



TRUSTMARK INSURANCE COMPANY TRUSTMARK LIFE INSURANCE COMPANY TRUSTMARK LIFE INSURANCE COMPANY OF NEW YORK

Dear Mutual Company Member:

Annually, we report to you on the financial condition of Trustmark* and important events of the prior year. Over the course of 2018, we introduced new products, launched a new wellness platform, and began the transition to an updated and unified Trustmark brand identity. The new look is vibrant and contemporary, representing our push to offer innovative products that protect financial security, improve wellbeing and keep employee benefits affordable. At the same time, Trustmark continues to build on the reliability and financial strength that have been hallmarks of the organization since its founding in 1913.

2018 Financial Results¹

Trustmark reported pretax earnings of \$33.2 million in 2018, up \$900,000 from \$32.3 million reported in 2017. Higher earnings in Trustmark Health Benefits and Trustmark Small Business Benefits offset slightly lower operating results in our voluntary benefits and health and fitness management lines of business. Our closed block of disability income and long-term care business continues to shrink, as planned, and earned approximately \$900,000 less in 2018 than the prior year.

Including net investment income, the company generated \$872.5 million in revenue, an increase of nearly \$30 million from \$842.8 million reported in 2017, largely due to strong sales and persistency in Trustmark Voluntary Benefits, Trustmark Health Benefits and Trustmark Small Business Benefits.

Capital and surplus, a key measure of financial strength, increased by \$13.0 million in 2018, from \$730.7 million to \$743.7 million. On a standalone basis, Trustmark Insurance Company ended 2018 with assets² of \$1.6 billion and liabilities of \$1.2 billion. On March 14, 2019, independent rating agency A.M. Best affirmed Trustmark's A- (Excellent) financial strength rating and stable outlook, noting that Trustmark maintains the strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio.³

New Products and Services

In Trustmark Voluntary Benefits we launched a new disability insurance product, Trustmark Paycheck ProtectSM. Paycheck Protect⁴ redefines income protection by offering available options that provide added peace of mind, including Claim-Free Return, which offers cash back to policyholders for every two consecutive years they go without a claim; and Jump Start, which offers an extra, one-time payment to help with bills when a claim becomes active.

This fall, Trustmark Small Business Benefits launched a limited medical benefits plan design. Aimed at small employers that find comprehensive medical plans too expensive, as well as employees who don't enroll in these plans due to price, the Limited Plus plan⁵ costs significantly less than our other medical plan designs due to coverage exclusions and limitations. With 100-percent coverage of eligible preventive care services and reference-based pricing, the Limited Plus plan was developed as a cost-effective alternative to a comprehensive major medical benefit plan design.

**Trustmark is the brand name used to refer to certain subsidiaries and operating divisions of Trustmark Mutual Holding Company that provide insurance and other products and services. For a list of these subsidiaries, visit our website at www.trustmarkbenefits.com. Products may not be available in all states.*

¹Represents the consolidation of full-year Statutory Accounting (SAP) results for Trustmark's insurance companies and Generally Accepted Accounting (GAAP) results for Trustmark's non-insurance companies, for the calendar year ending December 31, 2018.

²Trustmark Insurance Company: Assets of \$1.585 billion and liabilities of \$1.223 billion represent surplus of \$362.4 million, with assets pledged or on deposit of \$63.3 million.

³A.M. Best ratings apply to Trustmark Insurance Company, Trustmark Life Insurance Company and Trustmark Life Insurance Company of New York.

⁴Insurance products underwritten by Trustmark Insurance Company or, for life insurance products in NY, Trustmark Life Insurance Company of NY.

⁵Small Business Benefits self-funded plans administered by Star Marketing and Administration, Inc., and stop-loss insurance coverage provided by Trustmark Life Insurance Company.

Trustmark Health Benefits built on its suite of tools designed to help members understand their health benefits and use them more effectively. The Digital Savings Solution is a comprehensive communication outreach plan to increase utilization of cost-saving telemedicine and healthcare cost transparency tools.

In addition, in HealthFitness, we launched a new, consumer-facing health engagement platform. It integrates all aspects of wellness programming, from health screenings to coaching to benefits advocacy, enabling each participant to create a personalized path to better health.

Other Key Events of 2018

Joseph Pray announced his retirement from Trustmark after a 16-year career, the last seven as CEO. I was elected President and CEO, effective October 22. I want to thank Joe for all his contributions to Trustmark and wish him well in his retirement.

The other new addition to Trustmark senior management is Bradley Bodell, who joined the company in May as Senior Vice President and Chief Information Officer. Brad brings nearly 20 years of technology leadership experience in insurance and financial services, most recently as Senior Vice President and Chief Information Officer at CNO Financial Group.

Two new directors were elected to the Trustmark Board at the Annual Policyholders' Meeting in March 2018. Carlos Minetti, President of Consumer Banking at Discover Financial Services, was elected to a three-year term. Judy Greffin, CFA, retired Executive Vice President and Chief Investment Officer, The Allstate Insurance Company, was nominated and elected to a one-year term. In addition to her responsibilities as CIO, Ms. Greffin served as President, Allstate Investment Management Company and as a member of the Chief Executive Officer's five-person Operating Committee and Chaired Allstate's Investment Committee.

Re-elected at the March meeting were: John Clymer, Retired, Office of Strategy Management, Marvin Companies, and a board member since 2007; and Peter Drake, Ph.D., Managing Director, Mayflower Partners, and a board member since 1997.

Current board members standing for re-election at the meeting on February 28, 2019 include: Judy Greffin, who will stand for election to a regular, three-year term; Kristine Malkoski, retired President, Global Business and Chief Commercial Officer, World Kitchen, LLC, and a Trustmark director since 2015; Kevin Slawin, President and Chief Executive Officer, Trustmark Mutual Holding Company, and a board member since 2016; and Lynn Shapiro Snyder, Senior Member of the Health Care and Life Sciences Practice, Epstein, Becker & Green, P.C., and a board member since 2007.

Looking forward, over the course of 2019, we will continue to invest in information technology and digital capabilities that make it easier to work with Trustmark as well as in products and services that help you, our policyholders, experience peace of mind through better health and greater financial security.

I know I speak for all Trustmark associates when I say we look forward to continuing to serve you.

Sincerely,



Kevin R. Slawin
President and Chief Executive Officer