



March 4, 2024

Dear Mutual Company Member:

In early 2023, Trustmark celebrated its 110<sup>th</sup> anniversary, marking a long history of helping people increase wellbeing through better health and greater financial security. What started in 1913 as a fraternal organization founded to provide assistance to railway workers injured on the job is now a national mutual holding company focused on helping organizations of all sizes offer a range of valuable employee benefits.

For Trustmark, this anniversary is as much an opportunity to look ahead as it is to look back. While we carry forward our caring culture and exceptionally strong financial foundation, we do so in service of listening to our customers, investing in innovation and growth, and evolving Trustmark to lead in our chosen markets.

On October 5, 2022, Trustmark sold its large-group third-party health benefit administration business, Trustmark Health Benefits, to Health Care Service Corporation (HCSC). Over the course of 2023, we successfully completed the post-sale transition and began redirecting investment toward accelerating our customer-focused, strategic growth priorities in Voluntary Benefits, Small Business Benefits, and HealthFitness.

### **2023 Financial Results<sup>1</sup>**

I am pleased to report that Trustmark continues to achieve record-setting earnings and capital levels. Correspondingly, our assets have grown to a record high of approximately \$2.9 billion. On March 28, 2023, independent rating agency AM Best upgraded Trustmark's Financial Strength Rating from A- to A (Excellent), noting that the "rating upgrades reflect Trustmark Group's continued maintenance of the strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), favorable liquidity metrics and moderate investment risks."<sup>2</sup>

Trustmark maintains a relatively conservative approach to managing the company's investment portfolio. That, combined with the robust capital levels, ensures Trustmark's long-term financial strength and provides peace of mind for Members. We make certain promises to you, our Members, that we will be there for you when you need us. Our ratings upgrade is further validation that Trustmark is well positioned to continue delivering on our mission, and, over the course of 2023, we paid out approximately \$200 million in claims to our Members, fulfilling our commitments to you.

The company generated \$755.7 million in consolidated revenue, down 13 percent from \$869.0 million in 2022, due to the sale of Trustmark Health Benefits and lower revenue in Trustmark Small Business Benefits. Trustmark Voluntary Benefits achieved record revenue in 2023, continuing to build on excellent sales over each of the past two years.

Pretax operating earnings from Trustmark's three core businesses increased by \$29.2 million, or 81 percent, from \$35.9 million in 2022 to \$65.1 million in 2023.

### **Further Delivering on Our Mission**

There is growing awareness in the U.S. of the high cost of long-term care. According to Morningstar, 70 percent of people turning age 65 today will develop a severe long-term care need in their lifetimes. In addition, nearly 42 million Americans are providing care to a person aged 50 or older.<sup>3</sup> At the same time, one of the issues with long-term care coverage that may make people reluctant to invest in coverage is the prospect of paying premiums for a benefit they may never use.

Trustmark Voluntary Benefits offers a solution: a hybrid product that combines life insurance with long-term care benefits, allowing people to affordably address financial needs at any stage in life. We expanded our product offering in 2022 with the introduction of Trustmark Life+Care<sup>®</sup>, a permanent term life insurance product that combines a death benefit with flexible care benefits that can cover both professional and family caregiving, providing additional flexibility for Members. In 2023, we further enhanced that product with a new long-term care option.

In Trustmark Small Business Benefits, we are investing in enhancements to our customer portal to simplify navigation and expand our resource library to help Members navigate the healthcare system, use their plan effectively, and save money. We also added a new benefit, ActiveFit, that provides access to virtual fitness options and discounted memberships at popular gyms and fitness studios.

In HealthFitness, we continued to solidify our position as a leader in corporate and community fitness

\*Trustmark is the brand name used to refer to certain subsidiaries of Trustmark Mutual Holding Company that provide insurance and other products and services. For a complete list of subsidiaries, visit our website, [trustmarkbenefits.com](https://trustmarkbenefits.com). Products may not be available in all states.

<sup>1</sup>Consolidation of GAAP results for non-insurance companies and Voluntary Benefits and Statutory results for all other businesses for the calendar year ended December 31, 2023.

<sup>2</sup>A.M. Best Financial Strength Ratings and Outlook apply to Trustmark Insurance Company, Trustmark Life Insurance Company and Trustmark Life Insurance Company of New York, collectively referred to as Trustmark Group.

<sup>3</sup>Morningstar.com; *100 Must-Know Statistics About Long-Term Care: 2023 Edition*; Christine Benz, March 29, 2023.

management with an agreement to manage what is, at 360,000 square feet, the largest employee fitness and wellness center in the U.S.

Another topic that is top of mind is the recent rapid evolution of Artificial Intelligence, specifically Generative AI. While AI offers enormous opportunities to increase efficiency and improve the customer experience, it also brings potential risks. To ensure ethical deployment of Responsible AI and compliance with applicable laws and regulations, Trustmark formed an Artificial Intelligence Governance Committee in 2023 that reviews – and actively monitors – any proposed use of AI at Trustmark. It is our highest priority to continually earn and maintain the trust of our customers.

Finally, Trustmark continued to expand its commitment to our communities in 2023. The Trustmark Foundation increased giving by approximately eight percent over the prior year, funding organizations and initiatives that support health and wellbeing, education, and economic opportunity.

**Leadership and Board of Directors**

Bill Gould joined Trustmark in May 2023 as President and Chief Operating Officer. Bill comes to Trustmark from Securian Financial Group, like Trustmark a mutual holding company, and the ninth largest life insurer in the U.S. There, he served in roles of increasing responsibility for 27 years, most recently as Executive Vice President, Affinity Solutions. He brings experience and expertise in acquisitions, strategic partnerships, and digital innovation. As part of his role, Bill is overseeing increased investment in Trustmark’s data analytics capabilities to improve efficiency, drive growth, and further enhance the customer experience.

Trustmark board members re-elected at the 2024 Annual Member’s Meeting include: Peter Drake, Ph.D., retired Managing Director, Mayflower Partners, and a Trustmark director since 1997; Steven English, retired Senior Vice President and Chief Financial Officer, State Auto Insurance Companies, and a board member since 2019; and Carlos Minetti, retired President, Consumer Banking, Discover Financial Services, and a Trustmark board member since 2017.

On behalf of all our associates, thank you for being a Trustmark Member. This past year was one of change – change designed to carry forward the best of Trustmark while increasing focus, investment, and innovation where we can provide the greatest value to our customers. For Trustmark, while we are proud of our 110-year anniversary, it is not a time to sit back, appraise the past, and be satisfied. Instead, we view it as the beginning of an exciting and dynamic future focused on helping people, companies, and communities thrive.

Thank you for putting your trust in us.

Warm regards,



Kevin R. Slawin  
Chief Executive Officer