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 March 31, 2010

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 o No ☑

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o 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 May 12, 2010, the Registrant had 118,086,019 common voting shares outstanding, with a par value of $0.01 per share.

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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" 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 Symetra 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 Symetra'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;
- 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;
- market pricing and competitive trends related to insurance products and services;
- changes in amortization of deferred policy acquisition costs;
- 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 Symetra's business costs and required capital levels;
- the ability of subsidiaries to pay dividends to Symetra;
- the effects of implementation of the Patient Protection and Affordable Care Act; and
- the risks that are described in Item 1A—"Risk Factors" in this report and Symetra's 2009 Annual Report on Form 10-K.

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 Symetra will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Symetra or its business or operations. Symetra assumes no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

PART I — Financial Information

Item 1. *Financial Statements*

CONSOLIDATED BALANCE SHEETS

	As of March 31, 2010 (Unaudited)	As of December 31, 2009
	(In millions, except share and per share data)	
ASSETS		
Investments:		
Available-for-sale securities:		
Fixed maturities, at fair value (cost: **$18,978.4** and $18,553.7, respectively)	**$ 19,390.6**	$ 18,594.3
Marketable equity securities, at fair value (cost: **$52.6** and $52.6, respectively)	**37.6**	36.7
Trading securities:		
Marketable equity securities, at fair value (cost: **$158.3** and $165.9, respectively)	**151.0**	154.1
Mortgage loans, net	**1,228.0**	1,201.7
Policy loans	**73.4**	73.9
Short-term investments	**54.0**	2.1
Investments in limited partnerships (includes **$25.2** and $24.7 measured at fair value, respectively)	**130.6**	110.2
Other invested assets	**9.1**	10.1
Total investments	**21,074.3**	20,183.1
Cash and cash equivalents	**389.3**	257.8
Accrued investment income	**247.5**	237.2
Accounts receivable and other receivables	**97.1**	70.1
Reinsurance recoverables	**277.9**	276.6
Deferred policy acquisition costs	**227.5**	250.4
Goodwill	**26.8**	26.3
Current income taxes recoverable	**19.6**	20.2
Deferred income tax assets, net	**69.1**	191.2
Other assets	**80.5**	84.5
Separate account assets	**854.1**	840.1
Total assets	**$ 23,363.7**	$ 22,437.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Funds held under deposit contracts	**$ 19,222.9**	$ 18,816.7
Future policy benefits	**395.8**	394.9
Policy and contract claims	**120.6**	125.6
Unearned premiums	**14.5**	12.1
Other policyholders' funds	**108.6**	113.8
Notes payable	**448.9**	448.9
Other liabilities	**226.6**	252.1
Separate account liabilities	**854.1**	840.1
Total liabilities	**21,392.0**	21,004.2
Commitments and contingencies *(Note 9)*		
Preferred stock, $0.01 par value; 10,000,000 shares authorized; none issued	—	—
Common stock, $0.01 par value; 750,000,000 shares authorized; **118,086,019** and 92,729,455 shares issued and outstanding as of March 31, 2010 and December 31, 2009, respectively	**1.2**	0.9
Additional paid-in capital	**1,448.3**	1,165.7
Retained earnings	**362.7**	316.4
Accumulated other comprehensive income (loss), net of taxes	**159.5**	(49.7)
Total stockholders' equity	**1,971.7**	1,433.3
Total liabilities and stockholders' equity	**$ 23,363.7**	$ 22,437.5

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended March 31, 2010	2009
	(In millions, except per share data)	
	(Unaudited)	(Unaudited)
Revenues:		
Premiums	**$ 119.0**	$ 119.5
Net investment income	**286.9**	262.7
Policy fees, contract charges, and other	**40.5**	39.6
Net realized investment gains (losses):		
Total other-than-temporary impairment losses on securities	**(17.9)**	(51.6)
Less: portion of losses recognized in other comprehensive income (loss)	**8.2**	23.8
Net impairment losses recognized in earnings	**(9.7)**	(27.8)
Other net realized investment gains (losses)	**16.5**	(15.2)
Total net realized investment gains (losses)	**6.8**	(43.0)
Total revenues	**453.2**	378.8
Benefits and expenses:		
Policyholder benefits and claims	**86.2**	94.4
Interest credited	**218.5**	195.6
Other underwriting and operating expenses	**59.6**	63.0
Interest expense	**8.0**	7.9
Amortization of deferred policy acquisition costs	**15.4**	10.7
Total benefits and expenses	**387.7**	371.6
Income from operations before income taxes	**65.5**	7.2
Provision for income taxes:		
Current	**9.9**	1.9
Deferred	**9.3**	0.2
Total provision for income taxes	**19.2**	2.1
Net income	**$ 46.3**	$ 5.1
Net income per common share:		
Basic	**$ 0.35**	$ 0.05
Diluted	**$ 0.35**	$ 0.05
Weighted-average number of common shares outstanding:		
Basic	**131.018**	111.622
Diluted	**131.038**	111.622

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
			(In millions) (Unaudited)		
Balances as of January 1, 2009	$ 0.9	$ 1,165.5	$ 172.4	$ (1,052.6)	$ 286.2
Cumulative effect adjustment — new accounting guidance (net of taxes: $(8.4))	—	—	15.7	(15.7)	—
Comprehensive loss, net of taxes:					
Net income	—	—	5.1	—	5.1
Other comprehensive loss (net of taxes: $(49.9))	—	—	—	(92.8)	(92.8)
Total comprehensive loss, net of taxes					(87.7)
Balances as of March 31, 2009	$ 0.9	$ 1,165.5	$ 193.2	$ (1,161.1)	$ 198.5
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: $**20.4**)	**0.3**	**282.4**	**—**	**—**	**282.7**
Comprehensive income, net of taxes:					
Net income	**—**	**—**	**46.3**	**—**	**46.3**
Other comprehensive income (net of taxes: **$112.7**)	**—**	**—**	**—**	**209.2**	**209.2**
Total comprehensive income, net of taxes					**255.5**
Stock-based compensation	**—**	**0.2**	**—**	**—**	**0.2**
Balances as of March 31, 2010	**$ 1.2**	**$ 1,448.3**	**$ 362.7**	**$ 159.5**	**$ 1,971.7**

See accompanying notes.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31, 2010	2009
	(In millions)	
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net income	**$ 46.3**	$ 5.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized investment (gains) and losses	**(6.8)**	43.0
Accretion and amortization of invested assets, net	**8.8**	5.4
Accrued interest on bonds	**(11.5)**	(8.2)
Amortization and depreciation	**4.2**	3.3
Deferred income tax provision	**9.3**	0.2
Interest credited on deposit contracts	**218.5**	195.6
Mortality and expense charges and administrative fees	**(25.4)**	(25.1)
Changes in:		
Accrued investment income	**(10.3)**	(17.7)
Deferred policy acquisition costs, net	**(14.1)**	(48.1)
Other receivables	**0.2**	2.0
Future policy benefits	**0.9**	(0.1)
Policy and contract claims	**(5.0)**	(8.6)
Current income taxes recoverable	**0.6**	2.2
Other assets and liabilities	**(6.3)**	19.4
Other, net	**0.2**	(0.2)
Total adjustments	**163.3**	163.1
Net cash provided by operating activities	**209.6**	168.2
Cash flows from investing activities		
Purchases of:		
Fixed maturities and marketable equity securities	**(1,024.8)**	(1,305.3)
Other invested assets and investments in limited partnerships	**(8.9)**	(2.4)
Issuances of mortgage loans	**(45.8)**	(39.0)
Issuances of policy loans	**(4.7)**	(5.2)
Maturities, calls, paydowns, and other	**387.5**	308.6
Securities lending collateral returned, net	**—**	10.4
Sales of:		
Fixed maturities and marketable equity securities	**176.4**	29.7
Other invested assets and investments in limited partnerships	**4.9**	0.5
Repayments of mortgage loans	**18.8**	17.2
Repayments of policy loans	**4.8**	5.3
Net (increase) decrease in short-term investments	**(51.9)**	2.8
Purchases of property, equipment, and leasehold improvements	**(0.4)**	(0.3)
Net cash used in investing activities	**(544.1)**	(977.7)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	**$ 495.3**	$ 1,016.9
Withdrawals	**(295.2)**	(301.8)
Securities lending collateral paid, net	**—**	(10.4)
Proceeds from issuance of common stock	**282.7**	—
Other, net	**(16.8)**	(42.6)
Net cash provided by financing activities	**466.0**	662.1
Net increase (decrease) in cash and cash equivalents	**131.5**	(147.4)
Cash and cash equivalents at beginning of period	**257.8**	468.0
Cash and cash equivalents at end of period	**$ 389.3**	$ 320.6
Supplemental disclosures of cash flow information		
Non-cash transactions during the period:		
Investments in limited partnerships and capital obligations incurred	**18.6**	1.0
Bond exchanges	**6.0**	21.7

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. 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."

On January 27, 2010, the Company completed an initial public offering (IPO) of its common stock at an offering price of $12.00 per share. The IPO included 25.260 newly issued shares of common stock sold by the Company, and 9.700 existing shares of common stock sold by selling stockholders. The Company received net proceeds from the offering of $282.5. The Company did not receive any proceeds from the sale of shares by the selling stockholders.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

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.

The interim consolidated financial statements include the accounts of Symetra Financial Corporation and its subsidiaries that are wholly owned, directly or indirectly. All significant intercompany transactions and balances have been eliminated. Certain reclassifications have been made to prior year financial information to conform to the current period presentation. For the three months ended March 31, 2009, this included a $26.0 reclassification of cost of insurance charges on universal life-type contracts from premium revenues to policy fees, contract charges and other revenues on the consolidated statements of income. This reclassification did not change total revenues or amounts previously reported as other revenues that are now included in policy fees, contract charges and other.

The consolidated balance sheet as of December 31, 2009 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. 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, 2009, filed with the SEC. Operating results for the three-month period ended March 31, 2010 are not necessarily indicative of the results that may be expected for the twelve months ended December 31, 2010.

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 contractholder 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 is being adjusted downward to the guaranteed minimum rate over the next year. As a result, for the three months ended March 31, 2010, income from operations before income taxes increased $7.4. The impact on net income for the period was $4.8, or $0.03 per share of common stock.

Adoption of New Accounting Pronouncements

ASC 810-10 (formerly SFAS No. 167), Amendments to FASB Interpretation No. 46(R)

In June 2009, the FASB issued SFAS No. 167 (ASC 810-10), *Amendments to FASB Interpretation No. 46(R)*, which provides guidance for determining whether an entity is a variable interest entity (VIE); assessing which enterprise, if any, has a controlling financial interest in a VIE; and providing additional disclosures about involvement in such entities. This guidance changed the basis for determining the primary beneficiary of a VIE from a quantitative analysis to a primarily qualitative analysis and requires reassessment of this determination at each reporting period. The Company adopted this guidance on January 1, 2010, and adoption of this guidance did not change the Company's previous conclusions regarding its VIEs, which consist of its investments in limited partnerships.

Based on the analysis of its investments in VIEs, the Company does not meet the definition of "primary beneficiary" of any of these VIEs as it lacks the power to direct the activities of its VIEs, and therefore has not consolidated these entities. The maximum exposure to loss as a result of the Company's involvement in its VIEs, which includes unfunded commitments, was $170.3 and $147.3 as of March 31, 2010 and December 31, 2009, respectively.

ASU 2010-6, Improving Disclosures about Fair Value Measurement

In January 2010, the FASB issued 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 will be adopted on January 1, 2011, as provided for in the guidance. See Note 5 for the Company's disclosures related to fair value measurements.

Accounting Pronouncements Not Yet Adopted

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, *How Investments Held through Separate Accounts Affect an Insurer's Consolidation Analysis of Those Investments*. The guidance in this ASU clarifies that an insurer should only consider its ownership interests held within its general account when determining if an entity holds a controlling interest, and thus, excluding interests held in a separate account. It does not change the guidance for consolidating investments when the general account holds a controlling interest. The Company will adopt this guidance on January 1, 2011, which will not change the Company's current practice of excluding ownership interests held in its separate account from its consolidation analysis.

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

The outstanding warrants, exercisable for 18.976 common shares, are considered participating securities or potential common stock securities that are included in weighted-average common shares outstanding for purposes of computing basic earnings per share using the two-class method. The warrants are considered participating securities or potential common stock securities because the terms of the agreements entitle the holders to receive any dividends declared on the common stock concurrently with the holders of outstanding shares of common stock, on a one-to-one basis.

The Company has issued restricted stock to certain employees, which are subject to service vesting conditions. These shares are included in the computation of earnings per share, weighted for the portion of the period the shares were outstanding. Certain of the restricted shares are considered participating securities because the terms of the agreements entitle the holders to receive any dividends declared on the common stock concurrently with the holders of outstanding shares of common stock, on a one-to-one basis. Participating restricted stock is included in basic and diluted earnings per share based on the application of the two-class method. Non-participating restricted stock is included in diluted earnings per share based on application of the treasury stock method.

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 March 31, 2010	2009
Numerator:		
Net income, as reported	**$ 46.3**	$ 5.1
Denominator:		
Weighted-average common shares outstanding — basic	**131.018**	111.622
Add: Dilutive effect of restricted stock	**0.020**	—
Weighted-average common shares outstanding — diluted	**131.038**	111.622
Net income per common share:		
Basic	**$ 0.35**	$ 0.05
Diluted	**$ 0.35**	$ 0.05

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 (loss) (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 March 31, 2010					
Fixed maturities:					
U.S. government and agencies	**$ 41.6**	**$ 2.5**	**$ —**	**$ 44.1**	**$ (0.1)**
State and political subdivisions	**516.5**	**3.5**	**(30.1)**	**489.9**	**(0.6)**
Corporate securities	**12,863.4**	**597.8**	**(262.4)**	**13,198.8**	**(26.3)**
Residential mortgage-backed securities	**3,607.8**	**120.4**	**(78.9)**	**3,649.3**	**(44.5)**
Commercial mortgage-backed securities	**1,711.9**	**79.0**	**(16.1)**	**1,774.8**	**(3.9)**
Other debt obligations(1)	**237.2**	**13.3**	**(16.8)**	**233.7**	**(3.8)**
Total fixed maturities	**18,978.4**	**816.5**	**(404.3)**	**19,390.6**	**(79.2)**
Marketable equity securities, available-for-sale	**52.6**	**0.1**	**(15.1)**	**37.6**	**—**
Total	**$ 19,031.0**	**$ 816.6**	**$ (419.4)**	**$ 19,428.2**	**$ (79.2)**

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	OTTI in AOCI
As of December 31, 2009					
Fixed maturities:					
U.S. government and agencies	$ 41.6	$ 2.4	$ (0.1)	$ 43.9	$ (0.1)
State and political subdivisions	518.4	1.9	(37.3)	483.0	(1.3)
Corporate securities	12,454.8	487.5	(393.7)	12,548.6	(32.8)
Residential mortgage-backed securities	3,532.1	105.3	(101.0)	3,536.4	(39.9)
Commercial mortgage-backed securities	1,805.6	44.5	(60.7)	1,789.4	(4.0)
Other debt obligations(1)	201.2	9.4	(17.6)	193.0	(3.8)
Total fixed maturities	18,553.7	651.0	(610.4)	18,594.3	(81.9)
Marketable equity securities, available-for-sale	52.6	0.1	(16.0)	36.7	—
Total	$ 18,606.3	$ 651.1	$ (626.4)	$ 18,631.0	$ (81.9)

(1) As of March 31, 2010 and December 31, 2009, this includes foreign government securities, collateralized mortgage obligations, collateralized debt obligations and other asset-backed securities.

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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 March 31, 2010						
Fixed maturities:						
State and political subdivisions	**$ 38.3**	**$ (0.9)**	**10**	**$ 307.0**	**$ (29.2)**	**50**
Corporate securities	**1,347.3**	**(25.7)**	**125**	**2,120.4**	**(236.7)**	**227**
Residential mortgage-backed securities	**390.3**	**(3.3)**	**26**	**376.3**	**(75.6)**	**60**
Commercial mortgage-backed securities	**42.4**	**(0.5)**	**11**	**269.3**	**(15.6)**	**33**
Other debt obligations	**—**	**—**	**—**	**28.5**	**(16.8)**	**8**
Total fixed maturities	**$ 1,818.3**	**$ (30.4)**	**172**	**$ 3,101.5**	**$ (373.9)**	**378**
Marketable equity securities, available-for-sale	**—**	**—**	**—**	**37.1**	**(15.1)**	**5**
Total	**$ 1,818.3**	**$ (30.4)**	**172**	**$ 3,138.6**	**$ (389.0)**	**383**

	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, 2009						
Fixed maturities:						
U.S. government and agencies	$ 2.2	$ (0.1)	1	$ —	$ —	—
State and political subdivisions	67.7	(1.9)	18	299.7	(35.4)	49
Corporate securities	1,404.0	(33.4)	151	2,504.0	(360.3)	291
Residential mortgage-backed securities	579.9	(9.4)	30	404.6	(91.6)	65
Commercial mortgage-backed securities	94.9	(1.4)	11	622.8	(59.3)	44
Other debt obligations	11.4	(0.2)	3	28.2	(17.4)	8
Total fixed maturities	$ 2,160.1	$ (46.4)	214	$ 3,859.3	$ (564.0)	457
Marketable equity securities, available-for-sale	—	—	—	36.3	(16.0)	5
Total	$ 2,160.1	$ (46.4)	214	$ 3,895.6	$ (580.0)	462

Based on National Association of Insurance Commissioners (NAIC) ratings, as of March 31, 2010 and December 31, 2009, the Company held below-investment-grade fixed maturities with fair values of $1,080.1 and $1,032.1, respectively, and amortized costs of $1,169.3 and $1,165.1. These holdings amounted to 5.6% of the Company's investments in fixed maturities at fair value as of both March 31, 2010 and December 31, 2009.

The following table summarizes the amortized cost and fair value of fixed maturities as of March 31, 2010, 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.

	Cost or Amortized Cost	Fair Value
One year or less	**$ 688.7**	**$ 701.1**
Over one year through five years	**3,010.3**	**3,177.4**
Over five years through ten years	**4,563.7**	**4,790.9**
Over ten years	**5,225.5**	**5,122.4**
Residential mortgage-backed securities	**3,607.8**	**3,649.3**
Commercial mortgage-backed securities	**1,711.9**	**1,774.8**
Other asset-backed securities	**170.5**	**174.7**
Total fixed maturities	**$ 18,978.4**	**$ 19,390.6**

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

	For the Three Months Ended March 31, 2010	2009
Fixed maturities	**$ 271.0**	$ 250.8
Marketable equity securities, available-for-sale	**0.6**	0.4
Marketable equity securities, trading	**0.7**	0.6
Mortgage loans	**18.8**	16.0
Policy loans	**1.1**	1.1
Investments in limited partnerships	**(1.2)**	(1.5)
Other	**1.1**	0.2
Total investment income	**292.1**	267.6
Investment expenses	**(5.2)**	(4.9)
Net investment income	**$ 286.9**	$ 262.7

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

	For the Three Months Ended March 31, 2010	2009
Fixed maturities:		
Gross gains on sales	**$ 10.4**	$ 0.5
Gross losses on sales	**(1.1)**	(0.6)
Other-than-temporary impairments	**(9.7)**	(27.8)
Other(1)	**2.3**	(4.3)
Total fixed maturities	**1.9**	(32.2)
Marketable equity securities, trading(2)	**7.6**	(15.3)
Other invested assets	**(1.4)**	(1.6)
Deferred policy acquisition costs adjustment	**(1.3)**	6.1
Net realized investment gains (losses)	**$ 6.8**	$ (43.0)

(1) This includes gains (losses) on calls and redemptions, as well as changes in fair value of the Company's convertible securities totaling $2.5 and $0.1 for the three months ended March 31, 2010 and 2009.

(2) This includes $4.8 and $(15.0) of gains (losses) related to changes in fair value of trading securities held as of March 31, 2010 and 2009, 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 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, the Company further analyzes the decrease in fair value to determine whether it is an other-than-temporary decline in value. 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 nonpayment of scheduled interest payments;
- Other indications that a credit loss has occurred; and
- The Company’s intent to sell a fixed maturity 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 performing a discounted cash flow analysis based on 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 yield for corporate securities, or current yield for mortgage-backed securities.

Determination of Credit Losses on Corporate Securities

To determine the recovery value, credit loss and intent to sell for a corporate security, the Company performs an analysis related to the underlying issuer including, but not limited to, the following:

- Fundamentals of the issuer to determine what the Company would recover if the issuer were to file bankruptcy versus the price at which the market is trading;
- Fundamentals of the industry in which the issuer operates;
- Earnings multiples for the given industry or sector of the industry that the underlying issuer operates within, divided by the outstanding debt to determine an expected recovery value of the security in the case of a liquidation;
- Expected cash flows of the issuer;
- Expectations regarding defaults and recovery rates;
- Changes to the rating of the security by a rating agency; and
- Additional market information.

Determination of Credit Losses on Mortgage-backed Securities

To determine the recovery value, credit loss and intent to sell for a mortgage-backed security, including residential, commercial 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 current and 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 reinvestment risk in cases where market yields are lower than the book yield earned;
- Susceptibility to reinvestment risk in cases where market yields are higher than the book yields earned and the Company’s expectation of the sale of such security; and
- Susceptibility to variability of prepayments.

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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:

	As of March 31, 2010		As of December 31, 2009	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fixed maturities				
Underwater by 20% or more:				
Less than 6 consecutive months	**$ 71.5**	**$ (19.4)**	$ 103.4	$ (28.4)
6 consecutive months or more	**309.8**	**(131.9)**	517.9	(229.5)
Total underwater by 20% or more	**381.3**	**(151.3)**	621.3	(257.9)
All other underwater fixed maturities	**4,538.5**	**(253.0)**	5,398.1	(352.5)
Total underwater fixed maturities	**$ 4,919.8**	**$ (404.3)**	$ 6,019.4	$ (610.4)
Marketable equity securities, available-for-sale				
Underwater by 20% or more:				
6 consecutive months or more	**$ 16.3**	**$ (10.2)**	$ 35.6	$ (15.9)
Total underwater by 20% or more	**16.3**	**(10.2)**	35.6	(15.9)
All other underwater marketable equity securities, available-for-sale	**20.8**	**(4.9)**	0.7	(0.1)
Total underwater marketable equity securities, available-for-sale	**$ 37.1**	**$ (15.1)**	$ 36.3	$ (16.0)

As of March 31, 2010, $70.3, or 53.3%, of the gross unrealized losses on fixed maturities in an unrealized loss position by 20% or more for a period of six months or more were investment-grade securities. Unrealized losses on investment-grade securities are principally related to changes in interest rates or changes in the issuer and the sector-related credit spreads since the securities were acquired.

The Company reviewed its investments in fixed maturities with unrealized losses as of March 31, 2010 in accordance with its impairment policy. The Company's evaluation determined, after the recognition of other-than-temporary impairments, that the remaining declines in fair value were temporary, as it did not intend to sell these fixed maturities and it was not more likely than not that it 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 March 31, 2010, the Company did not intend to sell its underwater available-for-sale marketable equity securities, primarily consisting of non-redeemable preferred stock, and it had the intent and ability to hold them until recovery. Based on this analysis, including an evaluation of the near term prospects of the issuer, 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 (loss) were as follows:

	For the Three Months Ended March 31,	
	2010	2009
Balance, beginning of period	**$ 69.6**	$ 73.0
Increases recognized in the current period:		
For which an OTTI was not previously recognized	**6.0**	10.2
For which an OTTI was previously recognized	**1.5**	8.4
Decreases attributable to:		
Securities sold or paid down during the period	**(7.6)**	(0.1)
Previously recognized credit losses on securities impaired during the period due to a change in intent to sell(1)	**—**	(5.4)
Balance, end of period	**$ 69.5**	$ 86.1

(1) Represents circumstances where the Company determined in the current period that it intends to sell the security or it is more likely than not that it will be required to sell the security prior to recovery of its amortized cost.

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5. 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. The fair value hierarchy 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 in the fair value hierarchy within which the 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 public and private 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 corporate private placement securities, investments in private equity and hedge funds and trading securities where the Company cannot corroborate the significant valuation inputs with market observable data.

The following tables present the financial instruments carried at fair value under the valuation hierarchy described above for assets accounted for at fair value on a recurring basis. The Company has no financial liabilities accounted for at fair value on a recurring basis:

	As of March 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	**$ 44.1**	**$ —**	**$ 44.1**	**$ —**	**—**
State and political subdivisions	**489.9**	**—**	**482.5**	**7.4**	**0.0%**
Corporate securities	**13,198.8**	**—**	**12,292.0**	**906.8**	**4.4**
Residential mortgage-backed securities	**3,649.3**	**—**	**3,388.5**	**260.8**	**1.3**
Commercial mortgage-backed securities	**1,774.8**	**—**	**1,751.7**	**23.1**	**0.1**
Other debt obligations	**233.7**	**—**	**222.9**	**10.8**	**0.1**
Total fixed maturities, available-for-sale	**19,390.6**	**—**	**18,181.7**	**1,208.9**	**5.9**
Marketable equity securities, available-for-sale	**37.6**	**35.8**	**—**	**1.8**	**0.0**
Marketable equity securities, trading	**151.0**	**150.5**	**—**	**0.5**	**0.0**
Short-term investments	**54.0**	**2.0**	**52.0**	**—**	**—**
Investments in limited partnerships(1)	**25.2**	**—**	**—**	**25.2**	**0.1**
Other invested assets	**3.8**	**—**	**—**	**3.8**	**0.0**
Total investments	**19,662.2**	**188.3**	**18,233.7**	**1,240.2**	**6.0**
Separate account assets	**854.1**	**854.1**	**—**	**—**	**—**
Total	**$ 20,516.3**	**$ 1,042.4**	**$ 18,233.7**	**$ 1,240.2**	**6.0%**

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	As of December 31, 2009				
	Fair Value	Level 1	Level 2	Level 3	Level 3 Percent
Types of Investments					
Fixed maturities, available-for-sale:					
U.S. government and agencies	$ 43.9	$ —	$ 43.9	$ —	—
State and political subdivisions	483.0	—	475.8	7.2	0.0%
Corporate securities	12,548.6	—	11,657.4	891.2	4.5
Residential mortgage-backed securities	3,536.4	—	3,285.9	250.5	1.3
Commercial mortgage-backed securities	1,789.4	—	1,765.4	24.0	0.1
Other debt obligations	193.0	—	182.4	10.6	0.1
Total fixed maturities, available-for-sale	18,594.3	—	17,410.8	1,183.5	6.0
Marketable equity securities, available-for-sale	36.7	34.9	—	1.8	0.0
Marketable equity securities, trading	154.1	153.8	—	0.3	0.0
Short-term investments	2.1	2.1	—	—	—
Investments in limited partnerships(1)	24.7	—	—	24.7	0.2
Other invested assets	4.6	—	—	4.6	0.0
Total investments	18,816.5	190.8	17,410.8	1,214.9	6.2
Separate account assets	840.1	840.1	—	—	—
Total	$ 19,656.6	$ 1,030.9	$ 17,410.8	$ 1,214.9	6.2%

(1) As of March 31, 2010 and December 31, 2009, this amount included investments in private equity and hedge 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 March 31, 2010 and December 31, 2009, pricing services provided prices for 93.8% and 93.6% of the Company's fixed maturities, respectively. Prices received from the pricing services are not adjusted and multiple prices for these securities are not obtained. The pricing services provide prices where observable inputs are available. If sufficient objectively verifiable information about a security's valuation is not available, the pricing services will not provide a valuation for the security until they are able to obtain such information.

The Company analyzes the prices received from the pricing services to ensure that 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 various processes including 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 are any significant differences between the market price used to value the security prior to sale and the actual sales prices.

In situations where the Company is unable to obtain sufficient market-observable information upon which to estimate the fair value of a particular security, fair values are determined using internal pricing models that typically utilize significant, unobservable market inputs or inputs that are difficult to corroborate with observable market data. Such measurements are classified as Level 3, and typically include private placements and other securities that the pricing services are unable to price. As of March 31, 2010 and December 31, 2009, the Company had $914.1, or 4.7%, and $901.3, or 4.8%, of its fixed maturities invested in private placement securities, respectively. 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 $825.6, or 90.3%, and $819.8, or 91.0%, of these privately placed securities as Level 3 measurements, as of March 31, 2010 and December 31, 2009, respectively.

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Corporate Securities

As of March 31, 2010 and December 31, 2009, the fair value of the Company's corporate securities classified as Level 2 measurements was $12,292.0 and $11,657.4, respectively. The following table presents additional information about the composition of the Level 2 corporate securities:

	As of March 31, 2010			As of December 31, 2009		
	Amount	% of Total	# of Securities	Amount	% of Total	# of Securities
Significant Security Sectors:						
Industrials	**$2,179.8**	**17.7%**	**209**	$1,974.9	16.9%	227
Utilities	**1,838.5**	**15.0**	**196**	1,771.6	15.2	216
Financials	**1,807.8**	**14.7**	**231**	1,760.2	15.1	286
Consumer staples	**1,782.5**	**14.5**	**135**	1,731.0	14.8	150
Weighted-average coupon rate	**6.5%**			6.5%		
Weighted-average remaining years to contractual maturity	**13.0**			13.3		

Corporate securities classified as Level 2 measurements are priced by independent pricing services, who 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 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 March 31, 2010, 88.7% of the Level 3 corporate securities were privately placed securities. These securities were issued by entities primarily in the financials sector, 24.3%, the industrials sector, 22.1%, and the materials sector, 15.4%.

As of December 31, 2009, 89.6% of the Level 3 corporate securities were privately placed securities. These securities were issued by entities primarily in the financials sector, 22.4% the industrials sector, 22.7%, and the materials sector, 15.2%.

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

		As of March 31, 2010		As of December 31, 2009	
NAIC Rating	Comparable Standard & Poor's rating	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value
1	AAA, AA, A	**$ 153.8**	**19.1%**	$ 153.5	19.2%
2	BBB	**559.7**	**69.6**	557.4	69.8
3 – 6	BB & below	**90.5**	**11.3**	87.3	11.0
Total		**$ 804.0**	**100.0%**	$ 798.2	100.0%

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 assets 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 appropriate illiquidity adjustment is estimated based on illiquidity spreads observed in transactions involving similar securities. As of March 31, 2010, the range of illiquidity adjustments varied from 0 to 50 basis points.

Residential Mortgage-backed Securities

As of March 31, 2010 and December 31, 2009, the fair value of the Company's residential mortgage-backed securities (RMBS) classified as Level 2 measurements was $3,388.5 and $3,285.9, respectively. These securities were primarily fixed-rate, with a weighted-average coupon rate of 5.3% and 5.4% as of March 31, 2010 and December 31, 2009, respectively.

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Agency securities comprised 85.7% and 84.7% of the Company's Level 2 RMBS as of March 31, 2010 and December 31, 2009, respectively. The following table presents additional information about the composition of the Level 2 non-agency RMBS securities:

	As of March 31, 2010		As of December 31, 2009	
	Amount	% of Total	Amount	% of Total
Standard & Poor's equivalent rating:				
AAA	**$ 177.4**	**36.6%**	$ 200.8	39.9%
AA through BBB	**116.6**	**24.1**	140.2	27.8
BB & below	**190.0**	**39.3**	162.7	32.3
Total Non-agency RMBS	**$ 484.0**	**100.0%**	$ 503.7	100.0%
Non-agency RMBS with super senior subordination	**$ 294.3**	**60.8%**	$ 300.3	59.6%

As of March 31, 2010 and December 31, 2009, the Company's non-agency Level 2 RMBS had a weighted-average credit enhancement of 9.8%, and $187.0 and $191.3, or 38.6% and 38.0%, respectively, had an origination or vintage year of 2004 and prior.

Level 2 RMBS securities are priced by independent pricing services, who 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.

As of March 31, 2010 and December 31, 2009, the Company's Level 3 RMBS consisted of four agency securities backed by home equity conversion mortgages. The fair value of these securities was determined using an income approach. The significant inputs for the valuation model included a prepayment rate and a spread assumption that was based on observable transactions. The Company uses a standard prepayment speed ramp, in which the conditional prepayment rate, or CPR, is modeled to increase over the life of the loans. These securities accrete interest at a stated pass-through rate. Although it is uncertain when an underlying loan will pay off in full, the issuer is required to purchase the loan out of the pool if it accretes to a contractually specified amount. As of March 31, 2010 and December 31, 2009, these securities had expected maturities ranging from 8 to 10 years.

Commercial Mortgage-backed Securities

As of March 31, 2010 and December 31, 2009, the fair value of the Company's commercial mortgage-backed securities (CMBS) classified as Level 2 measurements was $1,751.7 and $1,765.4, respectively. These were primarily non-agency securities, which comprised 75.2% and 76.8% of Level 2 CMBS as of March 31, 2010 and December 31, 2009, respectively. The non-agency CMBS had an estimated weighted-average credit enhancement of 28.8% and 27.8% as of March 31, 2010 and December 31, 2009, respectively, and 92.2% and 92.4%, respectively, were in the most senior tranche.

The Company's Level 2 CMBS had a weighted-average coupon rate of 5.6% as of both March 31, 2010 and December 31, 2009. As of March 31, 2010, 18.5% of the underlying collateral for these securities was located in New York, 13.9% was located in California, and 7.0% was located in Texas. The underlying collateral primarily consisted of shopping centers and retail/office buildings, comprising 34.1% and 31.3%, respectively, as of March 31, 2010.

Level 2 CMBS securities are priced by independent pricing services, who 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.

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Marketable Equity Securities

Marketable equity securities are primarily investments in common stock and certain nonredeemable preferred stocks and mutual fund assets, which consist of investments in publicly traded companies and actively traded mutual fund investments. The fair values of the Company's marketable equity securities are based on quoted market prices in active markets for identical assets and are primarily classified as Level 1.

The Company manages a trading portfolio of marketable equity securities, comprised mostly of investments in common stock. Certain nonredeemable preferred stock are reported as available-for-sale. Investment gains and losses on trading securities, including changes in fair value, are reported in the consolidated statements of income as net realized investment gains (losses). The Company believes this presents its investment results for these securities on a basis that is consistent with management's operating principles, as the Company considers changes in fair value on its marketable equity securities when evaluating its performance.

Short-term Investments

Short-term investments consist of highly liquid debt instruments with remaining maturities of greater than three months and less than twelve months when purchased. The carrying value approximates fair value.

Investments in Limited Partnerships

Investments in limited partnerships recorded at fair value are investments in private equity and hedge funds. The Company utilizes the fair value option for these investments, regardless of ownership percentage, to standardize the related accounting and reporting.

The fair value for the Company's investments in private equity and hedge funds is based upon the Company's proportionate interest in the underlying partnership or fund's net asset value (NAV), which is deemed to approximate 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.

Other Invested Assets

Other invested assets recorded at fair value primarily consist of life settlement investments and S&P 500 Index options. The carrying value of these assets approximates fair value.

Separate Accounts

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

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

The following table presents 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 between January 1, 2010 and March 31, 2010:

	Balance as of January 1, 2010	Purchases	Sales	Transfers In and/or (Out) of Level 3(1)	Other(3)	Unrealized Gain (Loss) Included in: Net Income(2)	Unrealized Gain (Loss) Included in: Other Comprehensive Income	Realized Gains (Losses)(2)	Balance as of March 31, 2010
Types of Investments:									
State and political subdivisions	$ 7.2	$ —	$ —	$ —	$ —	$ —	$ 0.2	$ —	$ 7.4
Corporate securities	891.2	16.0	(17.3)	8.1	(2.5)	—	13.0	(1.7)	906.8
Residential mortgage-backed securities	250.5	—	—	—	2.7	—	7.6	—	260.8
Commercial mortgage-backed securities	24.0	—	—	—	(1.9)	—	1.0	—	23.1
Other debt obligations	10.6	—	—	—	(0.3)	—	0.5	—	10.8
Total fixed maturities, available-for-sale	1,183.5	16.0	(17.3)	8.1	(2.0)	—	22.3	(1.7)	1,208.9
Marketable equity securities, available-for-sale	1.8	—	—	—	—	—	—	—	1.8
Marketable equity securities, trading	0.3	—	—	—	0.2	—	—	—	0.5
Investments in limited partnerships	24.7	0.6	(1.0)	—	—	0.8	—	0.1	25.2
Other invested assets	4.6	—	(0.3)	—	(0.8)	0.2	—	0.1	3.8
Total Level 3	$ 1,214.9	$ 16.6	$ (18.6)	$ 8.1	$ (2.6)	$ 1.0	$ 22.3	$ (1.5)	$ 1,240.2

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

(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 and out of Level 3 were $10.3 and $(2.2), respectively, for the three months ended March 31, 2010.

(2) Realized and unrealized gains and losses for investments in limited partnerships are included in net investment income. All other realized and unrealized gains and losses are included in net realized investment gains (losses).

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

The following table presents 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 between January 1, 2009 and March 31, 2009:

	Balance as of January 1, 2009	Purchases	Sales	Transfers In and/or (Out) of Level 3(1)	Other(3)	Unrealized Gain (Loss) Included in: Net Income(2)	Unrealized Gain (Loss) Included in: Other Comprehensive Loss	Realized Gains (Losses)(2)	Balance as of March 31, 2009
Types of Investments:									
State and political subdivisions	$ 6.3	$ —	$ —	$ —	$ —	$ —	$ 0.2	$ —	$ 6.5
Corporate securities	631.6	52.3	—	—	(4.8)	(0.1)	(13.3)	(1.0)	664.7
Commercial mortgage-backed securities	24.4	—	—	(0.7)	(0.9)	—	(0.2)	—	22.6
Other debt obligations	12.0	—	—	—	(0.5)	—	1.4	—	12.9
Total fixed maturities, available-for-sale	674.3	52.3	—	(0.7)	(6.2)	(0.1)	(11.9)	(1.0)	706.7
Marketable equity securities, available-for-sale	—	—	—	5.3	—	—	(3.5)	—	1.8
Marketable equity securities, trading	0.2	—	—	—	—	(0.1)	—	—	0.1
Investments in limited partnerships	56.3	2.5	(0.6)	—	—	0.8	—	—	59.0
Other invested assets	2.4	—	—	—	—	(1.5)	—	—	0.9
Total Level 3	$ 733.2	$ 54.8	$ (0.6)	$ 4.6	$ (6.2)	$ (0.9)	$ (15.4)	$ (1.0)	$ 768.5

(1) Transfers into and/or out of Level 3 are reported as the value as of the beginning of the period in which the transfer occurs. Gross transfers into and out of Level 3 were $5.3 and $(0.7), respectively, for the three months ended March 31, 2009.

(2) Realized and unrealized gains and losses for investments in limited partnerships are included in net investment income. All other realized and unrealized gains and losses are included in net realized investment gains (losses).

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

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

	As of March 31, 2010		As of December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Fixed maturities	**$19,360.6**	**$19,360.6**	$18,594.3	$18,594.3
Marketable equity securities, available-for-sale	**37.6**	**37.6**	36.7	36.7
Marketable equity securities, trading	**151.0**	**151.0**	154.1	154.1
Mortgage loans	**1,228.0**	**1,218.1**	1,201.7	1,190.1
Short-term investments	**54.0**	**54.0**	2.1	2.1
Investments in limited partnerships:				
Hedge funds and private equity funds	**25.2**	**25.2**	24.7	24.7
Affordable housing	**105.4**	**107.0**	85.5	89.9
Other invested assets	**9.1**	**9.1**	10.1	10.1
Cash and cash equivalents	**389.3**	**389.3**	257.8	257.8
Separate account assets	**854.1**	**854.1**	840.1	840.1
Financial liabilities:				
Funds held under deposit contracts:				
Deferred annuities	**7,545.8**	**7,449.4**	7,212.1	7,128.2
Immediate annuities	**6,736.3**	**6,938.8**	6,724.4	6,937.8
Notes payable:				
Capital Efficient Notes (CENts)	**149.8**	**132.5**	149.8	118.5
Senior notes	**299.1**	**299.1**	299.1	276.8

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

Other Financial Instruments

Cash and cash equivalents were reported at cost, which approximates fair value. Cash equivalents were $329.6 and $244.4 as of March 31, 2010 and December 31, 2009, respectively. As of March 31, 2010 and December 31, 2009, $326.1 and $223.8 of total cash equivalents, respectively, were held at a single highly rated financial institution.

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 affordable housing projects and state tax credit funds were carried at amortized cost. Fair value was estimated based on the discounted cash flows over the remaining life of the tax credits.

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 $4,940.8 and $4,880.2 of liabilities related to insurance contracts as of March 31, 2010 and December 31, 2009, respectively.

The fair values of the Company's notes payable were based on quoted prices for similar instruments. The fair value measurement assumes that liabilities were transferred to a market participant of equal credit standing and without consideration for any optional redemption feature.

6. Deferred Policy Acquisition Costs

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

	For the Three Months Ended March 31, 2010	For the Year Ended December 31, 2009
Unamortized balance at beginning of period	**$ 325.7**	$ 219.5
Deferral of acquisition costs	**30.5**	148.3
Adjustments related to investment (gains) losses	**(1.0)**	9.3
Amortization	**(15.4)**	(51.4)
Unamortized balance at end of period	**339.8**	325.7
Accumulated effect of net unrealized investment gains	**(112.3)**	(75.3)
Balance at end of period	**$ 227.5**	$ 250.4

7. Deferred Sales Inducements

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

	For the Three Months Ended March 31, 2010	For the Year Ended December 31, 2009
Unamortized balance at beginning of period	**$ 67.6**	$ 33.0
Capitalizations	**13.3**	42.5
Adjustments related to investment (gains) losses	**(0.3)**	2.4
Amortization	**(3.9)**	(10.3)
Unamortized balance at end of period	**76.7**	67.6
Accumulated effect of net unrealized investment gains	**(29.7)**	(18.4)
Balance at end of period	**$ 47.0**	$ 49.2

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

8. Stockholders' Equity

The components of comprehensive income (loss) are as follows:

	For the Three Months Ended March 31, 2010	For the Three Months Ended March 31, 2009
Net income	**$ 46.3**	$ 5.1
Other comprehensive income (loss), net of taxes:		
Changes in unrealized gains and losses on available-for-sale securities(1)	**244.9**	(112.6)
Reclassification adjustment for net realized investment (gains) losses included in net income(2)	**(6.1)**	30.9
Adjustment for deferred policy acquisition costs and deferred sales inducements valuation allowance(3)	**(31.4)**	4.4
Other-than-temporary-impairments on fixed maturities not related to credit losses(4)	**1.8**	(15.5)
Other comprehensive income (loss)	**209.2**	(92.8)
Total comprehensive income (loss)	**$ 255.5**	$ (87.7)

(1) Net of taxes of $131.9 and $(60.6) for the three months ended March 31, 2010 and 2009, respectively.

(2) Net of taxes of $(3.3) and $16.6 for the three months ended March 31, 2010 and 2009, respectively. For the three months ended March 31, 2010, $7.1 (net of taxes of $3.9) of the reclassification adjustment is related to losses previously classified as OTTI not related to credit losses. For the three months ended March 31, 2009, the reclassification adjustment did not include any OTTI not related to credit losses.

(3) Net of taxes of $(16.9) and $2.5 for the three months ended March 31, 2010 and 2009, respectively.

(4) Net of taxes of $1.0 and $(8.4) for the three months ended March 31, 2010 and 2009, respectively.

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

	Common Shares
Balance at January 1, 2009	92,646,295
Restricted shares(2)	83,160
Balance at December 31, 2009	92,729,455
Balance at January 1, 2010	92,729,455
Common stock, issued(1)	25,259,510
Restricted shares(2)	97,054
Balance at March 31, 2010	118,086,019

(1) In January 2010, the Company issued common stock in an initial public offering. See Note 1 for further discussion.

(2) Represents restricted shares issued pursuant to the Company's Equity Plan.

9. Commitments and Contingencies

Investments in Limited Partnerships

In March, 2010, the Company invested in a new limited partnership interest related to federal affordable housing projects. The Company unconditionally committed to provide capital contributions totaling $25.0. As of March 31, 2010, the Company contributed $3.4 and is expected to contribute the remaining $21.6 over the next 3 years. The present value of these unfunded contributions is recorded in other liabilities.

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 March 31, 2010, will have a material adverse effect on its consolidated financial condition, future operating results or liquidity.

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

Other Commitments

As of March 31, 2010 and December 31, 2009, unfunded mortgage loan commitments were $32.7 and $4.5, respectively. The Company had no other material commitments or contingencies as of March 31, 2010 and December 31, 2009.

10. 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 March 31, 2010					
	Group	Retirement Services	Income Annuities	Individual	Other	Total
Operating revenues:						
Premiums	$ 108.8	$ —	$ —	$ 10.2	$ —	$ 119.0
Net investment income	4.6	107.8	104.0	66.1	4.4	286.9
Policy fees, contract charges, and other	2.9	4.8	0.2	29.1	3.5	40.5
Net investment gains on FIA options	—	0.1	—	—	—	0.1
Total operating revenues	116.3	112.7	104.2	105.4	7.9	446.5
Benefits and expenses:						
Policyholder benefits and claims	75.0	0.1	—	11.1	—	86.2
Interest credited	—	68.5	92.0	58.5	(0.5)	218.5
Other underwriting and operating expenses	23.7	13.6	5.3	12.7	4.3	59.6
Interest expense	—	—	—	—	8.0	8.0
Amortization of deferred policy acquisition costs	1.9	13.2	0.5	(0.2)	—	15.4
Total benefits and expenses	100.6	95.4	97.8	82.1	11.8	387.7
Segment pre-tax adjusted operating income (loss)	$ 15.7	$ 17.3	$ 6.4	$ 23.3	$ (3.9)	$ 58.8
Operating revenues	$ 116.3	$ 112.7	$ 104.2	$ 105.4	$ 7.9	$ 446.5
Add: Net realized investment gains (losses), excluding FIA options	(0.2)	3.0	4.7	0.2	(1.0)	6.7
Total revenues	116.1	115.7	108.9	105.6	6.9	453.2
Total benefits and expenses	100.6	95.4	97.8	82.1	11.8	387.7
Income (loss) before income taxes	$ 15.5	$ 20.3	$ 11.1	$ 23.5	$ (4.9)	$ 65.5
As of March 31, 2010:						
Total assets	$ 258.8	$ 8,810.2	$ 6,718.3	$ 5,226.7	$ 2,349.7	$ 23,363.7

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

	For the Three Months Ended March 31, 2009					
	Group	Retirement Services	Income Annuities	Individual	Other	Total
Operating revenues:						
Premiums	$ 109.7	$ —	$ —	$ 9.8	$ —	$ 119.5
Net investment income	4.5	83.0	106.3	64.1	4.8	262.7
Policy fees, contract charges, and other	4.1	3.8	0.2	29.2	2.3	39.6
Net investment losses on FIA options	—	(1.4)	—	—	—	(1.4)
Total operating revenues	118.3	85.4	106.5	103.1	7.1	420.4
Benefits and expenses:						
Policyholder benefits and claims	76.9	(0.5)	—	18.0	—	94.4
Interest credited	—	55.6	86.7	53.9	(0.6)	195.6
Other underwriting and operating expenses	27.9	13.5	5.0	13.5	3.1	63.0
Interest expense	—	—	—	—	7.9	7.9
Amortization of deferred policy acquisition costs	2.0	7.8	0.4	0.5	—	10.7
Total benefits and expenses	106.8	76.4	92.1	85.9	10.4	371.6
Segment pre-tax adjusted operating income (loss)	$ 11.5	$ 9.0	$ 14.4	$ 17.2	$ (3.3)	$ 48.8
Operating revenues	$ 118.3	$ 85.4	$ 106.5	$ 103.1	$ 7.1	$ 420.4
Add: Net realized investment losses, excluding FIA options	(0.1)	(12.1)	(24.0)	(4.8)	(0.6)	(41.6)
Total revenues	118.2	73.3	82.5	98.3	6.5	378.8
Total benefits and expenses	106.8	76.4	92.1	85.9	10.4	371.6
Income (loss) before income taxes	$ 11.4	$ (3.1)	$ (9.6)	$ 12.4	$ (3.9)	$ 7.2
As of March 31, 2009:						
Total assets	$ 275.5	$ 6,856.7	$ 6,083.5	$ 4,786.8	$ 1,946.2	$ 19,948.7

11. Subsequent Events

On May 12, 2010, the Company declared a dividend of $0.05 per common share, or approximately $6.9 in total, to shareholders and warrant holders of record as of May 26, 2010. The dividend will be paid on June 9, 2010.

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

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

This discussion contains forward-looking statements that involve risks 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, as well as our Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 8, 2010 ("2009 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 book value, adjusted book value per common share, adjusted book value per common share, as converted, and operating 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 of these non-GAAP measures, see "— Use of non-GAAP Financial Measures."

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.

On January 27, 2010, we completed the initial public offering (IPO) of our common stock at an offering price of $12.00 per share. The IPO included 25.3 newly issued shares of common stock sold by us, and 9.7 existing shares of common stock sold by selling stockholders. We received net proceeds from the offering of $282.5. We did not receive any proceeds from the sale of shares by the selling stockholders.

Our Operations

We conduct our business through five segments, four of which are operating:

- *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 services.
- *Retirement Services.* We offer fixed and variable deferred annuities, including tax sheltered annuities, individual retirement accounts, or IRAs, and group annuities to qualified retirement plans, including Section 401(k), 403(b) and 457 plans.
- *Income Annuities.* We offer single premium immediate annuities, or SPIAs, for customers seeking a reliable source of retirement income and structured settlement annuities to fund third-party personal injury settlements. In addition, we offer funding services options to existing structured settlement clients.
- *Individual.* We offer a wide array of term and universal life insurance as well as bank-owned life insurance, or BOLI.
- *Other.* This segment consists of unallocated corporate income, composed primarily of investment income on unallocated surplus, returns from our investments in limited partnerships, unallocated corporate expenses, interest expense on debt, tax credits from our tax preferred affordable housing investments, the results of small, non-insurance businesses that are managed outside of our operating segments, and inter-segment elimination entries.

Current Outlook

The capital and credit markets continued to improve in the first quarter of 2010 after a period of extreme volatility and disruption that affected equity market returns, interest rates, liquidity, access to capital, and the cost of capital. The equity markets also continued to improve with several successful initial public offerings and overall market appreciation. Bond valuations improved as credit spreads to treasury continued to shrink.

Despite the general market improvements, we continue to be challenged with fully investing our excess cash as assets with the necessary yields and quality are difficult to obtain because of scarce supply and significant demand. The low interest rate environment and tight credit spreads have been a challenge for our various asset-based businesses. Our Income Annuities and BOLI investment portfolios were impacted as we reinvested in assets with lower yields than we were earning previously.

Although there is broad concern regarding commercial real estate loans, we believe our mortgage loan portfolio and commercial mortgage-backed securities (CMBS) are high quality with sound underwriting, strong cash flows, and significant credit enhancement. We do not anticipate we will be immune to commercial real estate losses; however, given the structure of our mortgage loan and CMBS portfolios, we believe our strategies have minimized our exposure to future losses.

On March 23, 2010, President Obama signed into law The Patient Protection and Affordable Care Act (PPACA), which brings substantial change to insurance coverage for medical costs. While many of the changes do not take effect until January 1, 2014, some take effect for plan years beginning on or after September 23, 2010. Based upon our review of the current legislation, we see opportunities for continued growth in our group medical stop-loss product following its implementation; however, details of the PPACA are unclear and it is thus difficult to predict its full impact on us. Accordingly, we will continue to monitor the implementation of the PPACA and will adjust our business strategies as needed. See Item 1A — "Risk Factors" for further discussion.

During the first quarter of 2010, we continued to concentrate on developing new distribution partners, especially in our financial institutions channel. In addition, we launched more products through previously existing distribution partners. Our sales increased from fourth quarter 2009 levels with production from a wide variety of distribution partners. To succeed in this and other economic environments, we expect to continue focusing on our strategic objectives of: expanding distribution by adding new partners and adding products with existing partners; developing simple to understand products that capitalize on favorable demographic trends such as the need for retirement savings and affordable health care; disciplined balance sheet management; and effective deployment of our IPO proceeds. 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:

- Valuation of investments at fair value;
- The evaluation of OTTI of investments;
- The balance, recoverability and amortization of deferred policy acquisition costs;
- The liabilities for funds held under deposit contracts, future policy benefits, and policy and contract claims; and
- The recoverability of deferred tax assets.

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 2009 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 deferred acquisition costs. We also generate net realized investment gains (losses) on sales or impairment of our investments and changes in fair value of our equity trading portfolio.

Each of our four operating segments maintains its own portfolio of invested assets, which are centrally managed. The net investment income and net 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 our Other segment. In addition, we allocate certain corporate expenses to each operating segment using multiple factors, including employee headcount, allocated investments, account values and time study results.

Revenues

Premiums

Premiums consists primarily of premiums from our group life and health and individual 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 limited partnerships, primarily private equity and hedge funds.

Policy fees, contract charges and other

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

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 of our trading portfolio and fixed income annuity (FIA) options.

Benefits and Expenses

Policyholder benefits and claims

Policyholder benefits and claims consist of benefits paid and reserve activity on group life and health and individual life products. In addition, in accordance with the purchase method of accounting (referred to as PGAAP), we record, as a reduction of this expense, PGAAP reserve amortization related to our BOLI policies. PGAAP reserve amortization related to our fixed deferred annuities was recorded in this line item until it was fully amortized as of September 30, 2009.

Interest credited

Interest credited represents interest credited to policyholder reserves and contractholder general account balances.

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 general operating costs.

Interest expense

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

Amortization of deferred policy acquisition costs

We defer as assets certain costs, generally 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. In addition, our management and board of directors use these measures to gauge the historical performance of our operations and for business planning purposes. In the tables below, we present these measures and provide reconciliations to the nearest GAAP financial measure. In the following paragraphs, we provide definitions of these non-GAAP measures and explain how we believe investors will find them useful, how we use them, what their limitations are, and how we compensate for such limitations.

	As of March 31, 2010	As of December 31, 2009
Total stockholders' equity	$ 1,971.7	$ 1,433.3
Less: AOCI	159.5	(49.7)
Adjusted book value*	1,812.2	1,483.0
Add: Assumed proceeds from exercise of warrants	218.1	218.1
Adjusted book value, as converted*	$ 2,030.3	$ 1,701.1
Book value per common share	$ 14.39	$ 12.83
Adjusted book value per common share*	$ 15.35	$ 15.99
Adjusted book value per common share, as converted*	$ 14.81	$ 15.23

	For the Twelve Months Ended March 31, 2010	For the Twelve Months Ended December 31, 2009
Return on stockholders' equity, ROE	14.5%	15.4%
Average stockholders' equity	$1,169.5	$ 832.4
Operating return on average equity, or ROAE*	10.5%	10.5%
Average adjusted book value*	$1,502.4	$1,407.8

* Represents non-GAAP measures

Adjusted Operating Income

Adjusted operating income is a non-GAAP measure of our performance. Adjusted operating income consists of net income, less after-tax net realized investment gains (losses), plus after-tax net investment gains (losses) on our FIA options.

Net income is the most directly comparable GAAP measure to adjusted operating income. Net income for any period presents the results of our insurance operations, as well as our net realized investment gains (losses). We consider investment income generated by our invested assets to be part of the results of our insurance operations because they are acquired and generally held to maturity to generate income that we use to meet our obligations. Conversely, we do not consider the activities reported through net realized investment gains (losses), with the exception of our FIA options, to be reflective of the performance of our insurance operations, as discussed below.

We believe investors find it useful to review a measure of the results of our insurance operations separate from the net realized gain and loss activity attributable to most of our investment portfolio because it assists an investor in determining whether our insurance-related revenues, composed primarily of premiums; net investment income; and policy fees, contract charges and other, have been sufficient to generate operating earnings after meeting our insurance-related obligations, composed primarily of claims paid to policyholders, investment returns credited to policyholder accounts, and other operating costs.

In presenting adjusted operating income, we are excluding after-tax net realized investment gains (losses). Even though these gains and losses recur in most periods, the timing and amount are driven by investment decisions and external economic developments unrelated to our management of the insurance and underwriting aspects of our business. Thus, because our insurance operations are not dependent on the following, we exclude from adjusted operating income the following items which are recorded in after-tax net realized investment gains (losses):

- OTTI related to available-for-sale securities, which depend on the timing and severity of market credit cycles and management judgments regarding recoverability;
- Net gains (losses) on changes in fair value of our trading securities, which depend on equity market performance and broader market conditions; and
- Net realized gains (losses) on sales of securities, which are subject to our discretion and influenced by market opportunities.

The one exception to the exclusion of net realized investment gains (losses) is the gains (losses) on our FIA options in our Retirement Services segment. Each year, we use the realized gains from our FIA options, similar to the way we use investment income, to meet our obligations associated with our FIA product, which credits interest to policyholder accounts based on equity market performance.

In addition to using adjusted operating income to evaluate our insurance operations, our management and board of directors have other uses for this measure, including managing our insurance liabilities and assessing achievement of our financial plan. For instance, we use adjusted operating income to help determine the renewal interest rates we can afford to credit to policyholders. We also develop a financial plan that includes our expectation of adjusted operating income. We review our achievement of our financial plan by understanding variances between actual and planned adjusted operating income. We use this information to make decisions on how to manage our consolidated insurance operations, including making decisions regarding expense budgets, product prices and the purchase of tax-advantaged affordable housing limited partnerships.

Adjusted operating income is not a substitute for net income determined in accordance with GAAP. The adjustments made to derive adjusted operating income are important to understanding our overall results from operations and, if evaluated without proper context, adjusted operating income possesses material limitations. As an example, we could produce a low level of net income in a given period, despite strong operating performance, if in that period we generate significant net realized losses from our investment portfolio. We could also produce a high level of net income in a given period, despite poor operating performance, if in that period we generate significant net realized gains from our investment portfolio. As an example of another limitation of adjusted operating income, it does not include the decrease in cash flows expected to be collected as a result of credit loss OTTI. Further, it includes changes to net investment income as a result of OTTI, which are not directly related to our insurance operations, and does not adjust for any negative impact to cash flows that we may experience in future periods as a result of such changes in net investment income. Therefore, our management and board of directors also separately review net realized investment gains (losses) and analyses of our net investment income, including impacts related to OTTI write-downs, in connection with their review of our investment portfolio. In addition, our management and board of directors examine net income as part of their review of our overall financial results. For a reconciliation of adjusted operating income to net income, see “— Results of Operations” below.

Adjusted Book Value, Adjusted Book Value per Common Share and Adjusted Book Value per Common Share, as Converted

Adjusted book value

Adjusted book value is a non-GAAP financial measure of our financial condition. Adjusted book value consists of stockholders' equity, less accumulated other comprehensive income (loss), or AOCI.

Stockholders' equity is the most directly comparable GAAP measure to adjusted book value. AOCI, which is primarily composed of the net unrealized gains (losses) on our fixed maturities, net of taxes, is a component of stockholders' equity.

We purchase fixed maturities with durations and cash flows that match our estimate of when our insurance liabilities and other obligations will come due. We typically expect to hold our fixed maturities to maturity, using the principal and interest cash flows to pay our obligations over time. Since we expect to collect the contractual cash flows on these fixed maturities, we do not expect to realize the unrealized gains (losses) that are included in our AOCI balance as of any particular date. AOCI primarily fluctuates based on changes in the fair value of our fixed maturities, which is driven by factors outside of our control, including the impact of credit market conditions and the movement of interest rates and credit spreads. These fluctuations do not reflect any change in the cash flows we expect to receive. As an example, an increase in the fair value of our fixed maturities improved AOCI by $209.2, or 421%, from a $49.7 loss as of December 31, 2009 to a $159.5 gain as of March 31, 2010, due to credit market improvements and tightening of interest spreads. This contributed to a related increase in stockholders' equity over the same period of $538.4, or 38%; however, this increase did not impact our estimates regarding collection of cash flows on the underlying fixed maturities.

We believe investors find it useful if we present them with a financial measure that removes from stockholders' equity these temporary and unrealized changes in the fair values of our investments, and the related effects on AOCI. By evaluating our adjusted book value, an investor can assess our financial condition based on our general practice of holding our fixed investments to maturity. For example, we believe it is important that an investor not assume that an increase in stockholders' equity driven by unrealized gains means our company has grown in value and alternatively, it is important that an investor not assume that a decrease in stockholders' equity driven by unrealized losses means our company's value has decreased.

In addition to using adjusted book value to evaluate our financial condition, our management and board of directors have other uses for this measure, including reviewing debt levels as a percentage of adjusted book value to monitor compliance with revolving credit facility covenants and helping to maintain and improve our ratings from rating agencies. Our management also compares adjusted book value to regulatory capital to assess our ability to maintain regulatory capital ratios and ratings. Finally, our board of directors uses adjusted book value as a basis to measure the success of our company over historical periods and reviews management's financial plans with consideration to adjusted book value.

Adjusted book value is not a substitute for stockholders' equity determined in accordance with GAAP and considering adjusted book value on its own would present material limitations to an analysis of our financial condition. For example, AOCI may deteriorate due to higher interest rates, credit spreads and issues specific to particular investments. By not considering the size of gross unrealized losses within AOCI, an investor may fail to appreciate the size of potential losses or the amount of potential gains based on the fair value of our fixed maturities. As a result, when evaluating our financial condition, we compensate for these limitations by also considering stockholders' equity and the unrealized gains (losses) on invested assets, which are provided in our investment disclosures (see "— Investments" for further information).

Adjusted book value should not be considered a substitute for stockholders' equity. For a reconciliation of adjusted book value to stockholders' equity, see above.

Adjusted book value per common share

Adjusted book value per common share is a non-GAAP financial measure of our financial condition. Adjusted book value per common share is calculated as adjusted book value, divided by outstanding common shares. This measure does not include the 19.0 shares subject to outstanding warrants for all periods presented because the warrant holders only participate in dividends and would not be entitled to proceeds in the event of a liquidation or winding down of our company should such event precede the exercise of the outstanding warrants.

Book value per common share is the most directly comparable GAAP measure to adjusted book value per common share. Book value per common share is calculated as stockholders' equity divided by the sum of our common shares outstanding and shares issuable pursuant to outstanding warrants.

We believe investors find it useful if we present them with adjusted book value (discussed above), a financial measure that removes AOCI from stockholders' equity, and then translate it into another measure, adjusted book value per common share, that allows the investor to understand the value of its investment on the adjusted book value basis. By evaluating this measure, an investor will be able to assess its proportionate stake in our adjusted book value as of the dates presented, and the change in such measure over time, based on our practice of holding our fixed maturities to maturity. In addition, this measure allows an investor to understand the value of its investment based on current shares outstanding because it represents our future share count in the event that the outstanding warrants are not exercised before they expire.

In addition to using adjusted book value to evaluate our financial condition on a per common share basis, our management and board of directors use this measure to assess the cost of obtaining new equity capital and to compare the value and the change in value over time of our common shares to that of our peer companies. For example, our board of directors takes into account the expected market price of our common shares relative to adjusted book value per common share when considering raising new equity capital.

Adjusted book value per common share is not a substitute for book value per common share determined in accordance with GAAP and only considering adjusted book value per common share on its own would present material limitations similar to those discussed above with respect to adjusted book value.

Adjusted book value per common share should not be considered a substitute for book value per common share. For a reconciliation of adjusted book value per common share to book value per common share, see above.

Adjusted book value per common share, as converted

Adjusted book value per common share, as converted, is a non-GAAP financial measure of our financial condition and gives effect to the exercise of our outstanding warrants. Adjusted book value per common share, as converted, is calculated as adjusted book value plus the assumed proceeds from the warrants, divided by the sum of outstanding common shares and shares subject to outstanding warrants. Our shares issuable pursuant to outstanding warrants were 19.0 for all periods presented.

Book value per common share is the most directly comparable GAAP measure to adjusted book value per share, as converted. Book value per common share is calculated as stockholders' equity divided by the sum of our common shares outstanding and shares issuable pursuant to our outstanding warrants.

We believe investors find it useful if we present them with adjusted book value (discussed above), a financial measure that removes AOCI from stockholders' equity and then translate it into another measure, adjusted book value per common share, as converted, which gives effect to the exercise of our outstanding warrants. By evaluating this measure, an investor will be able to assess its proportionate stake in our adjusted book value for the periods presented, on a fully diluted basis. We believe it is most meaningful for investors to compare this measure to adjusted book value per common share as this will allow the investor to understand the dilutive effect if the warrant holders exercise our outstanding warrants.

As discussed above, our management and board of directors use adjusted book value per common share to compare the value of a share of our common stock to that of our peer companies, and also to measure the cost of new equity capital. To further this analysis, our management and board of directors also make these comparisons and judgments after taking into account the potential dilutive effect of the exercise of our outstanding warrants.

Adjusted book value per common share, as converted, is not a substitute for book value per common share determined in accordance with GAAP and only considering adjusted book value per common share, as converted, on its own would present material limitations similar to those discussed above with respect to adjusted book value.

Adjusted book value per common share, as converted, should not be considered a substitute for book value per common share. For a reconciliation of adjusted book value per common share, as converted, to book value per common share, see above.

Operating ROAE

Operating return on average equity, or operating ROAE, is a non-GAAP measure of our performance. Operating ROAE consists of adjusted operating income for the most recent four quarters, divided by average adjusted book value, both of which are non-GAAP measures as described above. We measure average adjusted book value by averaging adjusted book value for the most recent five quarters.

Return on stockholders’ equity, or ROE, is the most directly comparable GAAP measure. Return on stockholders’ equity is calculated as net income for the most recent four quarters, for such period divided by the average stockholders’ equity for the most recent five quarters.

As discussed above under “— Adjusted operating income,” we believe investors find it useful to review the results of our insurance operations separate from the gain and loss activity attributable to most of our investment portfolio because it highlights trends in the performance of our insurance operations. In addition, as discussed above under “— Adjusted Book Value, Adjusted Book Value per Common Share and Adjusted Book Value per Common Share, as Converted,” we believe investors find it useful if we present them with a financial measure that removes from stockholders’ equity the temporary and unrealized changes in the fair values of our investments, and the related effects on AOCI, because we do not expect to realize the unrealized gains (losses) that are included in our AOCI balance as of any particular date. By referring to operating ROAE, an investor can form a judgment as to how effectively our management uses funds invested by our stockholders to generate adjusted operating income growth. Thus, we present operating ROAE for a period to measure the rate of return produced by our adjusted operating income in such period based on our average adjusted book value for such period.

In addition to using operating ROAE to evaluate how effectively our management uses funds invested in our company, our management and board of directors have additional uses for operating ROAE. These include comparing our operating ROAE to those of our peer companies, comparing our operating ROAE against our target return objectives, and determining if our insurance and annuity products are priced to achieve our long-term targets.

However, because operating ROAE excludes realized and unrealized gains (losses) on our investment portfolio, it has material limitations as a financial measure of performance and should not be considered on its own. As an example, we could produce a high operating ROAE in a given period, despite poor net income, if in that period we generated significant net realized losses from our investment portfolio. To compensate for such limitations, we also consider ROE to assess financial performance and return on total equity.

Operating ROAE should not be considered a substitute for ROE. The numerator and denominator of operating ROAE have been reconciled to net income and stockholders’ equity, respectively, their most comparable GAAP financial measures, see above.

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Results of Operations

Total Company

The following discussion should be read in conjunction with our unaudited interim consolidated financial statements and the related condensed notes. 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 March 31, 2010	Three Months Ended March 31, 2009	Variance (%) 2010 vs. 2009
Revenues:			
Premiums	$ 119.0	$ 119.5	(0.4)%
Net investment income	286.9	262.7	9.2
Policy fees, contract charges, and other	40.5	39.6	2.3
Net realized investment gains (losses):			
Total other-than-temporary impairment losses on securities	(17.9)	(51.6)	*
Less: portion of losses recognized in other comprehensive income (loss)	8.2	23.8	*
Net impairment losses recognized in earnings	(9.7)	(27.8)	65.1
Other net realized investment gains (losses)	16.5	(15.2)	*
Total net realized investment gains (losses)	6.8	(43.0)	*
Total revenues	453.2	378.8	19.6
Benefits and expenses:			
Policyholder benefits and claims	86.2	94.4	(8.7)
Interest credited	218.5	195.6	11.7
Other underwriting and operating expenses	59.6	63.0	(5.4)
Interest expense	8.0	7.9	1.3
Amortization of deferred policy acquisition costs	15.4	10.7	43.9
Total benefits and expenses	387.7	371.6	4.3
Income from operations before income taxes	65.5	7.2	*
Provision for income taxes:			
Current	9.9	1.9	*
Deferred	9.3	0.2	*
Total provision for income taxes:	19.2	2.1	*
Net income	$ 46.3	$ 5.1	*
Net income per common share(1):			
Basic	$ 0.35	$ 0.05	*
Diluted	$ 0.35	$ 0.05	*
Weighted-average common shares outstanding:			
Basic	131.018	111.622	*
Diluted	131.038	111.622	*
Non-GAAP Financial Measures(2):			
Adjusted operating income	$ 41.9	$ 32.2	30.1%
Reconciliation to net income:			
Net income	$ 46.3	$ 5.1	*
Less: Net realized investment gains (losses) (net of taxes of $2.3 and $(15.0))	4.5	(28.0)	*
Add: Net investment gains (losses) on FIA options (net of taxes of $0.0 and $(0.5))	0.1	(0.9)	*
Adjusted operating income	$ 41.9	$ 32.2	30.1%

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

(1) For further information on the calculation of basic and diluted net income per common share, see Note 3 to the accompanying unaudited interim financial statements.

(2) For a definition and discussion of the uses and limitations of this non-GAAP measure and other metrics used in our analysis, see "— Use of non-GAAP Financial Measures" above.

Three Months Ended March 31, 2010 Compared to the Three Months Ended March 31, 2009

Summary of Results

Net income increased $41.2 on an increase in adjusted operating income and net realized investment gains in the current year versus losses in the prior year period. Adjusted operating income increased $9.7, which was primarily driven by an increase in the investment margin in our Retirement Services segment, an increase in our universal life (UL) gross margin in our Individual segment, and a reduction in other underwriting and operating expenses. These favorable drivers were partially offset by a decrease in mortality gains, a decrease in the investment margin in our Income Annuities segment, and a decrease in our BOLI gross margin in our Individual segment.

Net realized investment gains (losses) increased $49.8 to a gain of $6.8, for the three months ended March 31, 2010. This was due to improved performance of our equity portfolio, which yielded total returns of 5.4%, as compared to losses of (8.5)% in the first quarter of 2009, and a reduction in impairment charges. 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 $17.1 primarily due to higher income from operations before income taxes during the three months ended March 31, 2010, compared to the same period in 2009. Our effective tax rate, which was essentially flat, was 29.3% and 29.2%, for the three months ended March 31, 2010 and 2009, respectively.

Further discussion of adjusted operating income drivers described above:

Our Retirement Services segment's investment margin increased $11.9 as a result of a $1.4 billion increase in our fixed annuity account values and an increase in the interest spread of 23 basis points (bp). Strong sales of fixed deferred annuity products over the past two years drove the increased account values as we continued to capitalize on our broad distribution network to satisfy a higher demand for fixed retirement savings products. Our interest spread increased mainly due to more effective investment of cash in first quarter 2010 compared to first quarter of 2009 when the credit markets were extremely tight.

Our Income Annuities segment was negatively impacted by mortality losses of $0.1 in the current quarter compared to gains of $4.3 in the first quarter of 2009. Mortality gains in the first quarter of 2009 were unusually high while current quarter losses are below average historic levels. In addition, the investment margin decreased $2.4 due to lower yields on invested assets, which was the result of changes in prepayment speeds on mortgage-backed securities, lower reinvestment rates, and reduced investment income related to corporate bond defaults.

Our Individual segment's UL product's gross margin increased $6.5 driven by the release of bonus interest reserves and decreased amortization of deferred acquisition costs as the credited interest rate on one of our universal life products is being adjusted downward to the guaranteed minimum over the next year. This was partially offset by a decrease in the BOLI gross margin of $1.6 due to a reduced spread as a result of increased claims and lower investment yields.

Segment Operating Results

The results of operations and selected operating metrics for our five segments (Group, Retirement Services, Income Annuities, Individual and Other) for the three months ended March 31, 2010 and 2009 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 March 31, 2010	Three Months Ended March 31, 2009	Variance (%) 2010 vs. 2009
Operating revenues:			
Premiums	$ 108.8	$ 109.7	(0.8)%
Net investment income	4.6	4.5	2.2
Policy fees, contract charges, and other	2.9	4.1	(29.3)
Total operating revenues	116.3	118.3	(1.7)
Benefits and expenses:			
Policyholder benefits and claims	75.0	76.9	(2.5)
Other underwriting and operating expenses	23.7	27.9	(15.1)
Amortization of deferred policy acquisition costs	1.9	2.0	(5.0)
Total benefits and expenses	100.6	106.8	(5.8)
Segment pre-tax adjusted operating income	$ 15.7	$ 11.5	36.5%

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

	March 31, 2010	March 31, 2009
Group loss ratio(1)	68.9%	70.1%
Expense ratio(2)	23.1%	24.6%
Combined ratio(3)	92.0%	94.7%
Medical stop-loss — loss ratio(4)	70.1%	71.6%
Total sales(5)	$ 41.4	$ 36.8

(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.

Three Months Ended March 31, 2010 Compared to the Three Months Ended March 31, 2009

Summary of Results

Segment pre-tax adjusted operating income increased $4.2 primarily due to an improved loss ratio and a reduction in other underwriting and operating expenses. The improved loss ratio increased pre-tax adjusted operating income $1.0. Premiums remained relatively flat as a result of price increases on renewals, offset by higher lapses, and we experienced fewer and less severe medical stop-loss claims. The reduction in other underwriting and operating expenses was driven by lower commission-related expenses and a reduction in employee-related costs.

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

Policy fees, contract charges, and other decreased $1.2 primarily due to a reduction in revenue from our third party administrator, which was sold in the third quarter of 2009. This reduction in revenue was fully offset by a corresponding reduction in operating expenses.

Benefits and Expenses

The $4.2 decrease in other underwriting and operating expenses is consistent with the decrease in our expense ratio. Of this decrease, $1.0 is due to lower commissions from lower average commission rates, as well as a smaller premium base; and $1.1 due to decreased distribution expenses driven by lower incentive compensation expense and lower distribution employee headcounts. In addition, $1.7 of the decrease was attributable to a reduction in expenses as a result of the sale of our third party administrator described above.

Retirement Services

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	Variance (%) 2010 vs. 2009
Operating revenues:			
Net investment income	$ 107.8	$ 83.0	29.9%
Policy fees, contract charges, and other	4.8	3.8	26.3
Net investment gains (losses) on FIA options	0.1	(1.4)	*
Total operating revenues	112.7	85.4	32.0
Benefits and expenses:			
Policyholder benefits and claims	0.1	(0.5)	*
Interest credited	68.5	55.6	23.2
Other underwriting and operating expenses	13.6	13.5	0.7
Amortization of deferred policy acquisition costs	13.2	7.8	69.2
Total benefits and expenses	95.4	76.4	24.9
Segment pre-tax adjusted operating income	$ 17.3	$ 9.0	92.2%

* 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 Retirement Services segment as of, or for the three months ended:

	March 31, 2010	March 31, 2009
Account values — Fixed annuities	$8,005.4	$6,588.5
Account values — Variable annuities	768.0	583.1
Interest spread on average account values(1)	1.86%	1.63%
Total sales(2)	$ 377.5	$ 911.1

(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. Interest spread tends to move gradually over time to reflect market interest rate movements and may reflect actions by management to respond to competitive pressures and profit targets.

2) Total sales represent deposits for new policies.

Three Months Ended March 31, 2010 Compared to the Three Months Ended March 31, 2009

Summary of Results

Segment pre-tax adjusted operating income increased $8.3 driven by an increase of $11.9 in the investment margin from a higher interest spread on record high account values driven by strong sales in 2009 and 2010. This was partially offset by a $5.4 increase in DAC amortization.

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 $24.8, which was driven by a $1.9 billion increase in average invested assets (including cash). Further growth of net investment income was limited as fixed deferred annuity sales during a tight credit market have resulted in us carrying higher levels of cash, which earn lower yields.

Net investment gains (losses) on FIA options increased $1.5 with gains of $0.1 in the first quarter of 2010 compared to losses of $1.4 for the same period in 2009. The S&P 500 index increased 4.9% in 2010, as compared to an 11.7% decrease in 2009.

Benefits and Expenses

Interest credited increased $12.9 primarily due to a 29% increase in average account value driven by strong sales of fixed deferred annuity products in 2009 and 2010.

Amortization of DAC increased $5.4, which was primarily driven by a growing block of business and corresponding growth in our DAC asset from strong sales.

Income Annuities

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	Variance (%) 2010 vs. 2009
Operating revenues:			
Net investment income	$ 104.0	$ 106.3	(2.2)%
Policy fees, contract charges, and other	0.2	0.2	*
Total operating revenues	104.2	106.5	(2.2)
Benefits and expenses:			
Interest credited	92.0	86.7	6.1
Other underwriting and operating expenses	5.3	5.0	6.0
Amortization of deferred policy acquisition costs	0.5	0.4	25.0
Total benefits and expenses	97.8	92.1	6.2
Segment pre-tax adjusted operating income	$ 6.4	$ 14.4	(55.6)%

* 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 Income Annuities segment as of, or for the three months ended:

	March 31, 2010	March 31, 2009
Reserves(1)	$6,726.7	$6,742.7
Interest spread on reserves(2)	0.41%	0.59%
Mortality gains (losses)(3)	$ (0.1)	$ 4.3
Prepayment speed adjustment on mortgage-backed securities(4)	(0.2)	0.7
Total sales(5)	66.3	40.4

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

(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) Sales represent deposits for new policies.

Three Months Ended March 31, 2010 Compared to the Three Months Ended March 31, 2009

Summary of Results

Segment pre-tax adjusted operating income decreased $8.0 due to mortality losses of $0.1 in the current quarter compared to gains of $4.3 in the first quarter of 2009, and a lower interest spread driven by lower yields on our invested assets. In addition, we had a $1.2 decrease in gains from funding services' activities.

Reserves, representing our in-force book of business, have grown for the third consecutive quarter. Income Annuity sales are up 64.1% over the first quarter of 2009, driven by an increase in sales of structured settlements and SPIAs.

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 decreased $2.3 primarily driven by a reduction in our return on invested assets. Yields decreased to 5.95% from 6.10%, which was primarily due to higher corporate bond defaults, lower reinvestment rates, and changes in prepayment speeds on the underlying collateral of certain mortgage-backed fixed maturities.

Benefits and Expenses

Interest credited increased $5.3 primarily driven by a $4.4 fluctuation in our mortality experience. We experienced mortality gains of $4.3 in the first quarter of 2009 versus mortality losses of $0.1 in the first quarter of 2010. Mortality gains in the first quarter of 2009 were unusually high, the highest we have experienced in a single quarter since becoming an independent company, while current quarter mortality losses were below average historic levels.

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Individual

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

	Three Months Ended March 31, 2010	2009	Variance (%) 2010 vs. 2009
Operating revenues:			
Premiums	$ 10.2	$ 9.8	4.1%
Net investment income	66.1	64.1	3.1
Policy fees, contract charges, and other	29.1	29.2	(0.3)
Total operating revenues	105.4	103.1	2.2
Benefits and expenses:			
Policyholder benefits and claims	11.1	18.0	(38.3)
Interest credited	58.5	53.9	8.5
Other underwriting and operating expenses	12.7	13.5	(5.9)
Amortization of deferred policy acquisition costs	(0.2)	0.5	*
Total benefits and expenses	82.1	85.9	(4.4)
Segment pre-tax adjusted operating income	$ 23.3	$ 17.2	35.5%

* 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 Individual segment as of, or for the three months ended:

	March 31, 2010	2009
Insurance in force(1)	$50,056.5	$50,884.8
Mortality ratio(2)	83.2%	82.3%
BOLI account value(3)	$ 3,853.2	$ 3,759.8
UL account value(3)	585.3	579.3
BOLI ROA(4)	1.08%	1.34%
UL interest spread(5)	1.37%	1.20%
Total sales, excluding BOLI(6)	$ 2.8	$ 2.5
BOLI sales(7)	2.7	2.5

(1) Insurance in force represents dollar face amounts of policies.

(2) Mortality ratio represents actual mortality experience as a percentage of industry mortality ratio benchmark. This benchmark is an expected level of claims that is derived by applying our current in force business to the Society of Actuaries 1990-95 Basic Select and Ultimate Mortality Table.

(3) BOLI account value and UL account value represent our liability to our policyholders.

(4) 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.

(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 2010 first quarter credited rate to policyholders was adjusted to exclude a bonus interest reserve release. Without this adjustment the UL interest spread would have been 5.40%.

(6) Total sales, excluding BOLI represents annualized first year premiums, and 10% of single premium new deposits.

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

Three Months Ended March 31, 2010 Compared to the Three Months Ended March 31, 2009

Summary of Results

Segment pre-tax adjusted operating income increased $6.1 due to a $6.5 increase in the gross margin on our UL products, a $0.9 decrease in claims expense, and a decrease in DAC amortization. The increase in the UL gross margin is related to a credited rate reduction, discussed in further detail below. These favorable drivers were partially offset by a $1.6 decrease in the BOLI gross margin. Our BOLI ROA decreased due to decreased investment yields and increased claims. BOLI related activity contributed to increases in net investment income, policyholder benefits and claims and interest credited; the net impact was a reduction in our BOLI gross margin as the increase in expenses exceeded the increase in income.

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

Benefits and Expenses

Due to the continued low interest rate environment, the credited interest rate on a universal life product is being adjusted downward to the guaranteed minimum rate over the next year. For these policies, bonus interest is not earned if the credited rate is equal to the guaranteed minimum. As a result, pre-tax adjusted operating income increased $7.4, of which $6.0 was a release of bonus interest reserves recorded in policyholder benefits and claims, and reflected in the $6.5 increase in UL gross margin; $1.7 was a reduction in DAC amortization due to the unlocking of future assumptions; and $(0.3) was an adjustment to policy fees, contract charges and other. Excluding the impact of the bonus interest reserve release, the UL gross margin increased $0.8 due to a reduction in claims.

Other

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

	Three Months Ended March 31,		Variance (%)
	2010	2009	2010 vs. 2009
Operating revenues:			
Net investment income	$ 4.4	$ 4.8	(8.3)%
Policy fees, contract charges, and other	3.5	2.3	52.2
Total operating revenues	7.9	7.1	11.3
Benefits and expenses:			
Interest credited	(0.5)	(0.6)	16.7
Other underwriting and operating expenses	4.3	3.1	38.7
Interest expense	8.0	7.9	1.3
Total benefits and expenses	11.8	10.4	13.5
Segment pre-tax adjusted operating loss	$ (3.9)	$ (3.3)	(18.2)%

Three Months Ended March 31, 2010 Compared to the Three Months Ended March 31, 2009

Summary of Results

Our Other segment reported pre-tax adjusted operating losses for the first quarters of 2010 and 2009 primarily due to interest expense on debt, which is not allocated to our operating segments. In addition, net investment income decreased $0.4 due to a decrease in average invested assets as we allocated more assets to our business segments to fund growth, primarily our Retirement Services segment.

Investments

Our investment portfolio is structured with the objective of supporting the expected cash flows of our liabilities and to produce stable returns over the long term. The composition of our portfolio reflects our asset management philosophy of protecting principal and receiving appropriate reward for credit risk. Our investment portfolio mix as of March 31, 2010, consisted in large part

of high quality fixed maturities and commercial mortgage loans, as well as a smaller allocation of high yield fixed maturities, marketable equity securities, investments in limited partnerships (which includes affordable housing, private equity and hedge 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 March 31, 2010	As of December 31, 2009
Types of Investments		
Fixed maturities, available-for-sale:		
Public	$ 18,476.5	$ 17,693.0
Private	914.1	901.3
Marketable equity securities, available-for-sale(1)	37.6	36.7
Marketable equity securities, trading(2)	151.0	154.1
Mortgage loans, net	1,228.0	1,201.7
Policy loans	73.4	73.9
Short-term investments	54.0	2.1
Investments in limited partnerships(3)		
Private equity and hedge funds	25.2	24.7
Affordable housing projects	105.4	85.5
Other invested assets	9.1	10.1
Total	$ 21,074.3	$ 20,183.1

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

(2) Amount represents investments in common stock.

(3) Investments in private equity and hedge funds are carried at fair value, while our investments in affordable housing projects and state tax credit refunds are carried at amortized cost. In 2009, we submitted liquidation notices to all of our hedge fund partnerships. As of March 31, 2010, our remaining investment in hedge fund partnerships was $4.0.

The increase in invested assets during the first quarter of 2010 is primarily due to a net increase in the fair value of our fixed maturities, and portfolio growth generated by sales of fixed deferred annuities and net proceeds from our IPO. As of March 31, 2010, the fair value of our fixed maturities increased $371.6 from a $40.6 net unrealized gain as of December 31, 2009 to a $412.2 net unrealized gain as of March 31, 2010. During the first quarter of 2010, the credit and equity markets continued to rebound, and the low interest rate environment and tight interest spreads increased the fair value of our fixed maturities.

Investment Returns

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

	Three Months Ended March 31, 2010		Three Months Ended March 31, 2009	
	Yield(1)	Amount	Yield(1)	Amount
	(Dollars in millions)			
Types of Investments				
Fixed maturities, available-for-sale	5.76%	$ 271.0	5.89%	$ 250.8
Marketable equity securities, available-for-sale	4.43	0.6	2.71	0.4
Marketable equity securities, trading	1.68	0.7	1.55	0.6
Mortgage loans, net	6.17	18.8	6.34	16.0
Policy loans	5.99	1.1	5.75	1.1
Investments in limited partnerships:				
Private equity and hedge funds	11.70	0.9	4.95	0.8
Affordable housing(2)	(6.96)	(2.1)	(9.02)	(2.3)
Other income producing assets(3)	0.89	1.1	0.17	0.2
Gross investment income before investment expenses	5.58	292.1	5.64	267.6
Investment expenses	(0.10)	(5.2)	(0.10)	(4.9)
Net investment income	5.48%	$ 286.9	5.54%	$ 262.7

(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. Yields for fixed maturities 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 $1.5 and $0.9 for the three months ended March 31, 2010 and 2009, respectively.

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

For the three months ended March 31, 2010, net investment income increased 9.2% driven by an increase in invested assets on strong sales of our fixed deferred annuities in 2009 and 2010. This was partially offset by a decrease in net investment yields, which decreased to 5.48% in 2010 from 5.54% in 2009. The reduction in yields was primarily driven by lower yields on purchases of fixed maturities as well as a negative impact of $0.4 from defaulted securities.

In addition, the increase in our net investment income was limited as a result of us carrying higher-levels of cash. Our higher cash balances were the result of cash from sales of our products and our IPO proceeds during a tight credit market. We estimate that the impact of carrying this higher level of cash limited our growth in net investment income by $3.5, or 7 bp on our yield, for first quarter 2010.

The following table sets forth the detail of our net realized investment gains (losses) before taxes. As the following table indicates, our net gains on trading securities significantly increased for the three months ended March 31, 2010 compared to the same period in 2009. This was the result of improved equity market conditions during the first quarter of 2010, resulting in increases in the fair value of our trading portfolio. In addition, impairments decreased $18.1 period over period as the economy recovers.

	Three Months Ended March 31,	
	2010	2009
Gross realized gains on sales of fixed maturities	10.4	0.5
Gross realized losses on sales of fixed maturities	(1.1)	(0.6)
Impairments:		
Public fixed maturities(1)	(2.4)	(17.7)
Private fixed maturities	(5.1)	(0.9)
Total credit-related	(7.5)	(18.6)
Other	(2.2)	(9.2)
Total impairments	(9.7)	(27.8)
Net gains (losses) on trading securities	7.6	(15.3)
Other net investment gains (losses)(2):		
Other gross gains	3.8	7.1
Other gross losses	(4.2)	(6.9)
Net realized investment gains (losses) before taxes	$ 6.8	$ (43.0)

(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.

We monitor our investments for indicators of possible credit-related impairments, with a focus on securities that represent a significant risk of impairment, primarily securities for which the fair value has declined below amortized cost by 20% or more for a period of six months or more, or for which we have concerns about the creditworthiness of the issuer based on qualitative information. 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.

Impairments for the three months ended March 31, 2010 were $9.7, of which 77.3% were related to credit concerns of the issuer and 22.7% were due to our intent to sell the security. Credit-related impairments decreased by $11.1 for the three months ended

March 31, 2010, compared to the same period last year, primarily as a result of decreased credit concerns as the economy continues to recover from the financial crisis. The amount recognized as credit-related impairments is determined by management as the difference between a security's estimated recovery value and the amortized cost of the security.

The following table summarizes our five largest aggregate losses from impairments and our remaining holdings, if any, by each issuer's industry for the three months ended March 31, 2010, for non-structured and structured securities, which represented 82.5% and 16.5%, respectively, of the total impairments during this period. Impairments on structured securities are presented separately and on an individual security basis as the underlying collateral is not directly related to the issuer.

Industry	Three Months Ended March 31, 2010 Impairment	As of March 31, 2010 Cost or Amortized Cost(1)	As of March 31, 2010 Fair Value
Non-structured securities:			
Industrial machinery (private)	$ (5.1)	$ 11.9	$ 11.9
Electrical utilities (public)	(2.1)	62.2	58.3
Municipal — taxable (public)	(0.6)	2.2	1.9
Other diversified financial services (public)	(0.1)	0.2	0.2
Building products (public)	(0.1)	0.1	0.1
Total for non-structured securities	$ (8.0)	$ 76.6	$ 72.4
Structured securities:			
RMBS — Consumer finance (public)	$ (0.4)	$ 14.8	$ 11.7
RMBS — Consumer finance (public)	(0.4)	14.3	12.0
RMBS — Consumer finance (public)	(0.3)	2.5	2.7
RMBS — Consumer finance (public)	(0.3)	2.7	2.8
RMBS — Consumer finance (public)	(0.2)	11.7	9.0
Total for structured securities	$ (1.6)	$ 46.0	$ 38.2

(1) As of March 31, 2010, the cost or amortized cost represents our estimated recovery value, based on our discounted cash flow analysis, or fair value, if we intend to sell the security.

Impairments for the three months ended March 31, 2009 were $27.8, of which 66.9% were related to credit concerns of the issuer and 33.1% were due to our intent to sell the security.

The following table summarizes our five largest aggregate losses from impairments and our remaining holdings, if any, by each issuer's industry for the three months ended March 31, 2009, for non-structured and structured securities, which represented 56.8% and 7.6%, respectively, of the total impairments during this period. Impairments on structured securities are presented separately and on an individual security basis as the underlying collateral is not directly related to the issuer. For the three months ended March 31, 2009, there were a total of three impaired structured securities.

Industry	Three Months Ended March 31, 2009 Impairment	As of March 31, 2009 Cost or Amortized Cost(1)	As of March 31, 2009 Fair Value
Non-structured securities:			
Publishing (public)	$ (6.7)	$ 1.7	$ 1.6
Specialty chemicals (public)	(4.1)	4.5	3.8
Specialized finance (public)	(2.1)	4.9	4.9
Commodity chemicals (public)	(1.8)	9.5	2.4
Diversified chemicals (public)	(1.1)	0.3	0.2
Total for non-structured securities	$ (15.8)	$ 20.9	$ 12.9
Structured securities:			
Asset management and customer banks (public)	$ (1.1)	$ 46.6	$ 43.1
Consumer finance (public)	(0.8)	15.4	9.2
Specialized finance (public)	(0.2)	21.8	18.5
Total for structured securities	$ (2.1)	$ 83.8	$ 70.8

(1) As of March 31, 2009, the cost or amortized cost represents our estimated recovery value, based on our discounted cash flow analysis, or fair value, if we intend to sell the security.

Fixed Maturity Securities

Fixed maturities represented approximately 92% of invested assets as of both March 31, 2010 and December 31, 2009. As of March 31, 2010, publicly traded fixed maturities and privately placed fixed maturities represented 95.3% and 4.7%, 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. As a result of time lags between the funding of investments, the finalization of legal documents and the completion of the SVO filing process, the fixed maturities portfolio generally includes securities that have not yet been rated by the SVO as of each balance sheet date. Pending receipt of SVO ratings, the categorization of these securities by NAIC designation is based on the expected ratings indicated by internal analysis. As of March 31, 2010 and December 31, 2009, 11 securities with an amortized cost of $83.1 and a fair value of $87.1, and 14 securities with an amortized cost of $99.1 and a fair value of $101.9, respectively, were categorized based on expected NAIC designations, pending receipt of SVO ratings.

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 March 31, 2010			As of December 31, 2009		
NAIC	S&P Equivalent	Amortized Cost	Fair Value	% of Total Fair Value	Amortized Cost	Fair Value	% of Total Fair Value
1	AAA, AA, A	$ 11,036.4	$ 11,350.3	58.5%	$ 10,917.3	$ 11,031.3	59.3%
2	BBB	6,772.7	6,960.2	35.9	6,471.3	6,530.9	35.1
	Total investment grade	17,809.1	18,310.5	94.4	17,388.6	17,562.2	94.4
3	BB	738.8	688.4	3.6	717.9	641.3	3.5
4	B	272.2	250.2	1.3	251.0	219.2	1.2
5	CCC & lower	128.4	122.7	0.6	128.0	113.5	0.6
6	In or near default	29.9	18.8	0.1	68.2	58.1	0.3
	Total below investment grade	1,169.3	1,080.1	5.6	1,165.1	1,032.1	5.6
Total		$ 18,978.4	$ 19,390.6	100.0%	$ 18,553.7	$ 18,594.3	100.0%

As of March 31, 2010 and December 31, 2009, securities with an amortized cost of $852.4 and $898.2, and fair value of $896.3 and $925.8, 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 5.6% of our fixed maturities portfolio as of both March 31, 2010 and December 31, 2009. Most of these securities were corporate securities and most were purchased while classified as below investment grade, high yield investments.

For securities where we recorded a credit-related OTTI, the amortized cost as of March 31, 2010 and December 31, 2009 in the table above represents management’s estimated recovery value, based on our best estimate of discounted cash flows for the security. As of March 31, 2010 and December 31, 2009, we did not have the intent to sell these securities or consider it more likely than not that we would be required to sell the securities prior to recovery of their amortized cost. Furthermore, based upon our cash flow modeling and the expected continuation of contractually required principal and interest payments, we considered these securities to be temporarily impaired as of March 31, 2010 and December 31, 2009.

We had securities with an NAIC 5 designation with a fair value of $122.7 as of March 31, 2010. These securities had gross unrealized losses of $14.4, of which $12.4 were related to three issuers. The issuers of these securities are current on their contractual payments and our analyses, including cash flow analyses where appropriate, support the recoverability of amortized cost.

We had securities with an NAIC 6 designation with a total fair value of $18.8 as of March 31, 2010, with net unrealized losses of $11.1, comprised of gross unrealized losses of $13.4 and gross unrealized gains of $2.3. Of these gross unrealized losses, $12.9, or 96.3%, was from a single issuer. This issuer is current on its contractual payments and our analysis of the underlying credit and management's best estimates of discounted future cash flows support the recoverability of the amortized cost.

Certain of our fixed maturities are supported by guarantees from monoline bond insurers. As of March 31, 2010, fixed maturities with monoline guarantees had an amortized cost of $596.4 and a fair value of $566.9, with gross unrealized losses of $36.7. As of December 31, 2009, fixed maturities with monoline guarantees had an amortized cost of $599.7 and a fair value of $559.8, with gross unrealized losses of $45.2. The majority of these securities were municipal bonds.

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 March 31, 2010, $534.8, or 94.3%, of the fair value of fixed maturities supported by guarantees from monoline bond insurers had investment grade credit ratings. Excluding the effect of the monoline insurance, $532.9, or 94.0%, of the fair value of fixed maturities had investment grade credit ratings.

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 March 31, 2010					
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	% of Total Fair Value	Other-than-Temporary Impairments in AOCI
Security Sector						
Corporate Securities:						
Consumer discretionary	$ 1,137.8	$ 52.9	$ (18.7)	$ 1,172.0	6.0%	$ (2.4)
Consumer staples	1,762.9	106.8	(13.8)	1,855.9	9.6	(1.4)
Energy	647.9	32.5	(6.3)	674.1	3.5	—
Financials	2,103.6	50.5	(120.1)	2,034.0	10.5	(5.5)
Health care	908.5	66.8	(2.8)	972.5	5.0	(1.9)
Industrials	2,257.6	114.0	(14.4)	2,357.2	12.2	(0.8)
Information technology	381.7	30.1	(0.5)	411.3	2.1	—
Materials	1,190.6	50.5	(34.4)	1,206.7	6.2	(12.7)
Telecommunication services	586.2	23.3	(15.1)	594.4	3.1	(1.2)
Utilities	1,878.3	69.8	(36.3)	1,911.8	9.9	(0.4)
Other	8.3	0.6	—	8.9	0.0	—
Total corporate securities	12,863.4	597.8	(262.4)	13,198.8	68.1	(26.3)
U.S. government and agencies	41.6	2.5	—	44.1	0.2	(0.1)
State and political subdivisions	516.5	3.5	(30.1)	489.9	2.5	(0.6)
Foreign governments	25.3	0.9	—	26.2	0.1	—
Residential mortgage-backed securities:						
Agency	3,052.1	115.9	(2.7)	3,165.3	16.3	—
Non-agency:						
Prime	418.2	2.8	(59.3)	361.7	1.9	(36.1)
Alt-A	137.5	1.7	(16.9)	122.3	0.6	(8.4)
Total residential mortgage-backed securities	3,607.8	120.4	(78.9)	3,649.3	18.8	(44.5)
Commercial mortgage-backed securities	1,711.9	79.0	(16.1)	1,774.8	9.2	(3.9)
Other debt obligations	211.9	12.4	(16.8)	207.5	1.1	(3.8)
Total	$ 18,978.4	$ 816.5	$ (404.3)	$ 19,390.6	100.0%	$ (79.2)

During the three months ended March 31, 2010 we increased our investments in corporate securities with cash generated from sales, primarily fixed deferred annuities, and the proceeds from our IPO. We have purchased new issues of investment grade corporate securities with a focus on obtaining appropriate yields 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 March 31, 2010 and December 31, 2009 the fair value of our ten largest holdings of corporate securities was $1,211.1 and $1,138.3, or approximately 9.2% and 9.1%, respectively. The fair value of our largest exposure to a single issuer of corporate securities was $148.7, or 1.1%, and $141.9, or 1.1%, of our investments in corporate securities, as of March 31, 2010 and December 31, 2009, respectively. As of March 31, 2010, we had no direct exposure to the sovereign and local government debt of Portugal, Ireland, Italy, Greece, and Spain.

	As of December 31, 2009					
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	% of Total Fair Value	Other-than-Temporary Impairments in AOCI
Security Sector						
Corporate Securities:						
Consumer discretionary	$ 1,093.3	$ 41.9	$ (29.6)	$ 1,105.6	5.9%	$ (7.9)
Consumer staples	1,736.6	84.7	(17.6)	1,803.7	9.7	(1.4)
Energy	651.4	28.3	(8.8)	670.9	3.6	—
Financials	2,122.9	39.8	(193.2)	1,969.5	10.6	(5.8)
Health care	861.1	59.1	(4.1)	916.1	4.9	(1.9)
Industrials	2,091.7	92.6	(28.1)	2,156.2	11.6	(1.4)
Information technology	357.2	27.9	(0.3)	384.8	2.1	—
Materials	1,111.7	39.1	(49.0)	1,101.8	5.9	(12.7)
Telecommunication services	583.4	21.3	(16.7)	588.0	3.2	(1.2)
Utilities	1,837.5	52.4	(46.3)	1,843.6	9.9	(0.5)
Other	8.0	0.4	—	8.4	0.1	—
Total corporate securities	12,454.8	487.5	(393.7)	12,548.6	67.5	(32.8)
U.S. government and agencies	41.6	2.4	(0.1)	43.9	0.2	(0.1)
State and political subdivisions	518.4	1.9	(37.3)	483.0	2.6	(1.3)
Foreign governments	26.7	0.8	(0.1)	27.4	0.1	—
Residential mortgage-backed securities:						
Agency	2,936.8	102.6	(6.7)	3,032.7	16.3	—
Non-agency:						
Prime	449.8	0.6	(72.4)	378.0	2.0	(31.7)
Alt-A	145.3	2.1	(21.9)	125.5	0.7	(8.2)
Subprime	0.2	—	—	0.2	—	—
Total residential mortgage-backed securities	3,532.1	105.3	(101.0)	3,536.4	19.0	(39.9)
Commercial mortgage-backed securities	1,805.6	44.5	(60.7)	1,789.4	9.7	(4.0)
Other debt obligations	174.5	8.6	(17.5)	165.6	0.9	(3.8)
Total	$ 18,553.7	$ 651.0	$ (610.4)	$ 18,594.3	100.0%	$ (81.9)

Fixed Maturity Securities by Contractual Maturity Date

As of March 31, 2010 and December 31, 2009, approximately 28% and 29% of the fair value of our fixed maturity portfolio was held in mortgaged-backed securities, and 26% and 27% 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 both March 31, 2010 and December 31, 2009, approximately 82% of the gross unrealized losses on our investment portfolio related to these longer duration assets, which are more sensitive to interest rate fluctuations and credit spreads. For more information, see Note 4 to the accompanying unaudited interim consolidated financial statements.

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.

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

	As of March 31, 2010		As of December 31, 2009	
	Fair Value	% of Total Invested Assets	Fair Value	% of Total Invested Assets
Agency	$ 3,165.3	15.0%	$ 3,032.7	15.0%
Non-agency:				
Prime	361.7	1.7	378.0	1.9
Alt-A	122.3	0.6	125.5	0.6
Subprime	—	—	0.2	—
Subtotal non-agency	484.0	2.3	503.7	2.5
Total	$ 3,649.3	17.3%	$ 3,536.4	17.5%

As of March 31, 2010 and December 31, 2009, agency, which were all rated AAA, represented 87% and 86%, respectively, of our RMBS holdings. Of our non-agency RMBS, 75% were classified as prime as of both March 31, 2010 and December 31, 2009. Our remaining non-agency RMBS securities were classified as Alt-A because we viewed each security to have overall collateral credit quality between prime and subprime, based on a review of the characteristics of their underlying mortgage loan pools, such as credit scores and financial ratios.

During first quarter 2010, agency RMBS issuers announced purchase programs to acquire delinquent loans. These programs may result in changes in the underlying prepayment speeds of the assets, and presenting reinvestment challenges given the low interest rate environment. We do not foresee this having a material effect on our net investment income or cash flows.

The following table sets forth the amortized cost of our non-agency RMBS by credit quality and year of origination (vintage). There were eight securities with a total amortized cost of $52.1 that were rated below investment grade by either Moody's, S&P or Fitch, while the others rated them investment grade.

	As of March 31, 2010 Highest Rating Agency Rating						
Vintage	AAA	AA	A	BBB	BB and Below	Total Amortized Cost	Total as of December 31, 2009
2007	$ —	$ —	$ —	$ —	$ 74.7	$ 74.7	$ 91.0
2006	0.2	3.0	16.5	27.3	118.0	165.0	177.0
2005	2.6	9.1	31.7	38.8	28.3	110.5	113.6
2004 & prior	190.1	14.7	—	—	0.7	205.5	213.7
Total	$ 192.9	$ 26.8	$ 48.2	$ 66.1	$ 221.7	$ 555.7	$ 595.3
% of amortized cost	34.7%	4.8%	8.7%	11.9%	39.9%	100.0%	

The following table sets forth the fair value of our non-agency RMBS by credit quality and year of origination (vintage):

	As of March 31, 2010 Highest Rating Agency Rating						
Vintage	AAA	AA	A	BBB	BB and Below	Total Fair Value	Total as of December 31, 2009
2007	$ —	$ —	$ —	$ —	$ 69.0	$ 69.0	$ 83.3
2006	0.2	2.9	16.6	24.4	98.6	142.7	143.1
2005	2.5	4.8	26.3	30.0	21.7	85.3	86.0
2004 & prior	174.7	11.6	—	—	0.7	187.0	191.3
Total	$ 177.4	$ 19.3	$ 42.9	$ 54.4	$ 190.0	$ 484.0	$ 503.7
% of fair value	36.6%	4.0%	8.9%	11.2%	39.3%	100.0%	

On a fair value basis as of March 31, 2010, our Alt-A portfolio was 86.7% fixed rate collateral and 13.3% hybrid adjustable rate mortgages, or ARM, with no exposure to option ARM mortgages. 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. Of the total Alt-A portfolio, $56.4, or 46.1%, had an S&P equivalent credit rating of AAA, as of March 31, 2010.

As of March 31, 2010, our Alt-A, prime and total non-agency RMBS had an estimated weighted-average credit enhancement of 14.2%, 8.4% and 9.8%, 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. As of March 31, 2010 and December 31, 2009, 60.8% and 59.6%, respectively, of the fair value of our 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.

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 March 31, 2010		As of December 31, 2009	
	Fair Value	% of Total Invested Assets	Fair Value	% of Total Invested Assets
Agency	$ 450.6	2.1%	$ 425.6	2.1%
Non-agency	1,324.2	6.3	1,363.8	6.8
Total	$ 1,774.8	8.4%	$ 1,789.4	8.9%

There have been disruptions in the CMBS market that continued in the first quarter 2010 due to weakness in commercial real estate market fundamentals, and previously reduced underwriting standards by some originators of commercial mortgage loans within the more recent vintage years (2006 through 2008). This has reduced market liquidity and availability of capital, increased market belief that default rates will increase, and increased spreads and the repricing of risk. However, as discussed below, the quality of our CMBS portfolio, which is predominately in the most senior tranche of the structure type, has a weighted-average estimated credit enhancement of 28.9% on the entire portfolio, which is significant in a deep commercial real estate downturn during which expected losses may increase substantially. As of March 31, 2010, on an amortized cost basis, 98.2% of our entire CMBS portfolio were rated AAA, 0.4% were rated AA or A, and 1.4% were rated B and below.

The following table sets forth the amortized cost of our non-agency CMBS by credit quality and year of origination (vintage). There were twelve securities having a fair value of $285.8 and an amortized cost of $288.1 that were rated A by S&P, while Moody's and/or Fitch rated them AAA.

	As of March 31, 2010						
	Highest Rating Agency Rating						
Vintage	AAA	AA	A	BBB	BB and Below	Total Amortized Cost	As of December 31, 2009
2008	$ 66.1	$ —	$ —	$ —	$ —	$ 66.1	$ 66.0
2007	452.1	—	—	—	1.3	453.4	471.0
2006	136.0	—	—	—	12.3	148.3	148.0
2005	300.8	—	—	—	—	300.8	311.4
2004 & prior	286.8	0.5	6.0	—	11.2	304.5	391.9
Total	$ 1,241.8	$ 0.5	$ 6.0	$ —	$ 24.8	$ 1,273.1	$ 1,388.3

The following table set forth the fair value of our non-agency CMBS by credit quality and year of origination (vintage):

	As of March 31, 2010						
	Highest Rating Agency Rating						
Vintage	AAA	AA	A	BBB	BB and Below	Total Fair Value	As of December 31, 2009
2008	$ 64.8	$ —	$ —	$ —	$ —	$ 64.8	$ 59.0
2007	474.9	—	—	—	1.4	476.3	458.4
2006	144.9	—	—	—	9.8	154.7	144.8
2005	318.7	—	—	—	—	318.7	311.9
2004 & prior	295.5	0.5	5.5	—	8.2	309.7	389.7
Total	$ 1,298.8	$ 0.5	$ 5.5	$ —	$ 19.4	$ 1,324.2	$ 1,363.8

U.S. CMBS securities have historically utilized a senior/subordinate credit structure to allocate cash flows and losses, which includes super-senior, mezzanine and junior AAA tranches. The credit enhancement on the most senior tranche (super-senior) is 30%.

The mezzanine AAAs typically have 20% credit enhancement and the junior AAAs generally have 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 principal 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. We believe this additional credit enhancement is significant in a deep real estate downturn during which losses are expected to increase substantially.

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

	As of March 31, 2010						
	Super Senior (Post 2004)			Other Structures (2005 and Prior)			
Vintage	Super Senior	Mezzanine	Junior	Other Senior	Other Subordinate	Other	Total AAA Securities at Amortized Cost
2008	$ 66.1	$ —	$ —	$ —	$ —	$ —	$ 66.1
2007	452.1	—	—	—	—	—	452.1
2006	136.0	—	—	—	—	—	136.0
2005	140.6	31.2	—	129.0	—	—	300.8
2004 & prior	—	—	—	228.1	42.0	16.7	286.8
Total	$ 794.8	$ 31.2	$ —	$ 357.1	$ 42.0	$ 16.7	$ 1,241.8

	As of December 31, 2009						
	Super Senior (Post 2004)			Other Structures (2005 and Prior)			
Vintage	Super Senior	Mezzanine	Junior	Other Senior	Other Subordinate	Other	Total AAA Securities at Amortized Cost
2008	$ 66.0	$ —	$ —	$ —	$ —	$ —	$ 66.0
2007	469.7	—	—	—	—	—	469.7
2006	135.7	—	—	—	—	—	135.7
2005	147.4	31.1	—	132.8	—	—	311.3
2004 & prior	—	—	—	310.6	42.1	19.4	372.1
Total	$ 818.8	$ 31.1	$ —	$ 443.4	$ 42.1	$ 19.4	$ 1,354.8

As the tables above indicate, our CMBS holdings are predominately in the most senior tranche of the structure type. As of March 31, 2010, on an amortized cost basis, 92.8% of our AAA-rated CMBS were in the most senior tranche. 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 March 31, 2010 was 30.8%.

Asset-Backed Securities

The following table provides the amortized cost and fair value of our asset-backed securities, by underlying collateral type, as of March 31, 2010 and December 31, 2009. Our other asset-backed securities are presented as part of "other debt obligations."

	As of March 31, 2010		As of December 31, 2009	
Other asset-backed securities	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Auto	$ 63.0	$ 63.5	$ 24.1	$ 24.6
Credit cards	72.0	78.2	73.0	78.5
Manufactured homes	19.1	15.7	19.2	15.6
Utility	10.8	11.9	10.9	11.7
Other	5.6	5.4	5.8	5.0
Total other asset-backed securities	$ 170.5	$ 174.7	$ 133.0	$ 135.4

Return on Equity-Like Investments

Prospector manages a portfolio of equity and equity-like investments, including publicly traded common stock and convertible securities. The following table compares our total return to the benchmark S&P 500 Total Return Index for the three months ended March 31, 2010 and 2009. We believe that these equity and equity-like investments are suitable for funding certain long duration liabilities in our Income Annuities segment.

	Three Months Ended March 31, 2010	
	2010	2009
Public equity	5.4%	(8.5)%
S&P 500 Total Return Index	5.4	(11.0)
Difference	0.0%	2.5%

Mortgage Loans

Our mortgage loan department originates new 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 ratios and debt service coverage based on income and detailed market, property and borrower analysis using our long-term experience in commercial mortgage lending. A substantial majority of our loans have personal guarantees and are inspected and evaluated annually. We attempt to 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 and include a PGAAP adjustment; however, the tables presented below exclude these items.

As of March 31, 2010 and December 31, 2009, 77.9% and 77.7% respectively, of our mortgage loans were under $5.0 and our average loan balance was $1.9 for both periods.

Composition of Mortgage Loans

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. While we have begun to observe some weakness in commercial real estate fundamentals, as of March 31, 2010, we had only one non-performing loan in our commercial mortgage loan portfolio. As noted previously, 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.

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

	As of March 31, 2010		As of December 31, 2009	
Region	Carrying Value	% of Total	Carrying Value	% of Total
California	$ 358.5	29.1%	$ 346.0	28.6%
Washington	230.0	18.6	222.9	18.5
Texas	122.3	9.9	125.6	10.4
Oregon	84.7	6.9	88.0	7.3
Colorado	45.0	3.6	44.5	3.7
Arizona	37.9	3.1	37.1	3.1
Minnesota	31.9	2.6	32.3	2.7
Other	323.6	26.2	310.5	25.7
Total	$ 1,233.9	100.0%	$ 1,206.9	100.0%

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

	As of March 31, 2010		As of December 31, 2009	
Property Type	Carrying Value	% of Total	Carrying Value	% of Total
Shopping Centers and Retail	$ 472.9	38.3%	$ 472.9	39.2%
Industrial	365.6	29.6	345.7	28.6
Office Buildings	346.5	28.1	339.2	28.1
Multi-Family	32.8	2.7	34.9	2.9
Other	16.1	1.3	14.2	1.2
Total	$ 1,233.9	100.0%	$ 1,206.9	100.0%

The following table sets forth the loan-to-value ratios for our mortgage loan portfolio:

Loan-to-Value Ratio	As of March 31, 2010	% of Portfolio	As of December 31, 2009	% of Portfolio
< or = 50%	$ 504.5	40.9%	$ 484.2	40.1%
51% – 60%	359.3	29.1	348.5	28.9
61% – 70%	193.9	15.7	195.8	16.2
71% – 75%	68.4	5.5	68.2	5.6
76% – 80%	20.1	1.7	17.7	1.5
81% – 100%	80.3	6.5	85.1	7.1
> 100%	7.4	0.6	7.4	0.6
	$ 1,233.9	100.0%	$ 1,206.9	100.0%

We use the loan-to-value ratio as our primary metric to assess the quality of our mortgage loans. The loan-to-value ratio, which is expressed as a percentage, compares the amount of the loan to the estimated fair value of the underlying property collateralizing the loan. In the year of funding, loan-to-value ratios are calculated using independent appraisals performed by Member of the Appraisal Institute, or MAI, designated appraisers. Subsequent to the year of funding, loan-to-value ratios are updated annually using internal valuations based on property income and market capitalization rates. Loan-to-value ratios greater than 100% indicate that the loan amount is greater than the collateral value. A smaller loan-to-value ratio generally indicates a higher quality loan. As of March 31, 2010 and December 31, 2009, our mortgage loan portfolio had weighted-average loan-to-value ratios of 53.1% and 53.5% respectively.

For loans originated in the three months ended March 31, 2010, 53.4% had a loan-to-value ratio of 50% or less, and no loans had a loan-to-value ratio of more than 70%. For loans originated in the year ended December 31, 2009, 44.8% had a loan-to-value ratio of 50% or less, and no loans had a loan-to-value ratio of more than 70%.

Maturity Date of Mortgage Loans

The following table sets forth our mortgage loans by contractual maturity date:

	As of March 31, 2010		As of December 31, 2009	
Years to Maturity	Carrying Value	% of Total	Carrying Value	% of Total
Due in one year or less	$ 5.4	0.4%	$ 2.4	0.2%
Due after one year through five years	103.7	8.4	100.0	8.3
Due after five years through ten years	598.8	48.5	541.8	44.9
Due after ten years	526.0	42.7	562.7	46.6
Total	$ 1,233.9	100.0%	$ 1,206.9	100.0%

Mortgage Loan Quality

Our 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 specific reserves for non-performing loans. We define non-performing loans as loans for which it is probable that amounts due according to the terms of the loan agreement will not be collected. The portfolio reserve for incurred but not specifically identified losses considers our past loan experience and the current credit composition of the portfolio, and takes into consideration market experience. We evaluate the allowance for losses on mortgage loans as of each reporting period and record adjustments when appropriate.

Our total allowance for losses on mortgage loans was $8.3 and $8.2 as of March 31, 2010 and December 31, 2009, respectively, which included a specific reserve of $2.2 related to one non-performing loan.

Investments in Limited Partnerships — Affordable Housing Investments

We invest in tax-advantaged federal affordable housing investments through limited liability partnerships. These affordable housing investments are typically 15-year investments that provide tax credits in years one through ten. As of March 31, 2010, we were invested in eight limited partnership interests related to the federal affordable housing projects and other various state tax credit funds. These investments are accounted for under the equity method and 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 the related tax credits had on net income.

	Three Months Ended March 31, 2010	2009
Amortization related to affordable housing investments, net of tax benefit	$ (1.3)	$ (1.5)
Affordable housing tax credits	2.8	2.4
Impact to net income	$ 1.5	$ 0.9

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

	Estimated Impact to Net Income
Remainder of 2010	$ 4.0
2011	7.8
2012	8.9
2013 and beyond	26.1
Estimated impact to net income (net of taxes)	$ 46.8

Liquidity and Capital Resources

We conduct all our operations through our operating subsidiaries, and our liquidity requirements primarily have been and will continue to be met by funds from our subsidiaries. Dividends and permitted tax sharing payments from our subsidiaries are Symetra's principal sources of cash to pay stockholder dividends and meet its obligations, including payments of principal and interest on notes payable and tax obligations. On January 27, 2010, we completed an initial public offering of our common stock and received net proceeds of $282.5, which further enhanced our liquidity and capital resources. We intend to pay quarterly cash dividends on our common stock and warrants at a rate of approximately $0.05 per share. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors. On May 12, 2010, our board of directors declared a $0.05 per share dividend to shareholders and warrant holders of record as of May 26, 2010. 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. During the first quarter of 2010, the credit and equity markets continued to rebound, and although the credit markets remain tight, we continue to experience a low interest rate environment. In managing these challenging market conditions over the past couple of years, we benefited from the strength of our management philosophy, 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 three months ended March 31, 2010 were good across all distribution channels. Although below the record levels for the same period in 2009, sales continued to generate strong cash inflows on our deposit contracts (annuities and universal life policies, including BOLI).
- While certain lapses and surrenders occur in the normal course of business, these lapses and surrenders have not deviated materially from management expectations during the financial crisis.
- The amount of accumulated other comprehensive income (loss), net of taxes, on our consolidated balance sheets increased to income of $159.5 as of March 31, 2010, from a loss of $49.7 as of December 31, 2009. The primary driver was an increase in the fair value of our available-for-sale securities, due to the market showing signs of stabilization and credit spreads tightening. We believe we are positioned to hold our investments in an unrealized loss position to maturity because of our mix of insurance products and our disciplined asset/liability matching. We have $7.4 billion of illiquid liabilities consisting of reserves for structured settlements and SPIAs that cannot be surrendered, deferred annuities with five-year payout provisions or market value adjustments (MVA), traditional life insurance, and group life and health policies.

- As of March 31, 2010, 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 growing sales of our products and maintain financial strength ratings, we target a risk-based capital level of at least 350% in our life insurance company, Symetra Life Insurance Company. As of March 31, 2010, Symetra Life Insurance Company had an estimated risk-based capital ratio of 484%.

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, our 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 contractholder withdrawals of funds earlier than our assumptions 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 annuity reserves and deposit liabilities. This represents the sum of funds held under deposit contracts and future policy benefits, net of reinsurance recoverables, on the consolidated balance sheets, excluding other policyholder related liabilities of $118.2 and $121.6 as of March 31, 2010 and December 31, 2009, respectively.

	As of March 31, 2010		As of December 31, 2009	
	Amount	% of Total	Amount	% of Total
Illiquid Liabilities				
Structured settlements & other SPIAs(1)	$ 6,714.8	34.4%	$ 6,703.6	35.1%
Deferred annuities with 5-year payout provision or MVA(2)	376.3	1.9	381.0	2.0
Traditional insurance (net of reinsurance)(3)	186.7	1.0	185.8	1.0
Group health & life (net of reinsurance)(3)	98.7	0.5	97.2	0.5
Total illiquid liabilities	7,376.5	37.8	7,367.6	38.6
Somewhat Liquid Liabilities				
Bank-owned life insurance (BOLI)(4)	3,929.8	20.2	3,865.1	20.2
Deferred annuities with surrender charges of 5% or higher	5,110.0	26.2	4,788.2	25.1
Universal life with surrender charges of 5% or higher	159.7	0.8	152.5	0.8
Total somewhat liquid liabilities	9,199.5	47.2	8,805.8	46.1
Fully Liquid Liabilities				
Deferred annuities with surrender charges of:				
3% up to 5%	378.3	1.9	412.4	2.2
Less than 3%	150.2	0.8	87.6	0.5
No surrender charges(5)	1,936.3	9.9	1,950.7	10.2
Universal life and whole life with surrender charges less than 5%	439.7	2.3	441.7	2.3
BOLI	3.6	0.0	3.7	0.0
Traditional insurance (net of reinsurance)(6)	3.0	0.0	2.1	0.0
Group health & life (net of reinsurance)(6)	13.4	0.1	18.4	0.1
Total fully liquid liabilities	2,924.5	15.0	2,916.6	15.3
Total	$ 19,500.5	100.0%	$ 19,090.0	100.0%

(1) These contracts cannot be surrendered. The benefits are specified in the contracts as fixed amounts 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.

(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 reported claim liabilities.

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-term fixed maturities. 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 March 31, 2010 and December 31, 2009, our insurance subsidiaries had liquid assets of $19.0 billion and $18.1 billion, respectively, and Symetra had cash and cash equivalents of $55.5 and $36.6, respectively. The portion of total company liquid assets comprised of cash and cash equivalents and short-term investments was $443.3 and $259.9 as of March 31, 2010 and December 31, 2009, respectively. Our liquid assets increased as a result of uninvested cash from sales of deferred annuities in the first quarter and our IPO proceeds, as it continues to be challenging to invest in quality investments with acceptable yields.

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 current 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 the dates indicated:

	March 31, 2010	December 31, 2009
Notes payable	$ 448.9	$ 448.9
Stockholders' equity	1,971.7	1,433.3
Total capital	$ 2,420.6	$ 1,882.2

Our capitalization increased as of March 31, 2010, as compared to December 31, 2009 due to an increase in stockholders' equity. This increase was driven by the net proceeds received from our IPO, an increase in AOCI and the generation of net income of $46.3. AOCI improved primarily due to an increase in net unrealized gains on available-for-sale corporate securities. We believe our capital levels position us well to capitalize on organic growth as well as pursue any potentially favorable acquisition opportunities.

Dividends

On May 12, 2010 we declared a dividend of $0.05 per common share to shareholders and warrant holders of record as of May 26, 2010, for an approximate total of $6.9, to be payable on June 9, 2010.

Cash Flows

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

	Three Months Ended March 31,	
	2010	2009
Net cash flows from operating activities	$ 209.6	$ 168.2
Net cash flows from investing activities	(544.1)	(977.7)
Net cash flows from financing activities	466.0	662.1

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, group life and term life insurance products, income including dividends and interest on our investments, 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. The following discussion highlights key drivers in the level of cash flows generated from our operating activities:

Net cash provided by operating activities for the three months ended March 31, 2010 was $209.6, a $41.4 increase over the same period in 2009. This increase was primarily the result of increased net investment income driven by an increase in account values, a decline in paid commissions related to our deferred annuity products on lower sales, and a decrease 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 our purchases of investments. The following discussion highlights key drivers in the level of cash flows generated from our investing activities:

Net cash used in investing activities for the three months ended March 31, 2010 was $544.1, a $433.6 decrease over the same period in 2009. This decrease was primarily the result of lower purchases driven by lower sales of fixed deferred annuities. In addition we benefitted from strategic sales of fixed maturities at a gain in the current period.

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, repayments of debt and dividend distributions to our stockholders. The following discussion highlights key drivers in the level of cash flows generated from our financing activities:

Net cash provided by financing activities for the three months ended March 31, 2010 was $466.0, a $196.1 decrease over the same period in 2009. This was primarily due to a $521.6 decrease in deposits primarily related to lower sales of fixed deferred annuities referred to in investing activities above. This was partially offset by IPO proceeds.

Off-balance Sheet Transactions

We do not have off-balance sheet transactions.

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, 2009, a description of which may be found in Part II, Item 7A — “Quantitative and Qualitative Disclosures about Market Risk” in our Annual Report on Form 10-K for the year ended December 31, 2009. See Item 1A — “Risk Factors” 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 1934 Act, under the supervision and with the participation of our principal executive 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 March 31, 2010. Based on this evaluation our principal executive officer and principal financial officer concluded that, as of March 31, 2010, 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 9, 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 Annual Report on Form 10-K for the year ended December 31, 2009. 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. Other than as set forth below, there have been no material changes to the risk factors set forth in the above-referenced filing as of March 31, 2010.

The implementation of The Patient Protection and Affordable Care Act could have a material adverse effect on the profitability or marketability of the health insurance products that we sell.

On March 23, 2010, President Obama signed into law The Patient Protection and Affordable Care Act (PPACA), which brings substantial change to the insurance coverage for medical costs. Some of these changes apply primarily to fully insured group health plans (which we do not currently provide), but some provisions apply to self-funded plans, and thus, the medical stop-loss coverage offered by us. While many of the changes do not take effect until January 1, 2014, some take effect for benefit plan years beginning on or after September 23, 2010.

We believe that the most significant impacts of the PPACA to the Company’s medical stop-loss product are the elimination of lifetime benefit maximums, and significant restrictions on annual benefit maximums. These maximums serve to cap the amounts we could be liable for under our medical stop-loss product. Currently, our reinsurance agreements have limitations on the amount of medical benefit costs for which we can be reimbursed by our reinsurance carriers. With the elimination of lifetime benefit maximums and restrictions on annual benefit maximums from our medical stop-loss product, we may not be fully reimbursed for medical benefit costs by our reinsurance carriers. We face significant risk if we are unable to effectively manage and reinsure this risk.

While certain provisions of the PPACA could adversely affect us, because of the recent enactment of the PPACA, and the remaining uncertainty regarding certain of its provisions it is difficult to predict the PPACA’s effect on the profitability or marketability of the health insurance products and services we sell. Similarly, it is difficult to predict the effect the PPACA will have on our financial condition, results of operations or cash flows. We will continue to monitor the implementation of the PPACA and reassess our business strategies accordingly.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

Use of Proceeds from Initial Public Offering

On January 27, 2010, we completed the sale of 34,960,000 shares of common stock at an initial public offering price of $12.00 per share. We received net proceeds from the offering of $282.5 million, reflecting the gross proceeds of $303.1 million, net of underwriting fees of $17.4 million and offering expenses of $3.2 million.

As we reported in our 2009 10-K, we contributed $236.6 million of the IPO proceeds to our subsidiaries to fund organic growth. Since that date, we used the remaining $45.9 million of IPO proceeds for investments in mortgage-backed securities. We retained this portion of the IPO proceeds in the holding company rather than contributing such amount to our insurance subsidiaries because of the insurance laws and regulations that can restrict the timing and amount of dividends and other distributions to the holding company from our insurance subsidiaries.

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Item 6. ***Exhibits***

Exhibit Number	Description
10.14	Annual Incentive Bonus Plan*
10.21	Form of Restricted Stock Pursuant to the Symetra Financial Corporation Equity Plan*
10.22	Form of Performance Unit Award Agreement Pursuant to the Symetra Financial Corporation Equity Plan 2010-2012 Grant*
10.23	Symetra Financial Corporation Employee Stock Purchase Plan (amended and restated on May 11, 2010)*
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*
99.01	Audit Committee Independent Auditor Services Pre-Approval Policy*

* 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: May 14, 2010	By: /s/ Randall H. Talbot Name: Randall H. Talbot Title: President and Chief Executive Officer
Date: May 14, 2010	By: /s/ Margaret A. Meister Name: Margaret A. Meister Title: Executive Vice President and Chief Financial Officer

SYMETRA FINANCIAL CORPORATION

ANNUAL INCENTIVE BONUS PLAN

ARTICLE I.
PURPOSE

Symetra Financial Corporation (the “Company”) hereby establishes this Annual Incentive Bonus Plan (this “Plan”) to provide bonus compensation to certain employees and reward them for their role in the Company’s success.

ARTICLE II.
DEFINITIONS.

2.1 “Code” means the Internal Revenue Code of 1986, as amended.

2.2 “Company Performance Modifier” means a percentage between zero percent (0%) and two hundred percent (200%) for each Plan Year. At the end of each Plan Year the Plan Administrator will set the Company Performance Modifier based on the extent to which the Company’s actual performance exceeded or fell below the Company Performance Goals for that Plan Year.

2.3 “Company Performance Goals” means any business performance goals selected by the Plan Administrator, which may include, but are not limited to, sales growth targets, improvement in operating efficiencies, and operating return on average equity. Company Performance Goals need not, however, be based upon an increase or positive result under a business criterion and could include, for example, maintaining the status quo or limiting economic losses.

2.4 “Eligible Employee” means a salaried employee of Symetra Life Insurance Company who works at least 20 hours per week and who does not participate in any other Company sponsored sales or production plan. For these purposes neither the Company’s Performance Share Plan nor its Equity Plan are considered “sales or production performance plans.”

2.5 “Incentive Bonus” means the amount awarded to a Participant as described in Article 6.

2.6 “Individual Performance Modifier” means a percentage between zero percent (0%) and two hundred percent (200%) for each Plan Year. At the end of each Plan Year the Plan Administrator will set the Individual Performance Modifier according to performance rating distribution for all Participants.

2.7 “Individual Performance Goals” means any performance-related goals for a Participant, determined or established by the Plan Administrator, or by the Participant’s manager. The Individual Performance Goals may differ from Participant to Participant and from Plan Year to Plan Year.

2.8 “Participant” means an Eligible Employee who has become a Participant as described in Article V.

2.9 “Eligible Earnings” mean the aggregate base salary paid to a Participant during the applicable Plan Year, before any salary reduction contributions to a Code Section 125 cafeteria plan, qualified transportation benefit plan or 401(k) plan. Eligible Earnings do not include overtime, cash incentives, bonuses, deferred compensation, Company contributions to a qualified retirement plan, Company contributions to a medical or insurance benefit plan, long-term disability payments, severance pay, fringe benefits or any other extraordinary pay, including any incentive compensation paid under this Plan.

2.10 “Pay-out Formula” has the meaning given in Section 6.3.

2.11 “Plan Administrator” means the Compensation Committee of the Board of Directors of the Company.

2.12 “Plan Year” means the calendar year.

2.13 “Target Bonus” has the meaning provided in Section 6.2.

2.14 “Termination of Employment” means a complete cessation of employment.

2.15 “Total Disability” means a mental or physical impairment that (a) causes an individual to be unable to engage in any substantial gainful activity, after reasonable accommodation, and (b) is expected to result in death or has lasted or is expected to last for a continuous period of 12 months or more. The status of Total Disability will be determined by the Plan Administrator and, if requested by the affected Participant, two independent physicians, and shall be deemed to exist on the first day after the Plan Administrator (and the two independent physicians, if applicable) reach the conclusion.

ARTICLE III.
EFFECTIVE DATE

The effective date of this Plan is January 1, 2010.

ARTICLE IV.
PLAN ADMINISTRATION

4.1 **Powers of Plan Administrator**. The Plan Administrator shall be responsible for the general administration and interpretation of this Plan and for carrying out its provisions. The Plan Administrator shall have such powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the following powers and duties, but subject to the terms of this Plan: (a) discretionary authority to construe and interpret the terms of this Plan, and to determine eligibility and the award and payment of benefits; (b) to prescribe forms and procedures for purposes of Plan participation and benefit payment; and (c) to adopt rules and regulations and to take such actions as it deems necessary or desirable for the proper administration of this Plan.

4.2 **Finality of Decisions**. Any rule or decision by the Plan Administrator that is not expressly inconsistent with the provisions of this Plan shall be conclusive and binding on all persons, and shall be given the maximum deference permitted by law.

4.3 **Liability of Plan Administrator**. The Plan Administrator shall not be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Plan. In addition, no management employee of the Company shall be liable to any person for his or her part in establishing Individual Performance Goals or Individual Performance Modifiers.

ARTICLE V.
ELIGIBILITY

An employee hired or transferred to an "Eligible Employee" position on January 1 through September 30 shall become a Participant as of the first date the employee is an Eligible Employee. An employee hired or transferred to an "Eligible Employee" position on October 1 through December 31 shall become a Participant as of January 1st following the date he or she becomes an Eligible Employee (provided employment has continued to that date). An Eligible Employee who terminates employment with the Company during the course of a Plan Year and is then rehired as an Eligible Employee during the same Plan Year shall become a Participant on his or her most recent rehire date, provided the rehire date is on or before September 30; if the rehire date is after September 30, the individual will not become a Participant until the start of the following Plan Year (provided employment has continued to that date). An Eligible Employee who ceases to be an Eligible Employee because he or she becomes eligible for an alternative sales or production plan for part or all of a Plan Year will cease to be a Participant, but will receive a blended target percentage for the Plan Year, based on time spent in each position.

ARTICLE VI.
INCENTIVE BONUS

6.1 **Establishment of Goals**. Company and Individual Performance Goals will be established, and set forth in writing and shared with the Participants, within ninety (90) days following the start of each Plan Year, or with respect to an individual who first becomes a Participant midway through a Plan Year, within forty-five (45) days after becoming a Participant.

6.2 **Target Bonus**. The Target Bonus shall be calculated by multiplying the target percentage set for the participant's position upon hire by the Eligible Earnings for the Plan Year. Should a participant's target change as a result of moving into a new position with a different target, the participant will receive a blended target for the Plan Year, based on time spent in each position.

6.3 **Eligible Payment Formula**. The Incentive Bonus will be based on the product of the amount of the Target Bonus for the Plan Year multiplied by the Individual Performance

Modifier for the Plan Year, and multiplied by the Company Performance Modifier for the applicable Plan Year (the "Pay-out Formula"). The maximum total percentage a participant can receive is two hundred percent (200%) of their Target Bonus. Notwithstanding any contrary provision of this Plan, the Plan Administrator, in its sole discretion, may at any time prior to actual payment modify the Incentive Bonus payable to any Participant. The modification may constitute a decrease or an increase above what would otherwise be payable under the Pay-out Formula.

6.4 **Right to Incentive Bonus.** To ensure that the Company achieves the purposes and receives the benefits contemplated by this Plan, a Participant shall receive the Incentive Bonus only if the Participant remains continuously employed by the Company until the Incentive Bonus is actually paid to the Participant, as described below in Section 6.5. If a Participant experiences a Termination of Employment prior to the payment of any Incentive Bonus, then the Incentive Bonus is forfeited and the Participant has no right to payment, unless the Termination of Employment is due to death, Total Disability, voluntary Termination of Employment at or after age 65, or the Company's elimination of the Participant's position, in which case the Participant (or his or her personal representative or estate) shall nevertheless receive payment of the Incentive Bonus for that Plan Year, based on his or her Eligible Earnings for that Plan Year, subject to the Company Performance Modifier. The payment to such a Participant will occur at the same time as payments to other Participants.

6.5 **Time and Form of Eligible Payment of Incentive Bonus.** The Company shall pay the amount of Incentive Bonuses awarded pursuant to Section 6.3 in a lump sum within two and a half months following the Plan Year for which the Company and Individual Performance Goals apply, subject to the requirements of continued employment of Section 6.4.

6.6 **Special Provision for Benefit Upon Death.** If a Participant should die, any Incentive Bonuses payable pursuant to this Article 6 shall be paid to his or her personal representative, or estate.

ARTICLE VII.
UNFUNDED OBLIGATION

The benefits payable under this Plan shall not be funded, but shall constitute an unsecured liability payable, when due, by the Company out of its general assets. The Company shall retain title to and beneficial ownership of all assets, whether cash or investments, which it may in its sole discretion set aside or earmark to pay benefits under this Plan, including any assets placed in a rabbi trust. Neither the Participant nor their beneficiaries shall have any property interest in the Company's specific assets.

ARTICLE VIII.
MISCELLANEOUS

8.1 **Withholding Taxes.** In connection with payments under this Plan, the Company shall withhold any income and employment taxes required under applicable law.

8.2 **No Employment Contract.** Nothing in this Plan, shall give any employee any right to continued employment with the Company, or to interfere in any way with the right of the

Company to terminate an employee's employment or service relationship with the Company at any time.

8.3 **Right to Amend or Terminate Plan.** The Company intends this Plan to be a continuing program. Nonetheless, the Company reserves the right to amend or terminate this Plan at any time and to terminate all rights to receive benefits hereunder.

8.4 **Applicable Law.** This Plan shall be governed and construed in accordance with the laws of the State of Washington, to the extent no preempted by federal law. This Plan shall be interpreted to be exempt under Code Section 409A as a "short-term deferral," as defined in corresponding Treasury regulations.

IN WITNESS WHEREOF, the Company has caused this Annual Incentive Bonus Plan to be executed this ___ day of __________, 2010.

SYMETRA FINANCIAL CORPORATION

By ______________________________

Its ______________________________

RESTRICTED STOCK AGREEMENT
PURSUANT TO THE
SYMETRA FINANCIAL CORPORATION EQUITY PLAN

THIS AGREEMENT (this "Agreement") made as of the 4th day of March, 2010 by and between Symetra Financial Corporation, a Delaware corporation (the "Company"), and [•] (the "Executive").

WHEREAS, pursuant to the Symetra Financial Corporation Equity Plan (the "Plan"), the Executive has been granted an award of [•] Shares (as defined in the Plan) that are subject to certain restrictions on transfer and risks of forfeiture (the "Restricted Stock") on the date hereof on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, in consideration for this award of Restricted Stock, the Executive agrees to accept the restrictions set forth herein;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements contained in this Agreement, the parties hereto agree as follows:

SECTION 1. Definitions. Capitalized terms used but not defined in this Agreement have the meanings given such terms in the Plan. As used in this Agreement, the following terms shall have the meanings set forth below:

"Restrictions" means restrictions on sale or other transfer set forth in Section 5 and the risks of forfeiture set forth in Section 2.

SECTION 2. Vesting and Delivery. (a) Vesting. The Executive's rights with respect to the Restricted Stock shall become vested, and the Restrictions with respect to such Restricted Stock shall lapse, on December 31, 2012; provided that the Executive must be employed by the Company or an affiliate thereof on such date in order for the Executive's rights with respect to the Restricted Stock to become vested, except as otherwise determined by the Committee in its sole discretion or as otherwise provided in Section 2(b) below. Except as provided in Section 2(b) below, all unvested Restricted Stock shall be forfeited by the Executive upon a termination of the Executive's employment for any reason.

(b) Upon a Termination Without Cause or termination of the Executive's employment by the Company due to the Executive's death or Disability, the Executive's rights with respect to the following amounts of Restricted Stock shall become vested and the Restrictions with respect to such amounts of Restricted Stock shall lapse:

(i) If such termination of employment is on or after December 31, 2010 but prior to December 31, 2011, the Restrictions with respect to one-third of the Restricted Stock shall lapse.

(ii) If such termination of employment is on or after December 31, 2011 but prior to December 31, 2012, the Restrictions with respect to two-thirds of the Restricted Stock shall lapse.

(c) Delivery of Shares. On and following the date of this Agreement, Restricted Stock may be evidenced in such manner as the Company may determine. If certificates representing Restricted Stock are registered in the Executive's name, such certificates must bear an appropriate legend referring to the terms, conditions and restrictions (including the Restrictions) applicable to such Restricted Stock, until such time, if any, as the Executive's rights with respect to such Restricted Stock become vested and the Restrictions with respect to such Restricted Stock lapse. Upon the vesting of the Executive's rights with respect to such Restricted Stock, the Company or other custodian, as applicable, shall deliver such certificates to the Executive or the Executive's legal representative.

SECTION 3. Withholding, Section 83(b) Election, Consents and Legends. (a) Withholding. The Company shall be entitled to require, as a condition to the release of Restricted Stock that vests pursuant to this Agreement, that the Executive remit an amount in cash sufficient to satisfy all applicable withholding taxes relating thereto as determined by the Company; provided that, the Company may elect to allow the Executive to satisfy the obligation to pay any such withholding tax, in whole or in part, (i) by having the Company retain Shares upon the vesting of Restricted Stock to cover the amount of such withholding tax or (ii) by delivery to the Company by the Executive of previously owned and unrestricted Shares, in each case, in an amount having a value determined by the Company equal to such withholding tax. Notwithstanding the foregoing, the Company and each of its Affiliates shall have the right and are hereby authorized to withhold the amount (in cash or, in the discretion of the Committee, Shares, other securities, other awards or other property) of any applicable withholding taxes as determined by the Company in respect of the Restricted Stock and to take such other action as may be necessary in the discretion of the Committee to satisfy all obligations for the payment of such taxes.

(b) Section 83(b) Election. The Executive shall be permitted to make an election under Section 83(b) of the Code or under a similar provision of law. If the Executive makes such an election, the Executive shall notify the Company of such election within ten days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to regulations issued under Section 83(b) of the Code or any other applicable provision.

(c) Consents. The Executive' s rights in respect of the Restricted Stock are conditioned on the receipt to the full satisfaction of the Committee of any consents or other legal requirements that the Committee may determine to be necessary or advisable (including, without limitation, the Executive consenting to the Company' s supplying to any third-party recordkeeper of the Plan such personal information as the Committee deems advisable to administer the Plan and compliance with any Company trading restrictions or trading policies).

(d) Legends. The Company may affix to certificates for Shares issued pursuant to this Agreement any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which the Executive may be subject under any applicable securities laws). The Company may advise the transfer agent to place a stop order against any legended Shares.

(e) Registration. Notwithstanding any provision of this Agreement to the contrary, if at any time the Committee determines, in its sole discretion, that the listing, registration or qualification of Shares issuable under this Agreement under any state or Federal law or on any securities exchange on which the Shares are traded or inter-dealer quotation system on which the Shares are quoted or the consent or approval of any governmental regulatory body is necessary as a condition of, or in connection with, delivery of Shares issuable under this Agreement, such Shares may not be delivered in whole or in part (and any attempt to deliver or to transfer any vested Shares to the Executive shall be null and void) unless such listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Committee.

SECTION 4. Voting Rights; Dividend Equivalents. Prior to the date on which the Executive's rights with respect to a Restricted Share have become vested, the Executive shall be entitled to exercise voting rights with respect to such Restricted Share and shall be entitled to receive dividends or other distributions with respect thereto.

SECTION 5. Non-Transferability of Restricted Stock. Unless otherwise provided by the Committee in its discretion, Restricted Stock may not be sold, assigned, alienated, transferred, pledged, attached or otherwise encumbered, except as provided in Section 20(b) of the Plan. Any purported sale, assignment, alienation, transfer, pledge, attachment or other encumbrance of a Restricted Share in violation of the provisions of this Section 5 and Section 20(b) of the Plan shall be null and void.

SECTION 6. Rights of the Executive. None of the Restricted Stock, the execution of this Agreement and the delivery of any vested Shares shall confer upon the Executive any right to, or guarantee of, continued employment by the Company or any of its affiliates, or in any way limit the right of the Company or any of its affiliates to terminate the employment of the Executive at any time, subject to the terms of any written employment or similar agreement between the Company or any of its affiliates and the Executive. The Restricted Stock shall not be treated as compensation for purposes of calculating the Executive's rights under any employee benefit plan, except to the extent expressly provided in any such plan.

SECTION 7. Relation to Plan. The Restricted Stock hereby granted are subject to, and the Company and the Executive agree to be bound by, all of the terms and conditions of the Plan, as the same may be amended from time to time in accordance with the terms thereof, but no such amendment shall be effective as to the Restricted Stock without the Executive's consent insofar as it may materially and adversely affect the Executive' s rights under this Agreement. Except as otherwise provided herein, the Committee shall have sole discretion to determine whether the events or conditions described in this Agreement have been satisfied and to make all other interpretations, constructions and determinations required under this Agreement and all such determinations by the Committee shall be final, binding and conclusive. In the event of any conflict between any term or provision contained in this Agreement and a term or provision of the Plan, the applicable terms and provisions of the Plan shall govern and prevail, and the Agreement shall be deemed to be modified accordingly.

SECTION 8. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally or when telecopied (with confirmation of transmission received by the sender), three business days after being sent by certified mail, postage prepaid, return receipt requested or one business day after being delivered to a nationally recognized overnight courier with next day delivery specified to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, to:
Vice President, Human Resources
Symetra Financial Corporation
777 108th Ave NE Suite 1200
Bellevue, Washington 98004

with a copy to:
General Counsel
Symetra Financial Corporation
777 108th Ave NE Suite 1200
Bellevue, Washington 98004

If to the Executive, to the address on file with the Company or any of its affiliates.

Notices sent by email or other electronic means not specifically authorized by this Agreement shall not be effective for any purpose of this Agreement.

SECTION 9. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other or subsequent breach.

SECTION 10. Executive' s Undertaking. The Executive hereby agrees to take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Executive pursuant to the provisions of this Agreement.

SECTION 11. Compliance with Law. Any Shares issuable pursuant this Agreement will be issued after there has been compliance with such laws and regulations as the Company may deem applicable. The Executive agrees to comply with all applicable laws and regulations in each jurisdiction in which the Executive acquires, offers, sells or delivers the Restricted Stock or Shares issuable pursuant to this Agreement, in all cases at the Executive's own expense. Upon the acquisition of any Shares pursuant to this Agreement, the Executive will make or enter into such written representations, warranties and agreements as the Company may reasonably request in order to comply with applicable securities laws or this Agreement.

SECTION 12. Amendment. This Agreement may not be amended, terminated, suspended or otherwise modified except in a written instrument, duly executed by both parties.

SECTION 13. Professional Advice. The acceptance and delivery of Shares under this Agreement may have consequences under Federal and state tax and securities laws that may vary depending upon the individual circumstances of the Executive. Accordingly, the Executive acknowledges that the Executive has been advised to consult his personal legal and tax advisor in connection with this Agreement and the Restricted Stock.

SECTION 14. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of New York without regard to its conflict of laws principles, and shall bind and inure to the benefit of the heirs, executors, personal representatives, successors and assigns of the parties hereto.

SECTION 15. Counterparts. This Agreement may be executed in one or more counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute but one agreement.

SECTION 16. Entire Agreement. This Agreement and the other writings incorporated by reference herein constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto.

SECTION 17. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect to the fullest extent permitted by law. The Executive agrees that in the event that any court of competent jurisdiction shall finally hold that any provision of this Agreement (whether in whole or in part) is void or constitutes an unreasonable restriction against the Executive, such provision shall not be rendered void but shall be deemed to be modified to the minimum extent necessary to make such provision enforceable for the longest duration and the greatest scope as such court may determine constitutes a reasonable restriction under the circumstances.

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

SYMETRA FINANCIAL
CORPORATION,

by ____________________________________
Randall H. Talbot, President & CEO

EXECUTIVE

____

Exhibit 10.22

Performance Unit Award Agreement
Pursuant to the Symetra Financial Corporation Equity Plan
2010-2012 Grant

THIS AGREEMENT (this "Agreement") is made, effective as of the 4th day of March, 2010 (the "Grant Date") , between Symetra Financial Corporation (the "Company") and [NAME] (the "Participant").

WHEREAS, pursuant to the Symetra Financial Corporation Equity Plan (the "Plan"), the Participant has been granted an award of [•] Performance Units (as defined in the Plan) on the date hereof on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, in consideration for this award of Performance Units, the Participant agrees to accept the restrictions set forth herein;

NOW THEREFORE, in consideration of mutual covenants the parties hereto agree as follows:

1. Definitions: Capitalized terms used but not defined in this Agreement have the meanings given to such terms in the Plan. As used in this Agreement, the following terms shall have the meanings set forth below:

"Annualized Return on Equity" means the Company's average annual return on equity over the Award Period (as defined below).

"Earned Value" means the product of (a) the Value of the Performance Units (as determined pursuant to Section 3 below) and (b) the Performance Percentage (as determined pursuant to Section 5 below).

"Minimum Threshold" means the average daily yield on the 10 Year Treasury Note (as reported in the Bloomberg GT10 index) over the Award Period.

"Modified Operating Income" means the total of (a) net income minus (b) realized gains/(losses) minus (c) hedge fund investment income plus (d) 30 Year 'A' Bond investment income (as reported in the Bloomberg C00730 index) substituted for equities/hedge fund performance (valued quarterly), each as calculated on an after-tax basis.

"Modified Operating Return on Equity" means (a) Modified Operating Income divided by (b) the Company's GAAP Book Value as of the first business day of the applicable calendar year.

2. Award Period: The Award Period shall be January 1, 2010 through December 31, 2012.

3. Value of Performance Units: On the Grant Date, each Performance Unit shall have a Value of $100.00. Thereafter, except as provided in Section 8(b) below, each Performance Unit shall have a Value equal to result of the following equation: $100.00 x (1.00 + annualized Modified Return on Equity)^3.

4. Performance Objective: The Performance Objective shall be annualized Modified Operating Return on Equity over the Award Period.

5. Performance Percentage: The Performance Percentage shall be dependent on the extent to which the Performance Objective is attained, and shall be determined as follows:

Performance Objective	Performance Percentage
7% or lower	0%
12%	100%
17% or higher	200%

For annualized percentage growth between 7% and 17%, the Performance Percentage will be determined on the basis of straight line interpolation.

6. Award Payment: Subject to Section 9(g) of the Plan and Sections 7 and 8 of this Agreement, as soon as practicable following the end of the Award Period (but in no event later than March 15 of the year following the last day of the Award Period), the Committee shall cause an amount equal to the Earned Value of the Performance Units earned by the Participant to be paid to such Participant or his or her beneficiary; provided, however, that the Participant shall not be entitled to any payment with respect to the Performance Units unless the Company's Annualized Return on Equity exceeds the Minimum Threshold.

7. Termination of Employment: (a) Except as provided in Sections 7(b) and 8 of this Agreement, the Performance Units shall be canceled, and no payment shall be payable hereunder, if the Participant's continuous employment with the Company or any of its subsidiaries shall terminate for any reason prior to the end of the Award Period.

(b) If the Participant shall die, become Disabled, be granted a leave of absence or retire, or if the Participant's continuous employment with the Company or any of its subsidiaries is otherwise terminated in a manner no seriously detrimental to the Company, in each case as determined by the Committee, the Performance Units shall be immediately canceled; provided that, the Committee, in its sole discretion, may determine to make a payment to the Participant in respect of some or all of such canceled Performance Units.

8. Change in Control: (a) If, within 24 months after a Change in Control, the Participant experiences a Termination Without Cause or a Constructive Termination, then with respect to Performance Units that were outstanding on the date of the Termination Without Cause or the Constructive Termination, each such Performance Unit shall be immediately canceled and, in respect thereof, the Participant shall be entitled to receive a payment equal to the product of (i) the number of Performance Units, multiplied by (ii) the Value of a Performance Unit on the date the Termination Without Cause or the Constructive Termination occurs (calculated pursuant to Section 8(b) below)), multiplied by (iii) a Performance Percentage determined based on the extent to which the Performance Objective has been achieved as of the last day of the calendar quarter ending prior to the date the Termination Without Cause or the Constructive Termination occurs.

(b) For purposes of clause (ii) of Section 8(a) above, the Value of a Performance Unit shall be calculated pursuant to the second sentence of Section 3 above, except that the Value shall be annualized through the last day of the calendar quarter ending prior to the date of the Termination Without Cause or the Constructive Termination.

(c) If, following a Change in Control, the Participant's employment remains continuous through the end of an Award Period, then the Participant shall be paid with respect to such Performance Units for which he or she would have been paid had there not been a Change in Control and the Earned Value shall be determined in accordance with Section 6 above.

9. Successor Requirement: This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. The Company shall request any purchaser of a business unit in which the Participant is employed (a " Purchaser"), to fully assume the obligations of the Company under this Agreement. If a Purchaser declines to assume such obligations, the Company shall remain obligated under the terms of this Agreement and the Committee, in its sole discretion, may elect to cancel the Agreement and to make a payment based on the applicable measures at the time of purchase.

10. Withholding: The Company shall be entitled to require, as a condition to any payment with respect to the Performance Units, that the Participant remit an amount in cash sufficient to satisfy all applicable withholding taxes relating thereto as determined by the Company; provided that, the Company may elect to allow the Participant to satisfy the obligation to pay any such withholding tax, in whole or in part, by having the Company retain cash upon the payment of the Participant's Earned Value to cover the amount of such withholding tax. Notwithstanding the foregoing, the Company and each of its affiliates shall have the right and are hereby authorized to withhold the amount (in cash or, in the discretion of the Committee, Shares, other securities, other awards or other property) of any applicable withholding taxes as determined by the Company in respect of the Performance Units and to take such other action as may be necessary in the discretion of the Committee to satisfy all obligations for the payment of such taxes.

11. Non-Transferability of Performance Units: Unless otherwise provided by the Committee in its discretion, the Performance Units may not be sold, assigned, alienated, transferred, pledged, attached or otherwise encumbered, except as provided in Section 20(b) of the Plan. Any purported sale, assignment, alienation, transfer, pledge, attachment or other encumbrance of a Performance Unit in violation of the provisions of this Section 11 and Section 20(b) of the Plan.

12. Rights of the Participant: None of the Performance Units, the execution of this Agreement and the delivery of any payment with respect to the Performance Units shall confer upon the Participant any right to, or guarantee of, continued employment by the Company or any of its affiliates, or in any way limit the right of the Company or any of its affiliates to terminate the employment of the Participant at any time, subject to the terms of any written employment or similar agreement between the Company or any of its affiliates and the Participant. The Performance Units shall not be treated as compensation for purposes of calculating the Participant's rights under any employee benefit plan, except to the extent expressly provided in any such plan.

13. Relation to Plan: The Performance Units hereby granted are subject to, and the Company and the Participant agree to be bound by, all of the terms and conditions of the Plan, as the same may be amended from time to time in accordance with the terms thereof, but no such amendment shall be effective as to the Performance Units without the Participant's consent insofar as it may materially and adversely affect the Participant's rights under this Agreement. Except as otherwise provided herein, the Committee shall have sole discretion to determine whether the events or conditions described in this Agreement have been satisfied and to make all other interpretations, constructions and determinations required under this Agreement and all such determinations by the Committee shall be final, binding and conclusive. In the event of any conflict between any term or provision contained in this Agreement and a term or provision of the Plan, the applicable terms and provisions of the Plan shall govern and prevail, and the Agreement shall be deemed to be modified accordingly.

14. Designation of Beneficiary by Participant: A Participant may name a beneficiary to receive any payment to which he/she may be entitled in respect of this Agreement in the event of his/her death, by notifying the Company. A Participant may change his/her beneficiary from time to time in the same manner. If the Participant has not designated a beneficiary or if no designated beneficiary is living on the date on which any amount becomes payable to a Participant's beneficiary, that amount shall be paid to the Participant's estate.

15. Notices: All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally or when telecopied (with confirmation of transmission received by the sender), three business days after being sent by certified mail, postage prepaid, return receipt requested or one business day after being delivered to a nationally recognized overnight courier with next day delivery specified to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, to:

Vice President, Human Resources
Symetra Financial Corporation
777 108th Ave NE Suite 1200
Bellevue,Washington 98004

with a copy to:

General Counsel
Symetra Financial Corporation
777 108th Ave NE Suite 1200
Bellevue, Washington 98004

If to the Participant, to the address on file with the Company or any of its affiliates.

Notices sent by email or other electronic means not specifically authorized by this Agreement shall not be effective for any purpose of this Agreement.

16. Waiver of Breach: The waiver by either party of a breach of any provision of this Agreement must be in writing and shall not operate or be construed as a waiver of any other or subsequent breach.

17. Participant’s Undertaking : The Participant hereby agrees to take whatever additional actions and execute whatever additional documents the Company may in its reasonable judgment deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on the Participant pursuant to the provisions of this Agreement.

18. Amendment: This Agreement may not be amended, terminated, suspended or otherwise modified except in a written instrument, duly executed by both parties.

19. Professional Advice: The acceptance and delivery of Performance Units under this Agreement may have consequences under Federal and state tax and securities laws that may vary depending upon the individual circumstances of the Participant. Accordingly, the Participant acknowledges that the Participant has been advised to consult his personal legal and tax advisor in connection with this Agreement and the Performance Units.

20. Governing Law: This Agreement shall be governed by, and construed in accordance with, the laws of New York without regard to its conflict of laws principles, and shall bind and inure to the benefit of the heirs, executors, personal representatives, successors and assigns of the parties hereto.

21. Counterparts: This Agreement may be executed in one or more counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute but one agreement.

22. Entire Agreement: This Agreement and the other writings incorporated by reference herein constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior written or oral negotiations, commitments, representations and agreements with respect thereto.

23. Severability: The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect to the fullest extent permitted by law. The Participant agrees that in the event that any court of competent jurisdiction shall finally hold that any provision of this Agreement (whether in whole or in part) is void or constitutes an unreasonable restriction against the Participant, such provision shall not be rendered void but shall be deemed to be modified to the minimum extent necessary to make such provision enforceable for the longest duration and the greatest scope as such court may determine constitutes a reasonable restriction under the circumstances.

IN WITNESS WHEREOF, the parties hereto have executed this Grant as of the date(s) listed below.

Participant

Symetra Financial Corporation

By

Name	Date		Randall H. Talbot, President & CEO

Exhibit 10.23

Amended and Restated
May 11, 2010*

Symetra Financial Corporation

<u>EMPLOYEE STOCK PURCHASE PLAN</u>

The following constitute the provisions of the Employee Stock Purchase Plan of Symetra Financial Corporation.

1. **<u>Purpose</u>**. The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock of the Company through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Code. The provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423.

2. **<u>Definitions</u>**.

(a) "**<u>Administrator</u>**" shall mean the Board or any Committee designated by the Board to administer the plan pursuant to Section 14.

(b) "**<u>Board</u>**" shall mean the Board of Directors of the Company.

(c) "**<u>Change of Control</u>**" shall, for the purpose of this plan, occur if:

(i) Any person or group (within the meaning of Section 13(d) and 14(d)(2) of the Exchange Act), other than (x) White Mountains Insurance Group, Ltd., Berkshire Hathaway, Inc. or the respective wholly owned subsidiaries thereof, as applicable (the "Significant Investors"), (y) an underwriter temporarily holding Shares in connection with a public issuance thereof or (z) an employee benefit plan of the Company or its affiliates, becomes the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of thirty-five percent (35%) or more of the Company's then outstanding Shares and such ownership percentage exceeds the beneficial ownership percentage of the Significant Investors in the Company's then outstanding Shares;

(ii) the Continuing Directors (defined as a member of the Board who either was a member of the Board on the Effective Date, or subsequently became a director of the Company and whose election, or nomination for election by the Company's shareholders was approved by a vote of a majority of the Continuing Directors then on the Board (which term, for purposes of this definition, shall mean the whole Board and not any committee thereof), but excluding any such individual whose initial assumption of office occurred pursuant to an actual or threatened proxy contest or consent solicitation with respect to the election or removal of directors) cease for any reason to constitute a majority of the Board of the Company;

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* Paragraph 6(e) amended.

(iii) the business of the Company and its subsidiaries is disposed of by the Company pursuant to a sale or other disposition of all or substantially all of the business or business-related assets of the Company and its subsidiaries.

(d) “**Code**” shall mean the Internal Revenue Code of 1986, as amended.

(e) “**Committee**” means the Compensation Committee of the Board appointed by the Board in accordance with Section 14 hereof.

(f) “**Common Stock**” shall mean the common stock of the Company.

(g) “**Company**” shall mean Symetra Financial Corporation, a Delaware corporation.

(h) “**Compensation**” shall mean all taxable compensation reportable by Employer on IRS Form W-2, before any salary reduction contributions made to an Employee-sponsored cafeteria, qualified transportation fringe, simplified employee pension, 401(k), 457(b) or 403(b) plan, and including sales incentive compensation and overtime pay; but excluding reimbursements or other expense allowances, fringe benefits, moving expenses, deferred compensation, welfare benefits, Annual Incentive Bonus (AIB), any other bonus, the taxable value of qualified or non-qualified stock option, severance pay, Employer-paid cash and non-cash fringe benefits, long-term disability benefits, and any long term incentive plan payments to include the Performance Share Plan.

(i) “**Designated Subsidiary**” shall mean any Subsidiary selected by the Administrator as eligible to participate in the Plan and noted on Schedule A. Schedule A may be modified by the Administrator.

(j) “**Eligible Employee**” shall mean any individual who is a salaried employee of the Company or any Designated Subsidiary and whose customary employment with the Company or Designated Subsidiary is at least twenty (20) hours per week and more than five (5) months in any calendar year. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company. Where the period of leave exceeds 90 days and the individual’s right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the 91st day of such leave.

(k) “**Fair Market Value**” of a Share shall mean, as of any date, (i) the closing per share sales price of the Shares (A) as reported by the NYSE for such date or (B) if the Shares are listed on any other national stock exchange, as reported on the stock exchange composite tape for securities traded on such stock exchange for such date or, with respect to each of clauses (A) and (B), if there were no sales on such date, on the closest preceding date on which there were sales of Shares or (ii) in the event there shall be no public market for the Shares on such date, the fair market value of the Shares as determined in good faith by the Committee. Notwithstanding the above, in the event of a Change in Control, the Committee as constituted immediately prior to the Change in Control shall determine the manner in which "Fair Market Value" of Shares will be determined following the Change in Control.

(l) "**Offering Date**" shall mean the first Trading Day of each Offering Period.

(m) "**Offering Periods**" shall mean the periods of approximately six (6) months during which payroll deductions of the participants are accumulated under this Plan, commencing on the first Trading Day on or immediately after February 15 and August 15 of each year and terminating on the next August 14 or February 14, respectively; provided, however, that in the event the first day of an Offering Period would not fall on a Trading Day, the Offering Period shall instead begin on the next Trading Day, and in the event the last day of an Offering Period would not fall on a Trading Day, the Offering Period shall instead end on the Trading Day immediately prior to such date. The first Offering Period under the Plan shall commence on the first February 15 or August 15 immediately following the date upon which public trading of shares of the Common Stock commences on a national securities exchange. The duration and timing of Offering Periods may be changed pursuant to Section 4 of this Plan.

(n) "**Plan**" shall mean this Employee Stock Purchase Plan.

(o) "**Purchase Date**" shall mean the last day of each Purchase Period.

(p) "**Purchase Periods**" shall mean periods of approximately three (3) months within an Offering Period, with the first Purchase Period of each Offering Period commencing on the first day of the Offering Period (for example, February 15 or August 15) and ending on the next May 14 or November 14, respectively, and with the second Purchase Period of each Offering Period commencing the next Trading Day following the end of the first Purchase Period (for example, May 15 or November 15) and ending on the next August 14 or February 14, respectively; provided that in the event the beginning of a Purchase Period would not fall on a Trading Day, the Purchase Period shall instead begin on the next Trading Day, and in the event the last date of a Purchase Period would not fall on a Trading Day, the Purchase Period shall instead end on the Trading Day immediately prior to such date.

(q) "**Purchase Price**" shall mean eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the applicable Purchase Date; provided however, that the Purchase Price may be adjusted by the Administrator pursuant to Section 20.

(r) "**Subsidiary**" shall mean a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(s) "**Trading Day**" shall mean a day on which national stock exchanges and the NYSE System are open for trading.

3. **Eligibility**.

(a) **Offering Periods**. Any individual who is an Eligible Employee one month prior to an Offering Date shall be eligible to participate in the Plan for that Offering Period.

(b) **Limitations**. Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee shall be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Subsidiary, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Company and its subsidiaries under Section 423 of the Code accrues at a rate which exceeds Twenty-Five Thousand Dollars ($25,000) worth of stock (determined at the fair market value of the shares at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. **Offering Periods**. The Plan shall be implemented by consecutive Offering Periods, which will continue until terminated in accordance with Section 20 hereof. The Committee shall have the power to change the duration of Offering Periods (including the commencement dates thereof) with respect to future offerings without shareholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected thereafter.

5. **Participation**.

(a) **First Offering Period**. An Eligible Employee shall be entitled to participate in the first Offering Period only if such individual submits a subscription agreement authorizing payroll deductions in a form determined by the Administrator (i) no earlier than the effective date of the Form S-8 registration statement with respect to the issuance of Common Stock under the Plan and (ii) no later than five (5) business days (or such other number of days as determined by the Administrator) from the effective date of such S-8 registration statement (the “Enrollment Window”). An Eligible Employee’s failure to submit the subscription agreement during the Enrollment Window shall result in the automatic termination of such individual’s participation in the Offering Period.

(b) **Subsequent Offering Periods**. An Eligible Employee may become a participant in the Plan with respect to Offering Periods after the first Offering Period by completing a subscription agreement authorizing payroll deductions in a form determined by the Administrator and filing it with the Company’s payroll office prior to the applicable Offering Date.

6. **Payroll Deductions**.

(a) At the time a participant files his or her subscription agreement, he or she shall elect to have payroll deductions made on each pay day during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation which he or she receives on each pay day during the Offering Period (or such lower limit as determined by the Committee), but in any event not to exceed the limit specified in Section 3(b); provided, however, that should a payday occur on an Purchase Date, a participant shall have the payroll deductions made on such day applied to his or her account under the new Offering Period or Purchase Period, as the case may be. A participant's subscription agreement shall remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) Payroll deductions for a participant shall commence on the first payday following the Offering Date and shall end on the last payday in the Offering Period to which such authorization is applicable, unless sooner terminated by the participant as provided in Section 10 hereof; provided, however, that for the first Offering Period, payroll deductions shall commence on the first payday on or following the end of the Enrollment Window.

(c) All payroll deductions made for a participant shall be credited to his or her account under the Plan and shall be withheld in whole percentages only. A participant may not make any additional payments into such account.

(d) A participant may discontinue his or her participation in the Plan as provided in Section 10 hereof, or may increase or decrease the rate of his or her payroll deductions during the Offering Period by completing or filing with the Company a new subscription agreement authorizing a change in payroll deduction rate. The Administrator may, in its discretion, limit the nature and/or number of participation rate changes during any Offering Period. The change in rate shall be effective with the first full payroll period following ten (10) business days after the Company's receipt of the new subscription agreement unless the Company elects to process a given change in participation more quickly.

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b) (8) of the Code and Section 3(b) hereof, the Company may decrease a participant's payroll deductions to zero percent (0%) at any time during a Purchase Period. After such a change payroll deductions may recommence as soon as the beginning of the first Purchase Period which is scheduled to end in the following calendar year, or at any time thereafter, provided the participant timely elects to increase his or her payroll deduction above zero percent (0%).[1]

(f) At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee.

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1 Underlining added to highlight new text effective 05/11/10.

7. **Grant of Option**. On the Offering Date of each Offering Period, each Eligible Employee participating in such Offering Period shall be granted an option to purchase on each Purchase Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Eligible Employee's payroll deductions accumulated prior to such Purchase Date and retained in the Participant's account as of the Purchase Date by the applicable Purchase Price; and provided that such purchase shall be subject to the limitations set forth in Sections 3(b) and 12 hereof. The Eligible Employee may accept the grant of such option by turning in a completed Subscription Agreement to the Company on or prior to an Offering Date, or with respect to the first Offering Period, prior to the last day of the Enrollment Window. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of the Company's Common Stock an Eligible Employee may purchase during each Purchase Period of such Offering Period. Exercise of the option shall occur as provided in Section 8 hereof, unless the participant has withdrawn pursuant to Section 10 hereof. The option shall expire on the last day of the Offering Period.

8. **Exercise of Option**.

(a) Unless a participant withdraws from the Plan as provided in Section 10 hereof, his or her option for the purchase of shares shall be exercised automatically on the Purchase Date, and the maximum number of full shares subject to option shall be purchased for such participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. No fractional shares shall be purchased; any payroll deductions accumulated in a participant's account which are not sufficient to purchase a full share shall be retained in the participant's account for the subsequent Purchase Period or Offering Period, subject to earlier withdrawal by the participant as provided in Section 10 hereof. Any other funds left over in a participant's account after the Purchase Date shall be returned to the participant. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Purchase Date, the number of shares with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Offering Date of the applicable Offering Period, or (ii) the number of shares available for sale under the Plan on such Purchase Date, the Administrator may in its sole discretion (x) provide that the Company shall make a pro rata allocation of the shares of Common Stock available for purchase on such Offering Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Purchase Date, and continue all Offering Periods then in effect, or (y) provide that the Company shall make a pro rata allocation of the shares available for purchase on such Offering Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Purchase Date, and terminate any or all Offering Periods then in effect pursuant to Section 20 hereof. The Company may make pro rata allocation of the shares available on the Offering Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's shareholders subsequent to such Offering Date.

9. **Delivery**. As soon as reasonably practicable after each Purchase Date on which a purchase of shares occurs, the Company shall arrange the delivery to each participant the shares purchased upon exercise of his or her option in a form determined by the Administrator.

10. **Withdrawal**.

(a) A participant may withdraw all but not less than all the payroll deductions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by giving written notice to the Company in a form determined by the Administrator to this Plan five (5) or more business days prior to the Purchase Date as designated by the Administrator. All of the participant's payroll deductions credited to his or her account shall be paid to such participant promptly after receipt of notice of withdrawal and such participant's option for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of shares shall be made for such Offering Period. If a participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the succeeding Offering Period unless the participant delivers to the Company a new subscription agreement.

(b) A participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the participant withdraws.

11. **Termination of Employment**. Termination of a participant's employment for any reason, including retirement, death or the failure of a participant to remain an Eligible Employee of the Company or of a Designated Subsidiary, immediately terminates his or her participation in this Plan. In such event, the payroll deductions credited to the participant's account during the Offering Period but not yet used to purchase shares under the Plan will be returned without interest to him or her or, in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof. For purposes of this Section 11, an employee will not be deemed to have terminated employment or failed to remain in the continuous employ of the Company or of a Designated Subsidiary in the case of sick leave, military leave, or any other leave of absence approved by the Board; provided that such leave is for a period of not more than ninety (90) days or reemployment upon the expiration of such leave is guaranteed by contract or statute.

12. **Interest**. No interest shall accrue on the payroll deductions of a participant in the Plan.

13. **Stock**.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan shall be eight hundred seventy thousand (870,000) shares.

(b) Until the shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a participant shall only have the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to such shares.

(c) Shares to be delivered to a participant under the Plan shall be registered in the name of the participant or in the name of the participant and his or her spouse.

14. **Administration**. The Administrator shall administer the Plan and shall have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to determine eligibility and to adjudicate all disputed claims filed under the Plan. Every finding, decision and determination made by the Administrator shall, to the full extent permitted by law, be final and binding upon all parties.

15. **Designation of Beneficiary**.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant’s account under the Plan in the event of such participant’s death subsequent to a Purchase Date on which the option is exercised but prior to delivery to such participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant’s account under the Plan in the event of such participant’s death prior to exercise of the option. If a participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant’s death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) All beneficiary designations shall be in such form and manner as the Administrator may designate from time to time.

16. **Transferability**. Neither payroll deductions credited to a participant’s account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the participant. Any such

attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. **Use of Funds**. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions. Until shares are issued, participants shall only have the rights of an unsecured creditor.

18. **Reports**. Individual accounts shall be maintained for each participant in the Plan. Statements of account shall be given to participating Eligible Employees at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

19. **Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Change of Control**.

(a) **Changes in Capitalization**. Subject to any required action by the shareholders of the Company, the maximum number of shares of the Company's Common Stock which shall be made available for sale under the Plan, the maximum number of shares each participant may purchase each Purchase Period (pursuant to Section 7), the number of shares that may be added annually to the shares reserved under the Plan (pursuant to Section 13(a)(i), as well as the price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other change in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

(b) **Dissolution or Liquidation**. In the event of the proposed dissolution or liquidation of the Company, the Offering Period then in progress shall be shortened by setting a new Purchase Date (the "New Purchase Date"), and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Purchase Date shall be before the date of the Company's proposed dissolution or liquidation. The Administrator shall notify each participant in writing, at least ten (10) business days prior to the New Purchase Date, that the Purchase Date for the participant's option has been changed to the New Purchase Date and that the participant's option shall be exercised automatically on the New Purchase Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) **Merger or Change of Control**. In the event of a merger or Change of Control, each outstanding option shall be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, any Purchase Periods then in progress shall be shortened by setting a New Purchase Date and any Offering Periods then in progress shall end on the New Purchase Date. The New Purchase Date shall be before the date of the Company's proposed merger or Change of Control. The Administrator shall notify each participant in writing, at least ten (10) business days prior to the New Purchase Date, that the Purchase Date for the participant's option has been changed to the New Purchase Date and that the participant's option shall be exercised automatically on the New Purchase Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. **Amendment or Termination**.

(a) The Administrator may at any time and for any reason terminate or amend the Plan. Except as otherwise provided in the Plan, no such termination can affect options previously granted, provided that an Offering Period may be terminated by the Administrator on any Purchase Date if the Administrator determines that the termination of the Offering Period or the Plan is in the best interests of the Company and its shareholders. Except as provided in Section 19 and this Section 20 hereof, no amendment may make any change in any option theretofore granted which adversely affects the rights of any participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation or stock exchange rule), the Company shall obtain shareholder approval in such a manner and to such a degree as required.

(b) Without shareholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Administrator shall be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable which are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) increasing the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(ii) shortening any Offering Period so that Offering Period ends on a new Purchase Date, including an Offering Period underway at the time of the Board action; and

(iii) allocating shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Plan participants.

21. **Notices**. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. **Conditions Upon Issuance of Shares**. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

23. **Term of Plan**. The Plan shall become effective upon the earlier to occur of its adoption by the Board of Directors or its approval by the shareholders of the Company. It shall continue in effect until terminated under Section 20 hereof.

SCHEDULE A

Symetra Financial Corporation

Designated Subsidiaries

Symetra Life Insurance Company

Medical Risk Managers, Inc.

Exhibit 31.1

CERTIFICATION

I, Randall H. Talbot, 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. [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

   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: May 14, 2010

By: /s/ Randall H. Talbot
Randall H. Talbot
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. [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];
    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: May 14, 2010

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, Randall H. Talbot, Chief Executive Officer of Symetra Financial Corporation, certify that (i) the Form 10-Q for the quarter ended March 31, 2010 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 March 31, 2010 fairly presents, in all material respects, the financial condition and results of operations of Symetra Financial Corporation.

Date: May 14, 2010

By: /s/ Randall H. Talbot
Randall H. Talbot
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 March 31, 2010 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 March 31, 2010 fairly presents, in all material respects, the financial condition and results of operations of Symetra Financial Corporation.

Date: May 14, 2010

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

Exhibit 99.01

Symetra Financial Corporation
Audit Committee
Independent Auditor Services Pre-Approval Policy

Statement of Principles

The Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that the provision of such services does not impair the auditor's independence. In general, classes of predictable and recurring audit and permitted non-audit services shall be considered for general pre-approval by the full Audit Committee on an annual basis in each fiscal year. Services as to which a general pre-approval shall have been granted on an annual basis shall be effective for the applicable fiscal year. Unless a class of or individual audit or permitted non-audit service shall have received a general pre-approval, it will require specific pre-approval by the Audit Committee or its delegate. Any specific pre-approval of an audit or permitted non-audit service may be provided up to one year prior to commencement of the service. In any case in which a service is to be provided over a period of years, the approval shall be reviewed for renewal on an annual basis. Any services which received general pre-approval and are expected to exceed pre-approved cost levels will require specific pre-approval by the Audit Committee or its delegate.

The Audit Committee shall review this policy annually for purposes of assuring its continued appropriateness and compliance with applicable law and listing standards, including regulations of the SEC and the Public Company Accounting Oversight Board (PCAOB).

Audit Services

The Audit Committee must pre-approve the annual audit services. The Audit Committee or its delegate shall approve, if necessary, any changes in terms resulting from changes in audit scope, Company structure, or other matters. In addition to the annual audit services engagement approved by the Audit Committee, the Audit Committee or its delegate may grant pre-approval for other audit services, which are those services that only the independent auditor reasonably can provide.

Audit-Related Services

Audit-related services, including internal control-related services, are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and/or the Company's internal control over financial reporting and that are traditionally performed by the independent auditor. The Audit Committee believes that the provision of audit-related services does not impair the independence of the auditor. Audit-related services must be pre-approved by the Audit Committee or its delegate.

Tax Services

The Audit Committee believes that the independent auditor can provide tax services to the Company such as tax compliance, tax planning, and tax advice without impairing the auditor’s independence. All tax services must be pre-approved by the Audit Committee or its delegate.

Other Services

The Audit Committee or its delegate may grant pre-approval to those permitted non-audit services classified as other services that it believes would not impair the independence of the auditor, including those that are routine and recurring services.

Delegation of Pre-Approval

The Audit Committee elects to delegate pre-approval authority to the Chairman of the Audit Committee to approve any one or more individual audit or permitted non-audit services. The Chairman shall report any pre-approval granted at the next scheduled meeting of the Audit Committee. The Audit Committee does not delegate to management its responsibilities to pre-approve services performed by the independent auditor.

Prohibited Services

The Company may not engage the independent auditor to provide any service that is prohibited by applicable law, including:

- Bookkeeping or other services related to the accounting records or financial statements of the audit client.
- Financial information systems design and implementation.
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports.
- Actuarial services.
- Internal audit outsourcing services.
- Management functions.
- Human resources.
- Broker-dealer, investment advisor or investment banking services.
- Legal services.
- Expert services unrelated to the audit.
- Tax services to persons in a financial reporting oversight role or to an immediate family member of any such person.
- Any other services prohibited by the PCAOB.

Procedures

The Company’s management shall inform the Audit Committee of each service performed by the independent auditor pursuant to this Pre-Approval Policy. Requests to provide services that require separate approval by the Audit Committee shall be submitted to the Audit Committee or its delegate by the Controller, and shall include a statement as to whether the request is consistent with rules on auditor independence.

De Minimis Exception

The Audit Committee recognizes that applicable law provides for an exception to the pre-approval requirements for permissible non-audit services provided that (1) all such services do not, in the aggregate, amount to more than 5% of the total fees paid by the Company to the independent auditor; (2) such services were not recognized as non-audit services at the time of the relevant engagement; and (3) such services were promptly brought to the attention of and approved by the Audit Committee or its delegate at the next scheduled meeting of the Audit Committee and in all cases, prior to the completion of the annual audit.