initial public offering	25.260
Restricted stock issued, net	0.243
Employee stock purchase plan shares issued	0.033
Treasury stock acquired(1)	(0.001)
Treasury stock retired(2)	(0.048)
Balance as of December 31, 2010	118.216
Balance as of January 1, 2011	**118.216**
Restricted stock issued, net	**0.302**
Employee stock purchase plan shares issued	**0.053**
Balance as of June 30, 2011	**118.571**

(1) Represents shares repurchased to satisfy employee income tax withholding pursuant to the Company's Equity Plan.

(2) Represents shares repurchased and subsequently retired pursuant to the Company's Equity Plan.

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9. Stock-Based Compensation

The following table summarizes the Company's restricted stock activity for the six months ended June 30, 2011:

	Number of Shares	Weighted-Average Fair Value
Outstanding as of January 1, 2011	0.192	$ 12.61
Shares granted	0.306	13.80
Shares vested	(0.002)	12.48
Shares forfeited	(0.004)	12.89
Outstanding as of June 30, 2011	0.492	$ 13.15

10. Commitments and Contingencies

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 does not expect that any such litigation, pending or threatened, as of June 30, 2011, will have a material adverse effect on its consolidated financial condition, future operating results or liquidity.

Other Commitments

As of June 30, 2011 and December 31, 2010, unfunded mortgage loan commitments were $60.4 and $39.2, respectively. As of June 30, 2011, the Company had no other material new or changes to commitments or contingencies since December 31, 2010.

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11. Segment Information

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 Three Months Ended June 30, 2011					
	Group	Deferred Annuities	Income Annuities	Life	Other	Total
Operating revenues:						
Premiums	$ 109.8	$ —	$ —	$ 9.6	$ —	$ 119.4
Net investment income	4.4	128.2	102.3	71.1	6.2	312.2
Policy fees, contract charges, and other	3.7	5.5	0.4	30.9	5.4	45.9
Net investment losses on fixed index annuity (FIA) options	—	(0.6)	—	—	—	(0.6)
Total operating revenues	117.9	133.1	102.7	111.6	11.6	476.9
Benefits and expenses:						
Policyholder benefits and claims	68.5	—	—	15.2	—	83.7
Interest credited	—	79.9	83.6	62.2	(0.6)	225.1
Other underwriting and operating expenses	28.3	14.2	5.9	15.5	6.6	70.5
Interest expense	—	—	—	—	8.0	8.0
Amortization of DAC	2.1	16.0	0.6	1.3	—	20.0
Total benefits and expenses	98.9	110.1	90.1	94.2	14.0	407.3
Segment pre-tax adjusted operating income (loss)	$ 19.0	$ 23.0	$ 12.6	$ 17.4	$ (2.4)	$ 69.6
Operating revenues	$ 117.9	$ 133.1	$ 102.7	$ 111.6	$ 11.6	$ 476.9
Add: Net realized investment gains (losses), excluding FIA options	—	0.1	13.0	1.7	(0.1)	14.7
Total revenues	117.9	133.2	115.7	113.3	11.5	491.6
Total benefits and expenses	98.9	110.1	90.1	94.2	14.0	407.3
Income (loss) before income taxes	$ 19.0	$ 23.1	$ 25.6	$ 19.1	$ (2.5)	$ 84.3

	For the Three Months Ended June 30, 2010					
	Group	Deferred Annuities	Income Annuities	Life	Other	Total
Operating revenues:						
Premiums	$ 105.8	$ —	$ —	$ 9.7	$ —	$ 115.5
Net investment income	4.8	115.3	104.7	68.3	4.0	297.1
Policy fees, contract charges, and other	3.0	4.8	0.2	29.8	4.0	41.8
Net investment losses on FIA options	—	(1.3)	—	—	—	(1.3)
Total operating revenues	113.6	118.8	104.9	107.8	8.0	453.1
Benefits and expenses:						
Policyholder benefits and claims	67.4	0.6	—	15.3	—	83.3
Interest credited	—	70.4	92.9	59.1	(0.9)	221.5
Other underwriting and operating expenses	26.0	13.6	5.2	13.4	6.0	64.2
Interest expense	—	—	—	—	7.9	7.9
Amortization of DAC	2.0	13.6	0.4	1.0	—	17.0
Total benefits and expenses	95.4	98.2	98.5	88.8	13.0	393.9
Segment pre-tax adjusted operating income (loss)	$ 18.2	$ 20.6	$ 6.4	$ 19.0	$ (5.0)	$ 59.2
Operating revenues	$ 113.6	$ 118.8	$ 104.9	$ 107.8	$ 8.0	$ 453.1
Add: Net realized investment gains (losses), excluding FIA options	—	2.6	(13.8)	2.4	0.1	(8.7)
Total revenues	113.6	121.4	91.1	110.2	8.1	444.4
Total benefits and expenses	95.4	98.2	98.5	88.8	13.0	393.9
Income (loss) before income taxes	$ 18.2	$ 23.2	$ (7.4)	$ 21.4	$ (4.9)	$ 50.5

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	For the Six Months Ended June 30, 2011					
	Group	Deferred Annuities	Income Annuities	Life	Other	Total
Operating revenues:						
Premiums	$ 219.8	$ —	$ —	$ 20.5	$ —	$ 240.3
Net investment income	8.6	251.3	207.3	142.3	12.7	622.2
Policy fees, contract charges, and other	7.0	10.6	0.6	61.6	10.8	90.6
Net investment losses on FIA options	—	(0.1)	—	—	—	(0.1)
Total operating revenues	235.4	261.8	207.9	224.4	23.5	953.0
Benefits and expenses:						
Policyholder benefits and claims	142.8	(0.1)	—	33.3	—	176.0
Interest credited	—	157.5	173.3	123.9	(1.3)	453.4
Other underwriting and operating expenses	55.6	26.6	11.8	29.9	12.6	136.5
Interest expense	—	—	—	—	16.0	16.0
Amortization of DAC	4.2	31.6	1.3	3.0	—	40.1
Total benefits and expenses	202.6	215.6	186.4	190.1	27.3	822.0
Segment pre-tax adjusted operating income (loss)	$ 32.8	$ 46.2	$ 21.5	$ 34.3	$ (3.8)	$ 131.0
Operating revenues	$ 235.4	$ 261.8	$ 207.9	$ 224.4	$ 23.5	$ 953.0
Add: Net realized investment gains, excluding FIA options	—	3.0	22.9	2.1	1.8	29.8
Total revenues	235.4	264.8	230.8	226.5	25.3	982.8
Total benefits and expenses	202.6	215.6	186.4	190.1	27.3	822.0
Income before income taxes	$ 32.8	$ 49.2	$ 44.4	$ 36.4	$ (2.0)	$ 160.8
As of June 30, 2011:						
Total assets	$ 192.8	$ 11,215.7	$ 7,037.6	$ 6,146.1	$ 2,350.6	$ 26,942.8

	For the Six Months Ended June 30, 2010					
	Group	Deferred Annuities	Income Annuities	Life	Other	Total
Operating revenues:						
Premiums	$ 214.6	$ —	$ —	$ 19.9	$ —	$ 234.5
Net investment income	9.4	223.1	208.7	134.4	8.4	584.0
Policy fees, contract charges, and other	5.9	9.6	0.4	58.9	7.5	82.3
Net investment losses on FIA options	—	(1.2)	—	—	—	(1.2)
Total operating revenues	229.9	231.5	209.1	213.2	15.9	899.6
Benefits and expenses:						
Policyholder benefits and claims	142.4	0.7	—	26.4	—	169.5
Interest credited	—	138.9	184.9	117.6	(1.4)	440.0
Other underwriting and operating expenses	49.7	27.2	10.5	26.1	10.3	123.8
Interest expense	—	—	—	—	15.9	15.9
Amortization of DAC	3.9	26.8	0.9	0.8	—	32.4
Total benefits and expenses	196.0	193.6	196.3	170.9	24.8	781.6
Segment pre-tax adjusted operating income (loss)	$ 33.9	$ 37.9	$ 12.8	$ 42.3	$ (8.9)	$ 118.0
Operating revenues	$ 229.9	$ 231.5	$ 209.1	$ 213.2	$ 15.9	$ 899.6
Add: Net realized investment gains (losses), excluding FIA options	(0.2)	5.6	(9.1)	2.6	(0.9)	(2.0)
Total revenues	229.7	237.1	200.0	215.8	15.0	897.6
Total benefits and expenses	196.0	193.6	196.3	170.9	24.8	781.6
Income (loss) before income taxes	$ 33.7	$ 43.5	$ 3.7	$ 44.9	$ (9.8)	$ 116.0
As of June 30, 2010:						
Total assets	$ 249.6	$ 9,480.9	$ 6,951.9	$ 5,430.2	$ 2,236.6	$ 24,349.2

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in millions, except per share data, unless otherwise stated)
(Unaudited)

12. Subsequent Events

On July 1, 2011, the Company acquired the renewal rights for medical stop-loss insurance policies issued by American United Life Insurance Company (AUL) through its R.E. Moulton, Inc. (REM) underwriting affiliate for $26.0. In addition, the Company entered into an indemnity reinsurance agreement for these policies effective July 1, 2011 and received the value of the net insurance liabilities of $33.8.

On August 10, 2011, the Company declared a dividend of $0.06 per common share, or approximately $8.3 in total, to shareholders and warrant holders of record as of August 24, 2011. The dividend will be paid on or about September 7, 2011.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

This discussion contains forward-looking statements that involve risk and uncertainties. Our actual results may differ materially from those discussed in, or implied by, any of the forward-looking statements as a result of various factors, including but not limited to those listed under "Forward-Looking Statements." You should read the following discussion in conjunction with the unaudited interim consolidated financial statements and accompanying condensed notes included in Item 1 — "Financial Statements" included in this Form 10-Q, our Annual Report for the year ended December 31, 2010, filed with the SEC on March 16, 2011 ("2010 10-K"), as well as our current reports on Form 8-K and other publicly available information. Our fiscal year ends on December 31 of each calendar year.

Management considers certain non-GAAP financial measures, including adjusted operating income, adjusted operating income per common share, adjusted book value, adjusted book value, as converted, adjusted book value per common share, adjusted book value per common share, as converted, average adjusted book value, and operating return on average equity (ROAE) to be useful to investors in evaluating our financial performance and condition. These measures have been reconciled to their most comparable GAAP financial measures. For a definition and further discussion of these non-GAAP measures, see Item 7 — "Management's Discussion and Analysis of Financial Condition — Use of non-GAAP Financial Measures" in our 2010 10-K.

All amounts, except per share data, are in millions unless otherwise stated.

Overview

We are a financial services company in the life insurance industry focused on profitable growth in selected group health, retirement, life insurance and employee benefits markets. Our operations date back to 1957 and many of our agency and distribution relationships have been in place for decades.

Our Operations

We manage our business through three divisions composed of four operating segments and one non-operating segment:

Group Division

- *Group.* We offer medical stop-loss insurance, limited benefit medical plans, group life insurance, accidental death and dismemberment insurance and disability income insurance mainly to employer groups of 50 to 5,000 individuals. In addition to our insurance products, we offer managing general underwriting, or MGU, services.

Retirement Division

- *Deferred Annuities.* We offer fixed and variable deferred annuities to consumers who want to accumulate tax-deferred assets for retirement.
- *Income Annuities.* We offer single premium immediate annuities, or SPIAs, to customers seeking a reliable source of retirement income or to protect against outliving their assets during retirement, and structured settlement annuities to fund third party personal injury settlements. In addition, we offer funding services options to existing structured settlement clients.

Life Division

- *Life.* We offer a wide array of individual products such as term and universal life insurance, including single premium life insurance as well as bank-owned life insurance, or BOLI.

Other

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

See Note 11 to the accompanying unaudited interim consolidated financial statements for the financial results of our segments.

Current Outlook

We continue to focus on strategies to grow and diversify our business. During the second quarter of 2011, we launched our new fixed indexed annuity product, updated our single premium life product and hired key leadership to support our business initiatives. On July 1, 2011, we grew our Group division business by acquiring the renewal rights for a block of medical stop-loss insurance policies representing approximately $120 in premium. During the second half of 2011, we plan to launch a new universal life product, continue our group life business development activity and evaluate other products and opportunities to grow and diversify. As we focus on these and other efforts, the current economic uncertainty may impact our ability to effectively deploy capital.

The pace of the economic recovery continues to be slow with ongoing concerns over the United States' deficit, European sovereign debt, unemployment and the threat of a double-dip recession. Interest rates are at the recent historic low levels seen in the latter half of 2010. Low interest rates and tight credit spreads continue to be a challenge for our asset-based businesses. To mitigate the risk of unfavorable consequences in this environment, such as spread compression or instances where our returns on investments are not enough to support the interest rate guarantees on the inforce business, we remain proactive in our investment and product strategies, interest crediting strategies and overall asset-liability management practices. However, our business and results of operations could be affected by recent economic events.

On August 5, 2011, Standard & Poor's (S&P) downgraded the sovereign credit rating of the U.S. government, from AAA to AA+, and on August 8, 2011 took follow-on rating action on various sectors. In particular, S&P also downgraded the credit ratings of Fannie Mae and Freddie Mac and other agencies and lenders linked to long-term U.S. debt. Concerns exist that other credit-rating agency downgrades are possible. As a result, the equity markets are increasingly volatile and interest rates remain low. The recent downgrade and any potential subsequent downgrades of the U.S. credit rating could have a material adverse effect on U.S. and global economic conditions.

In addition, the lack of supply of investments with attractive risk-return profiles and yields continues to be a challenge. To improve our asset yield in this environment, we have been and plan to continue increasing our investments in commercial mortgage loans we underwrite. While interest rates on recently written loans have decreased, they continue to be an attractive investment opportunity relative to other investments. In addition, we manage our cash levels through temporary investments in U.S. Treasury securities until more permanent investments with attractive risk-return profiles can be acquired. As of August 11, 2011, our holdings of U.S. Treasury securities to manage cash are minimal at less than $10.0.

To navigate our way through this uncertain environment and provide profitable growth and long-term return on stockholders' equity expansion to our shareholders, we continue to focus on the strategies outlined in our 2010 10-K. Our focus in 2011 continues to be on executing our strategic growth initiatives. We expect to organically deploy some of our excess capital as we grow through sales of new, existing and refreshed products. In addition to organic growth, we continue to look for acquisition opportunities that fit our strategies and help us drive improved earnings. However, the success of these and other strategies may be affected by the factors discussed in Item 1A — "Risk Factors" and other factors as discussed herein.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the unaudited interim consolidated financial statements. The following accounting policies are those we consider to be particularly critical to understanding our financial statements because their application places the most significant demands on our ability to judge the effect of inherently uncertain matters on our financial results:

- The evaluation of OTTI of investments;
- The valuation of investments at fair value;
- The balance, recoverability and amortization of deferred policy acquisition costs; and
- The liabilities for future policy benefits and policy and contract claims.

In applying the Company's accounting policies, management makes subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company's businesses and operations. For all of these policies, we caution that future events rarely develop exactly as forecast, and our best estimates may require adjustment.

There have been no material changes to the above critical accounting estimates, which are described in Item 7 — "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates" and Note 2 of the notes to the audited financial statements included in the 2010 10-K.

New Accounting Standards

For a discussion of recently adopted and not yet adopted accounting pronouncements, see Note 2 in the accompanying unaudited interim consolidated financial statements.

Sources of Revenues and Expenses

Our primary sources of revenues from our insurance operations are premiums and net investment income. Our primary sources of expenses from our insurance operations are policyholder benefits and claims, interest credited to policyholder reserves and account balances, and general business and operating expenses, net of DAC. We allocate shared service operating expenses to each segment using multiple factors, including employee headcount, allocated investments, account values and time study results. We also generate net realized investment gains (losses) on sales or impairment of our investments and changes in fair value on our equity trading portfolio.

Each of our four operating segments maintains its own portfolio of invested assets, which are managed in accordance with specific guidelines. The net investment income and realized investment gains (losses) are reported in the segment in which they occur. We also allocate surplus net investment income to each segment using a risk-based capital formula. The unallocated portion of net investment income is reported in the Other segment.

Revenues

Premiums

Premiums consist primarily of premiums from our medical stop-loss and individual term and whole life insurance products.

Net investment income

Net investment income represents the income earned on our investments, net of investment expenses, including gains or losses from changes in the fair value of our investments in private equity fund limited partnerships. Further, we account for our investments in limited partnerships that operate affordable housing projects and state tax credit funds under the equity method and record them at amortized cost, with the amortization recorded as a decrease to net investment income with an offsetting benefit to our income tax expense.

Policy fees, contract charges and other

Policy fees, contract charges and other includes cost of insurance (COI) charges on our universal life insurance and BOLI policies, mortality expense, surrender and other administrative charges to policyholders, revenues from our non-insurance businesses, and reinsurance allowance fees.

Net realized investment gains (losses)

Net realized investment gains (losses) mainly consists of realized gains (losses) from sales of our investments, realized losses from investment impairments and changes in fair value on our trading portfolio and FIA options.

Benefits and Expenses

Policyholder benefits and claims

Policyholder benefits and claims consist of benefits paid and reserve activity on medical stop-loss and individual life and BOLI products.

Interest credited

Interest credited represents interest credited to policyholder reserves and contract holder general account balances, the impact of mortality and funding services activity within our Income Annuities segment, and the amortization of deferred sales inducement assets.

Other underwriting and operating expenses

Other underwriting and operating expenses represent non-deferrable costs related to the acquisition and ongoing maintenance of insurance and investment contracts, including certain non-deferrable commissions, policy issuance expenses and other business operating costs.

Interest expense

Interest expense primarily includes interest on corporate debt, the impact of interest rate hedging activities on the debt and amortization of debt issuance costs.

Amortization of deferred policy acquisition costs

We defer as assets certain commissions, distribution costs and other underwriting costs, that vary with, and are primarily related to, the production of new and renewal business. Amortization of previously capitalized DAC is recorded as an expense.

Use of non-GAAP Financial Measures

Certain tables and related disclosures in this report include non-GAAP financial measures. We believe these measures provide useful information to investors in evaluating our financial performance or condition. The non-GAAP financial measures discussed below are not a substitute for their most directly comparable GAAP measures. The adjustments made to derive these non-GAAP measures are important to understanding our overall results of operations and financial position and, if evaluated without proper context, these non-GAAP measures possess material limitations.

For a full discussion of each non-GAAP measure, see Item 7 — "Management's Discussion and Analysis of Financial Condition and Results of Operations — Use of non-GAAP Financial Measures" in our 2010 10-K.

	As of June 30, 2011	As of December 31, 2010
Total stockholders' equity	$ 2,647.3	$ 2,380.6
Less: AOCI	597.9	432.5
Adjusted book value*	2,049.4	1,948.1
Add: Assumed proceeds from exercise of warrants	218.1	218.1
Adjusted book value, as converted*	$ 2,267.5	$ 2,166.2
Book value per common share (1)	$ 19.25	$ 17.35
Adjusted book value per common share (2)*	$ 17.28	$ 16.48
Adjusted book value per common share, as converted (3)*	$ 16.49	$ 15.79

	For the Twelve Months Ended June 30, 2011	For the Twelve Months Ended December 31, 2010
Return on stockholders' equity, or ROE	9.3%	9.3%
Net income (4)	$ 233.1	$ 200.9
Average stockholders' equity (5)	2,502.6	2,167.9
Operating return on average equity, or ROAE*	9.6%	9.8%
Adjusted operating income (6)*	$ 186.7	$ 175.2
Average adjusted book value (7)*	1,945.6	1,795.4

* Represents a non-GAAP measure.

(1) Book value per common share is calculated as stockholders' equity divided by diluted common shares outstanding totaling 137.547 and 137.192 as of June 30, 2011 and December 31, 2010, respectively.

(2) Adjusted book value per common share is calculated as adjusted book value divided by outstanding common shares totaling 118.571 and 118.216 as of June 30, 2011 and December 31, 2010, respectively.

(3) Adjusted book value per common share, as converted is calculated as adjusted book value plus the assumed proceeds from exercise of warrants, divided by outstanding common shares and shares subject to outstanding warrants totaling 137.547 and 137.192 as of June 30, 2011 and December 31, 2010, respectively.

(4) Net income for the most recent twelve months is used in the calculation of ROE. For the twelve months ended June 30, 2011, this consisted of quarterly net income of $59.4, $54.9, $62.2 and $56.6.

(5) Ending stockholder’s equity balances for the most recent five quarters are used in the calculation of ROE. As of June 30, 2011, stockholder’s equity for the most recent five quarters was $2,647.3, $2,431.0, $2,380.6, $2,711.3, and $2.342.8. As of December 31, 2010, stockholder’s equity for the most recent five quarters was $2,380.6, $2,711.3, $2,342.8, $1,971.7, and $1,433.3.

(6) Adjusted operating income for the most recent twelve months is used in the calculation of operating ROAE. For the twelve months ended June 30, 2011, this consisted of quarterly adjusted operating income of $49.8, $45.1, $48.0, and $43.8. Adjusted operating income consists of net income, less after-tax net realized gains, plus after-tax net realized and unrealized investment gains on our FIA options. For the twelve months ended June 30, 2011, this consisted of net quarterly reconciling amounts of $9.6, $9.8, $14.2, and $12.8. For the twelve months ended December 31, 2010, this consisted of adjusted operating income of $175.2, and a net reconciling amount of $25.7.

(7) Ending adjusted book values for the most recent five quarters are used in the calculation of operating ROAE. Adjusted book value consists of stockholders’ equity, less AOCI. As of June 30, 2011, adjusted book value for the most recent five quarters was $2,049.4, $1,997.0, $1,948.1, $1,891.9, and $1,841.7. AOCI, for the most recent five quarters was $597.9, $434.0, $432.5, $819.4, and $501.1. As of December 31, 2010, adjusted book value of the most recent five quarters was $1,948.1, $1,891.9, $1,841.7, $1,812.2, and $1,483.0. AOCI, for the most recent five quarters was $432.5, $819.4, $501.1, $159.5, and $(49.7).

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Results of Operations

The following discussion should be read in conjunction with our unaudited interim consolidated financial statements and the related condensed notes.

Total Company

Set forth below is a summary of our consolidated financial results. The variances noted in the total company and segment tables should be interpreted as increases or (decreases), respectively.

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	QTD Variance (%) 2011 vs. 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	YTD Variance (%) 2011 vs. 2010
Revenues:						
Premiums	$ 119.4	$ 115.5	3.4%	$ 240.3	$ 234.5	2.5%
Net investment income	312.2	297.1	5.1	622.2	584.0	6.5
Policy fees, contract charges, and other	45.9	41.8	9.8	90.6	82.3	10.1
Net realized investment gains:						
Net impairment losses recognized in earnings	(2.8)	(1.5)	(86.7)	(3.7)	(11.2)	67.0
Other net realized investment gains (losses)	16.9	(8.5)	*	33.4	8.0	*
Total net realized investment gains (losses)	14.1	(10.0)	*	29.7	(3.2)	*
Total revenues	491.6	444.4	10.6	982.8	897.6	9.5
Benefits and expenses:						
Policyholder benefits and claims	83.7	83.3	0.5	176.0	169.5	3.8
Interest credited	225.1	221.5	1.6	453.4	440.0	3.0
Other underwriting and operating expenses	70.5	64.2	9.8	136.5	123.8	10.3
Interest expense	8.0	7.9	1.3	16.0	15.9	0.6
Amortization of deferred policy acquisition costs	20.0	17.0	17.6	40.1	32.4	23.8
Total benefits and expenses	407.3	393.9	3.4	822.0	781.6	5.2
Income from operations before income taxes	84.3	50.5	66.9	160.8	116.0	38.6
Provision for (benefit from) income taxes:						
Current	31.1	17.4	78.7	42.3	27.3	54.9
Deferred	(6.2)	(2.7)	—	4.2	6.6	(36.4)
Total provision for income taxes	24.9	14.7	69.4	46.5	33.9	37.2
Net income	$ 59.4	$ 35.8	65.9%	$ 114.3	$ 82.1	39.2%
Net income per common share(1):						
Basic	$ 0.43	$ 0.26	65.4%	$ 0.83	$ 0.61	36.1%
Diluted	$ 0.43	$ 0.26	65.4	$ 0.83	$ 0.61	36.1
Weighted-average common shares outstanding:						
Basic	137.523	137.019	0.4	137.408	134.035	2.5
Diluted	137.532	137.038	0.4	137.417	134.056	2.5
Non-GAAP Financial Measures:						
Adjusted operating income	$ 49.8	$ 41.5	20.0%	$ 94.9	$ 83.4	13.8%
Adjusted operating income per common share:						
Basic	$ 0.36	$ 0.30	20.0%	$ 0.69	$ 0.62	11.3%
Diluted	$ 0.36	$ 0.30	20.0	$ 0.69	$ 0.62	11.3
Reconciliation to net income:						
Net income	$ 59.4	$ 35.8	65.9	$ 114.3	$ 82.1	39.2
Less: Net realized investment gains (losses) (net of taxes of $4.9, $(3.4), $10.4 and $(1.1))	9.2	(6.6)	*	19.3	(2.1)	*
Add: Net investment losses on FIA options (net of taxes of $(0.2), $(0.4), $(0.0) and $(0.4))	(0.4)	(0.9)	55.6	(0.1)	(0.8)	87.5
Adjusted operating income	$ 49.8	$ 41.5	20.0%	$ 94.9	$ 83.4	13.8%

* Represents percentage variances that are not meaningful or are explained through the discussion of other variances.

(1) Basic and diluted net income per common share includes all participating securities, such as warrants and unvested restricted shares, based on the application of the two-class method. Diluted net income per common share also includes the dilutive impact of non-participating securities, to the extent dilutive, such as stock options and shares estimated to be issued under the employee stock purchase plan, based on application of the treasury stock method. Antidilutive awards were excluded from the computation of diluted net income per share.

Three Months Ended June 30, 2011 Compared to the Three Months Ended June 30, 2010

Summary of Results

Net income increased $23.6 on increases in adjusted operating income and net realized investment gains compared to net realized investment losses in the prior period. Adjusted operating income increased $8.3, due to increased segment pre-tax adjusted operating income in our Group, Deferred Annuities, and Income Annuities segments, partially offset by decreased pre-tax adjusted operating income in our Life segment.

Net realized investment gains (losses) increased $24.1, to a $14.1 gain from a $(10.0) loss, driven by higher net gains on sales of mortgage-backed securities. For further discussion of our investment results and portfolio, including a discussion of our impairment losses, refer to "— Investments" below.

The provision for income taxes increased $10.2 primarily due to higher income from operations before income taxes and increased net realized investment gains (losses) during the three months ended June 30, 2011 compared to the same period in 2010. Our effective tax rate, which was essentially flat, was 29.5% and 29.1% for the three months ended June 30, 2011 and 2010, respectively.

Further discussion of adjusted operating income drivers:

Our Group segment's profitability increased due to an improved stop-loss loss ratio, the

result of a focus on pricing during our 2010 and 2011 policy year renewals. Overall, the Group loss ratio decreased to 62.4%, from 63.8%. This was partially offset by increased other underwriting and operating expenses.

Our Deferred Annuities segment's interest margin increased $3.4 as our fixed account values grew $1.6 billion. The increase in fixed account values also drove an offsetting $2.4 increase in DAC amortization. During the second quarter of 2011, we deployed more cash on average, as we held lower daily average cash balances over the prior period. This was partially offset by a lower

interest spread on decreased investment yields, due to the low interest rate environment and higher investment income from corporate actions in the three months ended June 30, 2010.

Our Income Annuities segment's mortality experience improved $6.7, driving an overall improvement of $6.2 in the segment's pre-tax adjusted operating income.

Our Life segment's profitability decreased primarily due to lower BOLI return on assets (ROA) and an increase in other underwriting and operating expenses. These decreases were partially offset by a $1.4 improvement in individual claims.

Six Months Ended June 30, 2011 Compared to the Six Months Ended June 30, 2010

Summary of Results

Net income increased $32.2 on an increase in adjusted operating income and net realized investment gains in 2011, versus losses in 2010. Adjusted operating income increased $11.5, due to increased pre-tax adjusted operating income in our Deferred Annuities and Income Annuities segments and decreased pre-tax adjusted operating loss in our Other segment, partially offset by decreased pre-tax adjusted operating income in our Group and Life segments.

Net realized investment gains (losses) increased $32.9, to a $29.7 gain from a $(3.2) loss. Net gains on sales of fixed maturities increased $8.7, and impairments improved $7.5 due to fewer credit impairments in 2011. Additionally, our equity trading portfolio increased $5.7, to gains of $4.5 compared to losses of $(1.2) in 2010, as the S&P 500 Index increased 0.1% in 2011, compared to a decrease of (7.6)% in 2010. For further discussion of our investment results and portfolio, including a discussion of our impairment charges, refer to "— Investments" below.

The provision for income taxes increased $12.6 primarily due to higher income from operations before income taxes and increased net realized investment gains (losses) during the six months ended June 30, 2011 compared to the same period in 2010. Our effective tax rate, which was essentially flat, was 28.9% and 29.2% for the six months ended June 30, 2011 and 2010, respectively.

Further discussion of adjusted operating income drivers described above:

Our Group segment's profitability decreased due to higher other underwriting and operating expenses. This was partially offset by an improved loss ratio, which decreased to 65.0% from 66.4% due to a focus on pricing discipline in our 2010 and 2011 policy year renewals. Fee income from a larger block of in-force business at our managing general underwriter drove a $1.1 increase in policy fees, contract charges and other.

Our Deferred Annuities segment's investment margin increased $9.6 on an increase in our fixed account values of $1.6 billion. The increase in fixed account values also drove an offsetting $4.8 increase in DAC amortization.

Our Income Annuities segment experienced a $7.5 improvement in mortality experience, with gains of $5.6 in 2011 compared to losses of $(1.9) in 2010.

Our Life segment's profitability decreased primarily due to a $7.4 reserve release in first quarter 2010 related to one of our UL products, which reduced benefits and expenses. In addition, there was an increase in other underwriting and operating expenses.

Our Other segment's loss decreased primarily due to increased net investment income from an overall increase in average invested assets and yields.

Division Operating Results

The results of operations and selected operating metrics for our five segments (Group, Deferred Annuities, Income Annuities, Life and Other) for the three and six months ended June 30, 2011 and 2010 are set forth in the following respective sections.

Group

The following table sets forth the results of operations relating to our Group segment:

	Three Months Ended June 30,		QTD Variance (%)	Six Months Ended June 30,		YTD Variance (%)
	2011	2010	2011 vs. 2010	2011	2010	2011 vs. 2010
Operating revenues:						
Premiums	$ 109.8	$ 105.8	3.8%	$ 219.8	$ 214.6	2.4%
Net investment income	4.4	4.8	(8.3)	8.6	9.4	(8.5)
Policy fees, contract charges, and other	3.7	3.0	23.3	7.0	5.9	18.6
Total operating revenues	117.9	113.6	3.8	235.4	229.9	2.4
Benefits and expenses:						
Policyholder benefits and claims	68.5	67.4	1.6	142.8	142.4	0.3
Other underwriting and operating expenses	28.3	26.0	8.8	55.6	49.7	11.9
Amortization of deferred policy acquisition costs	2.1	2.0	5.0	4.2	3.9	7.7
Total benefits and expenses	98.9	95.4	3.7	202.6	196.0	3.4
Segment pre-tax adjusted operating income	$ 19.0	$ 18.2	4.4%	$ 32.8	$ 33.9	(3.2)%

The following table sets forth selected historical operating metrics relating to our Group segment as of, or for the three and six months ended:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Group loss ratio(1)	62.4%	63.8%	65.0%	66.4%
Expense ratio(2)	26.9	25.4	26.4	24.3
Combined ratio(3)	89.3	89.2	91.4	90.7
Medical stop-loss ratio(4)	63.6	65.4	66.5	67.8
Total sales(5)	$ 23.4	$ 20.6	$ 72.1	$ 62.0

(1) Group loss ratio represents policyholder benefits and claims incurred divided by premiums earned.

(2) Expense ratio is equal to other underwriting and operating expenses of our insurance operations and amortization of DAC divided by premiums earned.

(3) Combined ratio is equal to the sum of the loss ratio and the expense ratio.

(4) Medical stop-loss — loss ratio represents medical stop-loss policyholder benefits and incurred claims divided by medical stop-loss premiums earned.

(5) Total sales represents annualized first-year premiums net of first year policy lapses.

Three Months Ended June 30, 2011 Compared to the Three Months Ended June 30, 2010

Summary of Results

Segment pre-tax adjusted operating income increased $0.8, primarily the result of growth in premium and an improved loss ratio. For the three months ended June 30, 2011, the loss ratio improved to 62.4%, compared to 63.8% for the same period in 2010, which was driven by a focus on pricing discipline during our 2010

and 2011 policy year renewals. This was partially offset by increased other underwriting and operating expenses.

In addition to the drivers discussed above, we consider the following information regarding operating revenues and benefits and expenses useful in understanding our results.

Operating Revenues

Premiums increased $4.0 as a result of new sales outpacing terminations for our medical stop-loss and limited benefit medical products. Policy fees, contract charges, and other increased $0.7 primarily due to higher revenue from our managing general underwriting services on a larger block of business.

Benefits and Expenses

The increase in benefits and expenses

was primarily driven by increased other underwriting and operating expenses, primarily increased employee-related expenses, and expenses of $0.5 related to the expansion of our group life and disability operations.

Six Months Ended June 30, 2011 Compared to the Six Months Ended June 30, 2010

Summary of Results

Segment pre-tax adjusted operating income decreased $1.1, primarily the result of higher underwriting and operating expenses. This was partially offset by an improved loss ratio. For the first half of 2011, the loss ratio was 65.0%, down from 66.4% for the same period in 2010, driven by a focus on pricing discipline during our 2010 and 2011 policy year renewals.

In addition to the drivers discussed above, we consider the following information regarding operating revenues and benefits and expenses useful in understanding our results.

Operating Revenues

Premiums increased $5.2 as a result of new sales outpacing terminations for our limited benefit medical and medical stop-loss products. Policy fees, contract charges, and other increased $1.1 primarily due to higher revenue from our managing general underwriting services on a larger block of business.

Benefits and Expenses

The increase in benefits and expenses was primarily driven by increased other underwriting and operating expenses, including higher employee-related expenses, expenses related to the expansion of our group life and disability operations, and increased commissions.

Deferred Annuities

The following table sets forth the results of operations relating to our Deferred Annuities segment:

	Three Months Ended June 30,		QTD Variance (%)	Six Months Ended June 30,		YTD Variance (%)
	2011	2010	2011 vs. 2010	2011	2010	2011 vs. 2010
Operating revenues:						
Net investment income	$ 128.2	$ 115.3	11.2%	$ 251.3	$ 223.1	12.6%
Policy fees, contract charges, and other	5.5	4.8	14.6	10.6	9.6	10.4
Net investment losses on FIA options	(0.6)	(1.3)	53.8	(0.1)	(1.2)	91.7
Total operating revenues	133.1	118.8	12.0	261.8	231.5	13.1
Benefits and expenses:						
Policyholder benefits and claims	—	0.6	*	(0.1)	0.7	*
Interest credited	79.9	70.4	13.5	157.5	138.9	13.4
Other underwriting and operating expenses	14.2	13.6	4.4	26.6	27.2	(2.2)
Amortization of deferred policy acquisition costs	16.0	13.6	17.6	31.6	26.8	17.9
Total benefits and expenses	110.1	98.2	12.1	215.6	193.6	11.4
Segment pre-tax adjusted operating income	$ 23.0	$ 20.6	11.7%	$ 46.2	$ 37.9	21.9%

* Represents percentage variances that are not meaningful or are explained through the discussion of other variances.

The following table sets forth selected historical operating metrics relating to our Deferred Annuities segment as of, or for the three and six months ended:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Account values — Fixed annuities	$ 10,127.3	$ 8,574.0		
Account values — Variable annuities	796.9	682.3		
Interest spread on average account values(1)	1.81%	1.97%	1.83%	1.91%
Total sales(2)	$ 446.5	$ 623.9	$ 1,064.9	$ 1,001.4

(1) Interest spread is the difference between net investment yield earned and the credited interest rate to policyholders. The investment yield is the approximate yield on invested assets in the general account attributed to the segment. The credited interest rate is the approximate rate credited on policyholder fixed account values within the segment. Interest credited is subject to contractual terms, including minimum guarantees.

(2) Total sales represent deposits for new policies net of first year policy lapses and/or surrenders.

Three Months Ended June 30, 2011 Compared to the Three Months Ended June 30, 2010

Summary of Results

Segment pre-tax adjusted operating income increased $2.4, primarily driven by a $1.6 billion increase in fixed account values. Increased fixed account values contributed to a $3.4 increase in the investment margin (net investment income less interest credited), partially offset by a $2.4 increase in DAC amortization. The interest spread on average account value decreased due to a decline in overall investment yields, and lower targeted spreads on more capital efficient product sales in 2010 and 2011. Additionally, the 2010 interest spread included an estimated 11 basis points of investment income related to corporate bond prepayment actions. This was partially offset by the more effective deployment of cash resulting in lower cash balances. In addition, second quarter 2011 surrender charges and variable fees increased $0.7 due to higher account values.

In addition to the drivers discussed above, we consider the following information regarding operating revenues and benefits and expenses useful in understanding our results.

Operating Revenues

Net investment income increased $12.9, driven by a $1.6 billion increase in average invested assets from increased fixed annuities account values. During the second quarter of 2010, growth of net investment income was limited as strong sales of fixed deferred annuities during a tight credit market resulted in us carrying higher levels of cash; however, during the second quarter of 2011, our average daily cash balances decreased.

Benefits and Expenses

Interest credited increased $9.5, primarily due to a $1.6 billion increase in fixed annuities account values. The higher account values also led to a $2.4 increase in DAC amortization.

Six Months Ended June 30, 2011 Compared to the Six Months Ended June 30, 2010

Summary of Results

Segment pre-tax adjusted operating income increased $8.3, primarily driven by a $1.6 billion increase in fixed account values. Increased fixed account values contributed to a $9.6 increase in the investment margin, partially offset by a $4.8 increase in DAC amortization. The interest spread on average account value decreased due to lower overall investment yields and lower targeted spreads on more capital efficient product sales in 2010 and 2011. The interest spread for the six months ended June 30, 2010 included an estimated 7 basis points of investment income related to corporate actions, including bond prepayments. This was partially offset by the more effective deployment of cash resulting in lower cash balances. In addition, variable fees and surrender charges increased $1.0 due to higher account values.

In addition to the drivers discussed above, we consider the following information regarding operating revenues and benefits and expenses useful in understanding our results.

Operating Revenues

Net investment income increased $28.2, driven by a $1.6 billion increase in average invested assets from increased fixed annuities account values. During the first half of 2010, growth of net investment income was limited as strong sales of fixed deferred annuities during a tight credit market resulted in us carrying higher levels of cash. During the six months ended June 30, 2011, while slightly higher than expected, our average daily cash balances decreased compared to the same period in the prior year.

Benefits and Expenses

Interest credited increased $18.6, primarily due to a $1.6 billion increase in fixed annuities account values. The higher account values also led to a $4.8 increase in DAC amortization.

Income Annuities

The following table sets forth the results of operations relating to our Income Annuities segment:

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	QTD Variance (%) 2011 vs. 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	YTD Variance (%) 2011 vs. 2010
Operating revenues:						
Net investment income	$ 102.3	$ 104.7	(2.3)%	$ 207.3	$ 208.7	(0.7)%
Policy fees, contract charges, and other	0.4	0.2	100.0	0.6	0.4	50.0
Total operating revenues	102.7	104.9	(2.1)	207.9	209.1	(0.6)
Benefits and expenses:						
Interest credited	83.6	92.9	(10.0)	173.3	184.9	(6.3)
Other underwriting and operating expenses	5.9	5.2	13.5	11.8	10.5	12.4
Amortization of deferred policy acquisition costs	0.6	0.4	50.0	1.3	0.9	44.4
Total benefits and expenses	90.1	98.5	(8.5)	186.4	196.3	(5.0)
Segment pre-tax adjusted operating income	$ 12.6	$ 6.4	96.9%	$ 21.5	$ 12.8	68.0%

The following table sets forth selected historical operating metrics relating to our Income Annuities segment as of, or for the three and six months ended:

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Reserves(1)	$ 6,646.6	$ 6,716.8		
Interest spread on reserves(2)	0.48%	0.49%	0.55%	0.45%
Base interest spread on reserves(3)	0.52	0.50	0.51	0.46
MBS prepayment speed adjustment(4)	$ (0.7)	$ (0.1)	$ 1.1	$ (0.3)
Mortality gains (losses)(5)	4.9	(1.8)	5.6	(1.9)
Total sales(6)	38.7	67.8	103.2	134.1

(1) Reserves represent the present value of future income annuity benefits and assumed expenses, discounted by the assumed interest rate. This metric represents the amount of our in-force book of business.

(2) Interest spread is the difference between net investment yield earned and the credited interest rate on policyholder reserves. The investment yield is the approximate yield on invested assets, excluding equities, in the general account attributed to the segment. The credited interest rate is the approximate rate credited on policyholder reserves and excludes the gains and losses from funding services and mortality.

(3) Base interest spread on reserves is interest spread on reserves excluding MBS prepayment speed adjustment.

(4) Prepayment speed adjustment on mortgage-backed securities is the impact to net investment income due to the change in prepayment speeds on the underlying collateral of mortgage-backed securities.

(5) Mortality gains (losses) represent the difference between actual and expected reserves released on our life contingent annuities.

(6) Sales represent deposits for new policies net of first year policy lapses and/or surrenders.

Three Months Ended June 30, 2011 Compared to the Three Months Ended June 30, 2010

Summary of Results

Segment pre-tax adjusted operating income increased $6.2 primarily due to a $6.7 improvement in mortality experience.

In addition to the driver discussed above, we consider the following information regarding operating revenues and benefits and expenses useful in understanding our results.

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Operating Revenues

Net investment income decreased $2.4 due to declines in both average invested assets and yields. Yields decreased primarily due to unfavorable changes in prepayment speeds on mortgage-backed securities and an increase in the impact of uninvested cash.

Benefits and Expenses

Interest credited decreased $9.3 million due to favorable changes in mortality experience, increased funding services and lower reserves. We experienced mortality gains of $4.9 in the second quarter of 2011, compared to losses of $1.8 in the second quarter of 2010. The gains from the second quarter of 2011 are the highest quarterly gains we have experienced since 2004.

Six Months Ended June 30, 2011 Compared to the Six Months Ended June 30, 2010

Summary of Results

Segment pre-tax adjusted operating income increased $8.7, primarily due to a $7.5 improvement in mortality experience.

In addition to the driver discussed above, we consider the following information regarding operating revenues and benefits and expenses useful in understanding our results.

Operating Revenues

Net investment income decreased $1.4 primarily due to lower average invested assets. This was partially offset by an improvement in yields, driven by our commercial mortgage loan investment strategy and a $1.4 increase in prepayment speed adjustments on mortgage-backed securities.

Benefits and Expenses

Interest credited decreased $11.6 due to lower reserves, favorable mortality experience and increased funding services. We experienced mortality gains of $5.6 for the six months ended June 30, 2011, compared to losses of $1.9 for the same period in 2010.

Life

The following table sets forth the results of operations relating to our Life segment:

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	QTD Variance (%) 2011 vs. 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	YTD Variance (%) 2011 vs. 2010
Operating revenues:						
Premiums	$ 9.6	$ 9.7	(1.0)%	$ 20.5	$ 19.9	3.0%
Net investment income	71.1	68.3	4.1	142.3	134.4	5.9
Policy fees, contract charges, and other	30.9	29.8	3.7	61.6	58.9	4.6
Total operating revenues	111.6	107.8	3.5	224.4	213.2	5.3
Benefits and expenses:						
Policyholder benefits and claims	15.2	15.3	(0.7)	33.3	26.4	26.1
Interest credited	62.2	59.1	5.2	123.9	117.6	5.4
Other underwriting and operating expenses	15.5	13.4	15.7	29.9	26.1	14.6
Amortization of deferred policy acquisition costs	1.3	1.0	30.0	3.0	0.8	*
Total benefits and expenses	94.2	88.8	6.1	190.1	170.9	11.2
Segment pre-tax adjusted operating income	$ 17.4	$ 19.0	(8.4)%	$ 34.3	$ 42.3	(18.9)%

* Represents percentage variances that are not meaningful or are explained through the discussion of other variances.

The following table sets forth selected historical operating metrics relating to our Life segment as of, or for the three and six months ended:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Individual insurance:				
Individual insurance in force(1)	$37,439.7	$38,502.3		
Individual claims(2)	12.1	13.5	$ 27.8	$ 27.4
Annualized mortality rate(3)	0.13%	0.14%	0.15%	0.14%
UL account value(4)	$ 635.5	$ 588.9		
UL interest spread(5)	1.24%	1.59%	1.42%	1.47%
Individual sales(6)	$ 2.9	$ 2.4	$ 5.3	$ 5.2
BOLI:				
BOLI insurance in force(1)	$12,681.6	$11,410.0		
BOLI account value(4)	4,442.0	3,886.0		
BOLI ROA(7)	0.98%	1.28%	1.07%	1.17%
BOLI sales(8)	$ —	$ —	$ —	$ 2.7

(1) Insurance in force represents dollar face amounts of policies without adjustment for reinsurance.

(2) Individual claims represents incurred claims, net of reinsurance, on our term and universal life policies.

(3) Annualized mortality rate is defined as annualized individual claims divided by individual insurance in force.

(4) UL account value and BOLI account value represent our liabilities to our policyholders.

(5) UL interest spread is the difference between net investment yield earned and the credited interest rate to policyholders. The investment yield is the approximate yield on invested assets in the general account attributed to the UL policies. The credited interest rate is the approximate rate credited on UL policyholder fixed account values. Interest credited to UL policyholders' account values is subject to contractual terms, including minimum guarantees. Interest credited tends to move gradually over time to reflect actions by management to respond to competitive pressures and profit targets. The credited rate to policyholders for the six months ended June 30, 2010 was adjusted to exclude a bonus interest reserve release. Without this adjustment, the UL interest spread would have been 3.49%.

(6) Individual sales represents annualized first year premiums for recurring premium products, and 10% of new single premium deposits net of first year policy lapses and/or surrenders.

(7) BOLI ROA is a measure of the gross margin on our BOLI book of business. This metric is calculated as the difference between our BOLI revenue earnings rate and our BOLI policy benefits rate. The revenue earnings rate is calculated as revenues divided by average invested assets. The policy benefits rate is calculated as total policy benefits divided by average account value. The policy benefits used in this metric do not include expenses.

(8) BOLI sales represent 10% of new BOLI total deposits.

Three Months Ended June 30, 2011 Compared to the Three Months Ended June 30, 2010

Summary of Results

Segment pre-tax adjusted operating income decreased $1.6 primarily due to lower BOLI ROA related to increased BOLI claims and lower yields, and an increase in other underwriting and operating expenses driven by higher employee-related expenses. This was partially offset by a $1.4 decrease in individual claims.

In addition to the drivers discussed above, we consider the following information regarding operating revenues and benefits and expenses useful in understanding our results.

Operating Revenues

Net investment income increased $2.8 due to an increase in average invested assets, primarily related to BOLI account values which grew from sales in the past 12 months. This was partially offset by a decline in yields, which decreased to 5.00% from 5.43%, driven by lower yields on asset purchases over the past 12 months, from corporate actions of $1.3 in the second quarter 2010, and a decrease of $0.7 in prepayment speed adjustments.

Benefits and Expenses

Interest credited increased $3.1 driven by increased BOLI account values due to strong BOLI sales during the second half of 2010. Claims decreased $0.2 as lower individual claims were partially offset by higher BOLI claims.

Six Months Ended June 30, 2011 Compared to the Six Months Ended June 30, 2010

Summary of Results

Segment pre-tax adjusted operating income decreased $8.0 primarily due to a $7.4 reserve release in the first quarter of 2010 causing a reduction in benefits and expenses, discussed in detail below. In addition, benefits and expenses increased due to higher employee-related expenses.

In addition to the drivers discussed above, we consider the following information regarding operating revenues and benefits and expenses useful in understanding our results.

Operating Revenues

Net investment income increased $7.9 due to an increase in average invested assets, primarily related to BOLI account values which grew from sales in the past 12 months. This was partially offset by a decline in yields, driven by lower yields on investment purchases over the past 12 months.

Benefits and Expenses

Benefits and expenses increased $19.2 partially due to a bonus reserve decrease in 2010 which reduced total benefits and expenses by $7.4. This bonus reserve decrease, which included related impacts on DAC amortization, was driven by a decrease in the interest rates on a UL product to the guaranteed minimum rate.

Excluding the effects of the bonus reserve decrease, interest credited and policyholder benefits and claims increased $7.2 related to increased BOLI account value. In addition, other underwriting and operating expenses increased $3.8 due to increased employee-related expenses and a decrease in the amount of acquisition costs deferred.

Other

The following table sets forth the results of operations relating to our Other segment:

	Three Months Ended June 30,		QTD Variance (%)	Six Months Ended June 30,		YTD Variance (%)
	2011	2010	2011 vs. 2010	2011	2010	2011 vs. 2010
Operating revenues:						
Net investment income	$ 6.2	$ 4.0	55.0%	$ 12.7	$ 8.4	51.2%
Policy fees, contract charges, and other	5.4	4.0	35.0	10.8	7.5	44.0
Total operating revenues	11.6	8.0	45.0	23.5	15.9	47.8
Benefits and expenses:						
Interest credited	(0.6)	(0.9)	33.3	(1.3)	(1.4)	7.1
Other underwriting and operating expenses	6.6	6.0	10.0	12.6	10.3	22.3
Interest expense	8.0	7.9	1.3	16.0	15.9	0.6
Total benefits and expenses	14.0	13.0	7.7	27.3	24.8	10.1
Segment pre-tax adjusted operating loss	$ (2.4)	$ (5.0)	52.0%	$ (3.8)	$ (8.9)	57.3%

Three Months Ended June 30, 2011 Compared to the Three Months Ended June 30, 2010

Summary of Results

Our Other segment’s pre-tax adjusted operating loss of $2.4 for the second quarter of 2011 improved, compared with a loss of $5.0 for the same period in 2010. The $2.6 improvement was due primarily to an increase in net investment income of $2.2, driven by higher average invested assets and an increase in investment yields, primarily from private equity investment income which offset overall decreased yields on other investments. Additionally, policy fees, contract charges, and other increased $1.4 due to higher non-affiliate broker dealer concession revenue and advisory fees, which were partially offset by a $1.0 increase in related commissions.

Six Months Ended June 30, 2011 Compared to the Six Months Ended June 30, 2010

Summary of Results

Our Other segment's pre-tax adjusted operating loss of $3.8 for the six months ended June 30, 2011 improved, compared with a loss of $8.9 for the same period in 2010. The $5.1 improvement was due primarily to an increase in net investment income of $4.3, driven by higher average invested assets and an increase in overall investment yields in this segment. Additionally, policy fees, contract charges, and other increased $3.3 due to higher non-affiliate broker dealer concession revenue and advisory fees, which were partially offset by a $2.5 increase in related commissions.

Investments

Our investment portfolio is structured with the objective of supporting the expected cash flows of our liabilities and producing stable returns over the long term. The composition of our portfolio reflects our asset management philosophy of protecting principal and receiving appropriate reward for risk. Our investment portfolio mix as of June 30, 2011 consisted in large part of high quality fixed maturities and commercial mortgage loans we originated, as well as a smaller allocation of high yield fixed maturities, marketable equity securities, investments in limited partnerships (primarily tax credit investments and private equity funds) and other investments. We believe that prudent levels of investments in marketable equity securities within our investment portfolio offer enhanced long term, after-tax total returns to support a portion of our longest duration liabilities.

The following table presents the composition of our investment portfolio:

	As of June 30, 2011		As of December 31, 2010	
	Amount	% of Total	Amount	% of Total
Types of Investments				
Fixed maturities, available-for-sale:				
Public	$21,276.8	85.3%	$20,388.9	86.8%
Private	869.7	3.5	892.9	3.8
Marketable equity securities, available-for-sale(1)	51.2	0.2	45.1	0.2
Marketable equity securities, trading(2)	380.9	1.5	189.3	0.8
Mortgage loans, net	2,085.0	8.4	1,713.0	7.3
Policy loans	69.6	0.3	71.5	0.3
Investments in limited partnerships(3):				
Private equity funds	30.4	0.1	36.5	0.1
Tax credit investments	163.4	0.6	150.4	0.6
Other invested assets	14.5	0.1	12.6	0.1
Total	$24,941.5	100.0%	$23,500.2	100.0%

(1) Amount primarily represents non-redeemable preferred stock.

(2) Amount represents investments in common stock, including real estate investment trusts (REITs).

(3) Investments in private equity funds are carried at fair value, while our limited partnership interests related to tax credit investments are carried at amortized cost.

The increase in invested assets during the first six months of 2011 is primarily due to portfolio growth generated by sales of fixed deferred annuities.

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Investment Returns

Net Investment Income

Return on invested assets is an important element of our financial results. The following table sets forth the income yield and net investment income, excluding realized investment gains (losses) for each major investment category:

	For the Three Months Ended June 30, 2011		For the Three Months Ended June 30, 2010	
	Yield(1)	Amount	Yield(1)	Amount
Types of Investments				
Fixed maturities, available-for-sale	5.42%	$ 283.1	5.79%	$ 280.4
Marketable equity securities, available-for-sale	8.46	1.1	8.46	1.1
Marketable equity securities, trading	2.91	2.2	2.05	0.8
Mortgage loans, net	6.36	31.3	6.47	20.9
Policy loans	5.84	1.0	5.94	1.1
Investments in limited partnerships:				
Private equity funds	22.84	1.7	(4.74)	(0.4)
Tax credit investments(2)	(5.92)	(3.0)	(6.62)	(2.2)
Other income producing assets(3)	1.70	1.4	0.70	0.7
Gross investment income before investment expenses	5.35	318.8	5.62	302.4
Investment expenses	(0.11)	(6.6)	(0.10)	(5.3)
Net investment income	5.24%	$ 312.2	5.52%	$ 297.1

(1) Yields are determined based on monthly averages calculated using beginning and end-of-period balances. Yields are based on carrying values except for fixed maturities and equity securities, and private equity funds. Yields for fixed maturities and private equity funds are based on amortized cost. Yields for equity securities are based on cost.

(2) The negative yield from tax credit investments is offset by U.S. federal income tax benefits. The resulting overall impact to net income was $2.2 and $1.3 for the three months ended June 30, 2011 and 2010, respectively.

(3) Other income producing assets includes other invested assets, short-term investments and cash and cash equivalents.

For the three months ended June 30, 2011, net investment income increased 5.1% compared to the same period in 2010, driven by an increase in invested assets on strong sales of our fixed deferred annuities in 2010 and in the six months ended June 30, 2011. The income increase driven by growth in invested assets was partially offset by a decrease in the total net investment yield, which decreased to 5.24% in 2011 from 5.52% in 2010. The reduction in yields is the effect of the low interest rate environment in 2010 and 2011 as overall yields on fixed maturity purchases in 2011 were 116 basis points lower than the average yield on existing investments. To improve our overall yields we continued to increase our underwriting of commercial mortgage loans. Additionally, the second quarter of 2010 included 7 basis points of yield related to corporate action activity, such as make-whole and consent fees on early calls of fixed maturities.

For the three months ended June 30, 2011, and 2010 the Company had average daily cash and cash equivalent balances of $236.4 and $301.2, respectively. The decrease in average daily cash balances improved yields by 3 basis points, and is primarily attributable to a slight improvement in the credit markets; our ability to acquire high quality, higher yielding investments; and the implementation of our strategy to invest in U.S. Treasury securities on a short-term basis until appropriate investments can be purchased. During the three months ended June 30, 2010, our higher cash balances were the result of cash received from sales of our products and our IPO proceeds during a tight credit market.

The following table sets forth the income yield and net investment income, excluding realized investment gains (losses) for each major investment category:

	For the Six Months Ended June 30, 2011		For the Six Months Ended June 30, 2010	
	Yield(1)	Amount	Yield(1)	Amount
Types of Investments				
Fixed maturities, available-for-sale	5.49%	$ 569.8	5.77%	$ 551.4
Marketable equity securities, available-for-sale	6.45	1.7	6.44	1.7
Marketable equity securities, trading	2.53	3.1	1.86	1.5
Mortgage loans, net	6.29	59.2	6.31	39.7
Policy loans	5.78	2.0	5.96	2.2
Private equity and hedge funds	14.85	2.4	3.55	0.5
Affordable housing(2)	(6.30)	(6.3)	(6.84)	(4.3)
Other income producing assets(3)	1.65	2.7	0.82	1.8
Gross investment income before investment expenses	5.39	634.6	5.60	594.5
Investment expenses	(0.11)	(12.4)	(0.10)	(10.5)
Net investment income	5.28%	$ 622.2	5.50%	$ 584.0

(1) Yields are determined based on monthly averages calculated using beginning and end-of-period balances. Yields are based on carrying values except for fixed maturities and equity securities, and private equity funds. Yields for fixed maturities and private equity funds are based on amortized cost. Yields for equity securities are based on cost.

(2) The negative yield from affordable housing investments is offset by U.S. federal income tax benefits. The resulting impact to net income was $4.3 and $2.8 for the six months ended June 30, 2011 and 2010, respectively.

(3) Other income producing assets includes other invested assets, short-term investments and cash and cash equivalents.

For the six months ended June 30, 2011, net investment income increased 6.5% compared to the same period in 2010, driven by an increase in invested assets on strong sales of our fixed deferred annuities in 2010 and 2011. These were partially offset by a decrease in net investment yields, which decreased to 5.28% in 2011 from 5.50% in 2010. The reduction in yields is the effect of the low interest rate environment — we have experienced lower yields on purchases and reinvestment of fixed maturities. To help improve our overall yields, we continued our underwriting of commercial mortgage loans.

For the six months ended June 30, 2011 and 2010, the Company had average daily cash balances of $240.2 and $334.6, respectively. The decrease in average daily cash balances is attributable to higher investments in U.S. Treasury securities, as well as our ability to acquire high quality, higher yielding investments due to an improvement in the credit markets.

Net Realized Investment Gains (Losses)

In the second quarter 2011, our portfolio produced net realized gains of $14.1, as compared to net realized losses of $10.0 for the same period in 2010, primarily due to an increase in gains on strategic sales of fixed maturities, primarily residential mortgage-backed securities which had accelerating prepayment speeds.

For the six months ended June 30, 2011, our portfolio produced net realized gains of $29.7, as compared to net realized losses of $3.2 for the same period in 2010. We experienced a $15.0 increase in gains on sales of fixed maturities, due to strategic sales of securities, in a net gain position as noted above. Additionally, credit-related impairments declined by $8.3 and the performance of our trading portfolio increased $5.7, due to improvements in the overall equity markets.

The following table sets forth the detail of our net realized investment gains (losses) before taxes:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Gross realized gains on sales of fixed maturities	$ 29.7	$ 7.0	$ 32.4	$ 17.4
Gross realized losses on sales of fixed maturities	(1.5)	(0.2)	(7.6)	(1.3)
Impairments:				
Public fixed maturities(1)	(0.2)	(1.4)	(0.6)	(3.8)
Private fixed maturities	—	—	—	(5.1)
Total credit-related	(0.2)	(1.4)	(0.6)	(8.9)
Other	(2.6)	(0.1)	(3.1)	(2.3)
Total impairments	(2.8)	(1.5)	(3.7)	(11.2)
Net gains (losses) on trading securities	(7.7)	(8.8)	4.5	(1.2)
Other net investment gains (losses)(2):				
Other gross gains	2.7	4.6	12.7	8.4
Other gross losses	(6.3)	(11.1)	(8.6)	(15.3)
Net realized investment gains (losses) before taxes	$ 14.1	$ (10.0)	$ 29.7	$ (3.2)

(1) Public fixed maturities includes publicly traded securities and highly marketable private placements for which there is an actively traded market.

(2) This primarily consists of changes in fair value on derivatives instruments, gains (losses) on calls and redemptions, and the impact of net realized investment gains (losses) on DAC and deferred sales inducements.

Impairments

Impairments for the three months ended June 30, 2011 and 2010 were $2.8 and $1.5, respectively. This increase was primarily attributable to securities we intend to sell, partially offset by reduced credit concerns as credit-related impairments decreased $1.2. Impairments for the six months ended June 30, 2011 and 2010 were $3.7 and $11.2, respectively. This decrease was largely due to improved economic conditions compared to 2010 and reduced credit concerns as credit-related impairments decreased $8.3. For those issuers for which we recorded an impairment during 2011, we had remaining holdings with an amortized cost of $105.5 and a fair value of $100.5 as of June 30, 2011. When evaluating a security for possible impairment, we consider several factors, which are described in more detail in Note 4 to the accompanying unaudited interim consolidated financial statements.

Fixed Maturity Securities

Fixed maturities represented approximately 89% and 91% of invested assets as of June 30, 2011 and December 31, 2010, respectively. As of June 30, 2011, publicly traded and privately placed fixed maturities represented 96.1% and 3.9%, respectively, of our total fixed maturity portfolio at fair value. We invest in privately placed fixed maturities to enhance the overall value of the portfolio, increase diversification and obtain higher yields than can ordinarily be obtained with comparable public market securities.

Fixed Maturity Securities Credit Quality

The Securities Valuation Office, or SVO, of the NAIC, evaluates the investments of insurers for regulatory reporting purposes and assigns fixed maturities to one of the six categories called “NAIC Designations.” NAIC designations of “1” or “2” include fixed maturities considered investment grade, which generally include securities rated BBB- or higher by Standard & Poor’s. NAIC designations of “3” through “6” are referred to as below investment grade, which generally include securities rated BB+ or lower by Standard & Poor’s.

The following table presents our fixed maturities by NAIC designation and S&P equivalent credit ratings, as well as the percentage of total fixed maturities, based upon fair value that each designation comprises:

		As of June 30, 2011			As of December 31, 2010		
		Amortized Cost	Fair Value	% of Total Fair Value	Amortized Cost	Fair Value	% of Total Fair Value
NAIC:	**S&P Equivalent:**						
1	AAA, AA, A	$12,646.4	$13,391.0	60.5%	$12,453.2	$13,042.4	61.3%
2	BBB	6,825.7	7,274.2	32.8	6,642.1	6,981.9	32.8
	Total investment grade	19,472.1	20,665.2	93.3	19,095.3	20,024.3	94.1
3	BB	853.8	853.6	3.9	700.3	679.0	3.2
4	B	494.8	480.3	2.2	420.6	393.8	1.8
5	CCC & lower	153.9	139.4	0.6	178.4	164.8	0.8
6	In or near default	7.5	8.0	—	21.9	19.9	0.1
	Total below investment grade	1,510.0	1,481.3	6.7	1,321.2	1,257.5	5.9
Total		$20,982.1	$22,146.5	100.0%	$20,416.5	$21,281.8	100.0%

As of June 30, 2011 and December 31, 2010, securities with an amortized cost of $802.3 and $847.3, and fair value of $859.1 and $891.9, respectively, had no rating from a nationally recognized securities rating agency. We derived the equivalent S&P credit quality rating for these securities based on the securities' NAIC rating designation.

Below investment grade securities comprised 6.7% and 5.9% of our fixed maturities portfolio as of June 30, 2011 and December 31, 2010, respectively. We held NAIC 5 and 6 designated securities with gross unrealized losses of $19.0 as of June 30, 2011, of which $16.3, or 85.8%, related to five issuers. These issuers are current on their contractual payments and our analysis supports the recoverability of amortized cost.

Certain of our fixed maturities are supported by guarantees from monoline bond insurers. The credit ratings of our fixed maturities set forth in the table above reflect, where applicable, the guarantees provided by monoline bond insurers. As of June 30, 2011, fixed maturities with monoline guarantees had an amortized cost of $533.2 and a fair value of $538.8, with gross unrealized losses of $10.5. As of December 31, 2010, fixed maturities with monoline guarantees had an amortized cost of $555.1 and a fair value of $547.5, with gross unrealized losses of $19.3. The majority of these securities were municipal bonds. As of June 30, 2011, $510.4, or 94.7%, of the fair value of fixed maturities supported by guarantees from monoline bond insurers had investment grade credit ratings both when including and excluding the effect of the monoline insurance.

Fixed Maturity Securities and Unrealized Gains and Losses by Security Sector

The following table sets forth the fair value of our fixed maturities by sector, as well as the associated gross unrealized gains and losses and the percentage of total fixed maturities that each sector comprises as of the dates indicated:

	As of June 30, 2011					
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	% of Total Fair Value	OTTI in AOCI
Security Sector						
Corporate securities:						
Consumer discretionary	$ 1,654.4	$ 94.6	$ (8.9)	$ 1,740.1	7.9%	$ (0.5)
Consumer staples	2,363.6	169.4	(13.1)	2,519.9	11.4	(1.4)
Energy	692.7	56.9	(2.9)	746.7	3.4	—
Financials	2,033.0	89.4	(53.9)	2,068.5	9.3	(0.7)
Health care	1,312.9	105.1	(4.5)	1,413.5	6.4	(1.8)
Industrials	2,653.3	203.3	(10.2)	2,846.4	12.8	(0.1)
Information technology	362.9	34.7	(0.9)	396.7	1.8	—
Materials	1,226.8	76.4	(16.2)	1,287.0	5.8	(12.9)
Telecommunication services	655.1	47.3	(5.0)	697.4	3.1	(0.8)
Utilities	1,719.3	121.0	(12.3)	1,828.0	8.3	(0.1)
Total corporate securities	14,674.0	998.1	(127.9)	15,544.2	70.2	(18.3)
U.S. government and agencies	40.0	3.1	—	43.1	0.2	(0.1)
State and political subdivisions	521.1	10.6	(8.1)	523.6	2.4	(0.2)
Residential mortgage-backed securities:						
Agency	3,085.7	147.1	(8.6)	3,224.2	14.6	—
Non-agency:						
Prime	309.3	8.3	(10.4)	307.2	1.4	(29.5)
Alt-A	100.2	2.9	(3.1)	100.0	0.4	(8.8)
Total residential mortgage-backed securities	3,495.2	158.3	(22.1)	3,631.4	16.4	(38.3)
Commercial mortgage-backed securities	1,702.0	123.9	(9.0)	1,816.9	8.2	(3.1)
Other debt obligations	549.8	40.6	(3.1)	587.3	2.6	(4.5)
Total	$ 20,982.1	$ 1,334.6	$ (170.2)	$ 22,146.5	100.0%	$ (64.5)

During the six months ended June 30, 2011, we increased our investments in corporate securities with cash generated from sales, primarily of fixed deferred annuities. We have mainly purchased investment grade corporate securities, with a focus on obtaining appropriate yields and duration to match our policyholder liabilities while retaining quality.

Our fixed maturities holdings are diversified by industry and issuer. The portfolio does not have significant exposure to any single issuer. As of June 30, 2011 and December 31, 2010, the fair value of our ten largest corporate securities holdings was $1,331.7 and $1,276.9, or 8.6% and 8.8%, respectively. The fair value of our largest exposure to a single issuer of corporate securities was $165.9, or 1.1%, as of June 30, 2011. All of the securities related to this issuer have an NAIC rating of 2 or higher. As of December 31, 2010, the fair value of our largest exposure to a single issuer of corporate securities was $140.4, or 1.0%, all of which had an NAIC rating of 2 or higher. As of June 30, 2011, we had $1.2 in direct exposure to the sovereign and local debt of Portugal, with no exposure to sovereign or local debt of Italy, Ireland, Greece or Spain.

	As of December 31, 2010					
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	% of Total Fair Value	OTTI in AOCI
Security Sector						
Corporate securities:						
Consumer discretionary	$ 1,526.6	$ 77.4	$ (15.0)	$ 1,589.0	7.4%	$ (2.8)
Consumer staples	2,085.3	145.9	(15.1)	2,216.1	10.4	(1.4)
Energy	675.5	49.1	(4.3)	720.3	3.4	—
Financials	2,028.9	68.7	(83.9)	2,013.7	9.5	(0.7)
Health care	1,218.9	99.6	(6.2)	1,312.3	6.2	(1.8)
Industrials	2,446.8	176.4	(19.6)	2,603.6	12.2	(5.8)
Information technology	450.9	40.2	(1.7)	489.4	2.3	—
Materials	1,176.7	64.8	(30.6)	1,210.9	5.7	(12.7)
Telecommunication services	569.3	32.6	(10.1)	591.8	2.8	(0.9)
Utilities	1,712.8	100.6	(19.1)	1,794.3	8.4	(0.1)
Total corporate securities	13,891.7	855.3	(205.6)	14,541.4	68.3	(26.2)
U.S. government and agencies	30.3	2.8	—	33.1	0.2	(0.1)
State and political subdivisions	462.9	5.3	(15.4)	452.8	2.1	(0.2)
Residential mortgage-backed securities:						
Agency	3,239.9	139.3	(18.6)	3,360.6	15.8	—
Non-agency:						
Prime	351.6	6.1	(28.0)	329.7	1.5	(31.3)
Alt-A	115.7	3.5	(7.9)	111.3	0.5	(8.7)
Total residential mortgage-backed securities	3,707.2	148.9	(54.5)	3,801.6	17.8	(40.0)
Commercial mortgage-backed securities	1,782.2	115.2	(10.1)	1,887.3	8.9	(3.3)
Other debt obligations	542.2	35.8	(12.4)	565.6	2.7	(6.4)
Total	$20,416.5	$ 1,163.3	$ (298.0)	$21,281.8	100.0%	$ (76.2)

Fixed Maturity Securities by Contractual Maturity Date

As of June 30, 2011 and December 31, 2010, approximately 25% and 27%, respectively, of the fair value of our fixed maturity portfolio was held in mortgaged-backed securities, and 23% and 24% of our portfolio was due after ten years, which we consider to be longer duration assets. Fixed maturities in these categories primarily back long duration reserves in our Income Annuities segment, which can exceed a period of 30 years. As of June 30, 2011 and December 31, 2010, approximately 76% and 75%, respectively, of the gross unrealized losses on our investment portfolio related to these longer duration assets, which fluctuate more significantly with changes in interest rates and credit spreads.

Mortgage-Backed Securities

As of June 30, 2011, our fixed maturity securities portfolio included $5.4 billion of residential and commercial mortgage-backed securities at fair value. Approximately 69% of these securities are agency securities and approximately 22% are AAA rated non-agency securities in the most senior tranche of the structure type.

All of our RMBS and CMBS securities have prepayment options. Prepayments that vary in amount or timing from our estimates cause fluctuations in our yields due to an acceleration or deceleration of unamortized premium or discount associated with the securities in our portfolio. Such adjustment is recorded in net investment income in our results of operations. These adjustments, which relate primarily to RMBS, create volatility in our net investment income. Refer to the RMBS section below for additional discussion.

Residential Mortgage-Backed Securities (RMBS)

We classify our investments in RMBS as agency, prime, Alt-A, and subprime. Agency RMBS are guaranteed or otherwise supported by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association. Prime RMBS are loans to the most credit-worthy customers with high quality credit profiles. Alt-A RMBS have overall credit quality between prime and subprime, based on a review of their underlying mortgage loans and factors such as credit scores and financial ratios.

The following table sets forth the fair value of the Company's investment in agency, prime, and Alt-A RMBS and the percentage of total invested assets they represent:

	As of June 30, 2011		As of December 31, 2010	
	Fair Value	% of Total Invested Assets	Fair Value	% of Total Invested Assets
Agency	$ 3,224.2	12.9%	$ 3,360.6	14.3%
Non-agency:				
Prime	307.2	1.3	329.7	1.4
Alt-A	100.0	0.4	111.3	0.5
Subtotal non-agency	407.2	1.7	441.0	1.9
Total	$ 3,631.4	14.6%	$ 3,801.6	16.2%

The following table sets forth the total fair value, and amortized cost of our non-agency RMBS by credit quality and year of origination (vintage). There were eight securities with a total amortized cost and fair value of $86.7 and $81.1, respectively, that were rated below investment grade by either Moody's, S&P or Fitch, while at least one other agency rated them investment grade.

	As of June 30, 2011 Highest Rating Agency Rating						
	AAA	AA	A	BBB	BB and Below	Total	Total as of December 31, 2010
Vintage:							
2007	$ —	$ —	$ —	$ —	$ 28.4	$ 28.4	$ 41.1
2006	—	—	—	3.1	105.8	108.9	127.9
2005	—	9.1	6.2	55.2	39.2	109.7	115.2
2004 and prior	142.9	13.1	5.9	—	0.6	162.5	183.1
Total amortized cost	$ 142.9	$ 22.2	$ 12.1	$ 58.3	$ 174.0	$ 409.5	$ 467.3
Net unrealized gains (losses)	4.0	(1.6)	0.2	(4.0)	(0.9)	(2.3)	(26.3)
Total fair value	$ 146.9	$ 20.6	$ 12.3	$ 54.3	$ 173.1	$ 407.2	$ 441.0

On a fair value basis as of June 30, 2011, our Alt-A portfolio was 86.9% fixed rate collateral and 13.1% hybrid adjustable rate mortgages, or ARMs, with no exposure to option ARMs. Generally, fixed rate mortgages have performed better with lower delinquencies and defaults on the underlying collateral than both option ARMs and hybrid ARMs in the current economic environment. As of June 30, 2011 and December 31, 2010, respectively, $62.7, or 62.7%, and $62.6, or 56.2%, of the total Alt-A portfolio had an S&P equivalent credit rating of AAA.

As of June 30, 2011, our Alt-A, prime and total non-agency RMBS had an estimated weighted-average credit enhancement of 13.1%, 8.4% and 9.5%, respectively. Credit enhancement refers to the weighted-average percentage of the outstanding capital structure that is subordinate in the priority of cash flows and absorbs losses first. We monitor delinquency rates associated with these securities, and as of June 30, 2011, we believe that our credit enhancements are sufficient to cover potential delinquencies.

As of June 30, 2011 and December 31, 2010, 59.9% and 58.8%, respectively, of the fair value of our non-agency RMBS had super senior subordination. The super senior class has priority over all principal and interest cash flows and will not experience any loss of principal until lower levels are written down to zero. Therefore, the majority of our RMBS investments have less exposure to defaults and delinquencies in the underlying collateral than if we held the more subordinated classes.

As of June 30, 2011, our RMBS had gross unamortized premiums and discounts of $69.4 and $72.6, respectively. Changes in prepayment speeds, which are based on prepayment activity of the underlying mortgages, create volatility in our net investment income because they accelerate or decelerate our amortization of the unamortized premiums and discounts. The impact to net investment income is dependent both on whether the securities are at a discount or premium and whether the prepayment speeds increase or decrease.

In our RMBS portfolio, certain vintage years have overall higher interest rates than current market rates. Certain collateralized mortgage obligations (CMOs) in our RMBS portfolio with a vintage year of 2003 have caused the most volatility in our net investment income. We strategically selected certain of these CMOs to sell during the second quarter of 2011 to reduce the volatility in income related to prepayment speed adjustments.

Commercial Mortgage-Backed Securities (CMBS)

The following table sets forth the fair value of our investment in CMBS and the percentage of total invested assets they represent:

	As of June 30, 2011		As of December 31, 2010	
	Fair Value	% of Total Invested Assets	Fair Value	% of Total Invested Assets
Agency	$ 533.8	2.1%	$ 607.4	2.6%
Non-Agency	1,283.1	5.2	1,279.9	5.4
Total	$ 1,816.9	7.3%	$ 1,887.3	8.0%

The disruptions in the CMBS market spanning from 2009 through early 2010 were attributable to weakness in commercial real estate market fundamentals and previously reduced underwriting standards by some originators of commercial mortgage loans, particularly within the more recent vintage years (2006 through 2008). This reduced market liquidity and availability of capital, which led to the repricing of risk. As market conditions improve, prices of our CMBS have largely recovered and are currently in a net unrealized gain position of $114.9, or 6.8% of amortized cost, as of June 30, 2011. On an amortized cost basis, 97.4% of our entire CMBS portfolio were rated AAA, 1.3% were rated AA or A, and 1.3% were rated B and below as of June 30, 2011. These ratings do not reflect the recent downgrade of agency securities by S&P from AAA to AA+ on August 8, 2011. Our CMBS portfolio is highly concentrated in the most senior tranches, with 95.0% of our AAA-rated securities in the most senior tranche with significant credit enhancement.

The following table sets forth the total fair value, and amortized cost of our non-agency CMBS by credit quality and year of origination (vintage). There were 13 securities having a fair value of $312.7 and an amortized cost of $285.9 that were rated A by S&P, while Moody's and/or Fitch rated them AAA.

	As of June 30, 2011 Highest Rating Agency Rating						
	AAA	AA	A	BBB	BB and Below	Total	Total as of December 31, 2010
Vintage:							
2011	$ 39.7	$ —	$ —	$ —	$ —	$ 39.7	$ —
2008	51.1	18.5	—	—	—	69.6	69.5
2007	439.9	—	—	—	1.3	441.2	444.4
2006	157.9	—	—	—	11.4	169.3	168.5
2005	272.5	—	—	—	—	272.5	283.6
2004 and prior	177.9	—	3.1	—	9.2	190.2	224.8
Total amortized cost	$ 1,139.0	$ 18.5	$ 3.1	$ —	$ 21.9	$ 1,182.5	$ 1,190.8
Net unrealized gains (losses)	105.9	(2.1)	0.1	—	(3.3)	100.6	89.1
Total fair value	$ 1,244.9	$ 16.4	$ 3.2	$ —	$ 18.6	$ 1,283.1	$ 1,279.9

U.S. CMBS have historically utilized a senior/subordinate credit structure to allocate cash flows and losses. The structure was changed in late 2004 and was in transition into early 2005 when fully implemented to include super-senior, mezzanine and junior AAA tranches. This change resulted in increasing the credit enhancement (subordination) on the most senior tranche (super-senior) to 30%. The mezzanine AAAs were structured to typically have 20% credit enhancement and the junior AAAs 14% credit enhancement. Credit enhancement refers to the weighted-average percentage of outstanding capital structure that is subordinate in the priority of cash flows and absorbs losses first. Credit enhancement does not include any equity interest or property value in excess of outstanding debt. The super senior class has priority over the mezzanine and junior classes to all principal and interest cash flows and will not experience any loss of principal until both the entire mezzanine and junior tranches are written down to zero. Since 2010, new issues of U.S. CMBS (referred to as "CMBS 2.0") have simpler structures. The CMBS 2.0 AAA credit enhancement averages approximately 17%, and the division of the AAA class into super-senior, mezzanine, and junior tranches is no longer present.

The following tables set forth the amortized cost of our AAA non-agency CMBS by type and year of origination (vintage):

	As of June 30, 2011						Total AAA Securities at Amortized Cost
	Super Senior			Other Structures			
	Super Senior	Mezzanine	Junior	Other Senior	Other Subordinate	Other	
Vintage:							
2011	$ —	$ —	$ —	$ 39.7	$ —	$ —	$ 39.7
2008	51.1	—	—	—	—	—	51.1
2007	439.9	—	—	—	—	—	439.9
2006	157.9	—	—	—	—	—	157.9
2005	133.9	28.8	—	109.8	—	—	272.5
2004 and prior	—	—	—	149.6	28.3	—	177.9
Total	$ 782.8	$ 28.8	$ —	$ 299.1	$ 28.3	$ —	$ 1,139.0
	As of December 31, 2010						
Total	$ 787.0	$ 30.6	$ —	$ 298.3	$ 28.9	$ —	$ 1,144.8

The weighted-average credit enhancement of our CMBS was 28.6% as of December 31, 2010. Adjusted to remove defeased loans, which are loans whose cash flows have been replaced by U.S. Treasury securities, the weighted-average credit enhancement of our CMBS as of June 30, 2011 was 30.0%. We believe this additional credit enhancement is significant in a deep real estate downturn during which losses are expected to increase substantially.

Return on Equity-Like Investments

Prospector Partners, LLC, or Prospector, manages a portfolio of equity and equity-like investments, including publicly traded common stock and convertible securities. We believe that these equity and equity-like investments are suitable for funding certain long duration liabilities in our Income Annuities segment, and on a limited basis in our surplus portfolio. As of June 30, 2011 and 2010, equity-like convertible securities made up $87.8 or 18.7%, and $65.8 or 31.8%, respectively, of the portfolio. For the three and six months ended June 30, 2011 and 2010, our convertible securities yielded gross returns of (2.4)%, (2.9)%, 0.3% and 2.4%, respectively.

The following table compares our total gross return on the equity component of our Prospector portfolio to the benchmark S&P 500 Total Return Index for the three and six months ended June 30, 2011 and 2010.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Common stock	(2.4)%	(5.5)%	4.1%	(0.4)%
S&P 500 Total Return Index	0.1	(11.4)	6.0	(6.6)
Difference	(2.5)%	5.9%	(1.9)%	6.2%

During the second quarter of 2011, we implemented an investment strategy focused on real estate-related investments primarily to back our longer duration liabilities in our Income Annuities segment portfolio. As of June 30, 2011, we held $137.2 in publicly traded REITs related to this strategy, the majority of which is managed by one of our subadvisors.

Mortgage Loans

Our mortgage loan department originates commercial mortgages and manages our existing commercial mortgage loan portfolio. The commercial mortgage loan holdings are secured by first-mortgage liens on income-producing commercial real estate, primarily in the retail, industrial and office building sectors. All loans are underwritten consistently to our standards based on loan-to-value (LTV) ratios and debt service coverage ratios (DSCR) based on income and detailed market, property and borrower analysis using our long-term experience in commercial mortgage lending. A large majority of our loans have personal guarantees and all loans greater than $1.0 are inspected annually. We diversify our mortgage loans by geographic region, loan size and scheduled maturities. On our consolidated balance sheets, mortgage loans are reported net of an allowance for losses, deferred loan origination costs, unearned mortgage loan fees, and a purchase accounting adjustment; however, the following tables are reported excluding these items.

The stress experienced in the U.S. financial markets and unfavorable credit market conditions led to a decrease in overall liquidity and availability of capital in the commercial mortgage loan market, which has led to greater opportunities for more selective loan originations, especially those loans in our range of specialization, $2.0 to $5.0. We believe a disciplined increase in our mortgage loan portfolio will help maintain the overall quality of our investment portfolio and obtain appropriate yields to match our policyholder liabilities. We continue to prudently increase our investments in mortgage loans primarily in our Income Annuities and Deferred Annuities segments to improve our overall investment yields. This strategy has resulted in increased net investment yields when compared to fixed maturity investments. We originated $425.7 of mortgage loans during the six months ended June 30, 2011 and expect to continue strong originations for the remainder of 2011.

As of June 30, 2011 and December 31, 2010, 73.2% and 73.6%, respectively, of our mortgage loans were under $5.0 and our average loan balance was $2.3 and $2.2, respectively. As of June 30, 2011 and December 31, 2010, our largest loan balance was $12.7 and $13.0, respectively.

Credit Quality

We use the LTV and DSCR ratios as our primary metrics to assess mortgage loan quality. The following table sets forth the LTV ratios for our gross mortgage loan portfolio:

	As of June 30, 2011		As of December 31, 2010	
	Carrying Value	% of Total	Carrying Value	% of Total
Loan-to-Value Ratio:				
< or = 50%	$ 604.7	28.9%	$ 596.2	34.7%
51% - 60%	523.0	25.0	369.8	21.5
61% - 70%	621.2	29.7	463.7	26.9
71% - 75%	124.4	5.9	120.4	7.0
76% - 80%	65.3	3.1	46.3	2.7
81% - 100%	91.0	4.4	90.7	5.3
> 100%	63.3	3.0	33.1	1.9
Total	$ 2,092.9	100.0%	$ 1,720.2	100.0%

The LTV ratio compares the amount of the loan to the estimated fair value of the underlying property collateralizing the loan. In the year of funding, LTV ratios are calculated using independent appraisals performed by Member of the Appraisal Institute (MAI) designated appraisers. Subsequent to the year of funding, LTV ratios are updated annually using internal valuations based on property income and estimated market capitalization rates. Property income estimates are typically updated between June 1 and August 31. Market capitalization rates are updated during the first quarter based on geographic region, property type and economic climate. LTV ratios greater than 100% indicate that the loan amount is greater than the collateral value. A smaller LTV ratio generally indicates a higher quality loan.

As of June 30, 2011 and December 31, 2010, the mortgage loan portfolio had weighted-average LTV ratios of 58.6% and 57.0%, respectively. The increase in the LTV ratio is driven by higher LTV ratios on originations of new mortgage loans and a reduction in the updated estimated fair values of the underlying properties, which is the result of declines in property income compared to the previous year. Estimated fair values of underlying properties on existing loans will continue to be updated through August 2011. The weighted average LTV ratio was 59.1% and 55.2% for loans funded during the six months ended June 30, 2011 and the year ended December 31, 2010, respectively. For loans originated in the six months ended June 30, 2011, 19.1% had an LTV ratio of 50% or less, and no loans had an LTV ratio of more than 75%. For loans originated in the year ended December 31, 2010, 31.7% had an LTV ratio of 50% or less, and no loans had an LTV ratio of more than 75%. The following table sets forth the DSCR for our gross mortgage loan portfolio:

	As of June 30, 2011		As of December 31, 2010	
	Carrying Value	% of Total	Carrying Value	% of Total
Debt Service Coverage Ratio:				
> or = 1.60	$ 1,103.9	52.7%	$ 896.4	52.1%
1.40 - 1.59	414.5	19.8	327.1	19.0
1.20 - 1.39	331.4	15.8	295.7	17.2
1.00 - 1.19	127.5	6.1	117.7	6.8
0.85 - 0.99	43.1	2.1	32.0	1.9
< 0.85	72.5	3.5	51.3	3.0
Total	$ 2,092.9	100.0%	$ 1,720.2	100.0%

The DSCR compares the amount of rental income a property is generating to the amount of the mortgage payments due on the property. DSCRs are calculated using the most current annual operating history for the collateral. As of June 30, 2011 and December 31, 2010, the mortgage loan portfolio had weighted-average DSCRs of 1.72 and 1.73, respectively. For loans originated during the six months ended June 30, 2011 and the year ended December 31, 2010, 52.7% and 58.4%, respectively, had a DSCR of 1.60 or more.

Composition of Mortgage Loans

The following table sets forth the gross carrying value of our investments in mortgage loans by geographic region:

	As of June 30, 2011		As of December 31, 2010	
	Carrying Value	% of Total	Carrying Value	% of Total
Region:				
California	$ 676.8	32.3%	$ 533.6	31.0%
Washington	292.3	14.0	270.4	15.7
Texas	210.0	10.0	168.9	9.8
Oregon	106.2	5.1	95.6	5.6
Florida	72.1	3.4	54.9	3.2
Other	735.5	35.2	596.8	34.7
Total	$ 2,092.9	100.0%	$ 1,720.2	100.0%

The following table sets forth the gross carrying value of our investments in mortgage loans by property type:

	As of June 30, 2011		As of December 31, 2010	
	Carrying Value	% of Total	Carrying Value	% of Total
Property Type:				
Shopping centers and retail	$ 903.4	43.2%	$ 735.7	42.8%
Office buildings	559.1	26.7	460.8	26.8
Industrial	482.1	23.0	433.9	25.2
Multi-family	80.5	3.9	46.8	2.7
Other	67.8	3.2	43.0	2.5
Total	$ 2,092.9	100.0%	$ 1,720.2	100.0%

Maturity Date of Mortgage Loans

The following table sets forth our gross carrying value of our investments in mortgage loans by contractual maturity date:

	As of June 30, 2011		As of December 31, 2010	
	Carrying Value	% of Total	Carrying Value	% of Total
Years to Maturity:				
Due in one year or less	$ 8.7	0.4%	$ 6.3	0.4%
Due after one year through five years	127.3	6.1	107.1	6.2
Due after five years through ten years	1,087.7	52.0	871.9	50.7
Due after ten years	869.2	41.5	734.9	42.7
Total	$ 2,092.9	100.0%	$ 1,720.2	100.0%

For more information and further discussion of our allowance of mortgage loans, see Note 5 to our unaudited interim consolidated financial statements.

Investments in Limited Partnerships — Affordable Housing Investments

We invest in limited partnership interests related to tax credit investments, which are typically 15-year investments that provide tax credits in years one through ten. As of June 30, 2011, we were invested in 18 limited partnership interests related to the federal affordable housing projects and other various state tax credit funds. We account for these investments under the equity method, and they are recorded at amortized cost in investments in limited partnerships, with the present value of unfunded contributions recorded in other liabilities.

Although these investments decrease our net investment income over time on a pre-tax basis, they provide us with significant tax benefits, which decrease our effective tax rate. The following table sets forth the impact the amortization of our investments and related tax credits had on net income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Amortization related to affordable housing investments, net of taxes	$ (2.0)	$ (1.5)	$ (4.2)	$ (2.8)
Affordable housing tax credits	4.2	2.8	8.5	5.6
Impact to net income	$ 2.2	$ 1.3	$ 4.3	$ 2.8

The following table provides the future estimated impact to net income:

	Impact to Net Income
Remainder of 2011	$ 3.7
2012	13.2
2013	14.1
2014 and beyond	47.2
Estimated impact to net income	$ 78.2

Liquidity and Capital Resources

Symetra conducts all of its operations through its operating subsidiaries, and our liquidity requirements primarily have been and will continue to be met by funds from such subsidiaries. Dividends from its subsidiaries are Symetra's principal sources of cash to pay dividends and meet its obligations, including payments of principal and interest on notes payable and tax obligations.

We had historically paid quarterly cash dividends on our common stock and warrants at a rate of approximately $0.05 per share until the second quarter of 2011, when we paid a cash dividend of $0.06 per share. We plan to continue to pay approximately $0.06 per share in future quarters. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors. See "— Dividends" below for further discussion.

Over the past few years, the global financial markets experienced unprecedented disruption, adversely affecting the business environment in general, and financial services companies in particular. In the last few months, the economic recovery slowed and markets experienced increased volatility over concerns about a double-dip recession. The credit markets remain tight and we continue to experience a low interest rate environment. In managing the challenging market conditions over the past couple of years, we benefited from the diversification of our business and strong financial fundamentals. We actively manage our liquidity in light of changing market, economic and business conditions and we believe that our liquidity levels are more than adequate to cover our exposures, as evidenced by the following:

- Sales for the six months ended June 30, 2011 were solid and exceeded levels for the same period in 2010. Sales on our deposit contracts (annuities and universal life policies) continue to generate strong cash inflows.
- We continued to generate strong cash flows from operations, which grew by $14.5 to $451.3 for the six months ended June 30, 2011, from $436.8 for the six months ended June 30, 2010.
- While certain policy lapses and surrenders occur in the normal course of business, these lapses and surrenders have not deviated materially from management expectations.
- As of June 30, 2011, we had the ability to borrow, on an unsecured basis, up to a maximum principal amount of $200.0 under a revolving line of credit arrangement.
- To support the sales of our products and maintain financial strength ratings, we target a risk-based capital level of at least 350% in our primary life insurance company, Symetra Life Insurance Company. As of June 30, 2011, Symetra Life Insurance Company had an estimated risk-based capital ratio of 466%. This capital level provides more than adequate capital levels for the growth of our business.

Liquidity Requirements and Sources of Liquidity

The liquidity requirements of our insurance subsidiaries principally relate to the liabilities associated with their various insurance and investment products, operating costs and expenses, the payment of dividends to the holding company, and payment of income taxes. Liabilities arising from insurance and investment products include the payment of benefits, as well as cash payments in connection with policy and contract surrenders and withdrawals and policy loans. Historically, Symetra's insurance subsidiaries have used cash flows from operations, cash flows from invested assets and sales of investment securities to fund their liquidity requirements.

In managing the liquidity of our insurance operations, we also consider the risk of policyholder and contract holder withdrawals of funds earlier than assumed when selecting assets to support these contractual obligations. We use surrender charges and other contract provisions to mitigate the extent, timing and profitability impact of withdrawals of funds by customers from annuity contracts and deposit liabilities. The following table sets forth withdrawal characteristics of our general account policyholder liabilities, composed of annuity reserves, deposit liabilities and policy and contract claim liabilities, net of reinsurance recoverables:

	As of June 30, 2011		As of December 31, 2010	
	Amount	% of Total	Amount	% of Total
Illiquid Liabilities				
Structured settlements & other SPIAs(1)	$ 6,642.5	29.9%	$ 6,670.4	31.4%
Deferred annuities with 5-year payout provision or MVA(2)	371.3	1.7	377.1	1.8
Traditional insurance (net of reinsurance)(3)	185.1	0.8	185.6	0.9
Group health & life (net of reinsurance)(3)	101.4	0.5	95.9	0.4
Total illiquid liabilities	7,300.3	32.9	7,329.0	34.5
Somewhat Liquid Liabilities				
Bank-owned life insurance (BOLI)(4)	4,522.7	20.4	4,444.0	20.9
Deferred annuities with surrender charges of 5% or higher	6,887.7	31.0	6,176.8	29.1
Universal life with surrender charges of 5% or higher	212.6	1.0	181.7	0.9
Total somewhat liquid liabilities	11,623.0	52.4	10,802.5	50.9
Fully Liquid Liabilities				
Deferred annuities with surrender charges of:				
3% up to 5%	538.2	2.4	462.6	2.2
Less than 3%	164.7	0.7	231.2	1.1
No surrender charges(5)	2,113.4	9.5	1,946.9	9.2
Universal life with surrender charges less than 5%	437.3	2.0	439.9	2.0
Other(6)	21.9	0.1	21.9	0.1
Total fully liquid liabilities	3,275.5	14.7	3,102.5	14.6
Total(7)	$22,198.8	100.0%	$21,234.0	100.0%

(1) These contracts cannot be surrendered. The benefits are specified in the contracts as fixed amounts, primarily to be paid over the next several decades.

(2) In a liquidity crisis situation, we could invoke the five-year payout provision so that the contract value with interest is paid out ratably over five years.

(3) The surrender value on these contracts is generally zero. Represents incurred but not reported claim liabilities.

(4) The biggest deterrent to surrender is the taxation on the gain within these contracts, which includes a 10% non-deductible penalty tax. Banks can exchange certain of these contracts with other carriers, tax-free. However, a significant portion of this business does not qualify for this tax-free treatment due to the employment status of the original covered employees and charges may be applicable.

(5) Approximately half of this business has been with the Company for over a decade, contains lifetime minimum interest guarantees of 4.0% to 4.5%, and has been free of surrender charges for many years. This business has experienced high persistency given the high lifetime guarantees that have not been available in the market on new issues for many years.

(6) Represents BOLI, traditional insurance, and Group health and life reported claim liabilities.

(7) Represents the sum of funds held under deposit contracts, future policy benefits and policy and contract claims on the consolidated balance sheets, excluding other policyholder related liabilities and reinsurance recoverables of $236.2 and 234.3 as of June 30, 2011 and December 31, 2010, respectively.

Liquid Assets

Symetra's insurance subsidiaries maintain investment strategies intended to provide adequate funds to pay benefits without forced sales of investments. Products having liabilities with longer durations, such as certain life insurance policies and structured settlement annuities, are matched with investments having similar estimated lives such as long-term fixed maturities, mortgage loans and marketable equity securities. Shorter-term liabilities are matched with fixed maturities that have short- and medium-terms. In addition, our insurance subsidiaries hold highly liquid, high quality, shorter-term investment securities and other liquid investment-grade fixed maturities and cash equivalents to fund anticipated operating expenses, surrenders and withdrawals.

We define liquid assets to include cash, cash equivalents, short-term investments, publicly traded fixed maturities and public equity securities. As of June 30, 2011 and December 31, 2010, our insurance subsidiaries had liquid assets of $21.7 billion and $20.8 billion, respectively, and Symetra had liquid assets of $103.8 and $89.7, respectively. The portion of total company liquid assets comprised of cash and cash equivalents and short-term investments was $90.1 and $277.1 as of June 30, 2011 and December 31, 2010, respectively. The increase in our insurance subsidiaries' liquid assets was primarily the result of sales of deferred annuities during the first half of 2011.

We consider attributes of the various categories of liquid assets (for example, type of asset and credit quality) in evaluating the adequacy of our insurance operations' liquidity under a variety of stress scenarios. We believe that the liquidity profile of our assets is sufficient to satisfy liquidity requirements, including under foreseeable stress scenarios.

Given the size and liquidity profile of our investment portfolio, we believe that claim experience varying from our projections does not constitute a significant liquidity risk. Our asset/liability management process takes into account the expected maturity of investments and expected claim payments as well as the specific nature and risk profile of the liabilities. Historically, there has been limited variation between the expected maturities of our investments and the payment of claims.

Capitalization

Our capital structure consists of notes payable and stockholders' equity. The following table summarizes our capital structure:

	As of June 30, 2011	As of December 31, 2010
Notes payable	$ 449.1	$ 449.0
Stockholders' equity	2,647.3	2,380.6
Total capital	$ 3,096.4	$ 2,829.6

Our capitalization increased $266.8 as of June 30, 2011, as compared to December 31, 2010 due to an increase in stockholders' equity from our net income of $114.3 and a $213.2 improvement in the fair value of our available-for-sale securities. We believe our capital levels position us well to capitalize on organic growth as well as pursue any potentially favorable acquisition opportunities.

Dividends

We declared and paid quarterly dividends of $0.05 and $0.06 per common share, respectively, during the first and second quarters of 2011, for a total payout of $15.1. On August 10, 2011, we declared a quarterly dividend of $0.06 per common share to shareholders and warrant holders as of August 24, 2011, for an approximate total of $8.3 to be paid on or about September 7, 2011.

Cash Flows

The following table sets forth a summary of our consolidated cash flows for the dates indicated:

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Net cash flows provided by operating activities	$ 451.3	$ 436.8
Net cash flows used in investing activities	(1,156.0)	(1,223.2)
Net cash flows provided by financing activities	517.5	851.3

Operating Activities

Cash flows from our operating activities are primarily driven by the amounts and timing of cash received for premiums on our group medical stop-loss and term life insurance products, income on our investments, including dividends and interest, as well as the amounts and timing of cash disbursed for our payment of policyholder benefits and claims, underwriting and operating expenses and income taxes.

Net cash provided by operating activities for the six months ended June 30, 2011 increased $14.5 over the same period in 2010. This increase was primarily the result of increased net investment income driven by an increase in average assets, partially offset by an increase in income taxes paid in 2011, and an increase in group medical stop-loss paid claims.

Investing Activities

Cash flows from our investing activities are primarily driven by the amounts and timing of cash received from our sales of investments and from maturities and calls of fixed maturity securities, as well as the amounts and timing of cash disbursed for purchases of investments and funding of mortgage loan originations.

Net cash used in investing activities for the six months ended June 30, 2011 decreased $67.2 over the same period in 2010. This decrease was primarily the result of cash received from prepayments, maturities and calls on fixed maturities as well as the sale of fixed maturities. These decreases were partially offset by increased mortgage loan origination volume and purchases of fixed maturities.

Financing Activities

Cash flows from our financing activities are primarily driven by the amounts and timing of cash received from deposits into certain life insurance and annuity policies and proceeds from our issuances of debt and common stock, as well as the amounts and timing of cash disbursed to fund withdrawals from certain life insurance and annuity policies, and dividend distributions to our stock and warrant holders.

Net cash provided by financing activities for the six months ended June 30, 2011 decreased $333.8 over the same period in 2010. This was primarily due to net IPO proceeds of $282.5 million received during the first quarter of 2010. The remaining decrease related to increased policyholder withdrawals in the current period.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

Market risk is the risk of change in the value of financial instruments as a result of absolute or relative changes in interest rates, foreign currency exchange rates, or equity or commodity prices. To varying degrees, the investment and trading activities supporting all of our products and services generate market risks. There have been no material changes in our market risk exposures from December 31, 2010, a description of which may be found in Part II, Item 7A — “Quantitative and Qualitative Disclosures about Market Risk” in our 2010 10-K. See Item 1A — “Risk Factors” of Part II in this report for a discussion of how changes to the operating and investing markets may materially adversely affect our business and results of operations.

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

We carried out an evaluation required by the Securities Exchange Act of 1934 (the “1934 Act”), under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a—15(e) of the 1934 Act, as of June 30, 2011. Based on this evaluation our principal executive officer and principal financial officer concluded that, as of June 30, 2011, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the 1934 Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures.

Limitations on Controls

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures will prevent or detect all errors or fraud. Any control system, no matter how well designed and operated, is based on certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — Other Information

Item 1. *Legal Proceedings*

Disclosure concerning material legal proceedings can be found in Item 1 “Financial Statements, Notes to Consolidated Financial Statements, Note 10, Commitments and Contingencies” under the caption “Litigation,” which is incorporated here by this reference.

Item 1A. *Risk Factors*

In addition to the other information set forth in this report, consideration should be given to the factors discussed in Part I, Item 1A — “Risk Factors” in our 2010 10-K. If any of those factors were to occur, they could materially adversely affect our business, financial condition or future results and could cause actual results to differ materially from those expressed in forward-looking statements in this report. There have been no material changes to the risk factors set forth in the above-referenced filing as of June 30, 2011.

Item 6. *Exhibits*

Exhibit Number	Description
10.1	Investment Management Agreement between White Mountains Advisors LLC and Symetra Financial Corporation, together with Symetra Life Insurance Company and certain other Affiliated Companies, dated as of June 1, 2011*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended*
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101	The following materials from Symetra Financial Corporation’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statement of Income, (iii) the Consolidated Statements of Changes in Stockholders’ Equity, (iv) the Consolidated Statement of Cash Flows and (v) the Notes to the Consolidated Financial Statements.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SYMETRA FINANCIAL CORPORATION

Date: August 11, 2011	By: /s/ Thomas M. Marra Name: Thomas M. Marra Title: President and Chief Executive Officer
Date: August 11, 2011	By: /s/ Margaret A. Meister Name: Margaret A. Meister Title: Executive Vice President and Chief Financial Officer

INVESTMENT MANAGEMENT AGREEMENT

WHITE MOUNTAINS ADVISORS LLC, a Delaware limited liability company (the "Adviser"), having an address at 200 Hubbard Road, Guilford, Connecticut 06437, and **SYMETRA FINANCIAL CORPORATION**, a Delaware corporation (the "Client"), having an address at 777 108th Avenue NE, Suite 1200, Bellevue Washington, 98004, and each affiliate company of the Client listed on **Schedule B,** and each having an address at 777 108th Avenue NE, Suite 1200, Bellevue Washington, 98004, which hereinafter becomes a party to this Agreement (each, an "Affiliated Company", and collectively, the "Affiliated Companies"), hereby enter into this Investment Management Agreement (this "Agreement"), dated as of June 1, 2011 and hereby agree that the Adviser shall act as discretionary adviser with respect to certain assets of the Client and the Affiliated Companies described below (the "Investment Account") on the following terms and conditions:

1. Investment Account. The Investment Account shall consist of the cash and securities of the Client and the Affiliated Companies managed by the Adviser pursuant to this Agreement.

2. Authority. The Client and each Affiliated Company hereby appoints the Adviser as adviser for the portion of the Investment Account comprised of its investment assets. Except as may be separately agreed in writing among the Adviser, the Client and any Affiliated Company from time to time, the Adviser hereby agrees to direct the investments in the Investment Account in accordance with the investment guidelines agreed upon by the Client, each Affiliated Company and the Adviser from time to time (the "Standard Guidelines"). Any other agreement by the Adviser, and the Client or an Affiliated Company to manage investment assets in a manner deviating from the Standard Guidelines shall be in writing.

3. Portfolio Management Services. In addition to managing the Investment Account, the Adviser hereby agrees to provide life insurance portfolio management advisory services ("Portfolio Management Services") in respect of the Investment Account and certain other investment assets outside the Investment Account as mutually agreed by the Client and the Adviser. The Portfolio Management Services include, without limitation (i) managing the asset / liability characteristics of the portfolio, (ii) designing and executing portfolio hedging strategies, if any, (iii) ensuring that investment strategies meet the Client's accounting and financial objectives, and (iv) supporting the Client in establishing new product strategies and in pricing new services.

4. Adviser's Discretionary Authority. Subject to Section 2, the Adviser shall have full discretion and authority as agent and attorney-in-fact for the Client and each Affiliated Company: (a) to make all investment decisions in respect of the Investment Account on behalf of the Client and the Affiliated Companies and, except as otherwise provided in this Agreement, at the sole risk of the Client and the Affiliated Companies; (b) to buy, sell, exchange, convert, liquidate or otherwise trade in respect of the Investment Account in any stock, bond or other security or investment, including without limitation to private investment funds, hedge funds, and other pooled investment vehicles (such private investment funds, hedge funds, and other pooled investment

vehicles collectively referred to as "Funds"); (c) to facilitate the subscription for, redemption or transfer of interests in Funds (including but not limited to performing such acts and executing such documents as may be necessary to subscribe or redeem interests in Funds) and (d) in furtherance of the foregoing, to do anything which the Adviser shall deem requisite, appropriate or advisable in connection therewith, including, without limitation, the placing of orders with respect to, and arrangement for, any of the foregoing, and the selection of such brokers, dealers, sub-advisers and others as the Adviser shall determine in its absolute discretion. The Adviser will be responsible for engaging, contracting with, monitoring and terminating sub-advisers; however, no sub-adviser shall be given discretionary authority over the Investment Account without the prior approval of the Client, and to the extent affecting the investment assets of any Affiliated Company.

5. Liability. In the performance of its services, the Adviser will not be liable for any error in judgment or any acts or failures to act except those resulting from the Adviser's gross negligence, willful misconduct or malfeasance. Nothing herein shall in any way constitute a waiver or limitation of any right of any person under any applicable U.S. federal or state securities laws. Except with respect to the Portfolio Management Services, the Adviser shall have no responsibility or liability whatsoever in respect of assets outside the Investment Account.

6. Custody. Investment Account assets shall be held in one or more separately identified accounts in the custody of one or more banks, trust companies, brokerage firms or other entities designated by the Client and each Affiliated Company, and acceptable to the Adviser. The Adviser will communicate its investment purchase, sale and delivery instructions directly with the appropriate custodian or other qualified depository. The Client and each Affiliated Company shall be responsible for its respective custodial arrangements and the payment of all related custodial charges and fees, and the Adviser shall have no responsibility or liability with respect to custody arrangements or the acts, omissions or other conduct of the custodians.

7. Brokerage. When placing orders for the execution of transactions for the Investment Account, the Adviser may allocate all transactions to such brokers or dealers, for execution on such markets, at such prices and commission rates, as are selected by the Adviser in its sole discretion. In selecting brokers or dealers to execute transactions, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, and, in negotiating commission rates, the Adviser shall take into account the financial stability and reputation of brokerage firms and brokerage and research services provided by such brokers. The Client or any Affiliated Company may be deemed to be paying for research provided or paid for by the broker which is included in the commission rate although the Client or such Affiliated Company may not, in any particular instance, be the direct or indirect beneficiary of the research services provided. Research furnished by brokers may include, but is not limited to, written information and analyses concerning specific securities, companies or sectors; market, finance and economic studies and forecasts; certain financial publications; statistics and pricing services; discussions with research personnel; and certain software and data bases utilized in the investment management process. The Client and each Affiliated Company acknowledges that since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

The Adviser is hereby authorized to, and the Client and each Affiliated Company acknowledges that the Adviser may, aggregate orders on behalf of the Investment Account with orders on behalf of other clients of the Adviser. In such event, the allocation of the securities purchased or sold and the expenses incurred in the transaction shall be made in a manner that the Adviser considers to be fair and equitable to all of its clients, including the Client and the Affiliated Companies and that is consistent with the allocation policies and procedures adopted and implemented by the Adviser, copies of which will be made available to the Client and/or Affiliated Companies upon request.

8. Representations and Warranties.

a) The Client and each Affiliated Company represents, warrants and agrees that:

(i) it has full legal power and authority to enter into this Agreement;

(ii) the appointment of the Adviser hereunder is permitted by the Client's or such Affiliated Company's governing documents and has been duly authorized by all necessary corporate or other action;

(iii) it is a "qualified purchaser" as defined in the Investment Company Act of 1940 and the regulations thereunder and an "accredited investor" as defined in Regulation D, Rule 501, as promulgated under the Securities Act of 1933, because it is an entity that owns investments with a value of at least $25,000,000;

(iv) it is not a "restricted person" under Section IM-2110-1 of the Conduct Rules adopted by the Board of Governors of the National Association of Securities Dealers, Inc.;

(v) it will notify the Adviser if the preceding representations in (iii) and (iv) become false during the term of this Agreement and will provide the Adviser with any information that may be required to complete any subscription agreements for Funds;

(vi) it is not (a) an employee benefit plan, (b) an IRA, (c) a "benefit plan investor" subject to the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended, or (d) an entity in which the participation by "benefit plan investors" is "significant", as those terms are defined in regulations issued by the U.S. Department of Labor;

(vii) it understands that the Adviser will be relying upon the representations and information provided herein or in connection herewith by the Client and/or the Affiliated Companies in completing and entering into subscription agreements on behalf of the Investment Account; and

(viii) it will indemnify the Adviser and hold it harmless against any and all losses, costs, claims and liabilities which the Adviser may suffer or incur arising out of any material breach of its representations and warranties herein.

b) The Adviser represents, warrants and agrees that:

(i) it has full legal power and authority to enter into this Agreement;

(ii) it is registered as an investment adviser with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act");

(iii) entering into this Agreement has been duly authorized by all necessary corporate or other action under the Adviser's governing document;

(iv) it will indemnify the Client and each Affiliated Company and hold it harmless against any and all losses, costs, claims and liabilities which the Client and/or such Affiliated Company may suffer or incur arising out of any material breach of any representations and warranties of the Adviser;

(v) it has established Anti-Money Laundering Policy & Procedures pursuant to Section 352 of the USA Patriot Act; and,

(vi) it endeavors to value all securities at fair market value in a manner determined by the Adviser to be consistent with (1) its Valuations Policies and Procedures, as may be amended from time to time, and (2) industry practice. A copy of these policies and procedures are available to the Client and/or Affiliated Companies upon request. The Adviser will not serve as the official pricing agent with respect to the Investment Account but may provide recommendations regarding fair valuation, if the Client or an Affiliated Company so requests.

9. Reports. The Adviser shall provide the Client with reports on the status of the Investment Account on a monthly basis. All records maintained pursuant to this Agreement shall be subject to examination by the Client and, as it relates to its own investment assets, each Affiliated Company, and by persons authorized by it, or by appropriate governmental authorities, at all times upon reasonable notice. The Adviser shall provide copies of trade tickets, custodial reports and other records that the Client and/or any Affiliated Company shall reasonably require for accounting or tax purposes.

10. Fees and Expenses.

(a) The Adviser will be paid (i) a quarterly Management Fee for its investment advisory services in respect of the Investment Account, and (ii) a quarterly Portfolio Management Services Fee for its Portfolio Management Services, in each case, as determined in accordance with **Schedule A** to this Agreement. During the term of this Agreement, the fees shall be billed and payable in arrears on a quarterly basis within 60 days after the last day of each calendar quarter based upon asset values determined as of the last day of said calendar quarter in accordance with **Schedule A**. Fees shall be pro-rated for any partial quarter. Capital inflows and outflows will be time-weighted so that fees will be charged for only the period of time such assets are actually managed by the Adviser. In the event that fees are to be paid by the custodian out of the Investment Account, the Client and/or the relevant Affiliated Company will provide written authorization to the custodian.

(b) The Client or an Affiliated Company shall be responsible for all expenses incurred directly in connection with transactions effected on behalf of the Client or such Affiliated Company pursuant to this Agreement. These expenses shall include but are not limited to (i) custodial fees; (ii) PAM (or other) accounting service fees, (iii) Charles River (or other) compliance service fees, (iv) investment expenses such as commissions; and (v) other expenses reasonably related to the purchase, sale or transmittal of Investment Account assets, provided that the Adviser shall be responsible for research fees and expenses.

(c) Sub-advisory management or performance fees ("Sub-adviser Fees"), if any, will be borne by the Client and/or the affected Affiliated Companies. No Management Fee shall accrue on any assets with respect to which Sub-adviser Fees are paid. At the Adviser's discretion, Sub-adviser Fees may be structured to be paid directly to the sub-adviser by the Client or Affiliated Companies or be paid by the Adviser and reimbursed by the Client or Affiliated Companies without any markup.

For the avoidance of doubt, Investment Account assets invested by the Advisor in Funds are not deemed to be sub-advised for purposes of this Agreement, and any management fees or performance fees charged by such Funds shall be borne by the Client or the affected Affiliated Companies in the ordinary course and not deemed to be Sub-adviser Fees.

11. Confidential Relationship. All information and advice furnished by any party to another party pursuant to this Agreement shall be treated by the receiving party as confidential and shall not be disclosed to third parties except as required by law.

12. Assignment. This Agreement may not be assigned (within the meaning of the Advisers Act) by any party without the written consent of the other party, and any assignment without such consent shall automatically cause the termination hereof.

13. Directions to the Adviser. All directions by or on behalf of the Client or an Affiliated Company to the Adviser shall be in writing and may be delivered in any manner permitted by Section 17. The Adviser (i) shall be fully protected in relying upon any such writing that the Adviser believes to be genuine and to be signed or presented or sent by the proper person or persons (ii) shall be under no duty to make any investigation or inquiry as to any statement contained therein and (iii) may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained.

14. Services to Other Clients. It is understood that the Adviser acts as investment adviser to other clients and may give advice and take action with respect to such clients that differs from the advice given or the action taken with respect to the Investment Account. Nothing in this

Agreement shall restrict the right of the Adviser, its members, managers, officers, employees or affiliates to perform investment management or advisory services for any other person or entity, and the performance of such service for others shall not be deemed to violate or give rise to any duty or obligation to the Client and/or the Affiliated Companies.

15. Investment by the Adviser for Its Own Account. Nothing in this Agreement shall limit or restrict the Adviser or any of its members, managers, officers, employees or affiliates from buying, selling or trading any securities for its or their own account or accounts. The Client and each Affiliated Company acknowledges that the Adviser and its members, managers, officers, employees, affiliates and other clients may at any time have, acquire, increase, decrease or dispose of securities which are at or about the same time acquired or disposed of for the account of the Client or an Affiliated Company. The Adviser shall have no obligation to purchase or sell for the Investment Account or to recommend for purchase or sale by the Investment Account any security that the Adviser or its members, managers, officers, employees or affiliates may purchase or sell for itself or themselves or for any other client.

16. Proxies. Subject to any other written instructions of the Client or any Affiliated Company, the Adviser is hereby appointed as the agent and attorney-in-fact of the Client and each Affiliated Company in its discretion to vote, convert or tender in an exchange or tender offer any securities in the Investment Account; to execute proxies, waivers, consents and other instruments with respect to such securities; to endorse, transfer or deliver such securities; and to participate in or consent to any plan of reorganization, merger, combination, consolidation, liquidation or similar plan with reference to such securities. The Adviser shall not incur any liability to the Client or any Company Affiliate by reason of any exercise of, or failure to exercise, any such discretion.

17. Notices. All notices and instructions with respect to securities transactions or any other matters contemplated by this Agreement shall be deemed duly given when actually received by the intended party in writing, via facsimile, or e-mail or by first-class mail to the following addresses: (a) if to the Adviser, at its address set forth above, Attention: Chief Financial Officer, if by facsimile to 203.458.0754 and if by e-mail, mplourde@whitemountainsadvisors.com or (b) if to the Client or any Affiliated Company, at its address set forth above, Attention: Director of Banking and Investment Services, if by facsimile to 425.256.8205 and if by e-mail, michael.james@symetra.com. Any of the Adviser, the Client or an Affiliated Company may change its physical address, facsimile number or e-mail address or specify a different manner of addressing itself by giving notice of such change in writing to the other party.

18. Joining and Severing Affiliated Companies. From time to time while this Agreement remains in effect, the Client may cause any other of its affiliates to become an Affiliated Company hereunder by executing a written agreement among the Client, the Adviser and such affiliate in a form reasonably acceptable to each of them, after which the affiliate shall, for all purposes, be treated as an “Affiliated Company” hereunder, including, without limitation, granting the authorities, making the representations and warranties and accepting the obligations of an Affiliated Company in this Agreement. From time to time, the Client and/or the Adviser may sever any Affiliated Company from this Agreement by executing a written agreement among the Client, the Adviser and such Affiliated Company in a form reasonably acceptable to each of them, after which the Affiliated Company shall no longer be treated as being party to this Agreement. The

Adviser will periodically update **Schedule B** to reflect the addition or removal of Affiliated Companies.

19. Entire Agreement; Amendment. This Agreement sets forth the entire agreement of the parties with respect to management of the Investment Account and to the provision of Portfolio Management Services, and supersedes any previous Investment Management Agreement between the Adviser and the Client or any Affiliated Company and shall not be amended except by an instrument in writing signed by the parties hereto.

20. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach of the same, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. All arbitration expenses shall be borne equally by the Adviser, on the one hand, and the Client and any implicated Affiliated Company, on the other hand. Any arbitration proceeding arising under this Agreement will be conducted in the County of New York in the State of New York or such other location as the parties mutually agree.

21. Termination. This Agreement shall continue in force from the date hereof for an initial one-year term ("initial term"), which may be extended by the Client in its sole discretion upon 60 days notice prior to the end of the initial term for an additional one-year term ("second year extension"), and if so extended, then, again in the Client's sole discretion upon 60 days notice prior to the end of the second year extension, for an additional one-year term ("third year extension"). During the initial term and any extension, this Agreement may be terminated by either party only for cause (including material non-performance). Following the end of the initial term and any extensions, this Agreement may be terminated by either party without penalty by written notice to the other party at least sixty (60) days prior to the date upon which such termination is to become effective, provided that the Client or any Affiliated Company honor any trades executed but not settled before the date of any such termination. Upon termination of this Agreement, (i) any accrued and unpaid Management Fee hereunder, (ii) accrued reimbursable expenses and (iii) any reasonable additional expenses incurred in closing out the Account shall be paid by the Client or the relevant Affiliated Company to the Adviser. Termination of this Agreement will not affect any accrued rights, indemnities, existing commitments or any contractual provisions intended to survive termination. The Adviser may direct the custodian to retain assets in the Investment Account to settle committed transactions.

22. Severability. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other persons or circumstances.

23. Governing Law. To the extent that the interpretation or effect of this Agreement shall depend on state law, this Agreement shall be governed by and construed in accordance with the laws of the State of New York.

24. Effective Date and Term. This Agreement shall become effective on the first date written above.

25. Receipt of Disclosure Statement. The Client and each Affiliated Company acknowledges receipt of a copy of Part II of the Adviser's Form ADV in compliance with Rule 204-3(b) under the Investment Advisers Act of 1940, as amended, more than 48 hours prior to the date of execution of this Agreement. The Adviser shall annually and without charge, upon request by the Client, deliver to the Client the current version of such form or a written document containing the information then required to be contained in such form.

26. Counterparts. This Agreement may be executed in two counterparts, each one of which shall be deemed to be an original.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives as of the date first written above.

ADVISER:

WHITE MOUNTAINS ADVISORS LLC

By: /s/ Manning Rountree
Print: Manning Rountree
Title: President

CLIENT:

SYMETRA FINANCIAL CORPORATION

By: /s/ Margaret A. Meister
Print: Margaret A. Meister
Title: Executive Vice President and Chief Financial Officer

AFFILIATED COMPANIES:

SYMETRA LIFE INSURANCE COMPANY
SYMETRA NATIONAL LIFE INSURANCE COMPANY

By: /s/ Margaret A. Meister
Print: Margaret A. Meister
Title: Executive Vice President and Chief Financial Officer

SYMETRA INVESTMENT SERVICES, INC.

By: /s/ Margaret A. Meister
Print: Margaret A. Meister
Title: Director

FIRST SYMETRA NATIONAL LIFE INSURANCE COMPANY OF NEW YORK

By: /s/ Margaret A. Meister
Print: Margaret A. Meister
Title: Executive Vice President and Chief Financial Officer

TIF INVEST III, LLC

By: /s/ Margaret A. Meister
Print: Margaret A. Meister
Title: President

SCHEDULE A

1. Management Fee.

The Management Fee will be calculated according to the following schedule. The basis for calculation will be the assets under management in the Investment Account that are managed by the Adviser (excluding assets under management in the Investment Account that are sub-advised by a third-party and with respect to which Sub-adviser Fees are paid by the Client as set forth in Section 10(c) of this agreement).

Assets Under Management in the Investment Account	Value	Annual Fee	Quarterly Fee
Investment Grade Fixed Income:			
Up to $1 billion	Book	10.0 basis points (0.1% or 0.001)	2.5 basis points (0.025% or 0.00025)
$1 billion — $2 billion	Book	8.5 basis points	2.125 basis points
$2 billion — $5 billion	Book	7.5 basis points	1.875 basis points
Greater than $5 billion	Book	2.5 basis points	0.625 basis points
High Yield Debt	Market	25.0 basis points	6.25 basis points
Equities	Market	100.0 basis points	25.0 basis points
Fully Funded Hedge Funds	Market	100.0 basis points	25.0 basis points
Private Equities & Other Deferred Fundings:			
First 2 Years of Fund’s Life	Committed	100.0 basis points	25.0 basis points
Thereafter	Market	100.0 basis points	25.0 basis points
Affordable Housing Credit Funds:			
First Year of Fund’s Life	Committed	100.0 basis points	25.0 basis points
Thereafter	Market	10.0 basis points	2.5 basis points

2. Portfolio Management Services Fee.

The Portfolio Management Services Fee will be equal to one-half of one basis point (0.005%) per annum. The basis for calculation will be the sum of (A) the assets under management in the Investment Account, whether managed directly by the Adviser or sub-advised, (B) the assets under management in the Client’s Commercial Loan Portfolio, in each case and (C) other investment assets as mutually agreed by the Client and Adviser from time to time. The values for all assets included in clause (A) shall be determined according to the methodologies (book, market or committed) set forth in the schedule above.

SCHEDULE B

AFFILIATED COMPANIES

Symetra Life Insurance Company
Symetra National Life Insurance Company
First Symetra National Life Insurance Company of New York
Symetra Investment Services, Inc.
TIF Invest III, LLC

Exhibit 31.1

CERTIFICATION

I, Thomas M. Marra, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Symetra Financial Corporation (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: August 11, 2011	By: /s/ Thomas M. Marra
	Thomas M. Marra
	President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Margaret A. Meister, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Symetra Financial Corporation (the “registrant”);

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

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

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

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

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

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

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

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

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

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

Date: August 11, 2011

By: /s/ Margaret A. Meister
Margaret A. Meister
Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification Pursuant to Section 1350 of Chapter 63
of Title 18 of the United States Code

I, Thomas M. Marra, Chief Executive Officer of Symetra Financial Corporation, certify that (i) the Form 10-Q for the quarter ended June 30, 2011 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Form 10-Q for the quarter ended June 30, 2011 fairly presents, in all material respects, the financial condition and results of operations of Symetra Financial Corporation.

Date: August 11, 2011

By: /s/ Thomas M. Marra
Thomas M. Marra
President and Chief Executive Officer

Exhibit 32.2

Certification Pursuant to Section 1350 of Chapter 63
of Title 18 of the United States Code

I, Margaret A. Meister, Chief Financial Officer of Symetra Financial Corporation, certify that (i) the Form 10-Q for the quarter ended June 30, 2011 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the Form 10-Q for the quarter ended June 30, 2011 fairly presents, in all material respects, the financial condition and results of operations of Symetra Financial Corporation.

Date: August 11, 2011

By: /s/ Margaret A. Meister
Margaret A. Meister
Executive Vice President and Chief Financial Officer