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

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

OR

☐ **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	**20-0978027**
(State or other jurisdiction of incorporation or organization)	**(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 x 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 x No ☐

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	x	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

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

As of July 31, 2015, the Registrant had 116,134,057 common voting shares outstanding, with a par value of $0.01 per share.

TABLE OF CONTENTS

		Page
	PART I – FINANCIAL INFORMATION	
Item 1:	Condensed Financial Statements:	
	Consolidated Balance Sheets	5
	Consolidated Statements of Income	6
	Consolidated Statements of Comprehensive Income (Loss)	7
	Consolidated Statements of Changes in Stockholders' Equity	8
	Consolidated Statements of Cash Flows	9
	Condensed Notes to Consolidated Financial Statements	10
Item 2:	Management's Discussion and Analysis of Financial Condition and Results of Operations	37
Item 3:	Quantitative and Qualitative Disclosures about Market Risk	68
Item 4:	Controls and Procedures	68
	PART II – OTHER INFORMATION	
Item 1:	Legal Proceedings	70
Item 1A:	Risk Factors	70
Item 2:	Unregistered Sales of Equity Securities and Use of Proceeds	70
Item 6:	Exhibits	71
Signatures		72

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains 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 "may," "will," "believe," "intend," "plan," "expect," "anticipate," "project," "estimate," "predict," "potential" and similar expressions also are intended to identify forward-looking statements. These forward-looking statements may include, among others, statements with respect to the Company's:

- estimates or projections of revenues, net income (loss), net income (loss) per share, adjusted operating income (loss), adjusted operating income (loss) per share, market share or other financial forecasts, as well as statements describing factors and conditions that might affect those forecasts;
- trends in operations, financial performance and financial condition;
- financial and operating targets or plans;
- business and growth strategy, including prospective products, services and distribution partners, including statements about management’s intentions regarding those strategies; and
- initiatives, such as our previously announced stock repurchase program, that are intended or expected to impact our financial condition, results of operations, and liquidity and capital resources.

These statements are based on various assumptions and analyses made by the Company in light of information currently known to management, and considering management's 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 our expectations and predictions is subject to a number of risks, uncertainties and contingencies that could cause actual results to differ materially from expectations, or that could cause management to deviate from currently expected or intended courses of actions, including, among others:

- effects of fluctuations in interest rates, including a prolonged low interest rate environment or a rapidly rising interest rate environment, as well as management’s ability to anticipate and timely respond to any such fluctuations;
- general economic, market or business conditions, including economic downturns or other adverse conditions in the global and domestic capital and credit markets;
- effects of significant increases in corporate refinance activity, including bond prepayments;
- performance of our investment portfolio;
- continued availability of quality commercial mortgage loan investments and our continued capacity to invest in commercial mortgage loans;
- our ability to successfully execute on our strategies;
- accuracy and adequacy of our recorded reserves, including the actuarial and other assumptions upon which those reserves are established, adjusted and maintained;
- persistency of our inforce blocks of business;
- deviations from assumptions used in setting prices for insurance and annuity products, or establishing cash flow testing reserves;
- continued viability of certain products under various economic, regulatory and other conditions;
- market pricing and competitive trends related to insurance products and services;
- effects of implementation of the Patient Protection and Affordable Care Act (PPACA), including the direct effects upon our business, but also including the effects upon our competitors and our customers;
- changes in assumptions that affect the timing of amortization of our deferred policy acquisition costs and deferred sales inducements;
- financial strength or credit ratings changes, particularly ours but also of other companies in our industry sector;

- retention of our key personnel and distribution partners;
- availability and cost of capital and financing;
- adequacy and collectibility of reinsurance that we have purchased, as well as the continued availability and cost of reinsurance coverage;
- continued availability of tax credit investments, and the continuation of current tax treatment of such investments;
- changes in laws or regulations, or their interpretation, including those that could increase our business costs, reserve levels and required capital levels, or that could restrict the manner in which we do business;
- effects of the U.S. Department of Labor's proposed rule expanding the circumstances in which a person is considered a fiduciary with respect to distribution of IRAs and employer-sponsored retirement plans, including the effects upon our distributors, competitors and customers;
- ability of subsidiaries to pay dividends to Symetra;
- our ability to implement effective risk management policies and procedures, including hedging strategies;
- our ability to maintain adequate telecommunications, information technology, or other operational systems, including during the transition of IT services to a combination of new service providers and internal management;
- our ability to prevent or timely detect and remediate any unauthorized access to or disclosure of customer information and other sensitive business data;
- initiation of regulatory investigations or litigation against us and the results of any regulatory proceedings;
- effects of changes in national monetary and fiscal policy;
- effects of implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd Frank Act); and
- the risks that are described in Part II, Item 1A — "Risk Factors" in this report; and Part I, Item 1A — "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014.

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

PART I – Financial Information

Item 1. ***Condensed Financial Statements***

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

	As of June 30, 2015 (Unaudited)	As of December 31, 2014
ASSETS		
Investments:		
Available-for-sale securities:		
Fixed maturities, at fair value (amortized cost: **$24,635.4** and $23,646.5, respectively)	**$ 25,938.4**	$ 25,379.4
Marketable equity securities, at fair value (cost: **$85.3** and $112.9, respectively)	**92.4**	120.5
Trading securities:		
Marketable equity securities, at fair value (cost: **$474.9** and $453.4, respectively)	**538.7**	532.0
Mortgage loans, net	**4,431.1**	4,130.1
Policy loans	**60.0**	61.9
Investments in limited partnerships (includes **$57.0** and $71.5 at fair value, respectively)	**280.1**	309.9
Other invested assets (includes **$98.3** and $95.8 at fair value, respectively)	**102.9**	100.5
Total investments	**31,443.6**	30,634.3
Cash and cash equivalents	**300.1**	158.8
Accrued investment income	**304.6**	304.9
Reinsurance recoverables	**341.3**	328.7
Deferred policy acquisition costs	**490.8**	395.1
Receivables and other assets	**255.6**	230.1
Separate account assets	**933.1**	949.8
Total assets	**$ 34,069.1**	$ 33,001.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Funds held under deposit contracts	**$ 27,824.4**	$ 26,602.6
Future policy benefits	**424.4**	415.9
Policy and contract claims	**167.6**	141.8
Other policyholders' funds	**134.8**	115.7
Notes payable	**697.4**	697.2
Deferred income tax liabilities, net	**244.6**	396.7
Other liabilities	**472.6**	321.4
Separate account liabilities	**933.1**	949.8
Total liabilities	**30,898.9**	29,641.1
Commitments and contingencies *(Note 10)*		
Preferred stock, $0.01 par value; 10,000,000 shares authorized; none issued	**—**	—
Common stock, $0.01 par value; 750,000,000 shares authorized; **125,187,360** issued and **116,134,057** outstanding as of June 30, 2015; 124,850,754 issued and 115,797,451 outstanding as of December 31, 2014	**1.2**	1.2
Additional paid-in capital	**1,474.3**	1,469.5
Treasury stock, at cost; **9,053,303** shares as of both June 30, 2015 and December 31, 2014	**(134.6)**	(134.6)
Retained earnings	**1,077.6**	1,033.9
Accumulated other comprehensive income, net of taxes	**751.7**	990.6
Total stockholders' equity	**3,170.2**	3,360.6
Total liabilities and stockholders' equity	**$ 34,069.1**	$ 33,001.7

See accompanying notes.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
Revenues:				
Premiums	**$ 178.8**	$ 154.7	**$ 359.1**	$ 308.5
Net investment income	**330.4**	319.0	**654.4**	643.4
Policy fees, contract charges, and other	**54.4**	48.1	**106.0**	94.7
Net realized gains (losses):				
Total other-than-temporary impairment losses on securities	**(3.8)**	(1.4)	**(12.8)**	(2.5)
Less: portion recognized in other comprehensive income (loss)	**1.2**	—	**2.2**	—
Net impairment losses on securities recognized in earnings	**(2.6)**	(1.4)	**(10.6)**	(2.5)
Other net realized gains (losses)	**(26.0)**	26.7	**(24.2)**	48.5
Net realized gains (losses)	**(28.6)**	25.3	**(34.8)**	46.0
Total revenues	**535.0**	547.1	**1,084.7**	1,092.6
Benefits and expenses:				
Policyholder benefits and claims	**138.2**	110.1	**280.3**	211.3
Interest credited	**242.9**	236.3	**478.1**	470.5
Other underwriting and operating expenses	**100.0**	92.6	**199.2**	180.5
Interest expense	**11.0**	8.3	**22.2**	16.5
Amortization of deferred policy acquisition costs	**22.7**	16.6	**44.3**	36.5
Total benefits and expenses	**514.8**	463.9	**1,024.1**	915.3
Income from operations before income taxes	**20.2**	83.2	**60.6**	177.3
Provision (benefit) for income taxes:				
Current	**7.5**	17.4	**14.0**	27.5
Deferred	**(18.5)**	(5.7)	**(23.4)**	(1.0)
Total provision (benefit) for income taxes	**(11.0)**	11.7	**(9.4)**	26.5
Net income	**$ 31.2**	$ 71.5	**$ 70.0**	$ 150.8
Net income per common share:				
Basic	**$ 0.27**	$ 0.62	**$ 0.60**	$ 1.29
Diluted	**$ 0.27**	$ 0.62	**$ 0.60**	$ 1.29
Weighted-average number of common shares outstanding:				
Basic	**116,126,572**	115,960,740	**116,013,800**	116,706,421
Diluted	**116,129,915**	115,964,207	**116,017,226**	116,710,475
Cash dividends declared per common share	**$ 0.11**	$ 0.10	**$ 0.22**	$ 0.20

See accompanying notes.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
Net income	**$ 31.2**	$ 71.5	**$ 70.0**	$ 150.8
Other comprehensive income (loss), net of taxes and reclassification adjustments:				
Changes in unrealized gains (losses) on available-for-sale securities (net of taxes of **$(236.4),** $119.3, **$(149.5)** and $246.3)	**(438.9)**	221.3	**(277.5)**	457.2
Other-than-temporary impairments on fixed maturities not related to credit losses (net of taxes of **$(0.4),** $0.0, **$(0.8)** and $0.0)	**(0.8)**	—	**(1.4)**	—
Impact of net unrealized (gains) losses on deferred policy acquisition costs and deferred sales inducements (net of taxes of **$35.9,** $(17.0), **$19.5** and $(28.8))	**66.6**	(31.7)	**36.0**	(53.5)
Impact of cash flow hedges (net of taxes of **$(15.0),** $(1.8), **$2.2** and $(3.6))	**(28.0)**	(3.3)	**4.0**	(6.7)
Other comprehensive income (loss)	**(401.1)**	186.3	**(238.9)**	397.0
Total comprehensive income (loss)	**$ (369.9)**	$ 257.8	**$ (168.9)**	$ 547.8

See accompanying notes.

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

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balances as of January 1, 2014	$ 1.2	$ 1,464.6	$ (93.4)	$ 975.9	$ 593.6	$ 2,941.9
Net income	—	—	—	150.8	—	150.8
Other comprehensive income (loss)	—	—	—	—	397.0	397.0
Stock-based compensation	—	3.4	—	—	—	3.4
Shares repurchased	—	—	(41.2)	—	—	(41.2)
Dividends declared	—	—	—	(23.3)	—	(23.3)
Balances as of June 30, 2014	$ 1.2	$ 1,468.0	$ (134.6)	$ 1,103.4	$ 990.6	$ 3,428.6
Balances as of January 1, 2015	**$ 1.2**	**$ 1,469.5**	**$ (134.6)**	**$ 1,033.9**	**$ 990.6**	**$ 3,360.6**
Net income	**—**	**—**	**—**	**70.0**	**—**	**70.0**
Other comprehensive income (loss)	**—**	**—**	**—**	**—**	**(238.9)**	**(238.9)**
Stock-based compensation	**—**	**4.8**	**—**	**—**	**—**	**4.8**
Dividends declared	**—**	**—**	**—**	**(26.3)**	**—**	**(26.3)**
Balances as of June 30, 2015	**$ 1.2**	**$ 1,474.3**	**$ (134.6)**	**$ 1,077.6**	**$ 751.7**	**$ 3,170.2**

See accompanying notes.

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

	For the Six Months Ended June 30, 2015	2014
Cash flows from operating activities		
Net income	**$ 70.0**	$ 150.8
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized (gains) losses	**34.8**	(46.0)
Accretion and amortization of invested assets, net	**55.7**	44.0
Accrued interest on fixed maturities	**(5.4)**	(6.0)
Amortization and depreciation	**11.0**	12.4
Deferred income tax provision (benefit)	**(23.4)**	(1.0)
Interest credited on deposit contracts	**478.1**	470.5
Mortality and expense charges and administrative fees	**(77.0)**	(66.5)
Changes in:		
Accrued investment income	**0.3**	(0.3)
Deferred policy acquisition costs, net	**(58.5)**	(44.3)
Future policy benefits	**8.5**	7.4
Policy and contract claims	**25.8**	(3.2)
Current income taxes	**(12.8)**	(22.8)
Other assets and liabilities	**(4.0)**	(13.1)
Other, net	**2.5**	2.3
Total adjustments	**435.6**	333.4
Net cash provided by (used in) operating activities	**505.6**	484.2
Cash flows from investing activities		
Purchases of:		
Fixed maturities and marketable equity securities	**(3,286.7)**	(2,934.3)
Other invested assets and investments in limited partnerships	**(46.7)**	(49.8)
Issuances of mortgage loans	**(471.0)**	(321.3)
Maturities, calls, paydowns, and other repayments	**934.8**	872.2
Sales of:		
Fixed maturities and marketable equity securities	**1,481.7**	1,368.9
Other invested assets and investments in limited partnerships	**35.4**	25.4
Repayments of mortgage loans	**170.1**	118.9
Other, net	**1.3**	8.8
Net cash provided by (used in) investing activities	**(1,181.1)**	(911.2)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	**1,842.9**	1,503.0
Withdrawals	**(1,002.6)**	(962.6)
Cash dividends paid on common stock	**(25.5)**	(23.3)
Shares repurchased	**—**	(41.2)
Other, net	**2.0**	(6.9)
Net cash provided by (used in) financing activities	**816.8**	469.0
Net increase (decrease) in cash and cash equivalents	**141.3**	42.0
Cash and cash equivalents at beginning of period	**158.8**	76.0
Cash and cash equivalents at end of period	**$ 300.1**	$ 118.0
Supplemental disclosures of cash flow information		
Non-cash transactions during the period:		
Fixed maturities exchanges	**$ 84.8**	$ 67.4
Investments in limited partnerships and capital obligations incurred	**5.5**	4.1

See accompanying notes.

1. Description of Business

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

The accompanying interim condensed financial statements include, on a consolidated basis, the accounts of Symetra Financial Corporation and its subsidiaries, which are wholly-owned and collectively referred to as "Symetra" or "the Company."

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), including the rules and regulations of the Securities and Exchange Commission (SEC). 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.

The provision (benefit) for income taxes on the consolidated statements of income reflects the Company's estimated effective tax rate for the year. The difference between this rate and the U.S. federal income tax rate of 35% was primarily due to benefits from the Company's tax credit investments.

These interim condensed 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, 2014. Financial results for the three and six months ended June 30, 2015 are not necessarily indicative of the results that may be expected for the twelve months ending December 31, 2015.

Accounting Pronouncements

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

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.

Participating securities, which include restricted stock issued to the Company's employees, are those for which the instrument holders are entitled 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 securities are included in basic and diluted earnings per share, based on the application of the two-class method, for the portion of the period for which the securities were outstanding.

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

For both the three and six months ended June 30, 2015 and 2014, 2,650,000 stock options were excluded from the computation of diluted earnings per share, based on the application of the treasury stock method, because they were anti-dilutive.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
Numerator:				
Net income	**$ 31.2**	$ 71.5	**$ 70.0**	$ 150.8
Denominator:				
Weighted-average common shares outstanding — basic	**116,126,572**	115,960,740	**116,013,800**	116,706,421
Add: dilutive effect of certain equity instruments	**3,343**	3,467	**3,426**	4,054
Weighted-average common shares outstanding — diluted	**116,129,915**	115,964,207	**116,017,226**	116,710,475
Net income per common share:				
Basic	**$ 0.27**	$ 0.62	**$ 0.60**	$ 1.29
Diluted	**$ 0.27**	$ 0.62	**$ 0.60**	$ 1.29

4. Investments

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

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
As of June 30, 2015				
Fixed maturities:				
U.S. government and agencies	**$ 387.4**	**$ 4.7**	**$ (1.4)**	**$ 390.7**
State and political subdivisions	**851.5**	**37.1**	**(1.8)**	**886.8**
Corporate securities	**18,881.2**	**1,191.7**	**(150.9)**	**19,922.0**
Residential mortgage-backed securities	**2,585.7**	**144.9**	**(10.4)**	**2,720.2**
Commercial mortgage-backed securities	**1,151.4**	**55.5**	**(3.6)**	**1,203.3**
Collateralized loan obligations	**235.5**	**0.8**	**(2.0)**	**234.3**
Other debt obligations	**542.7**	**39.4**	**(1.0)**	**581.1**
Total fixed maturities	**24,635.4**	**1,474.1**	**(171.1)**	**25,938.4**
Marketable equity securities, available-for-sale	**85.3**	**8.5**	**(1.4)**	**92.4**
Total	**$ 24,720.7**	**$ 1,482.6**	**$ (172.5)**	**$ 26,030.8**

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

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

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

	Less Than 12 Months			12 Months or More		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
As of June 30, 2015						
Fixed maturities:						
U.S. government and agencies	**$ 106.7**	**$ (1.4)**	**11**	**$ —**	**$ —**	**—**
State and political subdivisions	**97.7**	**(1.6)**	**23**	**6.5**	**(0.2)**	**3**
Corporate securities	**4,326.2**	**(118.6)**	**370**	**318.7**	**(32.3)**	**44**
Residential mortgage-backed securities	**325.8**	**(5.3)**	**53**	**123.2**	**(5.1)**	**25**
Commercial mortgage-backed securities	**141.9**	**(2.4)**	**11**	**15.8**	**(1.2)**	**5**
Collateralized loan obligations	**82.2**	**(2.0)**	**11**	**—**	**—**	**—**
Other debt obligations	**76.5**	**(1.0)**	**7**	**—**	**—**	**—**
Total fixed maturities	**5,157.0**	**(132.3)**	**486**	**464.2**	**(38.8)**	**77**
Marketable equity securities, available-for-sale	**18.0**	**(1.1)**	**13**	**3.8**	**(0.3)**	**5**
Total	**$ 5,175.0**	**$ (133.4)**	**499**	**$ 468.0**	**$ (39.1)**	**82**

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

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

Based on National Association of Insurance Commissioners (NAIC) ratings as of June 30, 2015 and December 31, 2014, the Company held below-investment-grade fixed maturities with fair values of $1,142.9 and $1,126.6, respectively, and amortized costs of $1,122.9 and $1,111.9, respectively. These holdings amounted to 4.4% of the Company's investments in fixed maturities at fair value as of both June 30, 2015 and December 31, 2014.

The following table summarizes the amortized cost and fair value of fixed maturities as of June 30, 2015, by contractual years to maturity. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

	Amortized Cost	Fair Value
One year or less	**$ 691.3**	**$ 700.8**
Over one year through five years	**5,851.9**	**6,258.0**
Over five years through ten years	**9,684.1**	**9,891.6**
Over ten years	**3,980.6**	**4,440.6**
Residential mortgage-backed securities	**2,585.7**	**2,720.2**
Commercial mortgage-backed securities	**1,151.4**	**1,203.3**
Collateralized loan obligations	**235.5**	**234.3**
Other asset-backed securities	**454.9**	**489.6**
Total fixed maturities	**$ 24,635.4**	**$ 25,938.4**

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Fixed maturities	**$ 285.0**	$ 275.5	**$ 563.3**	$ 559.0
Marketable equity securities	**4.5**	5.0	**8.8**	9.0
Mortgage loans	**61.4**	51.5	**118.5**	101.6
Policy loans	**0.8**	1.0	**1.6**	1.7
Investments in limited partnerships (1)	**(13.5)**	(6.6)	**(25.7)**	(13.3)
Other	**1.1**	1.1	**5.4**	2.2
Total investment income	**339.3**	327.5	**671.9**	660.2
Investment expenses	**(8.9)**	(8.5)	**(17.5)**	(16.8)
Net investment income	**$ 330.4**	$ 319.0	**$ 654.4**	$ 643.4

(1) This includes net gains (losses) on changes in the fair value of investments held as of period end for which the Company has elected the fair value option, totaling **$(5.4)** and $(0.3) for the three months ended June 30, 2015 and 2014, respectively, and **$(10.5)** and $(0.3) for the six months ended June 30, 2015 and 2014, respectively.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Fixed maturities:				
Gross gains on sales	**$ 3.5**	$ 10.8	**$ 7.9**	$ 19.5
Gross losses on sales	**(10.2)**	(0.6)	**(14.7)**	(2.4)
Net impairment losses recognized in earnings	**(2.6)**	(1.4)	**(10.6)**	(2.5)
Other (1)	**(2.4)**	(1.2)	**(2.5)**	(2.4)
Total fixed maturities	**(11.7)**	7.6	**(19.9)**	12.2
Marketable equity securities, trading (2)	**(12.4)**	21.6	**(4.2)**	41.3
Investments in limited partnerships (3)	**(8.9)**	(3.1)	**(12.6)**	(6.7)
Other (4)	**7.3**	0.4	**1.6**	(1.0)
Deferred policy acquisition costs and deferred sales inducement adjustment	**(2.9)**	(1.2)	**0.3**	0.2
Net realized gains (losses)	**$ (28.6)**	$ 25.3	**$ (34.8)**	$ 46.0

(1) This includes net gains (losses) on calls and redemptions, and changes in the fair value of the Company's convertible securities.
(2) This includes net gains (losses) on changes in the fair value of trading securities held as of period end totaling **$(13.3)** and $18.8 for the three months ended June 30, 2015 and 2014, respectively, and **$(13.2)** and $31.4 for the six months ended June 30, 2015 and 2014, respectively.
(3) This reflects impairments related to tax credit investments and, for the three and six months ended June 30, 2015, includes a **$(3.9)** impairment of an alternative investment.
(4) This includes net gains (losses) on derivatives not designated for hedge accounting and other instruments, including an embedded derivative related to the Company's fixed indexed annuity (FIA) product.

Other-Than-Temporary Impairments (OTTI)

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

While all securities are monitored for impairment, the Company's experience indicates that, under normal market conditions, securities for which the cost or amortized cost exceeds fair value by less than 20% do not typically represent a significant risk of impairment and, often, fair values recover over time as the factors that caused the declines improve. If the estimated fair value has declined and remained below cost or amortized cost by 20% or more for at least six months, the Company further analyzes the decrease in fair value to determine whether it is an other-than-temporary decline. 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;
- Financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations, earnings potential or compliance with terms and covenants of the security;
- Changes in the financial condition of the security's underlying collateral;
- Any downgrades of the security by a rating agency;
- Nonpayment of scheduled interest, or the reduction or elimination of dividends;
- Other indications that a credit loss has occurred; and
- For fixed maturities, the Company's intent to sell or whether it is more likely than not the Company will be required to sell the fixed maturity prior to recovery of its amortized cost, considering any regulatory developments, prepayment or call notifications and the Company's liquidity needs.

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

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 or current effective yield for mortgage-backed and other structured securities.

Determination of Credit-Related OTTI on Corporate Securities

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

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

Determination of Credit-Related OTTI on Structured Securities

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

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

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

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 June 30, 2015			As of December 31, 2014		
	Fair Value	Gross Unrealized Losses	# of Securities	Fair Value	Gross Unrealized Losses	# of Securities
Fixed maturities						
Underwater by 20% or more:						
Less than 6 consecutive months	**$ 39.3**	**$ (10.4)**	**14**	$ 38.5	$ (17.3)	33
6 consecutive months or more	**13.5**	**(9.3)**	**9**	4.5	(2.8)	8
Total underwater by 20% or more	**52.8**	**(19.7)**	**23**	43.0	(20.1)	41
All other underwater fixed maturities	**5,568.4**	**(151.4)**	**540**	3,168.5	(78.1)	373
Total underwater fixed maturities	**$ 5,621.2**	**$ (171.1)**	**563**	$ 3,211.5	$ (98.2)	414

The Company reviewed its available-for-sale fixed maturities with unrealized losses as of June 30, 2015 in accordance with its impairment policy and determined, after the recognition of OTTI, that the remaining declines in fair value were temporary. The Company did not intend to sell its underwater securities, and it was not more likely than not that the Company will be required to sell the securities before recovery of cost or amortized cost, which may be maturity. This conclusion is supported by the Company's spread analyses, cash flow modeling and expected continuation of contractually required principal and interest payments.

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Balance, beginning of period	**$ 16.9**	$ 21.8	**$ 20.1**	$ 23.1
Increases recognized in the current period:				
For which an OTTI was not previously recognized	**0.4**	—	**0.9**	—
For which an OTTI was previously recognized	**1.0**	1.3	**1.7**	1.3
Decreases attributable to:				
Securities sold or paid down during the period	**(0.6)**	(0.7)	**(5.0)**	(2.0)
Previously recognized credit losses on securities impaired during the period due to a change in intent to sell (1)	**—**	(0.2)	**—**	(0.2)
Balance, end of period	**$ 17.7**	$ 22.2	**$ 17.7**	$ 22.2

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

Investments in Limited Partnerships — Affordable Housing Project Investments

The Company invests in limited partnerships that are established to fund low-income housing and other qualifying purposes, where the primary return on investment is in the form of income tax credits. These are collectively referred to as "tax credit investments," and the majority of the Company's investments in such partnerships relate to affordable housing project investments. As of June 30, 2015 and December 31, 2014, the Company's tax credit investments had carrying values of $223.1 and $238.4, respectively, of which $210.9 and $228.7 related to affordable housing project investments, respectively.

The Company's tax credit investments are primarily accounted for under the equity method and recorded at amortized cost. These investments are amortized based on the expected performance of the underlying partnership, with amortization recorded as a reduction to net investment income. When the carrying value of an investment exceeds the total amount of remaining tax benefits, the Company records an impairment loss, which is included in other net realized gains (losses). Although these investments decrease income on a pre-tax basis, the partnerships provide tax benefits that decrease the Company's income tax expense.

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

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

	For the Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Amortization	**$ (7.4)**	$ (5.9)	**$ (13.9)**	$ (12.1)
Realized losses	**(2.5)**	(1.5)	**(4.6)**	(2.2)
Tax benefit from amortization and realized losses	**3.5**	2.6	**6.5**	5.0
Tax credits	**11.3**	11.9	**22.6**	23.7
Impact to net income	**$ 4.9**	$ 7.1	**$ 10.6**	$ 14.4

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. Loans are underwritten based on loan-to-value (LTV) ratios and debt-service coverage ratios (DSCR), as well as detailed market, property and borrower analyses. The Company's mortgage loan portfolio is considered a single portfolio segment and class of financing receivables, which is consistent with how the Company assesses and monitors the risk and performance of the portfolio. A large majority of these loans have personal guarantees, and all mortgaged properties are inspected annually.

The Company's mortgage loan portfolio is diversified by geographic region, loan size and scheduled maturity. As of June 30, 2015, the three states with the largest concentrations of the Company's commercial mortgage loans were California, primarily the Los Angeles area, Texas and Washington. Loans in these states comprised 29.0%, 10.9% and 8.0% of the total portfolio, respectively.

Allowance for Mortgage Loans

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

- *Lower Risk Loans* – Loans with an LTV ratio of less than 65%, and a DSCR of greater than 1.50.
- *Medium Risk Loans* – Loans that have an LTV ratio 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.

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.

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

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

	As of June 30, 2015		As of December 31, 2014	
	Carrying Value	% of Total	Carrying Value	% of Total
Lower risk	$ **2,766.3**	**62.4%**	$ 2,567.0	62.1%
Medium risk	**1,131.0**	**25.5**	994.2	24.1
Higher risk	**536.1**	**12.1**	571.3	13.8
Credit quality indicator total	**4,433.4**	**100.0%**	4,132.5	100.0%
Loans specifically evaluated for impairment (1)	**2.0**		2.0	
Other (2)	**(4.3)**		(4.4)	
Total	$ **4,431.1**		$ 4,130.1	

(1) As of June 30, 2015 and December 31, 2014, reserve amounts of $**0.2** were held for loans specifically evaluated for impairment.
(2) Includes the allowance for loan losses and deferred fees and costs.

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

As of June 30, 2015 and December 31, 2014, the balance of the Company's allowance for mortgage loan losses was $8.1. For the three and six months ended June 30, 2015 and 2014, no additional provisions or charge-offs were recorded.

Non-performing loans, defined generally as those in default, close to being in default or more than 90 days past due, are placed on non-accrual status. As of June 30, 2015, there were no loans considered non-performing. As of December 31, 2014, one loan with an outstanding balance of $1.5 was 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 relate to the Company's FIA products. In the consolidated balance sheets, derivative contracts in an asset position are included in other invested assets, derivative contracts in a liability position are included in other liabilities, and embedded derivative liabilities are included in funds held under deposit contracts.

	As of June 30, 2015			As of December 31, 2014		
		Fair Value			Fair Value	
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Derivatives designated as hedges:						
Cash flow hedges:						
Interest rate swaps	$ **158.5**	$ **5.0**	$ **—**	$ 158.5	$ 5.4	$ —
Foreign currency swaps	**679.8**	**21.3**	**10.2**	638.6	14.9	10.2
Total derivatives designated as hedges	$ **838.3**	$ **26.3**	$ **10.2**	$ 797.1	$ 20.3	$ 10.2
Derivatives not designated as hedges:						
Equity index options	$ **2,790.3**	$ **69.6**	$ **—**	$ 2,055.9	$ 71.0	$ 0.1
Foreign currency forwards	**7.8**	**—**	**0.1**	18.3	0.1	—
Embedded derivatives	**—**	**—**	**296.3**	—	—	230.1
Other derivatives	**93.7**	**0.2**	**0.3**	25.3	0.2	0.4
Total derivatives not designated as hedges	**2,891.8**	**69.8**	**296.7**	2,099.5	71.3	230.6
Total derivatives	$ **3,730.1**	$ **96.1**	$ **306.9**	$ 2,896.6	$ 91.6	$ 240.8

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

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

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 June 30, 2015			
		Gross Amount of Collateral (Received) Posted		
	Fair Value Presented in the Balance Sheets	Financial Instruments	Cash Collateral	Net Amount
Counterparty:				
Assets:				
A	$ 12.0	$ —	$ (12.0)	$ —
B (1)	19.6	4.0	(16.3)	7.3
C	11.7	—	(11.7)	—
D	9.6	—	(9.6)	—
F	26.8	—	(26.8)	—
Other	16.4	—	(13.9)	2.5
Total derivative assets	$ 96.1	$ 4.0	$ (90.3)	$ 9.8

(1) Amounts include financial instrument collateral of **$4.0** posted by the Company to comply with regulatory requirements on certain centrally cleared instruments.

	As of June 30, 2015			
		Gross Amount of Collateral Received (Posted)		
	Fair Value Presented in the Balance Sheets	Financial Instruments	Cash Collateral	Net Amount
Counterparty:				
Liabilities:				
A	$ 0.9	$ —	$ —	$ 0.9
B	5.3	—	(0.1)	5.2
C	1.0	—	—	1.0
E	2.1	—	—	2.1
Other	1.3	—	—	1.3
Total derivative liabilities (1)	$ 10.6	$ —	$ (0.1)	$ 10.5

(1) Excludes embedded derivatives of **$296.3** which have no counterparty.

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

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

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

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

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

Derivatives Designated as Hedges

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Interest rate swaps	**$ (1.3)**	$ 1.2	**$ 1.3**	$ 2.0
Foreign currency swaps	**(40.3)**	(6.1)	**9.0**	(11.8)
Total	**$ (41.6)**	$ (4.9)	**$ 10.3**	$ (9.8)

See Note 9 for amounts reclassified out of accumulated other comprehensive income (AOCI) into net income for the three and six months ended June 30, 2015 and 2014. The Company expects to reclassify net gains of $6.8 from AOCI into net income in the next 12 months, which includes both discontinued hedges and periodic settlements of active hedges. Actual amounts may vary from this estimate as a result of market conditions.

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

As of June 30, 2015, the maximum term over which the Company is hedging its exposure to the variability in future cash flows is approximately fifteen years. For the three and six months ended June 30, 2015 and 2014, no material hedge ineffectiveness was recorded.

Derivatives Not Designated as Hedges

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
Equity index options	**$ (1.9)**	$ 11.2	**$ 1.9**	$ 15.1
Foreign currency forwards	**(0.5)**	(0.1)	**0.2**	(0.1)
Embedded derivatives	**7.9**	(12.5)	**(2.5)**	(18.8)
Other derivatives	**(0.5)**	0.2	**(1.4)**	0.3
Total	**$ 5.0**	$ (1.2)	**$ (1.8)**	$ (3.5)

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

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

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

	As of June 30, 2015				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis:					
Financial assets:					
Fixed maturities, available-for-sale:					
U.S. government and agencies	$ 390.7	$ 390.7	$ —	$ 390.7	$ —
State and political subdivisions	886.8	886.8	—	886.8	—
Corporate securities	19,922.0	19,922.0	—	19,780.9	141.1
Residential mortgage-backed securities	2,720.2	2,720.2	—	2,720.2	—
Commercial mortgage-backed securities	1,203.3	1,203.3	—	1,201.2	2.1
Collateralized loan obligations	234.3	234.3	—	74.5	159.8
Other debt obligations	581.1	581.1	—	535.4	45.7
Total fixed maturities, available-for-sale	25,938.4	25,938.4	—	25,589.7	348.7
Marketable equity securities, available-for-sale	92.4	92.4	59.6	26.9	5.9
Marketable equity securities, trading	538.7	538.7	538.5	—	0.2
Investments in limited partnerships, alternative investments	57.0	57.0	—	22.9	34.1
Other invested assets:					
Equity index options	69.6	69.6	—	66.9	2.7
Other	28.7	28.7	0.6	26.5	1.6
Total other invested assets	98.3	98.3	0.6	93.4	4.3
Total investments carried at fair value	26,724.8	26,724.8	598.7	25,732.9	393.2
Separate account assets	933.1	933.1	933.1	—	—
Total assets at fair value	$ 27,657.9	$ 27,657.9	$ 1,531.8	$ 25,732.9	$ 393.2
Financial liabilities:					
Embedded derivatives	$ 296.3	$ 296.3	$ —	$ —	$ 296.3
Foreign currency swaps	10.1	10.1	—	10.1	—
Total liabilities at fair value	$ 306.4	$ 306.4	$ —	$ 10.1	$ 296.3
Subject to fair value disclosure requirements:					
Financial assets:					
Mortgage loans	$ 4,431.1	$ 4,617.5	$ —	$ —	$ 4,617.5
Investments in limited partnerships, tax credit investments	223.1	210.7	—	210.7	—
Cash and cash equivalents	300.1	300.1	300.1	—	—
Financial liabilities:					
Funds held under deposit contracts (1):					
Deferred annuities	$ 14,742.2	$ 15,098.8	$ —	$ —	$ 15,098.8
Income annuities	6,515.1	7,836.7	—	—	7,836.7
Notes payable:					
Capital Efficient Notes (CENts)	$ 149.9	$ 154.5	$ —	$ 154.5	$ —
Senior notes	547.5	558.3	—	558.3	—

(1) The carrying value of this balance excludes **$6,567.1** of liabilities related to insurance contracts and embedded derivatives.

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

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

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

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

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 June 30, 2015 and December 31, 2014, respectively, pricing services provided prices for 94.8% and 96.0% of the Company's fixed maturities.

As of June 30, 2015, the Company had $1,082.9, or 4.2%, of its fixed maturities invested in private placement securities. The use of significant observable inputs in determining the fair value of the Company's investments in private placement securities resulted in the classification of $977.1, or 90.2%, as Level 2 measurements as of June 30, 2015. As of December 31, 2014, the Company had $929.0, or 3.7%, of its fixed maturities invested in private placement securities, of which $870.7, or 93.7%, were classified as Level 2 measurements.

Corporate Securities

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.

The following table presents additional information about the composition of the Level 2 corporate securities:

	As of June 30, 2015			As of December 31, 2014		
	Amount	% of Total	# of Securities	Amount	% of Total	# of Securities
Significant security sectors:						
Industrial	**$ 3,736.4**	**18.9%**	**238**	$ 3,468.3	18.1%	226
Consumer staples	**2,753.3**	**13.9**	**157**	2,855.1	14.9	162
Consumer discretionary	**2,619.2**	**13.2**	**211**	2,409.3	12.6	199
Health care	**2,385.8**	**12.0**	**144**	2,175.4	11.4	122
Utilities	**2,066.3**	**10.5**	**154**	2,119.1	11.1	154
Financial	**2,052.6**	**10.4**	**159**	2,032.2	10.6	162
Weighted-average coupon rate	**5.13%**			5.30%		
Weighted-average remaining years to contractual maturity	**9.0**			9.1		

As of June 30, 2015 and December 31, 2014, $885.6, or 4.5%, and $770.6, or 4.0%, respectively, of Level 2 corporate securities were privately placed. These securities were valued using a matrix pricing approach. The significant inputs to the measurement are the base credit spread, treasury yield and expected future cash flows of the security, which are all observable inputs. The base spread is determined based on trades of similar publicly-traded securities, and the expected future cash flows are based on the contractual terms of the security. This approach also incorporates an illiquidity spread, determined based on premiums demanded by investors for privately placed securities. The illiquidity spread is an unobservable input, which ranges from 0 to 60 basis points and is based on the credit quality of the security. The illiquidity spread does not significantly impact the resulting valuation and thus management does not believe it prohibits Level 2 classification.

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.

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

Agency securities comprised 88.1% and 87.9% of the Company's Level 2 RMBS as of June 30, 2015 and December 31, 2014, respectively. These securities were primarily fixed-rate, with a weighted-average coupon rate of 4.02% and 4.18% as of June 30, 2015 and December 31, 2014, respectively.

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

	As of June 30, 2015		As of December 31, 2014	
	Fair Value	% of Total	Fair Value	% of Total
Highest rating agency rating:				
AAA	**$ 152.1**	**46.9%**	$ 159.6	45.1%
AA through BBB	**48.4**	**14.9**	56.1	15.9
BB & below	**123.8**	**38.2**	138.1	39.0
Total non-agency RMBS	**$ 324.3**	**100.0%**	$ 353.8	100.0%
Non-agency RMBS with super senior subordination	**$ 225.5**	**69.5%**	$ 240.4	67.9%

As of June 30, 2015 and December 31, 2014, the Company's non-agency Level 2 RMBS had a weighted-average credit enhancement of 9.9% and 9.0%, respectively. As of June 30, 2015 and December 31, 2014, $63.4 and $72.8, or 19.5% and 20.6%, respectively, of the Company's non-agency Level 2 RMBS had an origination or vintage year of 2004 and prior. The underlying collateral in years prior to 2005 is considered higher quality as underwriting standards were more stringent.

Commercial Mortgage-backed Securities

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

The Company's Level 2 CMBS securities were primarily non-agency securities, which comprised 90.5% and 87.8% of Level 2 CMBS as of June 30, 2015 and December 31, 2014, respectively. The non-agency Level 2 CMBS had an estimated weighted-average credit enhancement of 32.2% and 32.8% as of June 30, 2015 and December 31, 2014, respectively, and 93.9% and 96.8% were in the most senior tranche as of June 30, 2015 and December 31, 2014, respectively. The weighted-average coupon rate on these securities was 4.64% and 4.65% as of June 30, 2015 and December 31, 2014, respectively.

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

	As of June 30, 2015	As of December 31, 2014
	% of Total	% of Total
Significant underlying collateral locations:		
New York	**25.9%**	24.5%
California	**10.4**	10.7
Florida	**7.5**	7.8
Texas	**6.9**	7.1
Significant underlying collateral property types:		
Office buildings	**33.8%**	33.4%
Retail shopping centers	**30.1**	29.8

Marketable Equity Securities

Marketable equity securities are investments in common stock (mainly in publicly traded companies), exchange-traded funds (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. The Company utilizes the fair value option for these investments, regardless of ownership percentage, to standardize the related accounting and reporting. The fair value is determined using the practical expedient based on the Company's proportionate interest in the underlying partnership or fund's net asset values (NAV). The Company's ability to redeem or otherwise liquidate these investments varies by partnership. If the partnership terms generally allow for redemption or liquidation within one year, the investment is classified as a Level 2 measurement. Otherwise, the investment is classified as a Level 3 measurement.

Equity Index Options

Equity 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 equity index options are classified as a Level 2 measurement.

Separate Accounts

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

Embedded Derivatives

Embedded derivatives relate to the Company's FIA product, which credits interest to the policyholder's account balance based on increases in selected 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 embedded derivatives as a Level 3 measurement.

Foreign Currency Swaps

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

Other Financial Instruments Subject to Fair Value Disclosure Requirements

Cash and cash equivalents consist of demand bank deposits and short-term highly liquid investments with original maturities of three months or less at the time of purchase. These are classified as a Level 1 measurement.

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

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

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

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

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

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 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 and six months ended June 30, 2015:

						Unrealized Gains (Losses) Included in:			
	Balance as of April 1, 2015	Purchases and Issues(1)	Sales and Settlements(1)	Transfers In and/or (Out) of Level 3(2)	Other(3)	Net Income(4)	Other Comprehensive Income (Loss)	Realized Gains (Losses)(4)	Balance as of June 30, 2015
Financial Assets:									
Fixed maturities, available-for-sale:									
Corporate securities	$ 45.2	$ 113.1	$ —	$ (15.6)	$ (0.2)	$ —	$ (1.4)	$ —	$ 141.1
Commercial mortgage-backed securities	2.4	—	—	—	(0.3)	—	—	—	2.1
Collateralized loan obligations	—	159.3	—	—	—	—	0.5	—	159.8
Other debt obligations	47.7	—	—	—	(0.1)	—	(1.9)	—	45.7
Total fixed maturities, available-for-sale	95.3	272.4	—	(15.6)	(0.6)	—	(2.8)	—	348.7
Marketable equity securities, available-for-sale	6.1	—	—	—	—	—	(0.2)	—	5.9
Marketable equity securities, trading	0.2	—	—	—	—	—	—	—	0.2
Investments in limited partnerships	40.5	0.8	—	—	(0.1)	(2.1)	—	(5.0)	34.1
Other invested assets:									
Equity index options	2.3	1.2	—	—	—	(0.8)	—	—	2.7
Other	1.5	0.6	—	—	—	—	—	(0.5)	1.6
Total other invested assets	3.8	1.8	—	—	—	(0.8)	—	(0.5)	4.3
Total Level 3 assets	$ 145.9	$ 275.0	$ —	$ (15.6)	$ (0.7)	$ (2.9)	$ (3.0)	$ (5.5)	$ 393.2
Financial Liabilities:									
Embedded derivatives	264.4	41.3	(1.5)	—	—	(7.9)	—	—	296.3
Total Level 3 liabilities	$ 264.4	$ 41.3	$ (1.5)	$ —	$ —	$ (7.9)	$ —	$ —	$ 296.3

						Unrealized Gains (Losses) Included in:			
	Balance as of January 1, 2015	Purchases and Issues(1)	Sales and Settlements(1)	Transfers In and/or (Out) of Level 3(2)	Other(3)	Net Income(4)	Other Comprehensive Income (Loss)	Realized Gains (Losses)(4)	Balance as of June 30, 2015
Financial Assets:									
Fixed maturities, available-for-sale:									
Corporate securities	$ 71.6	$ 113.1	$ —	$ (41.4)	$ 0.2	$ —	$ (2.4)	$ —	$ 141.1
Commercial mortgage-backed securities	2.5	—	—	—	(0.4)	—	—	—	2.1
Collateralized loan obligations	—	159.3	—	—	—	—	0.5	—	159.8
Other debt obligations	71.7	—	—	(24.5)	(0.1)	—	(1.4)	—	45.7
Total fixed maturities, available-for-sale	145.8	272.4	—	(65.9)	(0.3)	—	(3.3)	—	348.7
Marketable equity securities, available-for-sale	—	—	—	6.0	—	—	(0.1)	—	5.9
Marketable equity securities, trading	0.4	—	—	(0.2)	—	—	—	—	0.2
Investments in limited partnerships	71.5	1.8	—	(28.5)	(1.9)	(5.7)	—	(3.1)	34.1
Other invested assets:									
Equity index options	2.4	1.6	—	—	—	(1.3)	—	—	2.7
Other	3.5	1.2	—	—	(5.1)	3.1	—	(1.1)	1.6
Total other invested assets	5.9	2.8	—	—	(5.1)	1.8	—	(1.1)	4.3
Total Level 3 assets	$ 223.6	$ 277.0	$ —	$ (88.6)	$ (7.3)	$ (3.9)	$ (3.4)	$ (4.2)	$ 393.2
Financial Liabilities:									
Embedded derivatives	$ 230.1	$ 66.3	$ (2.6)	$ —	$ —	$ 2.5	$ —	$ —	$ 296.3
Total Level 3 liabilities	$ 230.1	$ 66.3	$ (2.6)	$ —	$ —	$ 2.5	$ —	$ —	$ 296.3

(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 **$0.0** and **$6.1** for the three and six months ended June 30, 2015, respectively. Gross transfers out of Level 3 were **$15.6** and **$94.7** for the three and six months ended June 30, 2015, of which **$15.6** and **$65.9**, respectively, related to fixed maturities for which observable inputs became available.
(3) Other is comprised of transactions such as pay downs, calls, amortization and redemptions.
(4) Realized and unrealized gains and losses for investments in limited partnerships, excluding impairments, are included in net investment income. All other realized and unrealized gains and losses recognized in net income, including impairments of investments in limited partnerships, are included in net realized gains (losses). Amounts shown for financial liabilities are (gains) losses in net income.

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

The following table presents 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 and six months ended June 30, 2014:

						Unrealized Gains (Losses) Included in:			
	Balance as of April 1, 2014	Purchases and Issues(1)	Sales and Settlements(1)	Transfers In and/or (Out) of Level 3(2)	Other(3)	Net Income(4)	Other Comprehensive Income (Loss)	Realized Gains (Losses)(4)	Balance as of June 30, 2014
Financial Assets:									
Fixed maturities, available-for-sale:									
Corporate securities	$ 92.1	$ 88.8	$ —	$ (24.5)	$ (0.2)	$ —	$ 1.1	$ —	$ 157.3
Residential mortgage-backed securities	0.2	50.3	—	—	(0.1)	—	0.1	—	50.5
Commercial mortgage-backed securities	5.5	—	—	—	(0.7)	—	—	—	4.8
Other debt obligations	62.9	—	—	—	(0.4)	—	1.3	—	63.8
Total fixed maturities, available-for-sale	160.7	139.1	—	(24.5)	(1.4)	—	2.5	—	276.4
Marketable equity securities, trading	0.3	—	—	—	—	—	—	—	0.3
Investments in limited partnerships	41.5	1.6	—	—	(0.8)	(0.3)	—	—	42.0
Other invested assets:									
Equity index options	2.5	0.4	—	(0.3)	(0.5)	0.4	—	0.1	2.6
Other	3.3	—	—	—	—	0.2	—	—	3.5
Total other invested assets	5.8	0.4	—	(0.3)	(0.5)	0.6	—	0.1	6.1
Total Level 3 assets	$ 208.3	$ 141.1	$ —	$ (24.8)	$ (2.7)	$ 0.3	$ 2.5	$ 0.1	$ 324.8
Financial Liabilities:									
Embedded derivatives	121.3	24.2	(0.1)	—	—	12.5	—	—	157.9
Total Level 3 liabilities	$ 121.3	$ 24.2	$ (0.1)	$ —	$ —	$ 12.5	$ —	$ —	$ 157.9

						Unrealized Gains (Losses) Included in:			
	Balance as of January 1, 2014	Purchases and Issues(1)	Sales and Settlements(1)	Transfers In and/or (Out) of Level 3(2)	Other(3)	Net Income(4)	Other Comprehensive Income	Realized Gains (Losses)(4)	Balance as of June 30, 2014
Financial Assets:									
Fixed maturities, available-for-sale:									
U.S. government and agencies	$ 17.4	$ —	$ —	$ (17.4)	$ —	$ —	$ —	$ —	$ —
Corporate securities	28.0	88.8	—	39.0	(3.1)	—	4.6	—	157.3
Residential mortgage-backed securities	0.2	50.3	—	—	(0.1)	—	0.1	—	50.5
Commercial mortgage-backed securities	5.8	—	—	—	(1.0)	—	—	—	4.8
Other debt obligations	128.8	—	—	(66.7)	(0.9)	—	2.6	—	63.8
Total fixed maturities, available-for-sale	180.2	139.1	—	(45.1)	(5.1)	—	7.3	—	276.4
Marketable equity securities, trading	0.3	—	—	—	—	—	—	—	0.3
Investments in limited partnerships	31.2	12.0	—	—	(0.8)	(0.3)	—	(0.1)	42.0
Other invested assets:									
Equity index options	38.8	1.3	—	(36.7)	(1.3)	0.4	—	0.1	2.6
Other	3.2	—	—	—	—	0.3	—	—	3.5
Total other invested assets	42.0	1.3	—	(36.7)	(1.3)	0.7	—	0.1	6.1
Total Level 3 assets	$ 253.7	$ 152.4	$ —	$ (81.8)	$ (7.2)	$ 0.4	$ 7.3	$ —	$ 324.8
Financial Liabilities:									
Embedded derivatives	92.1	47.2	(0.2)	—	—	18.8	—	—	157.9
Total Level 3 liabilities	$ 92.1	$ 47.2	$ (0.2)	$ —	$ —	$ 18.8	$ —	$ —	$ 157.9

---

(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 $0.0 and $39.0 for the three and six months ended June 30, 2014, respectively. Gross transfers out of Level 3 were $24.8 and $120.8 for the three and six months ended June 30, 2014, of which $24.5 and $84.1, respectively, related to fixed maturities for which observable inputs became available. Additionally, transfers out for the six months ended June 30, 2014 included a change in valuation methodology for equity index options during the first quarter of 2014 to a method that uses significant observable inputs. Such securities are now classified as Level 2.
(3) Other is comprised of transactions such as pay downs, calls, amortization and redemptions.
(4) Realized and unrealized gains and losses for investments in limited partnerships are included in net investment income. All other realized and unrealized gains and losses recognized in net income are included in net realized gains (losses). Amounts shown for financial liabilities are (gains) losses in net income.

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

8. Deferred Policy Acquisition Costs (DAC) and Deferred Sales Inducements (DSI)

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Unamortized balance at beginning of period	**$ 541.7**	$ 441.3	**$ 513.9**	$ 419.9
Deferral of acquisition costs	**56.4**	40.5	**102.8**	80.7
Adjustments for realized (gains) losses	**(3.2)**	(1.0)	**(0.2)**	0.1
Amortization — excluding unlocking	**(20.8)**	(15.9)	**(41.5)**	(31.4)
Amortization — impact of assumption and experience unlocking	**(1.9)**	(0.7)	**(2.8)**	(5.1)
Unamortized balance at end of period	**572.2**	464.2	**572.2**	464.2
Accumulated effect of net unrealized gains	**(81.4)**	(153.0)	**(81.4)**	(153.0)
Balance at end of period	**$ 490.8**	$ 311.2	**$ 490.8**	$ 311.2

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Unamortized balance at beginning of period	**$ 132.3**	$ 150.3	**$ 136.7**	$ 154.8
Capitalizations	**5.3**	7.6	**11.8**	17.2
Adjustments for realized (gains) losses	**0.3**	(0.2)	**0.5**	0.1
Amortization — excluding unlocking	**(10.6)**	(10.5)	**(21.0)**	(21.1)
Amortization — impact of assumption and experience unlocking	**(1.0)**	(0.7)	**(1.7)**	(4.5)
Unamortized balance at end of period	**126.3**	146.5	**126.3**	146.5
Accumulated effect of net unrealized gains	**(61.7)**	(99.9)	**(61.7)**	(99.9)
Balance at end of period	**$ 64.6**	$ 46.6	**$ 64.6**	$ 46.6

9. Stockholders' Equity

The following table summarizes the components of AOCI and the adjustments to OCI for amounts reclassified from AOCI into net income for the three and six months ended June 30, 2015:

	Net Unrealized Gains (losses) on Available-for-sale Securities	OTTI on Fixed Maturities not related to Credit Losses (2)	Adjustment for DAC and DSI	Net Gains (losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance as of April 1, 2015	**$ 1,291.5**	**$ (14.0)**	**$ (162.0)**	**$ 37.3**	**$ 1,152.8**
Other comprehensive income (loss) before reclassifications, net of taxes (1)	**(447.4)**	**(0.8)**	**64.7**	**(27.1)**	**(410.6)**
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	**—**	**—**	**—**	**(0.9)**	**(0.9)**
Foreign currency swaps	**—**	**—**	**—**	**(0.5)**	**(0.5)**
Net realized investment (gains) losses	**11.3**	**1.7**	**2.9**	**—**	**15.9**
Total provision (benefit) for income taxes	**(3.9)**	**(0.6)**	**(1.0)**	**0.5**	**(5.0)**
Total reclassifications from AOCI, net of taxes	**7.4**	**1.1**	**1.9**	**(0.9)**	**9.5**
Other comprehensive income (loss) after reclassifications	**(440.0)**	**0.3**	**66.6**	**(28.0)**	**(401.1)**
Balance as of June 30, 2015	**$ 851.5**	**$ (13.7)**	**$ (95.4)**	**$ 9.3**	**$ 751.7**

(All amounts in millions, except share, per share and percentage data, 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 DSI	Net Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance as of January 1, 2015	**$ 1,130.2**	**$ (13.5)**	**$ (131.4)**	**$ 5.3**	**$ 990.6**
Other comprehensive income (loss) before reclassifications, net of taxes (1)	**(290.6)**	**(1.4)**	**36.2**	**6.7**	**(249.1)**
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	**—**	**—**	**—**	**(1.7)**	**(1.7)**
Foreign currency swaps	**—**	**—**	**—**	**(2.4)**	**(2.4)**
Net realized (gains) losses	**18.3**	**1.8**	**(0.3)**	**—**	**19.8**
Total provision (benefit) for income taxes	**(6.4)**	**(0.6)**	**0.1**	**1.4**	**(5.5)**
Total reclassifications from AOCI, net of taxes	**11.9**	**1.2**	**(0.2)**	**(2.7)**	**10.2**
Other comprehensive income (loss) after reclassifications	**(278.7)**	**(0.2)**	**36.0**	**4.0**	**(238.9)**
Balance as of June 30, 2015	**$ 851.5**	**$ (13.7)**	**$ (95.4)**	**$ 9.3**	**$ 751.7**

(1) Other comprehensive income (loss) before reclassifications is net of taxes of **$(240.9), $(0.4), $34.9, $(14.5) and $(220.9)**, respectively, for the three months ended months ended June 30, 2015, and net of taxes of **$(156.5), $(0.8), $19.6, $3.6 and $(134.1)**, respectively, for the six months ended June 30, 2015.
(2) Reclassification adjustments of OTTI on fixed maturities not related to credit losses are included in changes in unrealized gains and losses on available-for-sale securities within the consolidated statements of comprehensive income (loss).

The following table summarizes the components of AOCI and the adjustments to OCI for amounts reclassified from AOCI into net income for the three and six months ended June 30, 2014:

	Net Unrealized Gains (losses) on Available-for-sale Securities	OTTI on Fixed Maturities not related to Credit Losses (2)	Adjustment for DAC and DSI	Net Gains (losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance as of April 1, 2014	$ 972.9	$ (13.4)	$ (134.9)	$ (20.3)	$ 804.3
Other comprehensive income (loss) before reclassifications, net of taxes (1)	231.4	—	(32.5)	(3.2)	195.7
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	—	—	—	(0.6)	(0.6)
Foreign currency swaps	—	—	—	0.4	0.4
Net realized investment (gains) losses	(15.7)	0.4	1.2	—	(14.1)
Total provision (benefit) for income taxes	5.4	(0.2)	(0.4)	0.1	4.9
Total reclassifications from AOCI, net of taxes	(10.3)	0.2	0.8	(0.1)	(9.4)
Other comprehensive income (loss) after reclassifications	221.1	0.2	(31.7)	(3.3)	186.3
Balance as of June 30, 2014	$ 1,194.0	$ (13.2)	$ (166.6)	$ (23.6)	$ 990.6

(All amounts in millions, except share, per share and percentage data, 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 DSI	Net Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income
Balance as of January 1, 2014	$ 737.8	$ (14.2)	$ (113.1)	$ (16.9)	$ 593.6
Other comprehensive income (loss) before reclassifications, net of taxes (1)	464.5	—	(53.4)	(6.4)	404.7
Reclassifications recorded in:					
Net investment income:					
Interest rate swaps	—	—	—	(1.1)	(1.1)
Foreign currency swaps	—	—	—	0.6	0.6
Net realized (gains) losses	(12.7)	1.6	(0.2)	—	(11.3)
Total provision (benefit) for income taxes	4.4	(0.6)	0.1	0.2	4.1
Total reclassifications from AOCI, net of taxes	(8.3)	1.0	(0.1)	(0.3)	(7.7)
Other comprehensive income (loss) after reclassifications	456.2	1.0	(53.5)	(6.7)	397.0
Balance as of June 30, 2014	$ 1,194.0	$ (13.2)	$ (166.6)	$ (23.6)	$ 990.6

(1) Other comprehensive income (loss) before reclassifications is net of taxes of $124.5, $0.0, $(17.4), $(1.7) and $105.4, respectively, for the three months ended June 30, 2014, and net of taxes of $250.1, $0.0, $(28.7), $(3.4) and $218.0, respectively, for the six months ended June 30, 2014.
(2) Reclassification adjustments of OTTI on fixed maturities not related to credit losses are included in changes in unrealized gains and losses on available-for-sale securities within the consolidated statements of comprehensive income (loss).

Common Stock Outstanding

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

	Common Shares
Balance as of January 1, 2014	117,730,757
Common stock issued	1,790
Restricted stock issued, net	195,346
Employee stock purchase plan shares issued	110,287
Common stock repurchased (1)	(2,240,729)
Balance as of December 31, 2014	115,797,451
Balance as of January 1, 2015	**115,797,451**
Common stock issued	**624**
Restricted stock issued, net	**268,555**
Employee stock purchase plan shares issued	**67,767**
Common stock repurchased (1)	**(340)**
Balance as of June 30, 2015	**116,134,057**

(1) Represents shares of common stock repurchased pursuant to the Company's stock repurchase program that began in 2013, which are held in treasury, as well as shares repurchased and subsequently retired to satisfy employee income tax withholding pursuant to the Company's Equity Plan.

10. Commitments and Contingencies

Litigation

Because of the nature of its business, the Company is subject to legal actions filed or threatened in the ordinary course of its business operations. The Company does not expect that any such litigation, pending or threatened, as of June 30, 2015, will have a material adverse effect on its consolidated financial condition, future operating results or liquidity.

Other Commitments and Contingencies

As of June 30, 2015, the Company had no material changes to its commitments or contingencies since December 31, 2014.

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

11. Segment Information

The Company offers a broad range of products and services that include retirement, group health and employee 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 following tables present selected financial information by segment and reconcile segment pre-tax adjusted operating income (loss) to amounts reported in the consolidated statements of income:

	For the Three Months Ended June 30, 2015					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	$ 170.7	$ —	$ —	$ 8.1	$ —	$ 178.8
Net investment income	5.7	162.1	94.6	72.7	(4.7)	330.4
Policy fees, contract charges, and other	4.5	5.9	0.3	43.2	0.5	54.4
Certain realized gains (losses)	—	(0.3)	—	—	—	(0.3)
Total operating revenues	180.9	167.7	94.9	124.0	(4.2)	563.3
Benefits and expenses:						
Policyholder benefits and claims	113.1	0.2	—	24.9	—	138.2
Interest credited	—	92.8	86.4	64.1	(0.4)	242.9
Other underwriting and operating expenses	48.1	25.0	4.6	21.5	0.8	100.0
Interest expense	—	—	—	0.2	10.8	11.0
Amortization of DAC	0.4	19.2	1.5	1.6	—	22.7
Total benefits and expenses	161.6	137.2	92.5	112.3	11.2	514.8
Segment pre-tax adjusted operating income (loss)	$ 19.3	$ 30.5	$ 2.4	$ 11.7	$ (15.4)	$ 48.5
Operating revenues	$ 180.9	$ 167.7	$ 94.9	$ 124.0	$ (4.2)	$ 563.3
Add: Excluded realized gains (losses)	—	(2.9)	(14.3)	(1.3)	(9.8)	(28.3)
Total revenues	180.9	164.8	80.6	122.7	(14.0)	535.0
Total benefits and expenses	161.6	137.2	92.5	112.3	11.2	514.8
Income (loss) from operations before income taxes	$ 19.3	$ 27.6	$ (11.9)	$ 10.4	$ (25.2)	$ 20.2

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

	For the Three Months Ended June 30, 2014					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	$ 146.3	$ —	$ —	$ 8.4	$ —	$ 154.7
Net investment income	5.2	145.8	95.8	70.1	2.1	319.0
Policy fees, contract charges, and other	4.3	5.9	0.2	37.1	0.6	48.1
Certain realized gains (losses)	—	0.3	—	—	—	0.3
Total operating revenues	155.8	152.0	96.0	115.6	2.7	522.1
Benefits and expenses:						
Policyholder benefits and claims	91.7	0.1	—	18.3	—	110.1
Interest credited	—	86.9	85.9	63.9	(0.4)	236.3
Other underwriting and operating expenses	44.0	22.9	5.5	19.2	1.0	92.6
Interest expense	—	—	—	—	8.3	8.3
Amortization of DAC	0.2	14.7	1.1	0.6	—	16.6
Total benefits and expenses	135.9	124.6	92.5	102.0	8.9	463.9
Segment pre-tax adjusted operating income (loss)	$ 19.9	$ 27.4	$ 3.5	$ 13.6	$ (6.2)	$ 58.2
Operating revenues	$ 155.8	$ 152.0	$ 96.0	$ 115.6	$ 2.7	$ 522.1
Add: Excluded realized gains (losses)	—	3.7	21.7	0.5	(0.9)	25.0
Total revenues	155.8	155.7	117.7	116.1	1.8	547.1
Total benefits and expenses	135.9	124.6	92.5	102.0	8.9	463.9
Income (loss) from operations before income taxes	$ 19.9	$ 31.1	$ 25.2	$ 14.1	$ (7.1)	$ 83.2

	For the Six Months Ended June 30, 2015					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	**$ 342.4**	**$ —**	**$ —**	**$ 16.7**	**$ —**	**$ 359.1**
Net investment income	**10.9**	**316.1**	**186.5**	**143.8**	**(2.9)**	**654.4**
Policy fees, contract charges, and other	**9.3**	**11.0**	**0.5**	**84.2**	**1.0**	**106.0**
Certain realized gains (losses)	**—**	**(0.5)**	**—**	**—**	**—**	**(0.5)**
Total operating revenues	**362.6**	**326.6**	**187.0**	**244.7**	**(1.9)**	**1,119.0**
Benefits and expenses:						
Policyholder benefits and claims	**227.2**	**0.4**	**—**	**52.7**	**—**	**280.3**
Interest credited	**—**	**182.0**	**170.4**	**126.5**	**(0.8)**	**478.1**
Other underwriting and operating expenses	**96.8**	**48.9**	**9.8**	**42.3**	**1.4**	**199.2**
Interest expense	**—**	**—**	**—**	**0.3**	**21.9**	**22.2**
Amortization of DAC	**0.8**	**36.4**	**3.1**	**4.0**	**—**	**44.3**
Total benefits and expenses	**324.8**	**267.7**	**183.3**	**225.8**	**22.5**	**1,024.1**
Segment pre-tax adjusted operating income (loss)	**$ 37.8**	**$ 58.9**	**$ 3.7**	**$ 18.9**	**$ (24.4)**	**$ 94.9**
Operating revenues	**$ 362.6**	**$ 326.6**	**$ 187.0**	**$ 244.7**	**$ (1.9)**	**$ 1,119.0**
Add: Excluded realized gains (losses)	**—**	**(10.7)**	**(9.2)**	**(1.1)**	**(13.3)**	**(34.3)**
Total revenues	**362.6**	**315.9**	**177.8**	**243.6**	**(15.2)**	**1,084.7**
Total benefits and expenses	**324.8**	**267.7**	**183.3**	**225.8**	**22.5**	**1,024.1**
Income (loss) from operations before income taxes	**$ 37.8**	**$ 48.2**	**$ (5.5)**	**$ 17.8**	**$ (37.7)**	**$ 60.6**
As of June 30, 2015:						
Total assets	**$ 160.7**	**$ 17,104.9**	**$ 7,359.8**	**$ 6,937.4**	**$ 2,506.3**	**$ 34,069.1**

(All amounts in millions, except share, per share and percentage data, unless otherwise stated)

	For the Six Months Ended June 30, 2014					
	Benefits	Deferred Annuities	Income Annuities	Individual Life	Other	Total
Operating revenues:						
Premiums	$ 291.3	$ —	$ —	$ 17.2	$ —	$ 308.5
Net investment income	10.2	295.9	192.8	141.0	3.5	643.4
Policy fees, contract charges, and other	8.2	11.8	0.4	73.3	1.0	94.7
Certain realized gains (losses)	—	0.1	—	—	—	0.1
Total operating revenues	309.7	307.8	193.2	231.5	4.5	1,046.7
Benefits and expenses:						
Policyholder benefits and claims	174.5	0.2	—	36.6	—	211.3
Interest credited	—	174.4	167.9	129.1	(0.9)	470.5
Other underwriting and operating expenses	87.2	44.0	10.3	37.4	1.6	180.5
Interest expense	—	—	—	—	16.5	16.5
Amortization of DAC	0.3	31.6	2.1	2.5	—	36.5
Total benefits and expenses	262.0	250.2	180.3	205.6	17.2	915.3
Segment pre-tax adjusted operating income (loss)	$ 47.7	$ 57.6	$ 12.9	$ 25.9	$ (12.7)	$ 131.4
Operating revenues	$ 309.7	$ 307.8	$ 193.2	$ 231.5	$ 4.5	$ 1,046.7
Add: Excluded realized gains (losses)	—	(1.3)	45.9	3.1	(1.8)	45.9
Total revenues	309.7	306.5	239.1	234.6	2.7	1,092.6
Total benefits and expenses	262.0	250.2	180.3	205.6	17.2	915.3
Income (loss) from operations before income taxes	$ 47.7	$ 56.3	$ 58.8	$ 29.0	$ (14.5)	$ 177.3
As of June 30, 2014:						
Total assets	$ 150.2	$ 15,031.5	$ 7,542.6	$ 6,687.6	$ 2,531.7	$ 31,943.6

12. Subsequent Events

On July 27, 2015, the Company declared a special dividend of $0.50 per common share, or approximately $58.1 in total, to shareholders of record as of August 10, 2015. The dividend will be paid on or about August 28, 2015.

In addition, on August 5, 2015, the Company declared a dividend of $0.11 per common share, or approximately $12.8 in total, to shareholders of record as of August 17, 2015. The dividend will be paid on or about August 28, 2015.

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

This discussion contains forward-looking statements that involve risk and uncertainties. Our actual results may differ materially from those discussed in or implied by any of the forward-looking statements as a result of various factors, including but not limited to those listed above under "Forward-Looking Statements" and the factors described in Item 1A – "Risk Factors" in our 2014 Annual Report on Form 10-K, filed with the SEC on February 26, 2015 (2014 10-K), and in Part II of this report. You should read the following discussion in conjunction with Item 1 – "Condensed Financial Statements" included in this Form 10-Q and our 2014 10-K, as well as our current reports on Form 8-K and other publicly available information. Our fiscal year ends on December 31.

Management considers certain non-GAAP financial measures to be useful to investors in evaluating our financial performance and condition. These measures have been reconciled to their most comparable GAAP financial measures. For a definition and further discussion of these non-GAAP measures, see Item 7 – "Management's Discussion and Analysis of Financial Condition and Results of Operations – Use of non-GAAP Financial Measures" in our 2014 10-K.

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

Overview

We are a financial services company in the life insurance industry providing employee benefits, annuities and life insurance products and services through a national network of benefits consultants, financial institutions, broker-dealers, and independent agents and advisers.

Our Operations

We manage our business through three divisions composed of four business segments:

Benefits Division

- *Benefits.* We offer medical stop-loss, limited benefit medical and group life and disability income (DI) insurance products and services to employers, unions, and public agencies.

Retirement Division

- *Deferred Annuities.* We offer fixed deferred annuities, including fixed indexed annuities (FIA), and variable deferred annuities to consumers who want to accumulate tax-deferred assets for retirement.
- *Income Annuities.* We offer single premium immediate annuities (SPIAs) to customers seeking a reliable source of retirement income or protection against outliving their assets during retirement. We also service our block of structured settlement policies and offer funding services options to existing structured settlement clients.

Individual Life Division

- *Individual Life.* We offer individual life insurance products, such as universal life (UL) and term insurance. We also offer institutional products, including bank-owned life insurance (BOLI) and variable corporate-owned life insurance (COLI).

In addition, we have a fifth segment, referred to as the Other segment, which includes our operations that are not directly related to the operating segments. This includes small, non-insurance businesses that are managed outside our divisions; investment income related to unallocated surplus, certain alternative investments and tax credit investments; unallocated corporate expenses; interest expense on debt; and inter-segment elimination entries.

See Note 11 to the accompanying unaudited interim condensed consolidated financial statements for the financial results of our segments. Our segments and operations are further described in Item 1 – "Business" of our 2014 10-K.

Executive Summary

Net income for the three months ended June 30, 2015 decreased to $31.2, from $71.5 in the same period in 2014. We experienced net realized losses on our investment portfolio, compared to net realized gains in the second quarter of 2014, which decreased after-tax income by $34.6.

Strong sales and solid core operating metrics continued in the second quarter of 2015. However, as expected, pre-tax adjusted operating income for the quarter compared unfavorably to the prior year, as a result of:

- the Benefits division loss ratio returning to the target range,
- completion in mid-2014 of the BOLI purchase accounting reserve release in our Individual Life division,
- higher operating expenses in support of higher sales levels and growth initiatives, and
- higher interest expense on debt from the issuance of senior notes in August 2014.

Partially offsetting these items was the realization of anticipated growth in earnings from higher FIA account values, as well as a tax benefit in 2015 that reflected the impact of our tax credit investment strategy and lower pre-tax income. For further discussion of results and each segment's earnings drivers for the period, refer to — "Results of Operations."

Business Strategy

We remain focused on increasing adjusted operating income and cash flows and improving our operating return on average equity (ROAE) over time. Our strategies are outlined in our 2014 10-K, in Item 1 — "Business – Our Business" and Item 7 — "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business Strategy."

Recent developments in the strategies we have outlined include the following:

- *Benefits Division:* We are well-positioned to exceed our goal of $650.0 in total premiums in the Benefits division this year. Strong relationships with key national brokers and a disciplined market are allowing us to grow our medical stop-loss business while maintaining our pricing discipline. We expect to see a year-over-year increase in our group life and DI business as well.
- *Retirement Division:* Record-setting sales topped $1.0 billion for the division during the second quarter of 2015. This reflected traction with our newer FIA products, launched late in the first quarter, and continued expansion and increased penetration of our bank and broker-dealer distribution network, as well as a general increase in the benchmark 10-year treasury during the quarter. Sales of our FIA products have exceeded $1.0 billion in the first half of this year, with total division sales topping $1.7 billion. If interest rates remain near current levels or increase, we continue to expect Retirement division sales to exceed $3.0 billion for the year.
- *Individual Life Division:* Record sales in the second quarter of 2015 were driven by greater penetration of our guaranteed UL products within our national brokerage general agency (BGA) distribution relationships. Individual sales were $28.2 for the first half of the year, and we are on-track to meet our sales goal of more than $50.0 this year.
- *Special Dividend:* On July 30, 2015, Symetra announced a special dividend of $0.50 per share, for a total of $58.1, funded by a portion of the proceeds from the 2014 senior notes.

Our success may be affected by the factors discussed in Item 1A — "Risk Factors" in our 2014 10-K and in Part II of this report, and other factors as discussed herein.

Economic and Industry Trends

Our results and ability to execute on our strategies are influenced by a range of economic and other factors, which are described in Item 7 — "Management's Discussion and Analysis of Financial Condition and Results of Operations — Business Strategy" in our 2014 10-K.

Recently, the Department of Labor (DOL) published a proposed change to regulations that would affect those who provide investment advice to those who purchase qualified retirement products, such as individual retirement arrangements (IRAs), and small employer retirement plans. Although qualified retirement products are not a significant sales focus for us, this proposal could have an impact on our distributors, which could cause us to develop new products or change our sales practices and arrangements to support compliance with new regulations. For further discussion of the proposal, refer to Part II, Item 1A — "Risk Factors" in this report.

Results of Operations

This discussion should be read in conjunction with our unaudited interim condensed consolidated financial statements and the related condensed notes. The results of operations and selected operating metrics for our five segments (Benefits, Deferred Annuities, Income Annuities, Individual Life and Other) for the three and six months ended June 30, 2015 and 2014 are discussed in their respective sections.

The following table sets forth pre-tax adjusted operating income, by segment:

	For the Three Months Ended June 30,		Variance (%)	For the Six Months Ended June 30,		Variance (%)
	2015	2014	2015 vs. 2014	2015	2014	2015 vs. 2014
Segment pre-tax adjusted operating income (loss):						
Benefits	$ 19.3	$ 19.9	(3.0)%	$ 37.8	$ 47.7	(20.8)%
Deferred Annuities	30.5	27.4	11.3	58.9	57.6	2.3
Income Annuities	2.4	3.5	(31.4)	3.7	12.9	(71.3)
Individual Life	11.7	13.6	(14.0)	18.9	25.9	(27.0)
Other	(15.4)	(6.2)	*	(24.4)	(12.7)	(92.1)
Pre-tax adjusted operating income (1)	$ 48.5	$ 58.2	(16.7)%	$ 94.9	$ 131.4	(27.8)%
Add: Excluded realized gains (losses)	(28.3)	25.0	*	(34.3)	45.9	*
Income from operations before incomes taxes	$ 20.2	$ 83.2	(75.7)%	$ 60.6	$ 177.3	(65.8)%
Total provision (benefit) for income taxes	$ (11.0)	$ 11.7	*	$ (9.4)	$ 26.5	*
Net income	$ 31.2	$ 71.5	(56.4)%	$ 70.0	$ 150.8	(53.6)%
Effective Tax Rate	(54.5)%	14.1%		(15.5)%	14.9%	

* Represents percentage variances that are not meaningful or are explained through the discussion of other variances.
(1) Represents a non-GAAP measure. For further discussion, see - "Use of non-GAAP Financial Measures".

The following table sets forth detail of our other underwriting and operating expenses allocated among the segments:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Salaries, incentive compensation, and other employee costs	$ 51.0	$ 43.8	$ 105.4	$ 89.2
Rent and occupancy costs	4.3	4.7	8.4	9.2
Professional services and software licensing	14.6	16.9	28.3	29.3
Other	9.6	9.1	19.4	18.3
Total operating expenses	79.5	74.5	161.5	146.0
Commissions and premium-based taxes and fees	76.9	58.6	140.5	115.2
DAC deferrals	(56.4)	(40.5)	(102.8)	(80.7)
Other underwriting and operating expenses	$ 100.0	$ 92.6	$ 199.2	$ 180.5

Three Months Ended June 30, 2015 Compared to the Three Months Ended June 30, 2014

Summary of Results

Net income decreased $40.3 as a result of a $53.9 decline in net realized gains (losses) compared to the second quarter of 2014, and a $9.7 decline in pre-tax adjusted operating income. These were partially offset by a benefit from income taxes resulting from lower pre-tax income and our tax credit investment strategy. Most net realized gains (losses), which are further discussed in – "Investments," are excluded from pre-tax adjusted operating income.

Second quarter 2015 pre-tax adjusted operating income declined compared to the prior year. Operating income growth in our Deferred Annuities segment was offset by declines in our three other business segments, and losses in our Other segment were $9.2 higher. Segment results, discussed individually in the sections below, included net prepayment-related income of $10.5, which consisted of $13.4 of investment income from investment prepayments, less $2.9 of related deferred acquisition cost (DAC) and deferred sales inducement (DSI) amortization. For the three months ended June 30, 2014, prepayment-related income, net of related amortization, contributed $4.3 to pre-tax adjusted operating income. We also experienced net losses of $5.2 related to our alternative investments during the second quarter of 2015, compared to net losses of $0.3 in the second quarter of 2014. Alternative investment experience is reflected in net investment income in our Income Annuities and Other segments.

In total, our other underwriting and operating expenses, net of DAC deferrals, increased $7.4. This reflects higher commissions and sales-related expenses in our Benefits division from strong sales in the first quarter of 2015, and expenses to support growth across the company, including investments in new distribution, customer service teams to support larger blocks of in-force business, and information technology initiatives. In addition, the year-over-year expense comparison was impacted by a second quarter 2014 charge of $4.3 related primarily to prior years' state sales and use tax expense.

The provision (benefit) for income taxes decreased $22.7 from the three months ended June 30, 2014, reflecting the impact of our tax credit investments and lower pre-tax income.

Six Months Ended June 30, 2015 Compared to the Six Months Ended June 30, 2014

Summary of Results

A decline in net realized gains (losses), combined with lower pre-tax adjusted operating income, resulted in an $80.8 year-over-year decrease in net income. The declines were lessened by an income tax benefit for the six months ended June 30, 2015.

Net realized gains (losses) declined $80.8 compared with the first half of 2014. Most net realized gains (losses), which are further discussed in – "Investments," are excluded from pre-tax adjusted operating income. Pre-tax adjusted operating income for our segments, discussed individually in the sections below, declined $36.5 from the same period last year. Of this decline, $18.7 was attributable to increased other underwriting and operating expenses to support growth across the company, as discussed above.

Segment results included net prepayment-related income of $15.1, which consisted of $19.6 of income from investment prepayments, less $4.5 of related DAC and DSI amortization. For the six months ended June 30, 2014, prepayment-related income, net of related amortization, contributed $9.6 to pre-tax adjusted operating income. We also experienced net losses of $7.4 related to our alternative investments during the first half of 2015, compared to net losses of $0.3 in the first half of 2014.

The provision for income taxes decreased $35.9 from the six months ended June 30, 2014, reflecting the impact of our tax credit investment strategy and lower pre-tax income.

Segment Operating Results

Benefits

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

	For the Three Months Ended June 30,		Variance (%)	For the Six Months Ended June 30,		Variance (%)
	2015	2014	2015 vs. 2014	2015	2014	2015 vs. 2014
Operating revenues:						
Premiums	$ 170.7	$ 146.3	16.7 %	$ 342.4	$ 291.3	17.5 %
Net investment income	5.7	5.2	9.6	10.9	10.2	6.9
Policy fees, contract charges, and other	4.5	4.3	4.7	9.3	8.2	13.4
Total operating revenues	180.9	155.8	16.1	362.6	309.7	17.1
Benefits and expenses:						
Policyholder benefits and claims	113.1	91.7	23.3	227.2	174.5	30.2
Other underwriting and operating expenses	48.1	44.0	9.3	96.8	87.2	11.0
Amortization of deferred policy acquisition costs	0.4	0.2	100.0	0.8	0.3	166.7
Total benefits and expenses	161.6	135.9	18.9	324.8	262.0	24.0
Segment pre-tax adjusted operating income	$ 19.3	$ 19.9	(3.0)%	$ 37.8	$ 47.7	(20.8)%

The following table sets forth selected operating metrics relating to our Benefits segment:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Loss ratio (1)	66.3%	62.7%	66.4%	59.9%
Expense ratio (2)	27.3	30.0	27.4	29.8
Combined ratio (3)	93.6%	92.7%	93.8%	89.7%
Medical stop-loss – loss ratio (4)	65.0%	60.9%	66.1%	58.4%
Total sales (5)	$ 19.5	$ 26.1	$ 156.2	$ 98.0

(1) 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 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 claims incurred divided by medical stop-loss premiums earned.
(5) Total sales represents annualized first-year premiums net of first year policy lapses.

Three Months Ended June 30, 2015 Compared to the Three Months Ended June 30, 2014

Summary of Results

Segment pre-tax adjusted operating income decreased $0.6. The loss ratio returned to the target range in 2015, up from a more favorable loss ratio in 2014. Growth in our medical stop-loss and group life and DI businesses drove higher premiums, along with related benefits and operating expenses. The loss ratio increased to 66.3% for the three months ended June 30, 2015, compared to 62.7% for the same period in 2014, which reflected the favorable performance of medical stop-loss business written in January 2013.

In addition to the drivers discussed above, we consider the following information useful in understanding our results.

Operating Revenues

Premiums increased $24.4 due to growth in our medical stop-loss and group life and DI businesses. We posted strong sales of medical stop-loss in the first quarter of 2015.

Benefits and Expenses

Policyholder benefits and claims increased $21.4, as a result of premium growth in 2015 and the impact of favorable reserve development recorded in the second quarter of 2014, which reflected better-than-expected performance of business written in January 2013.

Other underwriting and operating expenses increased $4.1, primarily due to increased employee-related expenses and commissions supporting higher sales activity and division growth. Our expense ratio, which measures operating expenses as a percentage of premiums, improved compared to the second quarter of 2014.

Sales

Sales for the three months ended June 30, 2015 totaled $19.5, compared to sales of $26.1 for the same period in 2014, reflecting small decreases across each line of business. Medical stop-loss and group life and DI sales are generally highest in the first and third quarters, reflecting policies with effective dates of January 1 and July 1, respectively.

Six Months Ended June 30, 2015 Compared to the Six Months Ended June 30, 2014

Summary of Results

Segment pre-tax adjusted operating income decreased $9.9. Growth in our medical stop-loss and group life and DI businesses was more than offset by the loss ratio returning to the target range. The loss ratio was 66.4% for the six months ended June 30, 2015, compared to 59.9% for the same period in 2014. The very favorable 2014 loss ratio reflected better-than-expected performance of medical stop-loss business written in January 2013.

In addition to the drivers discussed above, we consider the following information useful in understanding our results.

Operating Revenues

Premiums increased $51.1 due to growth in our medical stop-loss and group life and DI businesses. Medical stop-loss premiums benefited from strong sales in the first quarter of 2015.

Benefits and Expenses

Policyholder benefits and claims increased $52.7, driven by growth in this division and the higher loss ratio. The loss ratio in the first half 2014 reflected the release of estimated claim reserves related to better than expected performance of business written in January 2013. The loss ratio in the first half of 2015 is within our long-term range.

Other underwriting and operating expenses increased $9.6, primarily due to increased employee-related expenses and commissions driven by growth in our business.

Sales

Sales for the six months ended June 30, 2015 totaled $156.2, up from sales of $98.0 for the same period in 2014, driven by growth in our medical stop-loss and group life and DI lines of business. Medical stop-loss sales in the first quarter of 2015 benefited from strong relationships with national brokers in a disciplined market.

Deferred Annuities

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

	For the Three Months Ended June 30,		Variance (%)	For the Six Months Ended June 30,		Variance (%)
	2015	2014	2015 vs. 2014	2015	2014	2015 vs. 2014
Operating revenues:						
Net investment income	$ 162.1	$ 145.8	11.2%	$ 316.1	$ 295.9	6.8 %
Policy fees, contract charges, and other	5.9	5.9	—	11.0	11.8	(6.8)
Certain realized gains (losses)	(0.3)	0.3	*	(0.5)	0.1	*
Total operating revenues	167.7	152.0	10.3	326.6	307.8	6.1
Benefits and expenses:						
Policyholder benefits and claims	0.2	0.1	100.0	0.4	0.2	100.0
Interest credited	92.8	86.9	6.8	182.0	174.4	4.4
Other underwriting and operating expenses	25.0	22.9	9.2	48.9	44.0	11.1
Amortization of deferred policy acquisition costs	19.2	14.7	30.6	36.4	31.6	15.2
Total benefits and expenses	137.2	124.6	10.1	267.7	250.2	7.0
Segment pre-tax adjusted operating income	$ 30.5	$ 27.4	11.3%	$ 58.9	$ 57.6	2.3 %

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

The following table sets forth selected operating metrics relating to our Deferred Annuities segment:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Fixed account values, excluding FIA – General account	$ 11,195.0	$ 10,992.8	$ 11,195.0	$ 10,992.8
Interest spread (1)	1.85%	1.81%	1.83%	1.90%
Base earned yield	4.24	4.44	4.28	4.48
Base credited yield	2.60	2.73	2.60	2.74
Base interest spread (2)	1.64%	1.71%	1.68%	1.74%
Fixed account values, FIA – General account	$ 4,318.9	$ 2,463.3	$ 4,318.9	$ 2,463.3
FIA interest spread (3)	1.40%	1.28%	1.42%	1.28%
FIA base earned yield	3.42	3.37	3.47	3.35
FIA base credited rate	2.10	2.09	2.09	2.07
FIA base interest spread (4)	1.32%	1.28%	1.38%	1.28%
Variable account values – Separate account	$ 759.4	$ 843.7	$ 759.4	$ 843.7
Total sales (5)	933.9	650.3	1,589.5	1,277.8

Credited rates in all spread metrics reflect interest that is credited on a daily basis, and therefore quarters with more / fewer days of interest reduce / increase interest spreads and base interest spreads.

(1) Interest spread excludes FIA and is the difference between the net investment yield and the credited rate to policyholders. The net investment yield is the approximate yield on invested assets. The credited rate is the approximate rate credited on policyholder fixed account values. Interest credited is subject to contractual terms, including minimum guarantees.

(2) Base interest spread excludes FIA and is the interest spread adjusted to exclude items that can vary significantly from period to period due to a number of factors and, therefore, may contribute to results that are not indicative of the underlying trends. This is primarily the impact of asset prepayments, such as bond make-whole premiums net of related deferred sales inducement amortization, and the mortgage-backed security (MBS) prepayment speed adjustment.

(3) FIA interest spread is the difference between the net investment yield and the credited rate to policyholders. The net investment yield is the approximate yield on invested assets, excluding derivative assets. The credited rate represents amounts recorded in interest credited related to FIA contracts.

(4) FIA base interest spread is the FIA interest spread adjusted to exclude items that can vary significantly from period to period due to a number of factors and, therefore, may contribute to results that are not indicative of the underlying trends. This is primarily the impact of asset prepayments, such as bond make-whole premiums and the MBS prepayment speed adjustment and the impact of reserve adjustments on interest credited. Prior period FIA interest spread, base earned yield, and base interest spread have been restated to exclude from invested assets the cash collateral held on behalf of derivative counterparties.

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

Three Months Ended June 30, 2015 Compared to the Three Months Ended June 30, 2014

Summary of Results

Segment pre-tax adjusted operating income was $30.5 for the three months ended June 30, 2015, up $3.1 from the same period in 2014 driven by income contributions from growth in FIA account values. Higher FIA account values added $4.3 to earnings from interest margin, net of DAC amortization. In addition, we experienced higher net prepayment-related income, which was mostly offset by increased operating expenses supporting business growth.

In addition to the drivers discussed above, we consider the following information useful in understanding our results.

Operating Revenues

Net investment income increased $16.3, driven by an increase in invested assets due to higher account values and higher investment income from prepayment-related activity. Prepayment income was $7.9 in the second quarter of 2015, compared with $3.3 in the second quarter of 2014. These increases were partially offset by lower yields on invested assets.

The decline in investment yields was driven by earned rates on recent purchases of fixed maturities and originations of commercial mortgage loans, including the reinvestment of proceeds from investment prepayments. Earned rates on these securities were below our overall portfolio yields, as a result of the current low interest rate environment.

Benefits and Expenses

Growth in account values drove the increases in interest credited and DAC amortization. DAC amortization also reflects a $1.1 increase in prepayment-related amortization.

Other underwriting and operating expenses increased $2.1 mainly due to an increase in employee-related expenses to support business growth. This was partially offset by a $1.4 decrease in sales and use tax, as second quarter 2014 reflected a charge primarily related to prior years' expenses.

Sales

Deferred Annuities' sales increased to $933.9 for the three months ended June 30, 2015 up from $650.3 for the same period in 2014. We achieved strong sales growth through sales of new FIA products, as well as continued expansion and increased penetration of our bank and broker-dealer distribution network for both FIA and traditional deferred annuities.

Six Months Ended June 30, 2015 Compared to the Six Months Ended June 30, 2014

Summary of Results

Segment pre-tax adjusted operating income was $58.9 for the six months ended June 30, 2015, an increase of $1.3 from the same period in 2014. Earnings contributions from our growing FIA account values were mostly offset by higher expenses to support business growth and lower spreads on our traditional deferred annuity business.

Our mix of Deferred Annuities business has shifted towards products that are less capital intensive, including FIA with market valuation adjustment features and traditional fixed annuities without guaranteed return of premium. As a result, our target margins can be met with lower base interest spreads.

In addition to the drivers discussed above, we consider the following information useful in understanding our results.

Operating Revenues

Net investment income increased $20.2, driven by an increase in invested assets due to higher account values. This increase was partially offset by lower yields on invested assets, as earned rates on recent purchases of fixed maturities and originations of commercial mortgage loans have been below our overall portfolio yields.

Benefits and Expenses

Interest credited increased $7.6 and amortization of DAC increased $4.8, both driven by growth in account values.

Other underwriting and operating expenses increased $4.9 mainly due to an increase in employee-related expenses to support business growth.

Sales

Deferred Annuities' sales increased to $1,589.5 for the six months ended June 30, 2015 compared to $1,277.8 for the same period in 2014, reflecting the strength of our distribution network of financial institutions and broker-dealers. This was aided by sales of new FIA products, linked to two new indices, launched during the first quarter of 2015.

Income Annuities

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

	For the Three Months Ended June 30,		Variance (%)	For the Six Months Ended June 30,		Variance (%)
	2015	2014	2015 vs. 2014	2015	2014	2015 vs. 2014
Operating revenues:						
Net investment income	$ 94.6	$ 95.8	(1.3)%	$ 186.5	$ 192.8	(3.3)%
Policy fees, contract charges, and other	0.3	0.2	50.0	0.5	0.4	25.0
Total operating revenues	94.9	96.0	(1.1)	187.0	193.2	(3.2)
Benefits and expenses:						
Interest credited	86.4	85.9	0.6	170.4	167.9	1.5
Other underwriting and operating expenses	4.6	5.5	(16.4)	9.8	10.3	(4.9)
Amortization of deferred policy acquisition costs	1.5	1.1	36.4	3.1	2.1	47.6
Total benefits and expenses	92.5	92.5	—	183.3	180.3	1.7
Segment pre-tax adjusted operating income	$ 2.4	$ 3.5	(31.4)%	$ 3.7	$ 12.9	(71.3)%

The following table sets forth selected operating metrics relating to our Income Annuities segment:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Reserves (1)	$ 6,474.0	$ 6,516.6	$ 6,474.0	$ 6,516.6
Interest spread (2)	0.56%	0.48%	0.43%	0.50%
Base earned yield	5.91	5.89	5.88	5.89
Base credited yield	5.35	5.44	5.37	5.46
Base interest spread (3)	0.56%	0.45%	0.51%	0.43%
Mortality gains (losses) (4)	$ (1.2)	$ 0.8	$ 0.7	$ 6.1
Total sales (5)	78.4	89.0	139.3	176.5

____

(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 the net investment yield and the credited rate to policyholders. The net investment yield is the approximate yield on invested assets, excluding equities, in the general account attributed to the segment. The credited rate is the approximate rate credited on policyholder reserves.
(3) Base interest spread is the interest spread adjusted to exclude items that can vary significantly from period to period due to a number of factors and, therefore, may contribute to yields that are not indicative of the underlying trends. This is primarily the impact of asset prepayments, such as bond make-whole premiums, the MBS prepayment speed adjustment, and income on alternative investments.
(4) Mortality gains (losses) represent the difference between actual and expected reserves released on our life contingent annuities.
(5) Total sales represent deposits for new policies net of first year policy lapses and/or surrenders.

Three Months Ended June 30, 2015 Compared to the Three Months Ended June 30, 2014

Summary of Results

Segment pre-tax adjusted operating income decreased $1.1, primarily due to unfavorable mortality experience. Mortality losses were $1.2 for the three months ended June 30, 2015, compared to gains of $0.8 for the same period in 2014.

In addition to the driver discussed above, we consider the following information useful in understanding our results.

Operating Revenues

Net investment income decreased $1.2. We experienced a $1.5 mark-to-market loss on alternative investments purchased in the third quarter of 2014, which offset a $1.1 increase in prepayment-related income quarter-over-quarter.

Benefits and Expenses

Interest credited increased $0.5 as a result of unfavorable mortality experience, offset by lower crediting rates on lower reserves.

Other underwriting and operating expenses declined by $0.9, as second quarter 2014 reflected a charge primarily related to prior years' sales and use tax.

Sales

Sales were $78.4 in the second quarter of 2015, compared to $89.0 in 2014. The decrease was primarily the result of the competitive market in a low interest rate environment.

Six Months Ended June 30, 2015 Compared to the Six Months Ended June 30, 2014

Summary of Results

Segment pre-tax adjusted operating income decreased $9.2, primarily the result of lower mortality gains and lower net investment income. Mortality gains were $0.7 for the six months ended June 30, 2015, compared to gains of $6.1 for the same period in 2014.

In addition to the drivers discussed above, we consider the following information useful in understanding our results.

Operating Revenues

Net investment income decreased $6.3. This was driven by a $3.9 mark-to-market loss on alternative investments purchased in the third quarter of 2014, as well as higher allocations of investments to equity securities.

Benefits and Expenses

Interest credited increased $2.5 as a result of lower mortality gains, offset by lower crediting rates on lower reserves.

Sales

Sales decreased to $139.3 in 2015, compared to $176.5 in 2014, reflecting the competitive market in a low interest rate environment.

Individual Life

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

	For the Three Months Ended June 30,		Variance (%)	For the Six Months Ended June 30,		Variance (%)
	2015	2014	2015 vs. 2014	2015	2014	2015 vs. 2014
Operating revenues:						
Premiums	$ 8.1	$ 8.4	(3.6)%	$ 16.7	$ 17.2	(2.9)%
Net investment income	72.7	70.1	3.7	143.8	141.0	2.0
Policy fees, contract charges, and other	43.2	37.1	16.4	84.2	73.3	14.9
Total operating revenues	124.0	115.6	7.3	244.7	231.5	5.7
Benefits and expenses:						
Policyholder benefits and claims	24.9	18.3	36.1	52.7	36.6	44.0
Interest credited	64.1	63.9	0.3	126.5	129.1	(2.0)
Other underwriting and operating expenses	21.5	19.2	12.0	42.3	37.4	13.1
Interest expense	0.2	—	*	0.3	—	*
Amortization of deferred policy acquisition costs	1.6	0.6	*	4.0	2.5	60.0
Total benefits and expenses	112.3	102.0	10.1	225.8	205.6	9.8
Segment pre-tax adjusted operating income	$ 11.7	$ 13.6	(14.0)%	$ 18.9	$ 25.9	(27.0)%

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

The following table sets forth selected operating metrics relating to our Individual Life segment:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Individual insurance:				
Individual claims (1)	$ 12.0	$ 12.7	$ 27.3	$ 27.5
Annualized mortality rate (2)	0.13%	0.14%	0.15%	0.16%
UL account values	$ 817.6	$ 741.5	$ 817.6	$ 741.5
UL interest spread (3)	1.53%	1.35%	1.36%	1.42%
UL base interest spread (4)	0.93	1.25	0.94	1.28
Individual sales (5)	$ 15.1	$ 9.1	$ 28.2	$ 17.0
Institutional Markets:				
BOLI account values	$ 4,963.5	$ 4,834.2	$ 4,963.5	$ 4,834.2
BOLI ROA (6)	0.83%	1.10%	0.84%	1.04%
BOLI base ROA (7)	0.68	0.79	0.71	0.85
Decrease in BOLI PGAAP Reserve (8)	—	1.7	—	3.4
COLI sales (9)	$ 11.4	$ —	$ 21.1	$ —

(1) Individual claims represents incurred claims, net of reinsurance, on our term and universal life policies.
(2) Annualized mortality rate is defined as annualized individual claims divided by insurance in force which represents dollar face amounts of policies without adjustment for reinsurance.
(3) UL interest spread excludes SPL and is the difference between the net investment yield and the credited rate to policyholders. The net investment yield is the approximate yield on invested assets in the general account attributed to UL policies. The credited rate is the approximate rate credited on UL policyholder account values. Interest credited is subject to contractual terms, including minimum guarantees.
(4) UL base interest spread excludes SPL and is UL interest spread adjusted to exclude items that can vary significantly from period to period due to a number of factors and, therefore, may contribute to results that are not indicative of underlying trends. This is primarily the impact of asset prepayments, such as bond make-whole premiums net of related bonus interest amortization, the MBS prepayment speed adjustment and reserve adjustments.
(5) Individual sales represents annualized first year premiums for recurring premium products and 10% of new single premium deposits, net of first year policy lapses and/or surrenders.
(6) 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 values. The policy benefits used in this metric do not include expenses.
(7) BOLI base ROA is BOLI ROA adjusted to exclude items that can vary significantly from period to period due to a number of factors and, therefore, may contribute to yields that are not indicative of the underlying trends. These are primarily the impact of asset prepayments, such as bond make-whole premiums, the MBS prepayment speed adjustment, and reserve adjustments.
(8) The BOLI PGAAP (purchase accounting) reserve was released as a decrease to policyholder benefits according to the pattern of profitability of the book of business of policies in force at the purchase accounting date, August 2, 2004. This reserve was released to $0 over a 10-year period ending August 2014. This represents the reduction of policyholder benefits expense related to the change in this reserve.
(9) Represents deposits for new policies.

Three Months Ended June 30, 2015 Compared to the Three Months Ended June 30, 2014

Summary of Results

Segment pre-tax adjusted operating income decreased $1.9, as operating expenses increased to support strong sales and growth in this segment. We also experienced a lower BOLI base return on assets. This was partially offset by higher prepayment-related income in the segment.

In addition to the drivers discussed above, we consider the following information useful in understanding our results.

Operating Revenues

Net investment income increased $2.6, driven by higher prepayment-related income. Prepayment income was $3.7 in the second quarter of 2015, compared with $1.3 in the second quarter of 2014.

Policy fees, contract charges and other increased $6.1 primarily due to cost of insurance (COI) charges and administrative fees on our growing guaranteed universal life business.

Benefits and Expenses

Benefit-related expenses (policyholder benefits and claims, and interest credited) increased $6.8, driven by higher reserves on growth in our guaranteed UL business. Additionally, the second quarter of 2014 benefited from a $1.7 decrease in the BOLI PGAAP reserve related to our 2004 purchase accounting, which was released over a 10-year period ending in the third quarter of 2014. The impact of this reserve release was reflected in the BOLI ROA.

Other underwriting and operating expenses increased $2.3, mainly due to higher expenses in support of growth in the segment. Additionally, second quarter 2014 expenses reflected a $1.3 charge primarily related to prior years' sales and use tax.

Sales

Sales of individual life products increased to $15.1 for the three months ended June 30, 2015, compared to $9.1 for the same period in 2014. Continued success in the BGA distribution network contributed to higher sales of our guaranteed UL products.

Six Months Ended June 30, 2015 Compared to the Six Months Ended June 30, 2014

Summary of Results

Segment pre-tax adjusted operating income decreased $7.0, driven by an increase in operating expenses in support of growth in the segment, and a lower BOLI base return on assets. These were partially offset by contributions from growth in our guaranteed UL business and higher prepayment-related income.

In addition to the drivers discussed above, we consider the following information useful in understanding our results.

Operating Revenues

Net investment income increased $2.8, driven by higher prepayment-related income. Prepayment income was $5.5 in the first half of 2015, compared with $3.2 in the same period in 2014.

Policy fees, contract charges and other increased $10.9 primarily due to cost of insurance (COI) charges and administrative fees on our growing guaranteed universal life business.

Benefits and Expenses

Benefit-related expenses (policyholder benefits and claims, and interest credited) increased $13.5, driven by higher reserves on growth in our guaranteed UL business. Additionally, the first half of 2014 benefited from a $3.4 decrease in the BOLI PGAAP reserve, which was reflected in the higher BOLI ROA for that period.

Other underwriting and operating expenses increased $4.9, mainly due to higher expenses in support of growth in the segment.

Sales

Sales of individual life products increased to $28.2 for the six months ended June 30, 2015, compared to $17.0 for the same period in 2014, reflecting success in building relationships in the BGA distribution network for our guaranteed UL products.

Other

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

	For the Three Months Ended June 30,		Variance (%)	For the Six Months Ended June 30,		Variance (%)
	2015	2014	2015 vs. 2014	2015	2014	2015 vs. 2014
Operating revenues:						
Net investment income	$ (4.7)	$ 2.1	*	$ (2.9)	$ 3.5	*
Policy fees, contract charges, and other	0.5	0.6	(16.7)	1.0	1.0	—
Total operating revenues	(4.2)	2.7	*	(1.9)	4.5	*
Benefits and expenses:						
Interest credited	(0.4)	(0.4)	—	(0.8)	(0.9)	(11.1)
Other underwriting and operating expenses	0.8	1.0	(20.0)	1.4	1.6	(12.5)
Interest expense	10.8	8.3	30.1	21.9	16.5	32.7
Total benefits and expenses	11.2	8.9	25.8	22.5	17.2	30.8
Segment pre-tax adjusted operating loss	$ (15.4)	$ (6.2)	*	$ (24.4)	$ (12.7)	92.1 %

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

Three Months Ended June 30, 2015 Compared to the Three Months Ended June 30, 2014

Summary of Results

Our Other segment reported pre-tax adjusted operating losses of $15.4 for the three months ended June 30, 2015 compared with losses of $6.2 for the same period in 2014. This decline was primarily driven by lower net investment income, reflecting mark-to-market losses on alternative investments and higher amortization of tax credit investments. Additionally, interest expense increased $2.5 due to the senior notes issued in the third quarter of 2014.

Six Months Ended June 30, 2015 Compared to the Six Months Ended June 30, 2014

Summary of Results

Our Other segment reported pre-tax adjusted operating losses of $24.4 for the six months ended June 30, 2015 compared with losses of $12.7 for the same period in 2014. Lower net investment income reflected mark-to-market losses on alternative investments, coupled with higher amortization of tax credit investments. Interest expense increased $5.4 due to the senior notes issued in the third quarter of 2014.

Investments

Our investment portfolio is intended to support the expected cash flows of our liabilities and 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 risk. As of June 30, 2015, our investment portfolio consisted in large part of high quality fixed maturities and commercial mortgage loans we originated, as well as a smaller allocation of high-yield fixed maturities, marketable equity securities, investments in limited partnerships (primarily tax credit investments and alternative investments, which include private equity and hedge funds) and other investments. Our equity investments primarily consist of common stock and exchange-traded funds (ETFs) and mainly support asset and liability matching strategies for long-duration insurance products in our Income Annuities segment. We believe that prudent levels of equity investments offer enhanced long-term, after-tax total returns.

The following table presents the composition of our investment portfolio:

	As of June 30, 2015		As of December 31, 2014	
	Amount	% of Total	Amount	% of Total
Types of Investments				
Fixed maturities, available-for-sale:				
Public	$ 24,855.5	79.0%	$ 24,450.4	79.8%
Private	1,082.9	3.5	929.0	3.0
Marketable equity securities, available-for-sale	92.4	0.3	120.5	0.4
Marketable equity securities, trading	538.7	1.7	532.0	1.8
Mortgage loans, net	4,431.1	14.1	4,130.1	13.5
Policy loans	60.0	0.2	61.9	0.2
Investments in limited partnerships (1):				
Alternative investments	57.0	0.2	71.5	0.2
Tax credit investments	223.1	0.7	238.4	0.8
Other invested assets (2)	102.9	0.3	100.5	0.3
Total	$ 31,443.6	100.0%	$ 30,634.3	100.0%

(1) Alternative investments are carried at fair value, and tax credit investments are carried at amortized cost.
(2) Primarily includes derivative instruments.

Invested assets increased $809.3 during the six months ended June 30, 2015 primarily due to portfolio growth generated by sales in the Retirement Division. This was partially offset by a decrease in net unrealized gains, which was the result of a decline in the fair value of our fixed maturities. Typically, we experience fair value declines when interest rates rise. As of June 30, 2015 and December 31, 2014, we had net unrealized gains of $1.30 billion and $1.73 billion, respectively, on our fixed maturity portfolio, and the benchmark 10-year U.S. Treasury rates increased to 2.35% from 2.17%, respectively.

Investment Returns

Net Investment Income

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

	For the Three Months Ended June 30, 2015		For the Three Months Ended June 30, 2014	
	Yield (1)	**Amount**	**Yield (1)**	**Amount**
Types of Investments				
Fixed maturities, available-for-sale	4.68 %	$ 285.0	4.80 %	$ 275.5
Marketable equity securities, available-for-sale	5.76	1.5	5.46	1.6
Marketable equity securities, trading	2.57	3.0	3.57	3.4
Mortgage loans, net	5.69	61.4	5.60	51.5
Policy loans	5.55	0.8	5.53	1.0
Investments in limited partnerships:				
Alternative investments	*	(5.4)	*	(0.3)
Tax credit investments (2)	*	(8.1)	*	(6.3)
Other income producing assets (3)	*	1.1	*	1.1
Gross investment income before investment expenses	4.52	339.3	4.71	327.5
Investment expenses	(0.12)	(8.9)	(0.12)	(8.5)
Net investment income	4.40 %	$ 330.4	4.59 %	$ 319.0

	For the Six Months Ended June 30, 2015		For the Six Months Ended June 30, 2014	
	Yield (1)	**Amount**	**Yield (1)**	**Amount**
Types of Investments				
Fixed maturities, available-for-sale	4.67 %	$ 563.3	4.92 %	$ 559.0
Marketable equity securities, available-for-sale	4.61	2.5	4.38	2.6
Marketable equity securities, trading	2.71	6.3	3.35	6.4
Mortgage loans, net	5.57	118.5	5.59	101.6
Policy loans	5.46	1.6	5.56	1.7
Investments in limited partnerships:				
Alternative investments	*	(10.5)	*	(0.3)
Tax credit investments (2)	*	(15.2)	*	(13.0)
Other income producing assets (3)	*	5.4	*	2.2
Gross investment income before investment expenses	4.53	671.9	4.81	660.2
Investment expenses	(0.12)	(17.5)	(0.12)	(16.8)
Net investment income	4.41 %	$ 654.4	4.69 %	$ 643.4

* Represents yield that is not meaningful.

(1) Yields are determined based on monthly averages calculated using beginning and end-of-period balances. Yields for fixed maturities are based on amortized cost. Yields for equity securities are based on cost. Yields for all other asset types are based on carrying values.

(2) The negative impact from the tax credit investments is offset by U.S. federal income tax benefits. The total impact to net income was $6.1 and $7.7 for the three months ended June 30, 2015 and 2014, respectively. The total impact to net income was $14.7 and $15.0 for the six months ended June 30, 2015 and 2014, respectively. For further discussion, see "- Investments in Limited Partnerships - Tax Credit Investments."

(3) Other income producing assets includes other invested assets and cash and cash equivalents.

Three and Six Months Ended June 30, 2015 Compared to the Three and Six Months Ended June 30, 2014

For the three months ended June 30, 2015, net investment income increased $11.4 compared to the same period in 2014. For the six months ended June 30, 2015, net investment income increased $11.0 compared to the same period in 2014. For both periods, the increases were driven by income on higher average invested assets, partially offset by increased mark-to-market losses on investments in limited partnerships from the same period in 2014. For the quarter, the increase in investment income also reflected higher prepayment income.

Excluding the impact of prepayments, which are discussed below, yields on our investment portfolio for the three and six months ended June 30, 2015 decreased to 4.22% and 4.28%, respectively, from 4.51% and 4.54% for the three and six months ended June 30, 2014. This reduction is a result of earned rates on new purchases, which are significantly below overall portfolio yields, as well as maturities and prepayments of assets purchased in a higher interest rate environment. We have experienced significant growth in the volume of new investment purchases on cash inflows from strong sales and the proceeds from prepayment activity, pay-downs, and maturities of invested assets. The interest rates on new investment purchases associated with these cash flows are putting downward pressure on our overall portfolio yield.

Prepayment-related income, which includes make-whole payments and consent fees on early calls or tenders of fixed maturities, prepayment speed adjustments on structured securities, and prepayment fees on our commercial mortgage loans, remained higher than historical levels. The following table presents the impact from prepayment-related activities:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Impact to income	$ 13.4	$ 5.7	$ 19.6	$ 19.2
Impact to yield	0.18%	0.08%	0.13%	0.15%

In an attempt to mitigate the impact of low interest rates, we have pursued strategies that generally provide more attractive yields while retaining an appropriate risk profile. This includes a continued focus on our underwriting of commercial mortgage loans and increasing our investments in high-quality foreign corporate fixed maturities. Additionally, during the second quarter of 2015, we began investing in a modest amount of collateralized loan obligations. For further information about these investments, see "—Fixed Maturity Securities" and "—Mortgage Loans."

Net Realized Gains (Losses)

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Gross realized gains on sales of fixed maturities	$ 3.5	$ 10.8	$ 7.9	$ 19.5
Gross realized losses on sales of fixed maturities	(10.2)	(0.6)	(14.7)	(2.4)
Impairments:				
Total credit-related	(1.4)	(1.3)	(2.6)	(1.3)
Intent to sell	(1.2)	(0.1)	(8.0)	(1.2)
Total impairments on securities	(2.6)	(1.4)	(10.6)	(2.5)
Net gains (losses) on trading securities	(12.4)	21.6	(4.2)	41.3
Net realized gains (losses) related to FIA:				
Certain realized gains (losses) (1)	(0.3)	0.3	(0.5)	0.1
Fair value changes — embedded derivative and related options (2)	6.1	(1.5)	(0.3)	(3.8)
Net gains (losses) on investments in limited partnerships (3)	(8.9)	(3.1)	(12.6)	(6.7)
Other net gains (losses) (4):				
Other gross gains	7.3	8.2	13.4	15.7
Other gross losses	(11.1)	(9.0)	(13.2)	(15.2)
Net realized gains (losses)	$ (28.6)	$ 25.3	$ (34.8)	$ 46.0

(1) Represents the changes in fair value of index options purchased to economically hedge our block of FIA business sold during the late 1990s (the old block), which has an account value of $35.0 as of June 30, 2015. This change in fair value is included in pre-tax adjusted operating income for our Deferred Annuities segment.
(2) Represents the changes in fair value of embedded derivative liabilities associated with our FIA products sold in 2011 and beyond, netted with changes in fair value of index options purchased to economically hedge this business.
(3) This includes impairments related to alternative investments and tax credit investments.
(4) This primarily consists of gains (losses) on calls and redemptions, changes in fair value of convertible bonds, the impact of net realized gains (losses) on DAC and DSI, and changes in fair value of derivatives not related to FIA.

Three and Six Months Ended June 30, 2015 Compared to the Three and Six Months Ended June 30, 2014

For the three and six months ended June 30, 2015, our portfolio produced net realized losses, compared to gains for the same periods in 2014. The decrease reflects net losses on mark-to-market equities, compared to gains in the previous periods, and higher impairments on fixed maturities and limited partnership investments. We also generated net losses on sales of our fixed maturity securities, primarily related to sales of U.S. Treasury securities, compared to net gains on fixed maturity sales in the second quarter of 2014. For the quarter, these decreases were partially offset by net realized gains related to FIA compared to losses in the prior period.

For further discussion of the performance of our equity portfolio, see "— Return on Equity Investments."

Impairments of Available-for-Sale Securities

We regularly monitor our investments for indicators of impairment. 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 condensed consolidated financial statements. Impairments for the three and six months ended June 30, 2015 increased from the same periods in 2014 by $1.2 and $8.1, respectively. These increases were primarily driven by write downs on high yield and U.S. Treasury securities that we intend to sell.

For those issuers for which we recorded a credit-related impairment during the six months ended June 30, 2015, we had remaining holdings with an amortized cost of $23.1 and fair value of $21.3. Based on our analysis, including cash flow analysis where appropriate, we believe the amortized cost of these securities is recoverable.

As of June 30, 2015, our gross unrealized losses on fixed maturities, after the recognition of other-than-temporary impairments, increased $72.9 from December 31, 2014. This increase was primarily due to higher interest rates. As of June 30, 2015 and December 31, 2014, 33.7% and 22.8%, respectively, of the gross unrealized losses were related to securities due after ten years and our mortgage backed securities. The fair value of these securities fluctuates more significantly with changes in interest rates and credit spreads, and we believe they will recover over time.

Refer to Note 4 to the accompanying unaudited interim condensed consolidated financial statements for a table summarizing the amortized cost and fair value of fixed maturities by contractual years to maturity as of June 30, 2015.

Fixed Maturity Securities

Fixed maturities represented approximately 82.5% and 82.8% of invested assets as of June 30, 2015 and December 31, 2014, respectively. The majority of our fixed maturities are invested in highly marketable or publicly traded securities. We invest in a small amount of privately placed fixed maturities to enhance the overall value of the portfolio and obtain higher yields than can ordinarily be obtained with comparable securities in public markets. As of June 30, 2015 and December 31, 2014, privately placed fixed maturities represented 4.2% and 3.7%, respectively, of our total fixed maturity portfolio at fair value.

Fixed Maturity Securities Credit Quality

The Securities Valuation Office (SVO) of the National Association of Insurance Commissioners (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 (S&P). NAIC designations of "3" through "6" are referred to as below investment grade, which generally include securities rated BB+ or lower by S&P. In recent years, the SVO adopted a modeling approach to determine the NAIC designation for non-agency commercial and residential mortgage-backed securities. As a result, the NAIC designation for such securities may not correspond to the S&P designations.

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

	As of June 30, 2015			As of December 31, 2014		
	Amortized Cost	**Fair Value**	**% of Total Fair Value**	**Amortized Cost**	**Fair Value**	**% of Total Fair Value**
NAIC: S&P Equivalent:						
1 AAA, AA, A	$ 13,490.4	$ 14,353.3	55.3%	$ 13,407.9	$ 14,491.2	57.1%
2 BBB	10,022.1	10,442.2	40.3	9,126.7	9,761.6	38.5
Total investment grade	23,512.5	24,795.5	95.6	22,534.6	24,252.8	95.6
3 BB	582.1	601.3	2.3	541.2	561.5	2.2
4 B	456.5	468.3	1.8	490.2	492.3	1.9
5 CCC & lower	81.8	70.7	0.3	74.6	66.9	0.3
6 In or near default	2.5	2.6	—	5.9	5.9	—
Total below investment grade	1,122.9	1,142.9	4.4	1,111.9	1,126.6	4.4
Total	$ 24,635.4	$ 25,938.4	100.0%	$ 23,646.5	$ 25,379.4	100.0%

As of June 30, 2015, our NAIC 5 and 6 designated securities had gross unrealized losses of $12.8. Our analysis of these securities, including management's estimates of future cash flows, where appropriate, supports the recoverability of amortized cost.

Fixed Maturity Securities and Unrealized Gains and Losses by Security Sector

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

	As of June 30, 2015				
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	% of Total Fair Value
Security Sector					
Corporate securities:					
Consumer discretionary	$ 2,558.3	$ 114.2	$ (21.7)	$ 2,650.8	10.2%
Consumer staples	2,581.7	183.5	(11.9)	2,753.3	10.6
Energy	1,414.4	83.9	(22.2)	1,476.1	5.7
Financial	1,977.5	126.8	(20.8)	2,083.5	8.0
Health care	2,311.4	108.3	(23.7)	2,396.0	9.2
Industrial	3,538.0	254.4	(18.7)	3,773.7	14.6
Information technology	478.1	21.9	(4.0)	496.0	1.9
Materials	1,319.4	77.8	(9.2)	1,388.0	5.4
Telecommunication services	773.0	41.3	(6.9)	807.4	3.1
Utilities	1,929.4	179.6	(11.8)	2,097.2	8.1
Total corporate securities	18,881.2	1,191.7	(150.9)	19,922.0	76.8
U.S. government and agencies	387.4	4.7	(1.4)	390.7	1.5
State and political subdivisions	851.5	37.1	(1.8)	886.8	3.4
Residential mortgage-backed securities:					
Agency	2,272.4	133.6	(10.1)	2,395.9	9.3
Non-agency:					
Prime	261.6	8.1	(0.3)	269.4	1.0
Alt-A	51.7	3.2	—	54.9	0.2
Total residential mortgage-backed securities	2,585.7	144.9	(10.4)	2,720.2	10.5
Commercial mortgage-backed securities:					
Agency	108.4	7.6	(0.1)	115.9	0.4
Non-agency	1,043.0	47.9	(3.5)	1,087.4	4.2
Total commercial mortgage-backed securities	1,151.4	55.5	(3.6)	1,203.3	4.6
Collateralized loan obligations	235.5	0.8	(2.0)	234.3	0.9
Other debt obligations	542.7	39.4	(1.0)	581.1	2.3
Total	$ 24,635.4	$ 1,474.1	$ (171.1)	$ 25,938.4	100.0%

	As of December 31, 2014				
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	% of Total Fair Value
Security Sector					
Corporate securities:					
Consumer discretionary	$ 2,279.5	$ 137.4	$ (7.6)	$ 2,409.3	9.5%
Consumer staples	2,636.4	232.2	(7.1)	2,861.5	11.3
Energy	1,286.3	90.0	(27.5)	1,348.8	5.3
Financial	1,888.7	168.9	(15.4)	2,042.2	8.1
Health care	2,084.9	134.2	(9.0)	2,210.1	8.7
Industrial	3,160.1	313.5	(5.3)	3,468.3	13.7
Information technology	509.9	32.3	(2.2)	540.0	2.1
Materials	1,270.3	90.0	(6.9)	1,353.4	5.3
Telecommunication services	747.0	73.9	(1.6)	819.3	3.2
Utilities	1,905.6	239.1	(5.1)	2,139.6	8.4
Total corporate securities	17,768.7	1,511.5	(87.7)	19,192.5	75.6
U.S. government and agencies	404.8	6.1	(1.0)	409.9	1.6
State and political subdivisions	789.7	40.1	(0.6)	829.2	3.3
Residential mortgage-backed securities:					
Agency	2,430.7	143.0	(6.1)	2,567.6	10.1
Non-agency:					
Prime	282.4	9.6	(0.4)	291.6	1.2
Alt-A	58.9	3.3	—	62.2	0.2
Total residential mortgage-backed securities	2,772.0	155.9	(6.5)	2,921.4	11.5
Commercial mortgage-backed securities:					
Agency	156.8	8.9	(0.3)	165.4	0.7
Non-agency	1,105.8	64.1	(1.4)	1,168.5	4.6
Total commercial mortgage-backed securities	1,262.6	73.0	(1.7)	1,333.9	5.3
Other debt obligations	648.7	44.5	(0.7)	692.5	2.7
Total	$ 23,646.5	$ 1,831.1	$ (98.2)	$ 25,379.4	100.0%

Our fixed maturities holdings are diversified by industry and issuer. As of June 30, 2015 and December 31, 2014, the fair value of our ten largest issuers of corporate securities holdings was $1,522.3 and $1,435.5, or 7.6% and 7.5%, respectively, of total corporate securities. The fair value of our largest exposure to a single issuer of corporate securities was $174.4 and $152.5, or 0.9% and 0.8% of total corporate securities, as of June 30, 2015 and December 31, 2014, respectively. Of these holdings, $142.6 and $123.3, respectively, were rated investment grade. The remainder were rated below investment grade, with NAIC ratings of 4 or 3.

Our investments in U.S. government and agency securities are generally purchased as part of our cash management and asset-liability matching strategies to obtain higher yields and match liability durations from incoming cash flows until investments with adequate spreads are found. Our holdings of these securities will fluctuate from quarter to quarter based on sales volume and timing of cash deployment. In addition, these holdings may fluctuate to support collateral needs for our derivatives program.

As of June 30, 2015 and December 31, 2014, the fair value of our state and political subdivision securities included $849.4 and $793.1 of municipal revenue bonds and $37.4 and $36.1 of municipal general obligation bonds, respectively. We have municipal holdings of $6.0 and $5.6 in Illinois as of June 30, 2015 and December 31, 2014, respectively, and no exposure to municipal holdings in Michigan or Puerto Rico.

Exposure to Foreign Fixed Maturities

As part of our strategy to improve portfolio yields, we invest in high-quality foreign corporate securities. The majority of these holdings are denominated in U.S. dollars, and we utilize foreign currency swaps and forwards to hedge our exposure to those denominated in foreign currencies. As of June 30, 2015 and December 31, 2014, we held $739.0 and $725.1, respectively, of fixed maturities denominated in a foreign currency and reported in U.S. dollars based on period-end exchange rates.

The following tables summarize our exposure to foreign fixed maturity holdings by sovereign debt, financial industry and other corporate debt exposures. The country designation is based on the issuer's country of incorporation.

	As of June 30, 2015					
	Sovereign Debt	Financial Industry	Other Corporate	Total Fair Value	% of Exposure	Amortized Cost
United Kingdom	$ —	$ 105.6	$ 730.1	$ 835.7	19.3%	$ 813.2
Netherlands	—	24.4	630.6	655.0	15.2	629.7
Luxembourg	—	15.7	353.9	369.6	8.5	360.2
France	—	21.6	258.3	279.9	6.5	269.9
Switzerland	—	130.2	—	130.2	3.0	123.1
Other European countries	0.3	—	224.5	224.8	5.2	219.3
Total European holdings	$ 0.3	$ 297.5	$ 2,197.4	$ 2,495.2	57.7%	$ 2,415.4
Canada	14.7	—	870.9	885.6	20.5	836.9
Cayman Islands	76.5	235.9	53.7	366.1	8.5	364.1
Australia	—	2.0	254.7	256.7	5.9	247.4
Other foreign countries	—	9.8	310.0	319.8	7.4	319.3
Total foreign holdings	$ 91.5	$ 545.2	$ 3,686.7	$ 4,323.4	100.0%	$ 4,183.1

	As of December 31, 2014					
	Sovereign Debt	Financial Industry	Other Corporate	Total Fair Value	% of Exposure	Amortized Cost
United Kingdom	$ —	$ 99.0	$ 752.9	$ 851.9	21.3%	$ 814.5
Netherlands	—	4.8	599.8	604.6	15.1	571.2
Luxembourg	—	17.2	293.5	310.7	7.8	297.7
France	—	20.4	273.1	293.5	7.3	280.1
Switzerland	—	111.4	—	111.4	2.8	103.1
Other European countries	0.4	—	229.7	230.1	5.7	221.0
Total European holdings	$ 0.4	$ 252.8	$ 2,149.0	$ 2,402.2	60.0%	$ 2,287.6
Canada	15.1	—	869.7	884.8	22.1	826.0
Mexico	—	1.7	272.2	273.9	6.8	269.3
Australia	—	17.3	228.2	245.5	6.1	233.0
Other foreign countries	79.4	38.9	83.2	201.5	5.0	201.1
Total foreign holdings	$ 94.9	$ 310.7	$ 3,602.3	$ 4,007.9	100.0%	$ 3,817.0

As of June 30, 2015 and December 31, 2014, the fair value of our exposure to foreign fixed maturities was 16.7% and 15.8% of our total fixed maturities portfolio, respectively. Our gross unrealized losses on these securities increased to $32.1 as of June 30, 2015, compared to $21.8 as of December 31, 2014, primarily due to rising interest rates. The fair value of our total exposure to Ireland, Italy, Portugal, and Spain was $75.6 and $77.6 as of June 30, 2015 and December 31, 2014, respectively. We have no exposure to issuers in Greece, Russia or Ukraine.

The fair value of our ten largest foreign security holdings by issuer was $1,099.6, or 4.2% of the fixed maturities portfolio as of June 30, 2015, and $1,087.3, or 4.3%, as of December 31, 2014. All of the holdings of our ten largest foreign issuers were investment grade with NAIC ratings of 2 or higher. The securities we held from our largest single foreign issuer, a Netherlands company, had the highest NAIC rating of 1 and a fair value of $141.6 or 0.5% of the portfolio as of June 30, 2015. For the period ended December 31, 2014, the securities we held from our largest single foreign issuer, a Canadian company, had an NAIC rating of 1 and a fair value of $124.9 or 0.5% of the portfolio.

Mortgage-Backed Securities

Our fixed maturities portfolio included $3.92 billion of residential and commercial mortgage-backed securities at fair value as of June 30, 2015, of which 64.0% were agency securities. Additionally, 25.5% of our mortgage-backed securities are AAA-rated non-agency securities in the most senior tranche of the structure type.

Non-agency mortgage-backed securities issued in the 2006 through 2008 vintage years were generally the most affected by the financial crisis, due to weaker underwriting standards and an issuance date closest to the market peak in real estate prices. As of June 30, 2015, our non-agency mortgage-backed securities with vintage years 2006 through 2008, which are primarily commercial mortgage-backed securities, had an amortized cost of $522.7 and a fair value of $556.7.

Our mortgage-backed securities may have prepayment options. Accounting standards require us to make estimates regarding prepayments when recognizing interest income on these securities. Prepayments that vary from our estimates in amount or timing cause fluctuations in our yields due to an acceleration or deceleration of unamortized premiums or discounts associated with the securities in our portfolio. These adjustments, which relate primarily to residential mortgage-backed securities (RMBS), are recorded in net investment income in our results of operations and can create volatility between periods.

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 have underlying loans to customers with good quality credit profiles, and subprime RMBS have underlying loans to customers with a greater risk of default. Alt-A RMBS have overall credit quality between prime and subprime, based on a review of their underlying mortgage loans and factors such as credit scores and financial ratios. The Company had no exposure to subprime loans as of June 30, 2015 or December 31, 2014.

As of June 30, 2015, our Alt-A portfolio was collateralized with 96.3% fixed rate mortgages and 3.7% hybrid adjustable rate mortgages (ARMs) with no exposure to option ARMs. Generally, fixed rate mortgages have had better credit performance than ARMs, with lower delinquencies and defaults on the underlying collateral.

The following table sets forth the total fair value, and amortized cost of our non-agency RMBS by year of origination (vintage) and credit quality, based on the highest rating by Moody's, S&P, or Fitch. There were two securities with a total amortized cost and fair value of $12.2 and $12.3, respectively, that were rated below investment grade by either Moody's, S&P or Fitch, while at least one other agency rated the securities as investment grade.

	As of June 30, 2015			
	Highest Rating Agency Rating			
	Investment Grade	**Below Investment Grade**	**Total**	**Total as of December 31, 2014**
Vintage:				
2009-2015	$ 150.8	$ —	$ 150.8	$ 156.3
2006-2008	—	51.1	51.1	58.4
2005 and prior	46.1	65.3	111.4	126.6
Total amortized cost	$ 196.9	$ 116.4	$ 313.3	$ 341.3
Net unrealized gains (losses)	3.6	7.4	11.0	12.5
Total fair value	$ 200.5	$ 123.8	$ 324.3	$ 353.8

As of June 30, 2015 and December 31, 2014, 69.5% and 67.9%, respectively, of the fair value of our non-agency RMBS had super senior subordination. The super senior class has priority over all principal and interest cash flows and will not experience any loss of principal until lower levels are written down to zero. Therefore, the majority of our RMBS investments have less exposure to defaults and delinquencies in the underlying collateral than if we held the more subordinated classes.

The following table provides additional information on our RMBS prepayment exposure, by type and vintage:

	As of June 30, 2015					
	Amortized Cost	Unrealized Gains/ (Losses)	Fair Value	Gross Discount	Gross Premium	Average Mortgage Loan Rate
Agency:						
CMO:						
2009-2015	$ 1,451.0	$ 61.8	$ 1,512.8	$ 37.0	$ (16.3)	4.1%
2006-2008	1.7	0.1	1.8	0.1	—	5.6
2005 and prior	339.1	46.5	385.6	9.6	(2.1)	6.2
Total Agency CMO	$ 1,791.8	$ 108.4	$ 1,900.2	$ 46.7	$ (18.4)	4.5%
Passthrough:						
2009-2015	$ 432.5	$ 9.5	$ 442.0	$ 1.7	$ (12.0)	4.3%
2006-2008	21.9	2.5	24.4	0.1	(0.4)	6.3
2005 and prior	26.2	3.1	29.3	0.5	(0.2)	5.8
Total Agency Passthrough	480.6	15.1	495.7	2.3	(12.6)	4.4
Total Agency RMBS	$ 2,272.4	$ 123.5	$ 2,395.9	$ 49.0	$ (31.0)	4.5%
Non-Agency:						
2009-2015	$ 150.8	$ 1.2	$ 152.0	$ 1.7	$ (1.1)	4.2%
2006-2008	51.1	4.6	55.7	8.8	(0.2)	5.3
2005 and prior	111.4	5.2	116.6	5.0	(0.1)	5.5
Total Non-Agency RMBS	313.3	11.0	324.3	15.5	(1.4)	4.8
Total RMBS	$ 2,585.7	$ 134.5	$ 2,720.2	$ 64.5	$ (32.4)	4.5%

Commercial Mortgage-Backed Securities (CMBS)

The following table sets forth the total fair value, and amortized cost of our non-agency CMBS by credit quality and vintage.

	As of June 30, 2015			
	Highest Rating Agency Rating			
	Investment Grade	Below Investment Grade	Total	Total as of December 31, 2014
Vintage:				
2009-2015	$ 503.8	$ —	$ 503.8	$ 492.5
2006-2008	459.5	12.1	471.6	493.7
2005 and prior	67.6	—	67.6	119.6
Total amortized cost	$ 1,030.9	$ 12.1	$ 1,043.0	$ 1,105.8
Net unrealized gains (losses)	45.4	(1.0)	44.4	62.7
Total fair value	$ 1,076.3	$ 11.1	$ 1,087.4	$ 1,168.5

As of June 30, 2015, our CMBS portfolio was highly concentrated in the most senior tranches, with 99.8% of our AAA-rated securities in the most senior tranche, based on amortized cost. The 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. As of June 30, 2015, our CMBS had a total gross unamortized discount and premium of $8.0 and $9.4, respectively.

The weighted-average credit enhancement of our CMBS portfolio was 32.2% as of June 30, 2015. We believe this additional credit enhancement is significant, especially in the event of a deep real estate downturn during which losses would be expected to increase substantially.

Mortgage Loans

Our mortgage loan department originates commercial mortgages and manages our existing commercial mortgage loan portfolio. We specialize in originating loans of $1.0 to $5.0, which are secured by first-mortgage liens on income-producing commercial real estate. All loans are underwritten consistently to our standards based on loan-to-value (LTV) ratios and debt service coverage ratios (DSCR). LTV ratios and DSCRs are based on income and detailed market, property and borrower analyses using our long-term experience in commercial mortgage lending. A large majority of our loans have personal guarantees and all loans are inspected and evaluated annually. We diversify our mortgage loans by geographic region, loan size and scheduled maturity.

The following table presents selected information about the composition of our mortgage loan portfolio:

	As of June 30, 2015	As of December 31, 2014
Average loan balance	$ 2.5	$ 2.5
Largest loan balance	15.5	15.3
Weighted average LTV ratio	53.4%	53.4%
Weighted average DSCR	1.83	1.82

As of June 30, 2015 and December 31, 2014, 72.0% and 72.4%, respectively, of our mortgage loans had an outstanding balance under $5.0.

We continue to increase our investments in mortgage loans, as this strategy has resulted in increased net investment yields when compared to fixed maturity investments. For the three and six months ended June 30, 2015, we originated loans at a spread over U.S. Treasuries of approximately 225bps and 230bps, respectively, compared with 235bps for the year ended December 31, 2014. Spreads remain tight, primarily due to increased competition for loans that meet our size, duration and underwriting standards. Additionally, U.S. Treasury rates remained low, which has led to a decline in our overall mortgage loan portfolio yield.

We believe a disciplined increase in commercial mortgage loan investments will help maintain the overall quality of our investment portfolio and obtain appropriate yields to match our policyholder liabilities. We originated $314.1 and $471.0 of mortgage loans during the three and six months ended June 30, 2015, respectively, and expect to increase our originations during the remainder of 2015.

We believe we have maintained our disciplined underwriting approach as we have increased our mortgage loan portfolio. The following table presents information about our mortgage loan originations, based on period end values:

	For the Six Months Ended June 30, 2015	For the Year Ended December 31, 2014
Weighted average LTV ratio of loans originated	51.4%	52.5%
Maximum LTV ratio of loans originated	72.1	73.4
Weighted average DSCR of loans originated	1.90	1.88
Minimum DSCR of loans originated	1.01	1.01

The following sections provide more information on the composition of our mortgage loan portfolio. On our consolidated balance sheets, mortgage loans are reported net of an allowance for losses, deferred loan origination costs, and unearned mortgage loan fees; however, the following tables exclude these items.

Credit Quality

We use the LTV ratio and DSCR as our primary metrics to assess mortgage loan quality. These factors are also considered in the evaluation of our allowance for mortgage loan losses. For more information and further discussion of the allowance for mortgage loan losses, see Note 5 to our unaudited interim condensed consolidated financial statements.

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

The following table sets forth the LTV ratios for our mortgage loan portfolio:

	As of June 30, 2015		As of December 31, 2014	
	Carrying Value	% of Total	Carrying Value	% of Total
Loan-to-Value Ratio:				
< or = 50%	$ 1,634.4	36.8%	$ 1,597.9	38.7%
51% - 60%	1,385.0	31.2	1,284.6	31.1
61% - 70%	1,148.1	25.9	948.1	22.9
71% - 75%	163.6	3.7	163.7	4.0
76% - 80%	33.8	0.8	55.8	1.3
81% - 100%	65.1	1.5	76.5	1.8
> 100%	5.4	0.1	7.9	0.2
Total	$ 4,435.4	100.0%	$ 4,134.5	100.0%

The following table sets forth the carrying value and weighted-average LTV ratios for our mortgage loan portfolio by year of origination:

	As of June 30, 2015			As of December 31, 2014		
	Carrying Value	% of Total Value	Weighted Average LTV	Carrying Value	% of Total Value	Weighted Average LTV
Origination Year:						
2015	$ 475.4	10.7%	51.4%			
2014	919.3	20.7	56.9	$ 935.5	22.6%	52.5%
2013	685.5	15.5	55.4	701.8	17.0	56.6
2012	710.1	16.0	53.2	749.5	18.1	54.7
2011	755.3	17.0	55.0	792.4	19.2	55.6
2010	410.5	9.3	48.9	434.0	10.5	49.3
2009 and prior	479.3	10.8	47.6	521.3	12.6	49.2
Total	$ 4,435.4	100.0%	53.4%	$ 4,134.5	100.0%	53.4%

The DSCR compares the amount of rental income a property is generating to the amount of the mortgage payments due on the property. DSCRs are calculated using the most current annual operating history for the collateral, which are typically updated during the third quarter. The following table sets forth the DSCRs for our mortgage loan portfolio:

	As of June 30, 2015		As of December 31, 2014	
	Carrying Value	% of Total	Carrying Value	% of Total
Debt Service Coverage Ratio:				
> or = 1.60	$ 2,618.7	59.0%	$ 2,418.5	58.5%
1.40 - 1.59	905.0	20.4	832.5	20.1
1.20 - 1.39	520.5	11.7	501.1	12.1
1.00 - 1.19	298.0	6.7	278.2	6.7
0.85 - 0.99	25.9	0.6	31.6	0.8
< 0.85	67.3	1.6	72.6	1.8
Total	$ 4,435.4	100.0%	$ 4,134.5	100.0%

As of June 30, 2015, loans with an aggregate carrying value of $93.2 had a DSCR of less than 1.00. The average outstanding principal balance of these loans was $1.6 with a weighted average LTV of 70.0%.

Composition of Mortgage Loans

The following table sets forth our investments in mortgage loans by state:

	As of June 30, 2015		As of December 31, 2014	
	Carrying Value	% of Total	Carrying Value	% of Total
State:				
California	$ 1,286.4	29.0%	$ 1,202.6	29.1%
Texas	484.9	10.9	447.2	10.8
Washington	353.9	8.0	345.8	8.4
Illinois	181.8	4.1	158.2	3.8
Florida	179.0	4.0	165.9	4.0
Ohio	176.5	4.0	168.8	4.1
Nevada	160.5	3.6	146.5	3.5
Arizona	148.0	3.3	129.6	3.1
New York	142.7	3.2	123.0	3.0
Oregon	134.3	3.0	134.5	3.3
Other	1,187.4	26.9	1,112.4	26.9
Total	$ 4,435.4	100.0%	$ 4,134.5	100.0%

The following table sets forth our investments in mortgage loans by property type:

	As of June 30, 2015		As of December 31, 2014	
	Carrying Value	% of Total	Carrying Value	% of Total
Property Type:				
Shopping centers and retail	$ 2,226.1	50.2%	$ 2,074.5	50.2%
Office buildings	975.6	22.0	929.9	22.5
Industrial	734.4	16.6	695.0	16.8
Multi-family	260.2	5.9	230.0	5.6
Other	239.1	5.3	205.1	4.9
Total	$ 4,435.4	100.0%	$ 4,134.5	100.0%

The shopping centers and retail portfolio is diversified among several sub-categories including anchored shopping centers, restaurants, and car care centers.

Maturity Date of Mortgage Loans

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

	As of June 30, 2015	
	Carrying Value	% of Total
Years to Maturity:		
Due in one year or less	$ 29.9	0.7%
Due after one year through five years	514.9	11.6
Due after five years through ten years	1,630.6	36.8
Due after ten years	2,260.0	50.9
Total	$ 4,435.4	100.0%

Prior to their contractual maturity, some of our mortgage loans have one or more specified rate resetting windows during which the loan typically can be prepaid without a fee. During these windows, we expect that a portion of these loans will either be reset or refinanced at market terms, given the current interest rate environment. These loan features are considered in our asset-liability management, and we align our expected mortgage loan cash inflows and duration with the amount and timing of liability cash outflows.

Additionally, our loan terms usually allow borrowers to prepay their mortgage loan prior to the stated maturity or outside specified rate resetting windows. Prepayments are driven by factors specific to the activities of our borrowers as well as the interest rate environment. However, the majority of our mortgage loans contain yield maintenance prepayment provisions that we believe mitigate such prepayments. For the three months ended June 30, 2015 and 2014, we received principal related to prepayments totaling $51.3 and $25.2, respectively, which generated prepayment-related investment income of $5.1 and $1.2, respectively. For the six months ended June 30, 2015 and 2014, we received principal related to prepayments totaling $76.3 and $47.0, respectively, which generated prepayment-related investment income of $7.5 and $2.0, respectively.

Investments in Limited Partnerships — Tax Credit Investments

We invest in limited partnership interests related to tax credit investments. Although these investments decrease our net investment income on a pre-tax basis, they provide us with significant tax benefits, which decrease our effective tax rate. Refer to Note 4 to the accompanying unaudited interim condensed consolidated financial statements for further discussion.

The following table sets forth the impact of these investments on net income:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Amortization, net of taxes	$ (5.3)	$ (4.1)	$ (9.9)	$ (8.5)
Realized losses, net of taxes	(3.2)	(2.1)	(5.6)	(4.3)
Tax credits	14.6	13.9	30.2	27.8
Impact to net income	$ 6.1	$ 7.7	$ 14.7	$ 15.0

The majority of our investments in limited partnerships relate to affordable housing. The tax credits from these partnerships are generally delivered in the first 10 years of the investment, with the largest portions provided in the middle years. We amortize these investments over the period during which partnership losses are expected to be recognized. The amortization schedule for each investment is updated periodically as new information related to the amount and timing of losses is received. Other tax credit investments generally provide tax benefits during the first year of the investment. The following table provides the future estimated impact of current holdings on net income:

	Impact to Net Income
Remainder of 2015	$ 19.1
2016	15.8
2017	12.4
2018	12.0
2019 and beyond	10.9
Estimated impact to net income	$ 70.2

Liquidity and Capital Resources

Symetra conducts its operations through its operating subsidiaries, and its liquidity requirements primarily have been and will continue to be met by funds from such subsidiaries. Dividends from its subsidiaries are Symetra’s principal source of cash to pay dividends to stockholders, fund its stock repurchase program and meet its obligations, including payments of principal and interest on notes payable. Payments of dividends from its insurance subsidiaries are subject to restrictions under state insurance regulations.

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 in the discussion below.

Liquid Assets

Symetra’s insurance company subsidiaries have 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, commercial mortgage loans and marketable equity securities. Shorter-term liabilities are matched with shorter-term fixed maturities. In addition, Symetra's insurance company subsidiaries hold sufficient levels of highly liquid, high quality assets to fund anticipated operating expenses, surrenders and withdrawals. As of June 30, 2015, Symetra's primary life insurance subsidiary, Symetra Life Insurance Company, had an estimated risk-based capital ratio of approximately 450%. We believe this provides adequate capital levels for growth of our business.

We define liquid assets to include cash, cash equivalents, short-term investments, publicly traded fixed maturities and equity securities. As of June 30, 2015 and December 31, 2014, Symetra's insurance company subsidiaries had liquid assets of $25.46 billion and $24.94 billion, respectively, and Symetra had liquid assets of $318.1 and $316.8, respectively. The portion of our total liquid assets consisting of cash and cash equivalents and short-term investments was $300.7 and $159.4 as of June 30, 2015 and December 31, 2014, respectively.

As of June 30, 2015, we had the ability to borrow, on an unsecured basis, a principal amount of $400.0 under a revolving line of credit arrangement with an expansion feature providing access to up to $100.0, for a total maximum principal amount of $500.0.

Liquidity Requirements

The liquidity requirements of Symetra's insurance company subsidiaries principally relate to the liabilities associated with their insurance and investment products, operating costs and expenses, the payment of dividends to the holding company, and the payment of income taxes. Liabilities associated with insurance and investment products include the payment of benefits, as well as cash payments made in connection with policy and contract surrenders and withdrawals, and policy loans. Historically, Symetra's insurance company 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 consider the risk of policyholder and contract holder withdrawals of funds earlier than assumed when selecting assets to support these contractual obligations. We use surrender charges, market value adjustments (MVAs), and other contract provisions to mitigate the extent, timing and profitability impact of such withdrawals. While certain policy lapses and surrenders occur in the normal course of business, the current low interest rate environment generally has resulted in lower than expected lapses of our fixed annuities, as policyholders have limited alternatives to seek a higher return on their funds. If interest rates rise significantly, we will likely experience an increase in lapses.

Our asset-liability management process takes into account the expected cash flows on investments and expected policyholder payments as well as the specific nature and risk profile of the liabilities. Considering the size and liquidity profile of our investment portfolio, we believe that we have appropriately mitigated the risk of policyholder behavior varying from our projections. We also 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 our liquidity requirements, including under foreseeable stress scenarios.

The table below sets forth liquidity characteristics of our general account policyholder liabilities, composed of annuity reserves, deposit liabilities and policy and contract claim liabilities, net of reinsurance recoverables:

	As of June 30, 2015		As of December 31, 2014	
	Amount	% of Total	Amount	% of Total
Illiquid: cannot be surrendered				
Structured settlements & other single premium immediate annuities (1)	$ 6,515.0	23.1%	$ 6,527.2	24.3%
Somewhat Liquid: can be surrendered with adjustments or charges of 3% or more				
Deferred Annuities:				
Surrender charges of 5% or higher	6,320.6	22.5	5,920.3	22.0
Surrender charges of 3 to 5%	476.8	1.7	1,207.8	4.5
MVA and surrender charges of 5% or higher (2)	3,721.8	13.2	2,991.2	11.1
5 year payout provision or MVA (3)	455.3	1.6	292.3	1.1
BOLI (4)	5,064.7	18.0	5,001.5	18.6
Universal life	350.2	1.2	324.3	1.2
Total somewhat liquid	16,389.4	58.2%	15,737.4	58.5%
Liquid: can be surrendered with no adjustment or charges of less than 3%				
Deferred Annuities:				
No surrender charges (5)	3,257.0	11.7	3,038.0	11.3
Surrender charges less than 3%	1,167.0	4.1	836.1	3.1
Universal life	485.4	1.7	463.5	1.7
Total liquid	4,909.4	17.5%	4,337.6	16.1%
Other				
Other (net of reinsurance) (6)	334.2	1.2	305.1	1.1
Total (7)	$ 28,148.0	100.0%	$ 26,907.3	100.0%

The liabilities presented above have been aggregated based on contractual surrender charge schedules without adjustment for free partial withdrawals and guaranteed return of premium provisions, if applicable. The following footnotes may also be useful in evaluating the withdrawal characteristics of our liabilities:

(1) The benefits are specified in the contracts as fixed amounts, primarily to be paid over the next several decades. Certain single premium immediate annuity contracts contain a liquidity feature that permits contract owners to receive a lump sum payment once every 36 months within the life expectancy period in exchange for lower future annuity payments. The withdrawals are based on prevailing market rates which limits our exposure to liquidity and interest rate risk.

(2) The MVA adjusts the value of the contract at surrender based on current interest rates, subject to a guaranteed minimum account value specified in the contract.

(3) The MVA adjusts the value of the contract at surrender based on current interest rates, subject to a guaranteed minimum account value specified in the contract. 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.

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

(5) Given the current interest rate environment, we do not expect significant changes in the persistency of this business.

(6) Other represents the sum of the following: (a) our term life insurance policyholder liabilities, net of reinsurance recoverables. There is no surrender value related to these contracts; (b) incurred but not reported claim liabilities mainly related to our medical stop-loss business. The precise timing and amount of payment is unknown; and (c) reported claim liabilities for BOLI, term life insurance, medical stop-loss and group life policies.

(7) Represents the sum of funds held under deposit contracts, future policy benefits and policy and contract claims in the consolidated balance sheets, excluding other policyholder related liabilities and reinsurance recoverables of $268.4 and $253.0 as of June 30, 2015 and December 31, 2014, respectively.

Additionally, Symetra has $300.0 of 6.125% Senior Notes that will mature on April 1, 2016. The specific resources or combination of resources that are used to meet this maturity will depend on financial market conditions. We believe we have adequate liquid resources, including access to capital markets, available to repay or refinance these notes, and management is currently evaluating its capital opportunities.

Stockholder Distributions

Symetra declared and paid a quarterly dividend of $0.11 per common share during the first and second quarters of 2015 for a total payout of $25.5.

In 2013, Symetra's board of directors authorized a stock repurchase program for up to 16,000,000 shares, and Symetra repurchased 9,053,303 shares through 2014. During the quarter ended June 30, 2015, no shares were repurchased, and a total of 6,946,697 shares remain available for repurchase under the program. Symetra has funded and plans to continue to fund this program mainly through dividends from its subsidiaries.

Cash Flows

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

	For the Six Months Ended June 30,	
	2015	**2014**
Net cash flows provided by (used in) operating activities	$ 505.6	$ 484.2
Net cash flows provided by (used in) investing activities	(1,181.1)	(911.2)
Net cash flows provided by (used in) financing activities	816.8	469.0

Operating Activities

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

Net cash provided by operating activities for the six months ended June 30, 2015 increased $21.4 over the same period in 2014. This increase was primarily the result of higher premiums, net of claims, from growth in our medical stop-loss and group life and DI businesses.

Investing Activities

Cash flows from our investing activities are primarily driven by the amount and timing of cash received from maturities and calls of fixed maturity securities, sales of investments and maturities of mortgage loans, as well as the amount and timing of cash disbursed for purchases of investments and funding of mortgage loan originations. Generally, the amount and timing of our purchases of investments correlate to sales of annuity and life insurance policies, which are classified as cash inflows from financing activities. The amount and timing of cash inflows from investments generally correlate to amounts needed to fund policyholder obligations.

Net cash used in investing activities for the six months ended June 30, 2015 increased $269.9 over the same period in 2014. This increase was primarily due to higher outflows related to purchases of fixed maturity securities, net of sales and maturities, and mortgage loan originations, net of repayments, both the result of strong FIA sales.

Financing Activities

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

Net cash provided by financing activities for the six months ended June 30, 2015 increased $347.8 over the same period in 2014, primarily driven by increased policyholder deposits on higher sales of FIA, and a decrease in shares repurchased under the Company's common stock repurchase program. We repurchased 2.1 million shares for a total of $41.2 through the second quarter of 2014, and no shares have been repurchased in 2015.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported and disclosed in the unaudited interim condensed consolidated financial statements. In applying the Company's accounting policies, management makes subjective and complex judgments about matters that are inherently uncertain in the development of estimates and assumptions used to determine amounts reported in the financial statements. 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 forecasted, and our best estimates may require adjustment.

The following accounting policies are those we consider to be particularly critical to understanding our condensed financial statements because their application places the most significant demands on our ability to judge the effect of inherently uncertain matters on our financial results:

- The valuation of financial instruments;
- The balance, recoverability and amortization of DAC and DSI; and
- Insurance reserves, including future policy benefits and policy and contract claims.

There have been no material changes to the critical accounting estimates listed above, which are described in Item 7 – "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates" and the notes to the audited consolidated financial statements included in our 2014 10-K.

New Accounting Standards

For a discussion of newly adopted and recently issued but not yet adopted accounting pronouncements, see Note 2 to the accompanying unaudited interim condensed consolidated financial statements.

Sources of Revenues and Expenses

Our primary sources of revenues from our insurance operations are premiums, net investment income and policy fees and contract charges. We also generate net realized gains (losses), primarily on sales or impairment of our investments, and changes in fair value on our equity trading portfolio and derivative financial instruments. Our primary sources of expenses from our insurance operations are policyholder benefits and claims, interest credited to policyholder reserves and account balances, DAC amortization and general business and operating expenses, net of DAC deferrals.

Business segments generally maintain their own portfolios of invested assets, which are managed in accordance with specific guidelines. The net investment income and realized gains (losses) are reported in the segment in which they occur. We also allocate surplus net investment income to each segment using a risk-based capital formula. The unallocated portion of net investment income is reported in the Other segment. Investment expenses, which are recorded as a reduction of investment income, are allocated to each segment based on its portfolio of invested assets. We allocate shared service operating expenses to each segment using multiple factors, including employee headcount and time study results.

For a full description of each source of revenue and expense, see Item 7 – "Management's Discussion and Analysis of Financial Condition and Results of Operations — Sources of Revenues and Expenses" in our 2014 10-K.

Use of non-GAAP Financial Measures

Certain tables and related disclosures in this report include non-GAAP financial measures. We believe these measures provide useful information to investors in evaluating our financial performance or condition. The non-GAAP financial measures discussed below are not substitutes for their most directly comparable GAAP measures and should be read together with such measures. The adjustments made to derive these non-GAAP measures are important to understanding our overall results of operations and financial position and, if evaluated without proper context, these non-GAAP measures possess material limitations. These measures may be calculated differently from similarly titled measures of different companies.

For a full description of each non-GAAP measure, see Item 7 – "Management's Discussion and Analysis of Financial Condition and Results of Operations – Use of non-GAAP Financial Measures" in our 2014 10-K.

The following table presents a reconciliation of each of these non-GAAP financial measures to their most directly comparable GAAP financial measures:

	As of June 30, 2015	As of December 31, 2014
Total stockholders' equity	$ 3,170.2	$ 3,360.6
Less: accumulated other comprehensive income (AOCI)	751.7	990.6
Adjusted book value*	2,418.5	2,370.0
Book value per common share (1)	$ 27.30	$ 29.02
Adjusted book value per common share (2)*	$ 20.83	$ 20.47

	For the Twelve Months Ended	
	June 30, 2015	December 31, 2014
Net income (3)	$ 173.6	$ 254.4
Less: excluded realized gains (losses)	(24.9)	27.2
Adjusted operating income (4)*	$ 198.5	$ 227.2
Return on stockholders' equity, or ROE	5.1%	7.8%
Average stockholders' equity (5)	$ 3,377.1	$ 3,260.3
Operating return on average equity, or ROAE (6)*	8.2%	9.5%
Average adjusted book value (7)*	$ 2,417.7	$ 2,402.3

* Represents a non-GAAP measure.

(1) Book value per common share is calculated as stockholders' equity divided by common shares outstanding totaling 116,134,057 and 115,797,451 as of June 30, 2015 and December 31, 2014, respectively.

(2) Adjusted book value per common share is calculated as adjusted book value divided by common shares outstanding totaling 116,134,057 and 115,797,451 as of June 30, 2015 and December 31, 2014, respectively.

(3) Net income for the most recent twelve months is used in the calculation of ROE. For the twelve months ended June 30, 2015, this consisted of quarterly net income of $31.2, $38.8, $67.6 and $36.0.

(4) Adjusted operating income for the most recent twelve months is used in the calculation of operating ROAE. For the twelve months ended June 30, 2015, this consisted of quarterly adjusted operating income of $49.6, $42.7, $60.7 and $45.5. Adjusted operating income consists of net income, excluding after-tax net realized gains (losses) that are not reflective of the performance of the Company's insurance operations. For the twelve months ended June 30, 2015, the net quarterly reconciling amounts to arrive at net income were $(18.4), $(3.9), $6.9 and $(9.5).

(5) Ending stockholders' equity balances for the most recent five quarters are used in the calculation of ROE. As of June 30, 2015, stockholders' equity for the most recent five quarters was $3,170.2, $3,550.7, $3,360.6, $3,375.3 and $3,428.6. As of December 31, 2014, stockholders' equity for the most recent five quarters was $3,360.6, $3,375.3, $3,428.6, $3,195.3, and $2,941.9.

(6) Operating ROAE (return on average equity) is calculated based on adjusted operating income divided by average adjusted book value.

(7) Ending adjusted book values for the most recent five quarters are used in the calculation of operating ROAE. Adjusted book value consists of stockholders' equity, less AOCI. As of June 30, 2015, adjusted book value for the most recent five quarters was $2,418.5, $2,397.9, $2,370.0, $2,464.2 and $2,438.0. AOCI for the most recent five quarters was $751.7, $1,152.8, $990.6, $911.1 and $990.6. As of December 31, 2014, adjusted book value of the most recent five quarters was $2,370.0, $2,464.2, $2,438.0, $2,391.0 and $2,348.3. AOCI for the most recent five quarters was $990.6, $911.1, $990.6, $804.3 and $593.6.

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 management activities supporting all of our products and services generate market risks. There have been no material changes in the nature of our market risk exposures from December 31, 2014, a description of which may be found in Part II, Item 7A – "Quantitative and Qualitative Disclosures about Market Risk" in our 2014 10-K. See Item 1A – "Risk Factors" of Part I in our 2014 10-K for a discussion of how changes to our operations or economic conditions may materially adversely affect our business and results of operations.

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

We carried out an evaluation required by the Securities Exchange Act of 1934 (the 1934 Act), under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a–15(e) of the 1934 Act, as of June 30, 2015. Based on this evaluation our principal executive officer and principal financial officer concluded that, as of June 30, 2015, 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*

We are regularly a party to litigation, arbitration proceedings and governmental examinations in the ordinary course of our business. While we cannot predict the outcome of any pending or future litigation or examination, we do not believe that any pending matter, individually or in the aggregate, will have a material adverse effect on our business. Disclosure concerning material legal proceedings can be found in Note 10 to the accompanying unaudited interim condensed consolidated financial statements 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 2014 10-K. If any of those factors were to occur, they could materially adversely affect our business, financial condition or future results and could cause actual results to differ materially from those expressed in forward-looking statements in this report. Other than the addition to our existing risk factor set forth below, there have been no material changes to the risk factors set forth in our 2014 10-K as of June 30, 2015.

Our industry is highly regulated and changes in regulations affecting our businesses may reduce our profitability and limit our growth.

In April 2015, the Department of Labor (DOL) proposed regulations that would substantially expand what is considered fiduciary investment advice under the Employee Retirement Income Security Act of 1974, as amended (ERISA), and the Internal Revenue Code of 1986, as amended. The proposal impacts individuals and entities that currently offer investment advice to those who purchase qualified retirement products, such as IRAs, and small employer retirement plans, and expands the ERISA definition of "fiduciary" to include many insurance agents, broker/dealers, advisers, and others that are not currently subject to the fiduciary standard.

If adopted as proposed, the regulations could cause our distributors to alter current compensation arrangements, change sales practices, and expand the amount of information that they provide to retirement plan sponsors, participants and IRA holders. Although qualified retirement products are not a significant sales focus for us, to remain competitive, we would likely consider changing the design of our annuity products and the amounts and methods of compensation we pay for distribution. This could significantly increase product development costs, or limit sales opportunities for our retirement products through our current distribution arrangements, which may have a material adverse effect on our financial condition, results of operations, and cash flows.

The proposed regulations face significant opposition from the insurance industry and others, and it is uncertain whether they will be adopted in their current form, when they will be adopted, or if they will be adopted at all. Further, it is unclear what impact such regulations may ultimately have on our business. Management continues to monitor developments on this issue.

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

Purchases of equity securities by the issuer and affiliated purchasers

There were no purchases of common stock made by or on behalf of the Company during the quarter ended June 30, 2015.

Symetra's board of directors has authorized the repurchase of up to 16,000,000 shares of outstanding common stock and, as of June 30, 2015, 6,946,697 shares remained authorized for repurchase. Under the stock repurchase program, purchases may be made from time to time in the open market, in accelerated stock buyback arrangements, in privately negotiated transactions or otherwise. The program may be modified, extended or terminated by the board of directors at any time.

The timing and amount of any stock repurchases will be determined by management based upon market conditions, regulatory considerations and other factors. Numerous factors could affect the timing and amount of any future repurchases under the stock repurchase program, including capital levels, our share price, potential opportunities for growth and acquisitions or other priorities for capital use.

Item 6. ***Exhibits***

Exhibit Number	Exhibit Title	Filed Herewith	Incorporate By Reference Form	Form Exhibit Number	File Number	Filing Date
10.1	Amendment No. 9 dated June 29, 2015 to the Master Services Agreement dated August 1, 2009 among Symetra Life Insurance Company and Xerox Business Services, LLC (formerly Affiliated Computer Services, Inc.)	X				
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	X				
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	X				
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	X				
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	X				
101	The following materials from Symetra Financial Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statement of Income, (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Changes in Stockholders' Equity, (v) the Consolidated Statement of Cash Flows and (vi) the Condensed Notes to the Consolidated Financial Statements.	X				

SIGNATURES

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

SYMETRA FINANCIAL CORPORATION

Date: August 7, 2015	By:	/s/ Thomas M. Marra
		Name: Thomas M. Marra
		Title: President and Chief Executive Officer
Date: August 7, 2015	By:	/s/ Margaret A. Meister
		Name: Margaret A. Meister
		Title: Executive Vice President and Chief Financial Officer

AMENDMENT NO. 9 TO
MASTER SERVICES AGREEMENT

This Amendment No. 9 (this "Amendment") to the Master Services Agreement dated August 1, 2009 (the "Agreement") is hereby entered into as of June 29, 2015 by and between Symetra Life Insurance Company, an Iowa corporation (including its successors and permitted assigns, "Symetra"), and Xerox Business Services, LLC (formerly Affiliated Computer Services, Inc.), a Delaware corporation (including its successors and permitted assigns, "Xerox"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

WHEREAS, the Parties hereto desire to amend the Agreement in the manner set forth in this Amendment.

NOW THEREFORE, in consideration of the representations, warranties, promises and covenants contained herein, and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, agree to the foregoing and as follows:

1. Pursuant to the Notice of Termination dated May 29, 2015, a portion of the Services provided under Schedule 2G will be terminated effective August 27, 2015. Therefore, the Agreement is amended as follows:

   A. **Schedule 2G, Output Processing Services SOW**: The terminated Services are as follows:

      i. All printing services related to mainframe batch reports at the Bellevue Symetra location described under Sections 1.2, 2.1.3 and 3.1.2.1 of Schedule 2G;

      ii. Operation and Administration Roles and Responsibilities Table: Items 2, 41, 43 and 45;

      iii. Section 4.1: Daily Production Processing SLAs. All Bellevue location daily and weekly production print jobs and Bellevue location check processing SLAs; and

      iv. Section 4.1: Testing SLRs/SLAs. The test print SLA for the Bellevue location.

   B. **Appendix G.1 – Output Processing Hardware and Software of Schedule 2G:** All vendor items relating to IBM – Check Printer and Xerox-cut sheet printer are deleted from Appendix G.1.

   C. **Appendix G.3 – Output Processing Facilities of Schedule 2G:** The Bellevue print center is deleted from Appendix G.3.

   D. **Appendix 3.1. Output Processing.** The Resource Unit Category line item titled "Xerox Monthly Managed Service" is deleted in its entirety. Effective August 27, 2015, the amounts for the Monthly Service Fees and Annual Services Fee shown for Year 7 shall reflect the deduction for this Service.

      The Vendor Provided Services line item titled, Variable Printing (Bellevue) is deleted in its entirety.

2. Pursuant to the Notice of Termination dated June 12, 2015, the Services provided under Schedule 2E and its appendices E.1, E.2 and E.3 will be terminated effective September 11, 2015.

3. **Amendment to Attachment B, Symetra Sites and Symetra Equipment.** Attachment B, Symetra Sites and Symetra Equipment is hereby replaced in its entirety with the attached Attachment B, Symetra Sites and Symetra Equipment.

The Agreement remains in full force and effect except as specifically amended by this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date and year first above written.

SYMETRA LIFE INSURANCE COMPANY

/s/Jay Orum

By: Jay Orum

Title: Vice President

Date: 6/12/15

XEROX BUSINESS SERVICES, LLC

/s/Jim Forrest

By: Jim Forrest

Title: VP Ops & Managing Director

Date: 6/29/15

ATTACHMENT B
SYMETRA SITES AND SYMETRA EQUIPMENT

Symetra Sites:

Office City Location	**Address**
CA, San Diego	Pacific Center I, 1455 Frazee Rd, Suite 310, San Diego, CA 92108
CT, Enfield	1699 King Street, Suite 300 Enfield, CT 06082
CT, Farmington	30 Waterside Dr, Suite 301, Farmington, CT 06032
CT, Guilford	200 Hubbard Rd, Guilford, CT 06437
FL, Miami	5201 Waterford, 5201 Blue Lagoon DR, Ste 290, Miami, FL 33126
FL, Tampa	Westshore Int'l Plaza, Tampa, FL
GA, Norcross	3740 Davinci Court, Suite 350, Norcross, GA 30092
IA, West Des Moines	4125 Westown Parkway, Suite 102, West Des Moines, IA 50266
IL, Chicago	125 South Wacker, Suite 275, Chicago, IL 60606
IN, Indianapolis	9100 Keystone Crossing, Suite 440, Indianapolis, IN 46240
MA, Boston	50 Congress St, Suite 620, Boston, MA 02109
MA, Waltham	Suite 225, Building 3, 130 Turner St, Waltham, MA 02453
MA, Waltham	245 Winter St, Waltham, MA 02451
Medical Risk Managers	1170 Ellington Rd, South Windsor, CT 06074
NY, New York	First Symetra National Life Insurance Company of New York, 260 Madison, 8th Floor, New York, NY 10016
NY, New York	295 Madison Ave, 12th FL, New York, NY 10017
PA, Bethel Park	2000 Oxford Dr, Suite 490, Bethel Park, PA 15102
PA, Exton	1 E. Uwchlan Ave, Suite 303, Exton, PA 19341
Symetra Headquarters	Symetra Financial, 777 108th Ave NE, Suite 1200, Bellevue, WA 98004-5135
TX, Austin	11782 Jollyville Rd ,Suite 105A, Austin, TX 78759
TX, Richardson	740 E. Campbell Rd, Suite 560, Richardson, TX 75081

WI, Ashland	118 East Third St Ashland, Wisconsin 54806

Symetra Equipment:

1. *Symetra-Owned Equipment:* **Two (2) Source Technologies ST-9530 MICR printers located in Bellevue, WA in Symetra print center as of the Effective Date.**

2. ***Symetra-Leased Equipment:*** None as of the Effective Date.

Exhibit 31.1

CERTIFICATION

I, Thomas M. Marra, certify that:

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

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

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

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

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

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

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

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

5. The registrant’s other certifying 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 the registrant’s board of directors (or persons performing the equivalent functions):

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

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

Date: August 7, 2015	By:	/s/ Thomas M. Marra
		Thomas M. Marra
		President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Margaret A. Meister, certify that:

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

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

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

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

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

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

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

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

5. The registrant’s other certifying 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 the registrant’s board of directors (or persons performing the equivalent functions):

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

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

Date: August 7, 2015	By:	/s/ Margaret A. Meister
		Margaret A. Meister
		Executive Vice President and Chief Financial Officer

Exhibit 32.1

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

I, Thomas M. Marra, Chief Executive Officer of Symetra Financial Corporation, certify that (i) the Form 10-Q for the quarter ended June 30, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (ii) the information contained in the Form 10-Q for the quarter ended June 30, 2015 fairly presents, in all material respects, the financial condition and results of operations of Symetra Financial Corporation.

Date: August 7, 2015	By:	/s/ Thomas M. Marra
		Thomas M. Marra **President and Chief Executive Officer**

Exhibit 32.2

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

I, Margaret A. Meister, Chief Financial Officer of Symetra Financial Corporation, certify that (i) the Form 10-Q for the quarter ended June 30, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (ii) the information contained in the Form 10-Q for the quarter ended June 30, 2015 fairly presents, in all material respects, the financial condition and results of operations of Symetra Financial Corporation.

Date: August 7, 2015	By:	/s/ Margaret A. Meister
		Margaret A. Meister **Executive Vice President and Chief Financial Officer**