Symetra Financial Corporation

Condensed Consolidated Financial Statements

March 31, 2018

SYMETRA FINANCIAL CORPORATION
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	As of March 31, 2018 (Unaudited)	As of December 31, 2017
ASSETS		
Investments:		
Available-for-sale securities:		
Fixed maturities, at fair value (amortized cost: **$30,289.1** and $29,786.5, respectively)	**$ 30,259.7**	$ 30,473.4
Marketable equity securities, at fair value	**688.2**	755.7
Mortgage loans, net	**6,215.7**	6,241.2
Derivatives, at fair value	**261.2**	339.1
Investments in limited partnerships (includes **$51.3** and $52.5 at fair value, respectively)	**212.5**	225.5
Policy loans and other invested assets	**58.2**	61.2
Total investments	**37,695.5**	38,096.1
Cash and cash equivalents	**391.4**	362.0
Accrued investment income	**344.2**	336.6
Reinsurance recoverables	**323.6**	318.2
DAC and VOBA	**875.3**	696.2
Receivables and other assets	**237.1**	240.3
Other intangible assets, net	**1,253.3**	1,275.1
Goodwill	**563.0**	563.0
Separate account assets	**975.6**	978.1
Total assets	**$ 42,659.0**	$ 42,865.6
LIABILITIES AND STOCKHOLDER'S EQUITY		
Funds held under deposit contracts	**$ 35,727.8**	$ 35,306.8
Future policy benefits	**505.6**	498.8
Policy and contract claims	**215.1**	196.6
Other policyholders' funds	**133.2**	118.0
Notes payable	**706.4**	706.6
Deferred income tax liabilities, net	**86.7**	222.3
Other liabilities	**663.9**	622.0
Separate account liabilities	**975.6**	978.1
Total liabilities	**39,014.3**	38,649.2
Commitments and contingencies *(Note 11)*		
Common stock, $0.01 par value; **1,000** shares authorized; **100** issued and outstanding	**—**	—
Additional paid-in capital	**3,516.7**	3,516.7
Retained earnings	**162.6**	144.8
Accumulated other comprehensive income (loss), net of taxes	**(34.6)**	554.9
Total stockholder's equity	**3,644.7**	4,216.4
Total liabilities and stockholder's equity	**$ 42,659.0**	$ 42,865.6

See accompanying notes.

SYMETRA FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(In millions)
(Unaudited)

	For the Three Months Ended March 31,	
	2018	**2017**
Revenues:		
Premiums	**$ 252.9**	$ 216.1
Net investment income	**334.9**	314.7
Policy fees, contract charges, and other	**79.1**	69.1
Net realized gains (losses):		
Total other-than-temporary impairment losses on securities	**(2.5)**	—
Less: portion recognized in other comprehensive income	**—**	—
Net impairment losses on securities recognized in earnings	**(2.5)**	—
Other net realized gains (losses)	**(52.1)**	(0.1)
Net realized gains (losses)	**(54.6)**	(0.1)
Total revenues	**612.3**	599.8
Benefits and expenses:		
Policyholder benefits and claims	**223.9**	180.7
Interest credited	**249.6**	241.7
Other underwriting and operating expenses	**123.9**	117.7
Interest expense	**6.2**	7.5
Amortization of DAC and VOBA	**3.7**	19.1
Amortization of intangible assets	**21.7**	21.7
Total benefits and expenses	**629.0**	588.4
Income (loss) from operations before income taxes	**(16.7)**	11.4
Total provision (benefit) for income taxes	**9.8**	(6.8)
Net income (loss)	**$ (26.5)**	$ 18.2

See accompanying notes.

SYMETRA FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)
(Unaudited)

	For the Three Months Ended March 31,	
	2018	**2017**
Net income (loss)	**$ (26.5)**	$ 18.2
Other comprehensive income (loss), net of taxes and reclassification adjustments:		
Changes in unrealized gains (losses) on available-for-sale securities (net of taxes of **$(146.2)** and $60.3)	**(549.9)**	111.9
Impact of net unrealized (gains) losses on DAC and VOBA (net of taxes of: **$28.5** and $(10.3))	**107.3**	(19.2)
Impact of cash flow hedges (net of taxes of **$(8.7)** and $(4.1))	**(32.6)**	(7.7)
Other comprehensive income (loss)	**(475.2)**	85.0
Total comprehensive income (loss)	**$ (501.7)**	$ 103.2

See accompanying notes.

SYMETRA FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
(In millions)
(Unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
January 1, 2017	$ —	$ 3,677.7	$ 17.0	$ 143.5	$ 3,838.2
Net income	—	—	18.2	—	18.2
Other comprehensive income	—	—	—	85.0	85.0
Dividends declared	—	(161.0)	(19.0)	—	(180.0)
Balances as of March 31, 2017	$ —	$ 3,516.7	$ 16.2	$ 228.5	$ 3,761.4

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholder's Equity
January 1, 2018	**$ —**	**$ 3,516.7**	**$ 144.8**	**$ 554.9**	**$ 4,216.4**
Net income	**—**	**—**	**(26.5)**	**—**	**(26.5)**
Other comprehensive income	**—**	**—**	**—**	**(475.2)**	**(475.2)**
Dividends declared	**—**	**—**	**(70.0)**	**—**	**(70.0)**
Adoption of new accounting standard	**—**	**—**	**114.3**	**(114.3)**	**—**
Balances as of March 31, 2018	**$ —**	**$ 3,516.7**	**$ 162.6**	**$ (34.6)**	**$ 3,644.7**

See accompanying notes.

SYMETRA FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	For the Three Months Ended March 31, 2018	2017
Cash flows from operating activities		
Net income (loss)	**$ (26.5)**	$ 18.2
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Net realized (gains) losses	**54.6**	0.1
Accretion and amortization of invested assets, net	**62.6**	73.5
Amortization of intangible assets	**21.7**	21.7
Other amortization, accretion and depreciation	**(0.8)**	(10.0)
Deferred income tax provision (benefit)	**(9.2)**	(11.6)
Interest credited on deposit contracts	**249.6**	241.7
Mortality and expense charges and administrative fees	**(62.0)**	(52.1)
Other changes in:		
DAC and VOBA	**(64.6)**	(51.7)
Future policy benefits	**15.7**	7.5
Other policyholder reserves	**81.7**	16.3
Policy and contract claims	**18.5**	19.7
Other assets and liabilities	**21.2**	(15.6)
Other, net	**(9.3)**	1.5
Total adjustments	**379.7**	241.0
Net cash provided by (used in) operating activities	**353.2**	259.2
Cash flows from investing activities		
Purchases of:		
Fixed maturities and marketable equity securities	**(1,541.6)**	(1,794.1)
Derivatives and other investments	**(46.6)**	(43.4)
Issuances of mortgage loans	**(132.9)**	(156.9)
Sales of fixed maturities and marketable equity securities	**516.1**	760.3
Maturities, calls, paydowns, and other repayments	**647.3**	521.3
Cash received for sales/settlements of derivatives and other investments	**72.0**	54.0
Repayments of mortgage loans	**149.2**	92.3
Cash received (pledged or returned) as collateral, net	**(100.2)**	35.8
Other, net	**(19.3)**	(31.2)
Net cash provided by (used in) investing activities	**(456.0)**	(561.9)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	**929.2**	1,183.4
Withdrawals	**(725.7)**	(586.7)
Cash dividends paid on common stock	**(70.0)**	(180.0)
Proceeds from borrowings	**450.0**	—
Repayment of senior notes and term loan	**(450.0)**	—
Net cash provided by (used in) financing activities	**133.5**	416.7
Net increase (decrease) in cash, cash equivalents, and restricted cash	**30.7**	114.0
Cash, cash equivalents, and restricted cash at beginning of period	**369.9**	399.9
Cash, cash equivalents, and restricted cash at end of period	**$ 400.6**	$ 513.9
Supplemental disclosures of cash flow information		
Non-cash transactions during the period:		
Fixed maturities exchanges	**$ 9.9**	$ 40.5
Cash, cash equivalents, and restricted cash reconciliation		
Cash and cash equivalents	**$ 391.4**	$ 503.5
Restricted cash, included in receivables and other assets	**9.2**	10.4
Total cash, cash equivalents, and restricted cash	**$ 400.6**	$ 513.9

See accompanying notes.

1. Description of Business

Symetra Financial Corporation (the Company) is a Delaware corporation that, through its subsidiaries, offers products and services that serve the retirement, employment-based benefits, and life insurance markets. These products and services are marketed through financial institutions, broker-dealers, benefits consultants, and independent agents and advisors in all 50 states and the District of Columbia.

The Company's principal products include fixed and fixed indexed deferred annuities, single premium immediate annuities (SPIA), medical stop-loss insurance, group life and disability income (DI) insurance, group fixed-payment insurance, individual life insurance, and institutional life insurance including bank-owned life insurance (BOLI) and variable corporate owned life insurance (COLI). The Company also services its blocks of structured settlement and variable annuities.

In 2016, the Company became a wholly owned subsidiary of Sumitomo Life Insurance Company, an event which is referred to as the Merger. The Merger was accounted for under the acquisition method of accounting (purchase accounting, or PGAAP).

2. Summary of Significant Accounting Policies

The interim condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that may affect the amounts reported in the interim condensed consolidated financial statements and accompanying notes. These interim condensed consolidated financial statements are unaudited and in management's opinion include all adjustments, consisting of normal recurring adjustments and accruals, necessary for a fair presentation. 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. Management has assessed subsequent events through June 1, 2018, the date the financial statements were issued.

The interim condensed consolidated financial statements should be read in conjunction with the December 31, 2017 audited consolidated financial statements. Financial results for the three months ended March 31, 2018 are not necessarily indicative of the results that may be expected for the twelve months ended December 31, 2018.

A full description of the Company's significant accounting policies is included in the December 31, 2017 audited consolidated financial statements, available on the Company's website.

Income Taxes

The Company had a negative effective tax rate for the three months ended March 31, 2018 and 2017. The Company's effective tax rate differs from the U.S. federal income tax rate each year, primarily due to benefits from the Company's tax credit investments relative to the forecasted income from operations for the twelve months ended December 31.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act") was signed into law. The effects of the 2017 Tax Act have been reasonably estimated and were recorded as a provisional amount for the year ended December 31, 2017. As analysis of the 2017 Tax Act is completed, and any additional guidance is issued and interpreted, there may be adjustments to this provisional amount, which will be recorded in the provision for income taxes in the period made. There were no significant adjustments to the provisional amount recorded for the three months ended March 31, 2018.

(All dollar amounts in millions, unless otherwise stated)

Accounting Pronouncements

Standard	Description	Required date of adoption	Effect on the financial statements or other significant matters
Accounting Pronouncements Newly Adopted			
Update No. 2016-01, *Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities*	This standard amends recognition and disclosure requirements primarily for equity investments carried at fair value. Under the standard, changes in fair value will be recorded in income. In addition, the requirement to disclose the fair value of financial instruments held at amortized cost has been eliminated for nonpublic companies.	January 1, 2019	The Company early adopted the standard on January 1, 2018 using a modified retrospective approach. The Company previously held equity investments classified as available-for-sale securities that were impacted by the standard. Upon adoption, $114.3 of net unrealized gains, net of taxes of $30.4, related to these securities were reclassified from AOCI to retained earnings. Subsequent to adoption, changes in fair value of these securities are recorded through net realized gains (losses) on the consolidated statements of income (loss). As a result, the Company expects increased volatility in net income.
Accounting Pronouncements Not Yet Adopted			
Update No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*	This standard amends the recognition and measurement of hedging instruments to better represent an entity's risk management activities. Under the standard, the requirement to separately measure and report hedge ineffectiveness is eliminated. In addition, the standard provides relief from certain initial documentation requirements and replaces the requirement for quarterly quantitative ineffectiveness testing with a qualitative approach.	January 1, 2020	The Company is evaluating the potential impact of the standard on its financial statements. The Company holds derivative instruments that will be impacted by the standard (See Note 6 for details regarding these holdings). Upon adoption, the Company will apply the standard using a modified retrospective approach. The Company plans to early adopt on January 1, 2019.

(All dollar amounts in millions, unless otherwise stated)

Accounting Pronouncements Not Yet Adopted (cont.)

Update No. 2016-02, *Leases (Topic 842)*	This standard amends the recognition requirements for all leases with a term greater than 12 months and provides new guidelines for the identification of a lease within a contract. Under the standard, companies must measure and recognize a liability to make lease payments and a right-of-use asset representing the right to use the underlying asset for the lease term. In addition, the standard requires expanded quantitative and qualitative disclosures.	January 1, 2020	The Company is evaluating the potential impact of the standard on its financial statements. The majority of the Company's leases are currently accounted for as operating leases. Upon adoption, the Company will apply the standard using a modified retrospective approach and apply the requirements to all existing leases. The Company plans to early adopt on January 1, 2019.
Update No. 2017-08, *Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*	This standard amends the guidance for amortization of premiums on purchased callable debt securities. Under the standard, premiums on these securities will be amortized to the earliest call date, rather than final maturity of the security. The guidance applies only to bonds for which the call date and price is fixed. Further, the amortization period for debt securities carried at a discount will not be impacted.	January 1, 2020	The Company is evaluating the potential impact of the standard on its financial statements. Upon adoption, the Company will apply the standard using a modified retrospective approach. The Company plans to early adopt on January 1, 2019.
Update No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*	This standard amends the credit loss measurement guidance for available-for-sale securities. Credit losses will be recognized in a credit allowance account rather than as reductions in the amortized cost of the securities. Further, entities are no longer allowed to consider length of time a security has been underwater as a factor when evaluating credit losses. This standard also amends existing guidance on the impairment of certain financial instruments by adding an impairment model that reflects expected credit losses. This requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.	January 1, 2021	The Company is in the early stages of evaluating the potential impact of the standard on its financial statements. Upon adoption, the Company will apply the standard using a modified retrospective approach. The Company plans to early adopt on January 1, 2020.
Update No. 2017-04, Intangibles - Goodwill and Other (Topic 350)	This standard removes the requirement to calculate the implied fair value of goodwill (Step 2 of the goodwill impairment test) to measure a goodwill impairment charge. A goodwill impairment charge will now be measured as the amount by which a reporting unit's carrying value exceeds its fair value determined in Step 1 of the goodwill impairment test. This impairment test will be applied to goodwill assigned to all reporting units, even those with zero or negative carrying amounts. Entities will be required to disclose the amount of goodwill assigned to reporting units with zero or negative carrying amounts.	January 1, 2022	The Company is monitoring the potential impact of the standard on its annual goodwill impairment assessment. Upon adoption, the Company will apply the standard prospectively. The Company plans to early adopt on January 1, 2020.

(All dollar amounts in millions, unless otherwise stated)

3. Other Intangible Assets

Intangible assets with finite lives are amortized on a straight-line basis over the estimated useful life of the assets. Amortizable intangible assets consist of value of distribution acquired (VODA), value of customer relationships acquired (VOCRA), trade names, and technology.

Identified intangible assets recognized by the Company included the following:

	As of March 31, 2018		As of December 31, 2017	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
VODA	**$ 782.0**	**$ (49.2)**	$ 782.0	$ (43.5)
VOCRA	**386.7**	**(83.8)**	386.7	(74.1)
Trade names	**190.0**	**(24.2)**	190.0	(21.4)
Technology	**72.0**	**(31.2)**	72.0	(27.6)
Total intangible assets subject to amortization	**1,430.7**	**(188.4)**	1,430.7	(166.6)
Insurance licenses	**11.0**	**—**	11.0	—
Total intangible assets	**$ 1,441.7**	**$ (188.4)**	$ 1,441.7	$ (166.6)

The following table sets forth the estimated future aggregate amortization expense for the next 5 years:

Year	Amount
2018 (remaining)	$ 65.3
2019	87.0
2020	87.0
2021	73.4
2022	72.1

4. Investments

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

The following tables summarize the Company's available-for-sale fixed maturities:

	As of March 31, 2018			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government and agencies	**$ 517.4**	**$ 1.9**	**$ (7.6)**	**$ 511.7**
State and political subdivisions	**779.1**	**2.1**	**(13.4)**	**767.8**
Corporate securities	**23,783.4**	**398.8**	**(324.7)**	**23,857.5**
Residential mortgage-backed securities	**2,522.9**	**5.0**	**(86.9)**	**2,441.0**
Commercial mortgage-backed securities	**787.1**	**0.8**	**(11.4)**	**776.5**
Collateralized loan obligations	**1,100.3**	**12.2**	**(0.2)**	**1,112.3**
Other debt obligations	**798.9**	**6.4**	**(12.4)**	**792.9**
Total	**$ 30,289.1**	**$ 427.2**	**$ (456.6)**	**$ 30,259.7**

(All dollar amounts in millions, unless otherwise stated)

	As of December 31, 2017			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government and agencies	$ 446.2	$ 0.2	$ (4.9)	$ 441.5
State and political subdivisions	794.3	5.0	(6.9)	792.4
Corporate securities	23,356.2	774.0	(60.5)	24,069.7
Residential mortgage-backed securities	2,535.2	6.6	(50.1)	2,491.7
Commercial mortgage-backed securities	795.0	3.8	(3.1)	795.7
Collateralized loan obligations	1,128.1	18.5	—	1,146.6
Other debt obligations	731.5	9.8	(5.5)	735.8
Total	$ 29,786.5	$ 817.9	$ (131.0)	$ 30,473.4

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

	As of March 31, 2018		As of December 31, 2017	
	Fair Value	% of Total	Fair Value	% of Total
Industrial	**$ 4,421.8**	**18.5%**	$ 4,484.1	18.6%
Consumer discretionary	**3,313.5**	**13.9**	3,388.3	14.1
Utilities	**3,110.6**	**13.0**	3,102.9	12.9
Financial	**2,908.9**	**12.2**	2,826.1	11.7
Consumer staples	**2,707.9**	**11.4**	2,721.6	11.3
Health care	**2,560.9**	**10.7**	2,660.0	11.1
Other	**4,833.9**	**20.3**	4,886.7	20.3
Total	**$ 23,857.5**	**100.0%**	$ 24,069.7	100.0%

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

	As of March 31, 2018					
	Less Than 12 Months			12 Months or More		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
U.S. government and agencies	**$ 26.4**	**$ (0.6)**	**7**	**$ 202.8**	**$ (7.0)**	**31**
State and political subdivisions	**442.4**	**(7.2)**	**73**	**158.2**	**(6.2)**	**36**
Corporate securities	**13,801.2**	**(270.9)**	**985**	**1,263.6**	**(53.8)**	**100**
Residential mortgage-backed securities	**833.8**	**(20.3)**	**210**	**1,476.3**	**(66.6)**	**364**
Commercial mortgage-backed securities	**597.7**	**(8.9)**	**49**	**55.8**	**(2.5)**	**17**
Collateralized loan obligations	**63.1**	**(0.2)**	**5**	**—**	**—**	**—**
Other debt obligations	**389.9**	**(8.0)**	**45**	**103.7**	**(4.4)**	**14**
Total	**$ 16,154.5**	**$ (316.1)**	**1,374**	**$ 3,260.4**	**$ (140.5)**	**562**

(All dollar amounts in millions, unless otherwise stated)

	As of December 31, 2017					
	Less Than 12 Months			12 Months or More		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
U.S. government and agencies	$ 120.9	$ (0.3)	6	$ 206.2	$ (4.6)	31
State and political subdivisions	311.8	(2.8)	48	169.7	(4.1)	36
Corporate securities	4,984.7	(34.3)	401	1,257.7	(26.2)	97
Residential mortgage-backed securities	705.2	(7.9)	176	1,517.2	(42.2)	356
Commercial mortgage-backed securities	296.5	(1.4)	25	60.5	(1.7)	19
Collateralized loan obligations	10.0	—	1	—	—	—
Other debt obligations	217.9	(2.5)	32	109.3	(3.0)	14
Total	$ 6,647.0	$ (49.2)	689	$ 3,320.6	$ (81.8)	553

Based on National Association of Insurance Commissioners (NAIC) ratings as of March 31, 2018 and December 31, 2017, the Company held below-investment-grade fixed maturities with fair values of $1,103.7 and $1,119.4, respectively, and amortized costs of $1,039.0 and $1,036.3, respectively. These holdings amounted to 3.6% and 3.7% of the Company's investments in fixed maturities, at fair value, as of March 31, 2018 and December 31, 2017, respectively.

The following table summarizes the amortized costs and fair values of fixed maturities as of March 31, 2018, by contractual years to maturity. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

	Amortized Cost	Fair Value
One year or less	**$ 1,059.8**	**$ 1,057.3**
Over one year through five years	**8,133.4**	**8,113.1**
Over five years through ten years	**10,649.0**	**10,568.1**
Over ten years	**5,336.7**	**5,497.3**
Total fixed maturities with contractual maturity dates	**25,178.9**	**25,235.8**
Residential mortgage-backed securities	**2,522.9**	**2,441.0**
Commercial mortgage-backed securities	**787.1**	**776.5**
Collateralized loan obligations	**1,100.3**	**1,112.3**
Other asset-backed securities	**699.9**	**694.1**
Total fixed maturities	**$ 30,289.1**	**$ 30,259.7**

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

	For the Three Months Ended March 31,	
	2018	2017
Fixed maturities	**$ 270.4**	$ 261.4
Marketable equity securities	**3.7**	4.1
Mortgage loans	**67.7**	56.8
Other	**4.4**	2.0
Total investment income	**346.2**	324.3
Investment expenses	**(11.3)**	(9.6)
Net investment income	**$ 334.9**	$ 314.7

(All dollar amounts in millions, unless otherwise stated)

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

	For the Three Months Ended March 31, 2018	2017
Fixed maturities:		
Gross gains on sales	**$ 1.4**	$ 4.9
Gross losses on sales	**(7.5)**	(4.0)
Net impairment losses	**(2.5)**	—
Marketable equity securities (1)	**(22.2)**	11.2
Investments in limited partnerships (2):		
Alternative investments	**(1.2)**	1.4
Tax credit investments	**(12.6)**	(8.4)
Net gains (losses) - FIA (3)	**10.4**	6.3
DAC and VOBA adjustment	**(4.2)**	(2.3)
Other (4)	**(16.2)**	(9.2)
Net realized gains (losses)	**$ (54.6)**	$ (0.1)

(1) Includes net gains (losses) on changes in the fair value of equity securities held, totaling **$(14.2)** for the three months ended March 31, 2018.
(2) Reflect losses related to tax credit investments and changes in the fair value of alternative investments.
(3) Includes changes of fair value of the FIA embedded derivative (VED) and related options, excluding options related to the Company's block of FIA business sold during the late 1990s.
(4) Includes net gains (losses) related to calls and redemptions, certain derivatives not designated for hedge accounting, commercial mortgage loans, and other instruments. For more information on net gain (losses) on derivatives not designated as hedges, refer to Note 6.

Other-Than-Temporary Impairments (OTTI)

The Company's review of available-for-sale fixed maturities 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 whether expected future cash flows indicate that a credit loss exists.

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

- Extent and duration of the decline in fair value below amortized cost;
- Financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations, earnings potential or compliance with terms and covenants of the security;
- Changes in the financial condition of the security's underlying collateral;
- Any downgrades of the security by a rating agency;
- Nonpayment of scheduled interest; and
- Other indications that a credit loss has occurred.

The Company concludes that an OTTI has occurred if a security is underwater and there is an intent to sell the security, or it is more likely than not that the Company will be required to sell the security prior to recovery of its amortized cost, considering any regulatory developments, prepayment or call notifications and the Company's liquidity needs. If there is an intent or requirement to sell the security, the entire unrealized loss is recognized as an OTTI in net realized gains (losses).

An OTTI has also occurred if the present value of expected cash flows is less than the amortized cost of the security (i.e., a credit loss exists). In such cases, the Company isolates the portion of the total unrealized loss related to the credit loss, which is recognized in realized gains (losses) on the consolidated statements of income (loss), and the remainder is recorded as a non-credit OTTI through other comprehensive income.

(All dollar amounts in millions, unless otherwise stated)

To determine the amount of a credit loss, the Company calculates the recovery value by discounting its estimate of future cash flows from the security. The discount rate is the original effective yield for corporate securities, which reflects book value adjustments made at PGAAP, or current effective yield for mortgage-backed and other structured securities. The amount of the credit loss equals the difference between the carrying value and recovery value of the security.

Determination of Credit-Related OTTI on Corporate Securities

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

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

Determination of Credit-Related OTTI on Structured Securities

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

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

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

	As of March 31, 2018			As of December 31, 2017		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
Fixed maturities:						
Underwater by 20% or more:						
Less than 6 consecutive months	**$ 9.9**	**$ (3.1)**	**9**	$ 5.2	$ (1.7)	7
6 consecutive months or more	**1.2**	**(1.0)**	**6**	0.9	(0.8)	5
Total underwater by 20% or more	**11.1**	**(4.1)**	**15**	6.1	(2.5)	12
All other underwater fixed maturities	**19,403.8**	**(452.5)**	**1,878**	9,961.5	(128.5)	1,205
Total underwater fixed maturities	**$ 19,414.9**	**$ (456.6)**	**1,893**	$ 9,967.6	$ (131.0)	1,217

(All dollar amounts in millions, unless otherwise stated)

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

	For the Three Months Ended March 31, 2018	2017
Balance, beginning of period	**$ 3.8**	$ 4.4
Increases recognized in the current period:		
For which an OTTI was not previously recognized	**0.2**	—
Decreases attributable to:		
Securities sold or paid down during the period	**(0.1)**	(0.1)
Balance, end of period	**$ 3.9**	$ 4.3

The Company reviewed its available-for-sale securities with unrealized losses as of March 31, 2018 in accordance with its impairment policy and determined, after the recognition of OTTI, that the declines in fair value were temporary. The Company did not intend to sell its underwater securities, and it was not more likely than not that the Company will be required to sell the securities before recovery of cost or amortized cost, which may be maturity. This conclusion is supported by the Company's spread analyses, cash flow modeling and expected continuation of contractually required principal and interest payments.

Investments in Limited Partnerships — Low-Income Housing Project Investments

The Company invests in limited partnerships that are established to fund low-income housing and other qualifying purposes, where the primary return on investment is in the form of income tax credits. These are collectively referred to as "tax credit investments." The majority of the Company's tax credit investments relate to low-income housing project investments. As of March 31, 2018 and December 31, 2017, the Company's tax credit investments had carrying values of $161.2 and $173.0, respectively, of which $154.9 and $165.8, respectively, related to low-income housing project investments.

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

	For the Three Months Ended March 31, 2018	2017
Pass through activity	**$ (7.1)**	$ (6.4)
Write downs	**(4.8)**	(1.1)
Tax benefits	**2.5**	2.6
Tax credits, net	**10.0**	8.0
Impact to net income	**$ 0.6**	$ 3.1

5. Mortgage Loans

The Company originates and manages a portfolio of mortgage loans, which are secured by first-mortgage liens on income-producing commercial real estate, primarily in the retail, industrial and office building sectors.

The Company's mortgage loan portfolio is diversified by geographic region, loan size and scheduled maturity. As of March 31, 2018, the three states with the largest concentrations of the Company's commercial mortgage loans were California, Texas and Washington representing 27.0%, 11.2%, and 6.6%, respectively, of total outstanding principal. Of the loans in California, 42.4% related to properties located in the Los Angeles area.

As a result of the Merger, all outstanding mortgage loans were measured at fair value, which resulted in the establishment of a net premium for the portfolio. This net premium is amortized into net investment income for each loan based on its expected maturity, using the effective interest rate method. As of March 31, 2018 and December 31, 2017, the unamortized premium balance was $164.9 and $177.1, respectively.

(All dollar amounts in millions, unless otherwise stated)

Allowance for Loan Losses

The allowance for losses on mortgage loans provides for the risk of credit loss inherent in the lending process. The allowance consists of a portfolio reserve for probable losses incurred but not specifically identified and, as needed, specific reserves for impaired loans. The allowance for losses on mortgage loans is evaluated at each reporting period and adjustments are recorded when appropriate. Loans are specifically evaluated for impairment if the Company considers it probable that amounts due according to the terms of the loan agreement will not be collected, or the loan is modified in a troubled debt restructuring. The Company establishes specific reserves for these loans when the fair value is less than the carrying value.

To assist in its evaluation of the allowance for loan losses, the Company utilizes the following credit quality indicators to categorize its loans as lower, medium or higher risk:

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

As a result of the Merger, loans held as of February 1, 2016 (referred to as PGAAP loans) were adjusted to fair value, which incorporated expectations for credit losses at that time, and the allowance was set to zero. The Company separately monitors these loans for deterioration in credit quality or other indicators that a loss has incurred. Any allowance related to these PGAAP loans reflects losses incurred subsequent to the Merger.

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

	As of March 31, 2018		As of December 31, 2017	
	Balance	%	Balance	%
Lower risk	**$ 1,514.7**	**67.6%**	$ 1,486.1	69.8%
Medium risk	**473.7**	**21.1**	486.3	22.8
Higher risk	**253.8**	**11.3**	157.6	7.4
Subtotal, excluding certain PGAAP loans	**2,242.2**	**100.0**	2,130.0	100.0
Lower risk	**2,822.8**	**71.2**	2,899.2	70.7
Medium risk	**857.8**	**21.6**	896.8	21.8
Higher risk	**286.3**	**7.2**	308.4	7.5
Subtotal, certain PGAAP loans (1)	**3,966.9**	**100.0%**	4,104.4	100.0%
Loans specifically evaluated for impairment (2)	**4.8**		4.8	
Other (3)	**1.8**		2.0	
Total	**$ 6,215.7**		$ 6,241.2	

(1) Represents loans set to fair value on February 1, 2016 for which there are no indications of subsequent credit deterioration.
(2) As of March 31, 2018 and December 31, 2017, **$0.5** and $0.0 reserve amounts were held for loans specifically evaluated for impairment.
(3) Includes allowance for loan losses and deferred fees and costs.

In developing the portfolio reserve for incurred but not specifically identified losses, the Company evaluates loans by risk category. The Company considers past loan experience, commercial real estate market conditions, third-party data for expected losses on loans with similar LTV ratios and DSCRs, personal guarantees, and other relevant factors when determining whether an allowance is needed for loans categorized as medium or higher risk. No allowance is recorded for low risk loans, based on their characteristics and the Company's historical experience. In developing the provision for specifically identified loans, a market valuation on the collateral is performed to determine if a reserve is necessary.

(All dollar amounts in millions, unless otherwise stated)

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

	For the Three Months Ended March 31, 2018	2017
Allowance at beginning of period	**$ 1.0**	$ 0.7
Provision for specific loans	**0.5**	—
Allowance at end of period	**$ 1.5**	$ 0.7

Non-performing loans, defined generally as those in default, close to being in default or more than 90 days past due, are placed on non-accrual status. As of March 31, 2018, one loan with an outstanding principal of $4.6 was considered non-performing, while as of December 31, 2017, no loans were considered non-performing.

6. Derivative Instruments

The following table sets forth the fair value of the Company's derivative instruments, including embedded derivatives that primarily related to the Company's FIA products. In the consolidated balance sheets, derivative contracts in a liability position are included in other liabilities, and embedded derivative liabilities are included in funds held under deposit contracts.

	As of March 31, 2018			As of December 31, 2017		
	Notional Amount	Fair Value Assets	Fair Value Liabilities	Notional Amount	Fair Value Assets	Fair Value Liabilities
Derivatives designated as hedges:						
Cash flow hedges:						
Interest rate swaps	**$ 998.1**	**$ 0.7**	**$ 1.1**	$ 968.1	$ 1.5	$ 1.4
Foreign currency swaps	**724.7**	**50.0**	**9.2**	686.2	75.5	5.6
Total derivatives designated as hedges	**$ 1,722.8**	**$ 50.7**	**$ 10.3**	$ 1,654.3	$ 77.0	$ 7.0
Derivatives not designated as hedges:						
Index options	**$ 7,105.7**	**$ 210.4**	**$ 1.4**	$ 6,696.1	$ 261.9	$ 1.5
Total return swaps	**480.0**	**—**	**6.7**	—	—	—
Embedded derivatives	**—**	**—**	**800.2**	—	—	797.5
Other derivatives	**17.1**	**0.1**	**0.4**	22.2	0.2	—
Total derivatives not designated as hedges	**7,602.8**	**210.5**	**808.7**	6,718.3	262.1	799.0
Total derivatives	**$ 9,325.6**	**$ 261.2**	**$ 819.0**	$ 8,372.6	$ 339.1	$ 806.0

In March 2018, the Company entered into total return swaps to economically hedge market risk with relation to the Company's investments in marketable equity securities. In its total return swaps, the Company agreed with other parties to make payments based on the return of two market indexes, including both the income generated and any capital gains, in exchange for payments based on a set rate.

Collateral Arrangements and Offsetting of Financial Instruments

The Company's derivative contracts are typically governed by an International Swaps and Derivatives Association (ISDA) Master Agreement. For each Master Agreement, the Company and the counterparty have also entered into a credit support annex (CSA) to reduce the risk of counterparty default in derivative transactions by requiring the posting of cash collateral or other financial assets. The CSA requires either party to post collateral when net exposures from all derivative contracts between the parties exceed pre-determined contractual thresholds, which vary by counterparty. The amount of net exposure is the difference between the derivative contract's fair value and the fair value of the collateral held for such agreements with each counterparty. Collateral amounts required to be posted or received are determined daily based on the net exposure with each counterparty under a master netting agreement.

The Company does not offset recognized collateral amounts pledged or received against the fair value amounts recognized for derivative contracts. For certain centrally-cleared instruments, the Company is required to post initial margin, which is determined at contract inception, as well as variation margin, which is based on the fair value of the derivative contracts and generally determined on a daily basis. As of March 31, 2018 and December 31, 2017, the Company posted initial margin of $27.7 and $33.5, respectively, related to its centrally-cleared derivatives. These amounts are not reflected in collateral presented in the tables below.

(All dollar amounts in millions, unless otherwise stated)

Certain exchanges legally characterize variation margin payments as settlements as opposed to collateral for centrally cleared derivatives. As a result, the variation margin for these securities reduces the fair value of the derivative recorded in the consolidated balance sheets.

In the consolidated balance sheets, the Company recognizes cash collateral received in cash and cash equivalents, and the obligation to return cash collateral in other liabilities. Non-cash collateral received is not recognized in the consolidated balance sheets. In the event of default, the counterparty relinquishes claim to the assets pledged as collateral, and the Company recognizes the collateral as its own asset recorded at fair value, or, in the case of cash collateral, derecognizes its obligation to return collateral.

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

	As of March 31, 2018			
		Gross Amounts not Offset in the Consolidated Balance Sheets		
	Fair Value Presented in the Balance Sheets	Financial Instruments (1)	Cash Collateral Received	Net Amount
Counterparty:				
Assets:				
A	$ 29.9	$ (7.0)	$ (22.9)	$ —
B	43.1	(1.8)	(41.3)	—
C	9.5	—	(9.5)	—
E	18.2	—	(18.2)	—
F	28.5	(1.3)	(27.2)	—
G	31.1	(6.6)	(24.5)	—
H	37.4	(1.1)	(34.7)	1.6
I	34.7	(0.2)	(34.5)	—
J	24.0	—	(21.2)	2.8
Other	4.8	(0.8)	(2.3)	1.7
Total derivative assets	$ 261.2	$ (18.8)	$ (236.3)	$ 6.1

(1) Represents amount of offsetting derivative liabilities that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative assets for presentation on the consolidated balance sheets.

	As of March 31, 2018			
		Gross Amounts not Offset in the Consolidated Balance Sheets		
	Fair Value Presented in the Balance Sheets	Financial Instruments (1)	Cash Collateral Posted	Net Amount
Counterparty:				
Liabilities:				
A	$ 7.0	$ (7.0)	$ —	$ —
B	1.8	(1.8)	—	—
F	1.3	(1.3)	—	—
G	6.6	(6.6)	—	—
Other	2.1	(2.1)	—	—
Total derivative liabilities (2)	$ 18.8	$ (18.8)	$ —	$ —

(1) Represents amount of offsetting derivative assets that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative liabilities for presentation on the consolidated balance sheets.
(2) Excludes embedded derivatives of **$800.2** which have no counterparty.

(All dollar amounts in millions, unless otherwise stated)

	As of December 31, 2017			
		Gross Amounts not Offset in the Consolidated Balance Sheets		
Counterparty:	**Fair Value Presented in the Balance Sheets**	**Financial Instruments (1)**	**Cash Collateral Received**	**Net Amount**
Assets:				
A	$ 46.1	$ (4.2)	$ (41.9)	$ —
B	63.6	(1.4)	(62.2)	—
C	13.2	—	(13.2)	—
E	21.3	—	(21.3)	—
F	31.6	(1.3)	(29.0)	1.3
G	30.2	—	(30.2)	—
H	51.9	(1.0)	(50.9)	—
I	34.6	—	(32.9)	1.7
J	42.7	—	(42.7)	—
Other	3.9	(0.6)	(3.3)	—
Total derivative assets	$ 339.1	$ (8.5)	$ (327.6)	$ 3.0

(1) Represents amount of offsetting derivative liabilities that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative assets for presentation on the consolidated balance sheets.

	As of December 31, 2017			
		Gross Amounts not Offset in the Consolidated Balance Sheets		
Counterparty:	**Fair Value Presented in the Balance Sheets**	**Financial Instruments (1)**	**Cash Collateral Posted**	**Net Amount**
Liabilities:				
A	$ 4.2	$ (4.2)	$ —	$ —
B	1.4	(1.4)	—	—
F	1.3	(1.3)	—	—
Other	1.6	(1.6)	—	—
Total derivative liabilities (2)	$ 8.5	$ (8.5)	$ —	$ —

(1) Represents amount of offsetting derivative assets that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative liabilities for presentation on the consolidated balance sheets.
(2) Excludes embedded derivatives of $797.5 which have no counterparty.

(All dollar amounts in millions, unless otherwise stated)

Derivatives Designated as Hedges

The following table presents the amount of loss recognized in OCI on derivatives qualifying and designated as cash flow hedges:

	For the Three Months Ended March 31,	
	2018	**2017**
Interest rate swaps	**$ (16.6)**	$ (0.9)
Foreign currency swaps	**(29.2)**	(7.2)
Total	**$ (45.8)**	$ (8.1)

See Note 10 for amounts reclassified out of AOCI into net income. The Company expects to reclassify net losses of $0.9 from AOCI into net income in the next 12 months. Actual amounts may vary from this estimate as a result of market conditions.

As of March 31, 2018, the maximum term over which the Company is hedging its exposure to the variability in future cash flows is approximately 22 years. For the three months ended March 31, 2018 and 2017, realized losses of $1.2 and $0.6 were recognized related to hedge ineffectiveness.

Derivatives Not Designated as Hedges

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

	For the Three Months Ended March 31,	
	2018	**2017**
Embedded derivatives	**$ 33.3**	$ (33.1)
Index options	**(22.9)**	39.4
Total return swaps	**(6.7)**	(4.3)
Other derivatives	**(3.4)**	1.4
Total	**$ 0.3**	$ 3.4

7. Fair Value of Financial Instruments

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

- *Level 1* — Unadjusted quoted prices in active markets for identical instruments.
- *Level 2* — Quoted prices for similar instruments in active markets and model-derived valuations whose inputs are observable. This category includes financial instruments that are valued using industry-standard pricing methodologies or models. All significant inputs are observable or derived from observable information in the marketplace.
- *Level 3* — Fair value estimates whose significant inputs are unobservable. This includes financial instruments for which fair value is estimated based on industry-standard pricing methodologies and internally developed models utilizing significant inputs not based on or corroborated by readily available market information. In limited circumstances, this may also utilize estimates based on non-binding broker quotes.

(All dollar amounts in millions, unless otherwise stated)

The following tables present the fair value of the Company's financial instruments classified by the valuation hierarchy described above:

	As of March 31, 2018				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis:					
Financial assets:					
Fixed maturities, available-for-sale:					
U.S. government and agencies	$ 511.7	$ 511.7	$ —	$ 511.7	$ —
State and political subdivisions	767.8	767.8	—	767.8	—
Corporate securities	23,857.5	23,857.5	—	23,630.4	227.1
Residential mortgage-backed securities	2,441.0	2,441.0	—	2,441.0	—
Commercial mortgage-backed securities	776.5	776.5	—	776.5	—
Collateralized loan obligations	1,112.3	1,112.3	—	1,028.8	83.5
Other debt obligations	792.9	792.9	—	751.4	41.5
Total fixed maturities, available-for-sale	30,259.7	30,259.7	—	29,907.6	352.1
Marketable equity securities	688.2	688.2	655.8	26.2	6.2
Derivatives:					
Index options	210.4	210.4	—	183.5	26.9
Foreign currency swaps	50.0	50.0	—	50.0	—
Other	0.8	0.8	0.1	0.7	—
Total derivatives	261.2	261.2	0.1	234.2	26.9
Total investments carried at fair value	31,209.1	31,209.1	655.9	30,168.0	385.2
Separate account assets	975.6	975.6	975.6	—	—
Total assets at fair value (1)	$ 32,184.7	$ 32,184.7	$ 1,631.5	$ 30,168.0	$ 385.2
Financial liabilities:					
Embedded derivatives	$ 800.2	$ 800.2	$ —	$ —	$ 800.2

(1) Does not include amounts related to limited partnerships that are measured using the net asset value (NAV) practical expedient. See "Investments in Limited Partnerships" below for more information.

(All dollar amounts in millions, unless otherwise stated)

	As of December 31, 2017				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis:					
Financial assets:					
Fixed maturities, available-for-sale:					
U.S. government and agencies	$ 441.5	$ 441.5	$ —	$ 441.5	$ —
State and political subdivisions	792.4	792.4	—	792.4	—
Corporate securities	24,069.7	24,069.7	—	23,868.9	200.8
Residential mortgage-backed securities	2,491.7	2,491.7	—	2,491.7	—
Commercial mortgage-backed securities	795.7	795.7	—	795.6	0.1
Collateralized loan obligations	1,146.6	1,146.6	—	1,146.6	—
Other debt obligations	735.8	735.8	—	694.3	41.5
Total fixed maturities, available-for-sale	30,473.4	30,473.4	—	30,231.0	242.4
Marketable equity securities	755.7	755.7	722.6	26.8	6.3
Derivatives:					
Index options	261.9	261.9	—	222.4	39.5
Foreign currency swaps	75.5	75.5	—	75.5	—
Other	1.7	1.7	0.2	1.5	—
Total derivatives	339.1	339.1	0.2	299.4	39.5
Total investments carried at fair value	31,568.2	31,568.2	722.8	30,557.2	288.2
Separate account assets	978.1	978.1	978.1	—	—
Total assets at fair value (1)	$ 32,546.3	$ 32,546.3	$ 1,700.9	$ 30,557.2	$ 288.2
Financial liabilities:					
Embedded derivatives	$ 797.5	$ 797.5	$ —	$ —	$ 797.5

(1) Does not include amounts related to limited partnerships that are measured using the net asset value (NAV) practical expedient. See "Investments in Limited Partnerships" below for more information.

Financial Instruments Measured at Fair Value on a Recurring Basis

Fixed Maturities

The vast majority of the Company's fixed maturities have been classified as Level 2 measurements. To make this assessment, the Company determines whether the market for a security is active and if significant pricing inputs are observable. The Company predominantly utilizes third-party independent pricing services to assist management in determining the fair value of its fixed maturity securities. As of March 31, 2018 and December 31, 2017, pricing services provided prices for 94.1% and 94.4%, respectively, of the Company's fixed maturities.

As of March 31, 2018, the Company had $1,494.8, or 4.9%, of its fixed maturities invested in private placement securities. These securities were generally valued using a composite of observed comparable public securities as well as reference yield curves. The yield curves are determined based on industry, credit quality, seniority rank in the capital structure, and residual spreads determined by the Company's independent pricing service for each security. The residual spreads are considered unobservable inputs and classified as a Level 3 measurement when they are significant to the valuation result. When only observable inputs are significant to the valuation result, they are classified as Level 2 measurements. The use of only significant observable inputs in determining the fair value of the Company's investments in private placement securities resulted in the classification of $1,285.5, or 86.0%, as Level 2 measurements as of March 31, 2018. As of December 31, 2017, the Company had $1,509.0, or 5.0%, of its fixed maturities invested in private placement securities, of which $1,325.9, or 87.9%, were classified as Level 2 measurements.

Corporate Securities

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

Residential Mortgage-backed Securities

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

Marketable Equity Securities

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

Investments in Limited Partnerships

Investments in limited partnerships recorded at fair value relate to the Company's alternative investments, primarily private equity and hedge funds. As of March 31, 2018 and December 31, 2017, the fair value of these investments was $51.3 and $52.5, respectively. The Company utilizes the fair value option for these investments, regardless of ownership percentage, to standardize the related accounting and reporting. The fair value is determined using the practical expedient based on the Company's proportionate interest in the underlying partnership's or fund's net asset values (NAV).

Index Options

Index options consist primarily of Standard & Poor's 500 Index® (S&P 500) options. The fair values of these index options were determined using option pricing models. Significant inputs include index implied volatilities, index dividend yields, index prices, a risk-free rate, option term and option strike price. As these inputs are observable, most index options are classified as a Level 2 measurement.

Foreign Currency Swaps

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

Separate Accounts

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

Embedded Derivatives

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

(All dollar amounts in millions, unless otherwise stated)

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

The following tables present additional information about financial instruments measured at fair value on a recurring basis and for which the Company has utilized significant unobservable inputs (Level 3) to determine fair value for the three months ended March 31, 2018:

						Unrealized Gains (Losses) Included in:			
	Balance as of January 1, 2018	Purchases and Issues(1)	Sales and Settlements(1)	Transfers In and/or (Out) of Level 3(2)	Other(3)	Net Income(4)	Other Comprehensive Income (5)	Realized Gains (Losses)(4)	Balance as of March 31, 2018
Financial Assets:									
Fixed maturities, available-for-sale:									
Corporate securities	$ 200.8	$ 33.2	$ —	$ 0.2	$ (1.1)	$ —	$ (6.0)	$ —	$ 227.1
Commercial mortgage-backed securities	0.1	—	—	—	(0.1)	—	—	—	—
Collateralized loan obligations	—	83.5	—	—	—	—	—	—	83.5
Other debt obligations	41.5	—	—	—	0.3	—	(0.3)	—	41.5
Total fixed maturities, available-for-sale	242.4	116.7	—	0.2	(0.9)	—	(6.3)	—	352.1
Marketable equity securities	6.3	—	—	—	—	(0.1)	—	—	6.2
Derivatives:									
Index options	39.5	9.7	—	—	(13.5)	(25.1)	—	16.3	26.9
Total Level 3 assets	$ 288.2	$ 126.5	$ —	$ 0.2	$ (14.4)	$ (25.2)	$ (6.3)	$ 16.2	$ 385.2
Financial Liabilities:									
Embedded derivatives	$ 797.5	$ 38.5	$ (2.5)	$ —	$ —	$ (33.3)	$ —	$ —	$ 800.2

(1) Issues and settlements are related to the Company's embedded derivative liabilities.
(2) Transfers into Level 3 are generally the result of observable market information on a security no longer being available or utilized by pricing vendors. Transfers into and/or out of Level 3 are reported at the value as of the beginning of the period in which the transfer occurs. Gross transfers into Level 3 were **$0.2** for the three months ended March 31, 2018. Gross transfers out of Level 3 were **$0.0** for the three months ended March 31, 2018.
(3) Other includes transactions such as pay downs, calls, amortization, and redemptions.
(4) Amounts are included in net realized gains (losses) on the consolidated statements of income (loss). Amounts shown for financial liabilities are (gains) losses in net income.
(5) Amounts are generally included in changes in unrealized gains (losses) on available-for-sale securities on the consolidated statements of comprehensive income.

The following tables present additional information about financial instruments measured at fair value on a recurring basis and for which the Company has utilized significant unobservable inputs (Level 3) to determine fair value for the three months ended March 31, 2017:

						Unrealized Gains (Losses) Included in:			
	Balance as of January 1, 2017	Purchases and Issues(1)	Sales and Settlements(1)	Transfers In and/or (Out) of Level 3(2)	Other(3)	Net Income(4)	Other Comprehensive Income (5)	Realized Gains (Losses)(4)	Balance as of March 31, 2017
Financial Assets:									
Fixed maturities, available-for-sale:									
Corporate securities	$ 57.0	$ 1.0	$ —	$ —	$ 12.9	$ —	$ 2.8	$ —	$ 73.7
Commercial mortgage-backed securities	0.9	—	—	—	(0.1)	—	—	—	0.8
Other debt obligations	7.6	—	—	28.7	0.2	—	(0.2)	—	36.3
Total fixed maturities, available-for-sale	65.5	1.0	—	28.7	13.0	—	2.6	—	110.8
Marketable equity securities	5.9	—	—	—	—	—	0.1	—	6.0
Derivatives:									
Index options	7.1	4.7	—	—	(2.0)	(0.3)	—	0.3	9.8
Other	—	0.5	—	—	—	(0.1)	—	(0.3)	0.1
Total derivatives	7.1	5.2	—	—	(2.0)	(0.4)	—	—	9.9
Total Level 3 assets	$ 78.5	$ 6.2	$ —	$ 28.7	$ 11.0	$ (0.4)	$ 2.7	$ —	$ 126.7
Financial Liabilities:									
Embedded derivatives	$ 532.4	$ 58.0	$ (1.6)	$ —	$ —	$ 33.1	$ —	$ —	$ 621.9

(All dollar amounts in millions, unless otherwise stated)

(1) Issues and settlements are related to the Company's embedded derivative liabilities.
(2) Transfers into and/or out of Level 3 are reported at the value as of the beginning of the period in which the transfer occurs. Gross transfers into Level 3 were $28.7 for the three months ended March 31, 2017. Gross transfers out of Level 3 were $0.0 for the three months ended March 31, 2017.
(3) Other includes transactions such as pay downs, calls, amortization and redemptions.
(4) Amounts are included in net realized gains (losses) on the consolidated statements of income (loss). Amounts shown for financial liabilities are (gains) losses in net income.
(5) Amounts are generally included in changes in unrealized gains (losses) on available-for-sale securities on the consolidated statements of comprehensive income.

8. Deferred Policy Acquisition Costs (DAC) and Value of Business Acquired (VOBA)

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

	For the Three Months Ended March 31,	
	2018	**2017**
Unamortized balance at beginning of period	**$ 407.2**	$ 202.8
Deferral of acquisition costs	**68.3**	70.8
Adjustments for realized (gains) losses (1)	**(3.0)**	(1.7)
Amortization — excluding unlocking (2)	**8.3**	(5.6)
Amortization — impact of unlocking (1)	**(0.4)**	(0.4)
Unamortized balance at end of period	**480.4**	265.9
Accumulated effect of net unrealized (gains) losses	**16.0**	(10.2)
Balance at end of period	**$ 496.4**	$ 255.7

(1) Includes the impact of assumption and experience unlocking related to quarterly investment prepayment activity.
(2) For the three months ended March 31, 2018, the DAC balance accreted due to claim experience in the Individual Life segment.

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

	For the Three Months Ended March 31,	
	2018	**2017**
Unamortized balance at beginning of period	**$ 358.1**	$ 413.4
Adjustments related to realized (gains) losses (1)	**(1.5)**	(0.6)
Amortization — excluding unlocking	**(10.4)**	(11.5)
Amortization — impact of unlocking (1)	**(1.2)**	(1.6)
Unamortized balance at end of period	**345.0**	399.7
Accumulated effect of net unrealized (gains) losses	**33.9**	(36.1)
Balance at end of period	**$ 378.9**	$ 363.6

(1) Includes the impact of assumption and experience unlocking related to quarterly investment prepayment activity.

9. Liability for Unpaid Claims and Claim Adjustment Expenses

The following tables provide reconciliations of the beginning and ending liability balances for unpaid claims and claims adjustment expenses (CAE) disaggregated by medical stop-loss, and group life and DI and other. These reserves include policy and contract claims and certain amounts recorded in future policy benefits on the consolidated balance sheets. Liabilities for claims represent estimates that involve significant judgments. The Company reviews its estimates regularly and makes any necessary adjustments based on experience and expectations.

(All dollar amounts in millions, unless otherwise stated)

Medical Stop-Loss	For the Three Months Ended March 31,	
	2018	2017
Balance, beginning of period	$ 153.1	$ 114.6
Less: reinsurance recoverables	12.4	7.7
Net balance, beginning of period	140.7	106.9
Incurred related to insured events of:		
The current year	124.6	110.3
Prior years	(11.4)	7.1
Total incurred	113.2	117.4
Paid related to insured events of:		
The current year	15.3	12.6
Prior years	100.2	89.4
Total paid	115.5	102.0
Net balance, end of period	138.4	122.3
Add: reinsurance recoverables	8.3	8.6
Balance, end of period	$ 146.7	$ 130.9

For the three months ended March 31, 2018, the change in prior year incurred claims for medical stop-loss was primarily due to favorable claims experience on policies issued in January 2017. For the three months ended March 31, 2017, the change in prior year incurred claims was primarily due to unfavorable claims experience on policies issued in January 2016.

Group Life and DI	For the Three Months Ended March 31,	
	2018	2017
Balance, beginning of period	$ 184.2	$ 149.9
Less: reinsurance recoverables	41.9	48.4
Net balance, beginning of period	142.3	101.5
Incurred related to insured events of:		
The current year	47.6	35.2
Prior years	5.8	(0.6)
Total incurred	53.4	34.6
Paid related to insured events of:		
The current year	13.0	8.9
Prior years	21.6	14.9
Total paid	34.6	23.8
Net balance, end of period	161.1	112.3
Add: reinsurance recoverables	41.7	47.2
Balance, end of period	$ 202.8	$ 159.5

For the three months ended March 31, 2018, the change in prior year incurred claims for group life and DI was primarily due to unfavorable claims experience for long-term disability related to claims incurred during 2017.

(All dollar amounts in millions, unless otherwise stated)

Other	For the Three Months Ended March 31, 2018	2017
Balance, beginning of period	**$ 29.6**	$ 33.0
Less: reinsurance recoverables	**4.8**	6.7
Net balance, beginning of period	**24.8**	26.3
Incurred related to insured events of:		
The current year	**33.3**	25.5
Prior years	**1.0**	(0.8)
Total incurred	**34.3**	24.7
Paid related to insured events of:		
The current year	**15.6**	11.1
Prior years	**16.5**	15.9
Total paid	**32.1**	27.0
Net balance, end of period	**27.0**	24.0
Add: reinsurance recoverables	**26.0**	8.7
Balance, end of period	**$ 53.0**	$ 32.7

The Company's short duration contracts primarily include medical stop-loss and group life and DI. The following table presents total of incurred but not reported (IBNR) liabilities plus expected development on reported claims.

Year of Insured Event	As of March 31, 2018 Medical Stop-Loss	Group Life and DI
IBNR Reserves:		
2016	**$ —**	**$ 0.1**
2017	**25.4**	**16.2**
2018	**95.5**	**31.6**
Total	**$ 120.9**	**$ 47.9**

10. Stockholder's Equity

The following tables summarize the components of AOCI and the adjustments to OCI for amounts reclassified from AOCI into net income for the three months ended March 31, 2018:

(All dollar amounts in millions, unless otherwise stated)

	Net Unrealized Gains (Losses) on Available-for-sale Securities	OTTI on Fixed Maturities not related to Credit Losses (2)	Adjustment for DAC and VOBA	Net Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance as of January 1, 2018	**$ 646.5**	**$ (0.3)**	**$ (63.6)**	**$ (27.7)**	**$ 554.9**
Other comprehensive income (loss) before reclassifications, net of taxes (1)	**(556.7)**	**—**	**104.0**	**(36.2)**	**(488.9)**
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	**—**	**—**	**—**	**0.3**	**0.3**
Foreign currency swaps	**—**	**—**	**—**	**(0.8)**	**(0.8)**
Net realized (gains) losses	**8.6**	**—**	**4.2**	**5.0**	**17.8**
Total provision (benefit) for income taxes	**(1.8)**	**—**	**(0.9)**	**(0.9)**	**(3.6)**
Total reclassifications from AOCI, net of taxes	**6.8**	**—**	**3.3**	**3.6**	**13.7**
Other comprehensive income (loss) after reclassifications	**(549.9)**	**—**	**107.3**	**(32.6)**	**(475.2)**
Adoption of new accounting standard (3)	**(114.3)**	**—**	**—**	**—**	**(114.3)**
Balance as of March 31, 2018	**$ (17.7)**	**$ (0.3)**	**$ 43.7**	**$ (60.3)**	**$ (34.6)**

(1) Other comprehensive income (loss) before reclassifications is net of taxes of **$(148.0)**, **$0.0**, **$27.6**, **$(9.6)**, and **$(130.0)**, respectively, for the three months ended March 31, 2018. Tax effects in OCI are calculated based on the applicable enacted tax rate at the time gains (losses) are incurred.
(2) Reclassification adjustments of OTTI on fixed maturities not related to credit losses are included in changes in unrealized gains and losses on available-for-sale securities within the consolidated statements of comprehensive income.
(3) Accounting Standards Update No. 2016-01, Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Financial Liabilities. Refer to Note 2 for further discussion.

The following tables summarize the components of AOCI and the adjustments to OCI for amounts reclassified from AOCI into net income for the three months ended March 31, 2017:

	Net Unrealized Gains (Losses) on Available-for-sale Securities	OTTI on Fixed Maturities not related to Credit Losses (2)	Adjustment for DAC and VOBA	Net Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance as of January 1, 2017	$ 140.0	$ (0.2)	$ (14.0)	$ 17.7	$ 143.5
Other comprehensive income (loss) before reclassifications, net of taxes (1)	119.8	—	(20.7)	(5.3)	93.8
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	—	—	—	(1.7)	(1.7)
Foreign currency swaps	—	—	—	(2.6)	(2.6)
Net realized (gains) losses	(12.1)	—	2.3	0.6	(9.2)
Total provision (benefit) for income taxes	4.2	—	(0.8)	1.3	4.7
Total reclassifications from AOCI, net of taxes	(7.9)	—	1.5	(2.4)	(8.8)
Other comprehensive income (loss) after reclassifications	111.9	—	(19.2)	(7.7)	85.0
Balance as of March 31, 2017	$ 251.9	$ (0.2)	$ (33.2)	$ 10.0	$ 228.5

(1) Other comprehensive income (loss) before reclassifications is net of taxes of $64.5, $0.0, $(11.1), $(2.8), and $50.6, respectively, for the three months ended March 31, 2017. Tax effects in OCI are calculated based on the applicable enacted tax rate at the time gains(losses) are incurred.
(2) Reclassification adjustments of OTTI on fixed maturities not related to credit losses are included in changes in unrealized gains and losses on available-for-sale securities within the consolidated statements of comprehensive income.

11. Commitments and Contingencies

Litigation

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

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

Other Commitments

In November 2017, the Company entered into a $450.0 loan agreement with its parent company, Sumitomo Life, which was funded in January 2018. The loan bears interest at a fixed annual rate of 2.68%, payable quarterly, and is scheduled to mature in January 2021. The Company used the proceeds of the loan to settle its $150.0 CENts and $300.0 term loans.

As of March 31, 2018, the Company had committed to purchase $80.0 of unsettled private placement securities.

12. Segment Information

The Company offers a broad range of products and services that include retirement, employment based benefits, and life insurance products. These operations are managed separately as three divisions consisting of four business segments based on product groupings, and a fifth reportable segment consisting primarily of unallocated corporate items and surplus investment income. The five segments are Benefits, Deferred Annuities, Income Annuities, Individual Life and Other.

The primary profitability measure that management uses to manage business segment results is adjusted pre-tax income (loss), which is defined as income from operations, excluding intangible asset amortization and certain net realized gains (losses). Excluded gains (losses) are associated with:

- investment sales or disposal,
- investment impairments,
- changes in the fair value of mark-to-market investments and derivative investments (except for certain index options discussed below), and
- changes in the fair value of embedded derivatives related to the Company's FIA product.

Prior to 2018, adjusted pre-tax income excluded net realized gains (losses) from prepayment activity and pass through activity and write-downs associated with tax credit investments. Effective in the first quarter of 2018, adjusted pre-tax income includes these net realized gains (losses). Prior period results have been adjusted to reflect this change.

In the Deferred Annuities segment, net gains (losses) on certain index options purchased to economically hedge exposure from FIA products sold in the late 1990s are included in adjusted pre-tax income.

(All dollar amounts in millions, unless otherwise stated)

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

	For the Three Months Ended March 31, 2018					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Adjusted revenues:						
Premiums	$ 245.2	$ —	$ —	$ 7.7	$ —	$ 252.9
Net investment income	7.0	179.9	76.0	64.0	8.0	334.9
Policy fees, contract charges, and other	4.2	7.9	0.1	66.6	0.3	79.1
Certain realized gains (losses)	—	(1.3)	(1.6)	(0.9)	(12.5)	(16.3)
Total adjusted revenues	256.4	186.5	74.5	137.4	(4.2)	650.6
Segment benefits and expenses:						
Policyholder benefits and claims	172.2	3.0	—	48.7	—	223.9
Interest credited	—	108.8	70.3	70.7	(0.2)	249.6
Other underwriting and operating expenses	61.6	30.3	4.3	27.2	0.5	123.9
Interest expense	—	—	—	0.1	6.1	6.2
Amortization of DAC and VOBA	1.2	16.0	0.7	(14.2)	—	3.7
Total segment benefits and expenses	235.0	158.1	75.3	132.5	6.4	607.3
Segment adjusted pre-tax income (loss)	$ 21.4	$ 28.4	$ (0.8)	$ 4.9	$ (10.6)	$ 43.3
Total adjusted revenues	$ 256.4	$ 186.5	$ 74.5	$ 137.4	$ (4.2)	$ 650.6
Add: Excluded realized gains (losses)	—	(0.7)	(32.4)	(1.2)	(4.0)	(38.3)
Total revenues	256.4	185.8	42.1	136.2	(8.2)	612.3
Total segment benefits and expenses	235.0	158.1	75.3	132.5	6.4	607.3
Add: Amortization of intangible assets	14.0	6.5	0.8	0.4	—	21.7
Total benefits and expenses	249.0	164.6	76.1	132.9	6.4	629.0
Income (loss) from operations before income taxes	$ 7.4	$ 21.2	$ (34.0)	$ 3.3	$ (14.6)	$ (16.7)

(All dollar amounts in millions, unless otherwise stated)

	For the Three Months Ended March 31, 2017					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Adjusted revenues:						
Premiums	$ 207.7	$ —	$ —	$ 8.4	$ —	$ 216.1
Net investment income	5.5	171.2	75.6	57.9	4.5	314.7
Policy fees, contract charges, and other	4.6	6.3	0.2	57.7	0.3	69.1
Certain realized gains (losses)	—	(4.6)	(0.9)	(0.6)	(8.4)	(14.5)
Total adjusted revenues	217.8	172.9	74.9	123.4	(3.6)	585.4
Segment benefits and expenses:						
Policyholder benefits and claims	157.2	1.4	—	22.1	—	180.7
Interest credited	—	101.5	71.3	69.1	(0.2)	241.7
Other underwriting and operating expenses	58.2	29.7	4.2	24.4	1.2	117.7
Interest expense	—	—	—	0.1	7.4	7.5
Amortization of DAC and VOBA	0.5	17.0	0.4	1.2	—	19.1
Total segment benefits and expenses	215.9	149.6	75.9	116.9	8.4	566.7
Segment adjusted pre-tax income (loss)	$ 1.9	$ 23.3	$ (1.0)	$ 6.5	$ (12.0)	$ 18.7
Total adjusted revenues	$ 217.8	$ 172.9	$ 74.9	$ 123.4	$ (3.6)	$ 585.4
Add: Excluded realized gains (losses)	0.5	3.4	9.2	(0.5)	1.8	14.4
Total revenues	218.3	176.3	84.1	122.9	(1.8)	599.8
Total segment benefits and expenses	215.9	149.6	75.9	116.9	8.4	566.7
Add: Amortization of intangible assets	14.0	6.5	0.8	0.4	—	21.7
Total benefits and expenses	229.9	156.1	76.7	117.3	8.4	588.4
Income (loss) from operations before income taxes	$ (11.6)	$ 20.2	$ 7.4	$ 5.6	$ (10.2)	$ 11.4

	As of March 31, 2018					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Total investments	**$ 334.3**	**$ 21,692.8**	**$ 7,057.8**	**$ 6,751.4**	**$ 1,859.2**	**$ 37,695.5**
DAC and VOBA	**9.7**	**533.4**	**17.9**	**314.3**	**—**	**875.3**
Other intangible assets	**713.5**	**478.8**	**48.7**	**12.3**	**—**	**1,253.3**
Goodwill	**308.0**	**198.8**	**50.2**	**6.0**	**—**	**563.0**
Separate account assets	**—**	**581.4**	**—**	**394.2**	**—**	**975.6**
Total assets	**1,494.6**	**24,063.3**	**7,244.9**	**7,842.5**	**2,013.7**	**42,659.0**
Future policy benefits, losses, claims and loss expense (1)	**356.5**	**21,710.3**	**7,082.4**	**7,318.6**	**(19.3)**	**36,448.5**
Other policyholders' funds	**27.1**	**37.5**	**2.0**	**51.4**	**15.2**	**133.2**
Notes payable	**—**	**—**	**—**	**—**	**706.4**	**706.4**

SYMETRA FINANCIAL CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All dollar amounts in millions, unless otherwise stated)
(Unaudited)

	As of December 31, 2017					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Total investments	$ 342.3	$ 21,674.1	$ 7,349.9	$ 6,855.5	$ 1,874.3	$ 38,096.1
DAC and VOBA	7.7	422.0	16.3	250.2	—	696.2
Other intangible assets	727.5	485.2	49.6	12.8	—	1,275.1
Goodwill	308.0	198.8	50.2	6.0	—	563.0
Separate account assets	—	613.2	—	364.9	—	978.1
Total assets	1,500.1	23,971.2	7,517.1	7,836.0	2,041.2	42,865.6
Future policy benefits, losses, claims and loss expense (1)	344.7	21,350.2	7,104.9	7,221.9	(19.5)	36,002.2
Other policyholders' funds	29.3	22.7	4.0	47.0	15.0	118.0
Notes payable	—	—	—	—	706.6	706.6

(1) Includes funds held under deposit contracts, future policy benefits, and policy and contract claims on the consolidated balance sheets.