

- Rated A- (Excellent) by A.M. Best
- Rated A- (Strong) by Fitch Ratings
- \$1.7 billion in assets
- 96 years in business
- 2,400 employees
- 2+ million policyholders

at a glance

# The Trustmark Companies

## Divisions and Business Units

**CoreSource, Inc.** designs and integrates customized employee benefit plans for midsize and larger employers that choose to self-fund. Ranked as the nation's third largest employee benefit TPA by *Business Insurance*,\*\* based on 2008 revenue of \$113.0 million, in 2008 CoreSource processed more than \$2.7 billion in medical, dental and other claims.

**Employer Medical** delivers group benefit plans and administration services through three distinct product lines. Starmark focuses on underwriting and administering life and health benefits for smaller companies. Trustmark Group Benefits delivers employee benefits to mid-size and larger companies. Trustmark Affinity Markets specializes in plans and services for established groups of affiliated organizations.

**Trustmark Voluntary Benefit Solutions** provides benefits, including life, disability, accident and critical illness coverage, designed specifically for the voluntary market. Professional enrollment, comprehensive client management and consolidated Internet billing are cornerstones of a "best-in-class" service operation.

**Individual Medical** is composed of a block of PPO-based individual health insurance policies.

**Disability Income/Long-Term Care** is made up of blocks of medical disability and long-term care policies and provides disability claim management services.

**Health Contact Partners** is a URAC-accredited health contact center, offering a nurse line, healthcare advocacy, customer service, inbound and outbound surveys and assessments, consulting and more.

## Overview of 2008 Consolidated Results and Capitalization\*

Trustmark reported pretax gain of \$53.0 million in 2008. This was down from \$62.2 million reported in 2007, due primarily to higher loss ratios in the major medical business and a planned shift away from more volatile professional sports disability programs toward lower-risk benefit administration services and voluntary products.

This changing mix of business from low-volume, high-revenue products to high-volume but lower-priced products also impacted revenue, which fell from \$890 million to just over \$830 million. Sales, however, increased significantly. Full-year sales came in at \$192.8 million, a 31 percent increase over sales of \$147.0 million in 2007. Sales in the small-group major medical segment jumped 94 percent, while sales in CoreSource and Trustmark Voluntary Benefit Solutions rose by 16 percent and 18 percent, respectively.

### 2008 Growth Initiatives

As part of the company's plan to aggressively grow its voluntary products division, Trustmark incorporated Trustmark Life Insurance Company of New York on March 21, 2008. This will enable Trustmark to enter that very large market in 2009.

In June 2008, Trustmark began renewing groups formerly insured by a company exiting the major medical business, adding nearly \$9 million in annual revenue.

Also in June, Trustmark acquired Health Contact Partners, a URAC-accredited health call center that offers a nurse line, disease management enrollment, healthcare advocacy and other services to more than 2 million health plan members. This acquisition builds on and leverages Trustmark's expertise in major medical insurance and helps facilitate entry into the growing consumer health advice market space. Trustmark will offer services designed to improve and sustain good health for our customers, as well as help them navigate an increasingly complex and often overwhelming healthcare system.

### Strong Capitalization

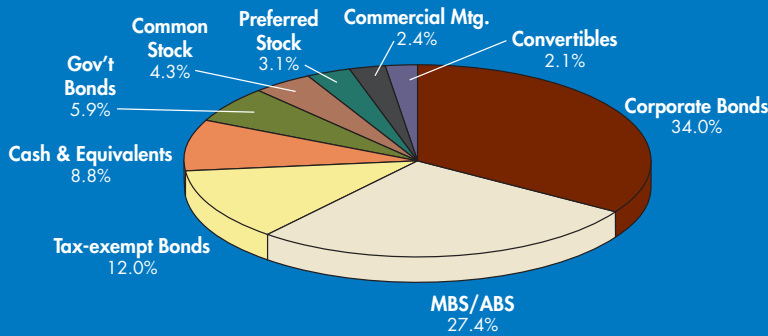
Despite the worst financial crisis since the Great Depression, Trustmark enters its 97th year as strong as ever. In fact, due to Trustmark's excellent capital position, the company was able to take advantage of weakness in the financial markets to negotiate the repurchase of \$36 million face value of \$75 million in trust preferred securities issued by Trustmark Group, Inc. in 2005. The securities were acquired for \$27 million, or 75 percent of face value, resulting in a pretax gain of \$7.3 million in the fourth quarter, after acceleration of unamortized issuance costs. This reduced the company's already conservative ratio of debt to total capitalization from 14 percent to 8 percent.

Trustmark has virtually no direct exposure to sub-prime mortgage-backed securities. While the company recorded after-tax investment losses of approximately \$37 million in 2008, the losses were less than 4 percent of Trustmark's investment portfolio. As a mutual holding company, Trustmark has a conservative investment philosophy based on careful diversification and steady, long-term returns. As of December 31, 2008, Trustmark's consolidated capital and surplus, a key measure of financial strength, was \$453.4 million, just \$1.5 million less than the company started with on January 1. The company's NAIC Risk-Based Capital Ratio was 1,079 percent.

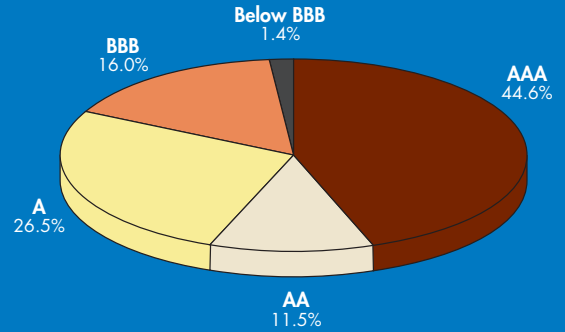
\* Represents the consolidated financial results of Trustmark Mutual Holding Company for the 2008 calendar year. Trustmark subsidiary companies and operating divisions include Trustmark Life Insurance Company, Trustmark Insurance Company, CoreSource, Health Contact Partners, Starmark, Trustmark Group Benefits, Trustmark Affinity Markets and Trustmark Voluntary Benefit Solutions.

\*\* Business Insurance. "Ranking: Largest Claim Administrators," March 16, 2009, pg. 10.

### Sector Allocation

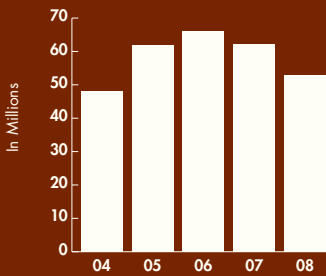


### Bond Quality Distribution

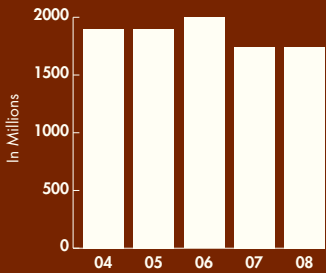


## 2008 Financial Highlights

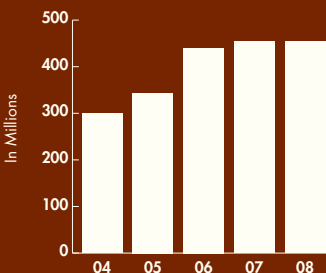
### Reported Pretax Operating Gain \$53.0 million



### Assets \$1.7 billion



### Capital & Surplus \$453.4 million



\*Consolidated capital and surplus

## Investment Portfolio Analysis

Trustmark's conservative investment philosophy and high quality fixed income assets helped the portfolio weather the worst investment market since the Great Depression. Bond impairments and credit losses for 2008 totaled \$16.4 million after tax, primarily concentrated in the financial sector. The total return of the portfolio was -4.00 percent. This outperformed the company's custom benchmark by 80 basis points.

At year-end, more than 96 percent of Trustmark's \$1.5 billion investment portfolio was in fixed income and preferred securities, with only 1.5 percent of bonds rated below investment grade. This well-diversified portfolio should continue to protect Trustmark from the challenges of a weak housing market and the economic recession.

## High Marketplace Standards

Trustmark is a charter member of the Insurance Marketplace Standards Association (IMSA), a voluntary organization whose members are committed to the highest standards of marketplace conduct in the sale of individual life insurance, annuities and long-term care coverage.



**INSURANCE MARKETPLACE  
STANDARDS ASSOCIATION**

*Committed to honesty,  
integrity and ethics*

*Since its founding in 1913, Trustmark has grown dramatically into what is now a family of companies, The Trustmark Companies. Each provides valuable benefits or expert administrative solutions and services, and each remains closely tied to the people it serves and true to a belief in strong, long-lasting customer relationships.*

*Trustmark's focus on separate specialized operating divisions enables the company to serve the unique needs of companies and organizations ranging in size from two to thousands of people. This diversified, yet targeted, business strategy enables the company to allocate resources to rising-tide markets while at the same time achieving an appropriate balance of revenue from risk- and non-risk-based businesses.*



The Trustmark Companies and operating divisions include Trustmark Life Insurance Company, Trustmark Insurance Company, CoreSource, Health Contact Partners, Starmark, Trustmark Group Benefits, Trustmark Affinity Markets and Trustmark Voluntary Benefit Solutions.

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