

# The Trustmark Companies

Rated A- (Excellent) by A.M. Best | Rated A- (Strong) by Fitch Ratings | \$1.7 billion in assets | 97 years in business | 6,200 employees | 300+ Health and Fitness Management Clients | 2+ million policies in force

Since its founding in 1913, Trustmark has grown dramatically into what is now a family of companies, The Trustmark Companies. Each provides valuable health and wellness benefits, voluntary insurance products, 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.

## Operating Divisions

**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 using a system specifically designed for the payroll deduction market, are cornerstones of a "best-in-class" service operation.

**CoreSource, Inc.** provides benefit administration and health management services to self-funded employers, state high risk pools, public retiree plans and other large clients. Ranked among the nation's largest employee benefits administrators\* by *Business Insurance*, CoreSource also won that publication's 2009 Reader's Choice Silver Circle Award for Best Employee Benefits TPA. Through its nine sales and client services offices, CoreSource combines the personal and flexible service of a local TPA with the capabilities of a national organization.

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

**HealthFitness** is an award-winning provider of integrated health and fitness management services. The company currently offers two primary product lines: a broad range of wellness and health management programs, including coaching, health screenings, tracking and incentive programs; and the design, management and staffing of corporate fitness centers. Clients include *Fortune 500* companies and the healthcare industry.

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

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

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

\**Business Insurance Directory Report: 2010 Third Party Administrators; March 29, 2010; pg. 18.*

## Overview of 2009 Consolidated Results and Capitalization\*

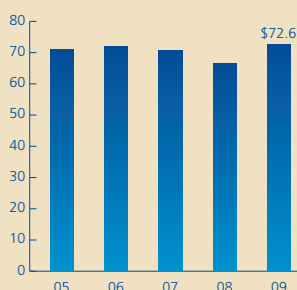
Trustmark weathered the challenges of 2009 well, with higher sales, solid operating results, increased capital and surplus, and successful advancement of the company's strategy to enter the growing Consumer Health Advice (CHA) market space.

### Operating Results

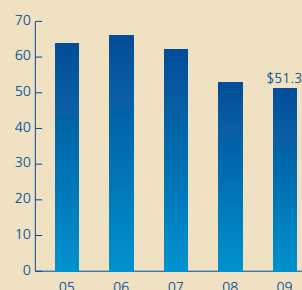
Trustmark reported pretax earnings of \$51.3 million, down from \$53.0 million reported in 2008. This was due to a number of large medical claims paid out, primarily in several of our small-group business segments, and reduced enrollment of insured and administrative plan members as a result of the persistently high unemployment rate. The lower reported gain also reflects Trustmark's planned, strategic shift away from higher-risk medical and sports disability products toward lower-risk voluntary products, benefit administration, wellness, and healthcare management services.

Insurance company accounting conventions, however, conceal underlying strength in Trustmark's 2009 earnings. According to Generally Accepted Accounting Principles (GAAP), earnings in 2009 were \$72.6 million, up nearly 9 percent from \$66.4 million in 2008, on a comparable basis. As an insurance carrier, Trustmark must deduct the entire sales (acquisition) cost of policies in the year they are written. For that reason, record 2009 sales in Trustmark Voluntary Benefit Solutions, where acquisition costs are highest, negatively impacted reported earnings. GAAP requires that acquisition costs be deferred and amortized over the life of the policy. This better reflects the growth and profitability of our voluntary products division.

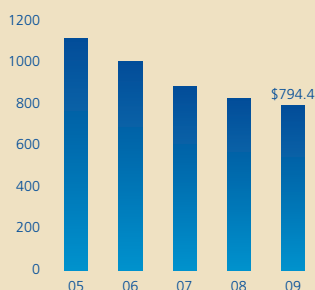
**Pretax Operating Gain (GAAP)**  
In Millions



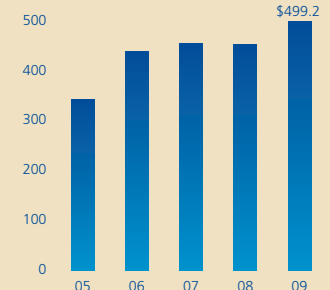
**Pretax Operating Gain (Reported)**  
In Millions



**Operating Revenue**  
In Millions



**Consolidated Capital & Surplus**  
In Millions



Trustmark's core businesses booked sales of \$203.6 million in 2009, an increase of 6 percent, led by record sales and 14 percent growth in Voluntary Benefit Solutions, 11 percent growth in CoreSource, and 4 percent growth in our Employer Medical business. Operating revenue declined 4.2 percent, to \$794.4 million, due to the impact of high unemployment on the total number of insured members and plan participants, as well as Trustmark's ongoing shift toward less volatile and lower cost segments of the employee benefits market.

### 2009 Growth Initiatives

As part of the company's strategy to grow Trustmark Voluntary Benefit Solutions, Trustmark Life Insurance Company of New York was established in 2009. The division is now offering its flagship Universal Life products in that state, giving us a nationwide, 50-state presence in the voluntary products market.

In April 2009, Trustmark entered into an agreement to offer small-group medical plans to clients of New England Financial, a MetLife-affiliated company, adding more than \$21.0 million in new sales and \$7.3 million in revenue for the year to our Employer Medical business. Based on successful work administering the North Carolina High Risk Pool, CoreSource, Trustmark's TPA subsidiary, added the State of Mississippi High Risk Pool as a client in 2009. In addition, the division's innovative population health management product, *YourCare*, exceeded 100,000 enrollees by the end of the year and is now available to our fully insured clients.

Although the deal did not formally close until February 26, 2010, it is important to note Trustmark's acquisition of HealthFitness Corporation, since it greatly accelerates Trustmark's CHA strategy. HealthFitness, based in Minneapolis, Minnesota, is an award-winning provider of integrated health and fitness management services. The company adds to expertise Trustmark already has in healthcare management, data analytics, and health advocacy through CoreSource, our Employer Medical businesses, and Health Contact Partners. Building on this foundation, we are constructing a comprehensive Consumer Health Advice solution to help people improve their health, effectively navigate the healthcare system, increase productivity, and reduce medical costs.

### Strong Capitalization

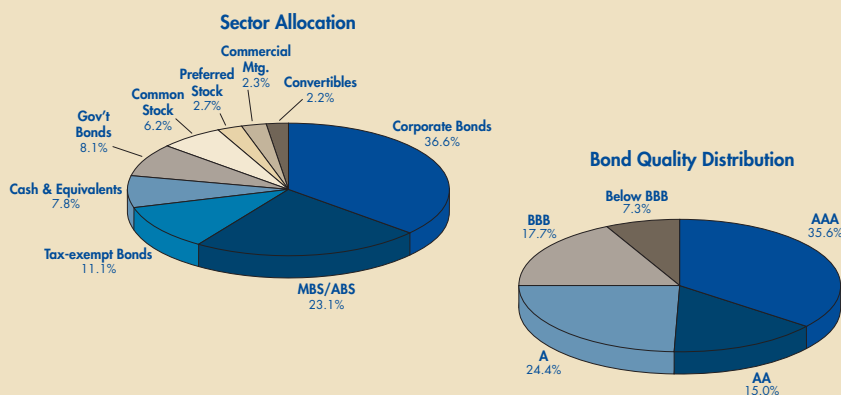
With the partial recovery of the financial markets and strong overall operating performance, Trustmark was able to grow capital and surplus, a key measure of financial strength, by 10 percent in 2009, from \$453.4 million to \$499.2 million. As of December 31, 2009, the company's NAIC Risk-Based Capital Ratio was 1,171 percent. Independent rating agencies A.M. Best and Fitch Ratings recognized Trustmark's solid capital position by affirming the company's A- financial strength rating and Stable outlook in January and June 2009, respectively. Both rating agencies reviewed the pending acquisition of HealthFitness and again affirmed Trustmark's ratings in January of this year.

*\*Represents the consolidated financial results of Trustmark Mutual Holding Company for the 2009 calendar year.*

## Investment Portfolio Analysis

Trustmark's conservative investment philosophy and high quality fixed income focus helped the portfolio's relative performance as the market recovered sharply from the turmoil of 2008. The total return of the portfolio was 13.7 percent, with both bonds and stocks earning double-digit returns.

At year-end, more than 93 percent of Trustmark's \$1.5 billion investment portfolio was in fixed income and preferred securities. The addition of bank loans to the portfolio during 2009 increased the proportion of bonds rated below investment grade to 7.3 percent. Trustmark's well diversified portfolio is designed to protect it from continued economic and financial market uncertainties.



## 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*



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

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