

# Going *Beyond*





## Key facts:

Founded in  
**1913**

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**2+ million**  
members and plan  
participants

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**\$2.4 billion**  
in assets

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**Rated A- (Excellent)**  
by A.M. Best\*

\*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.

All financials represent 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, 2019.



## Expect more. Expect beyond.

Trustmark<sup>1</sup> is a national employee benefits provider with specialized expertise in voluntary benefits, self-funded health benefits, wellness and fitness management, and injury prevention and treatment.

## Listening Leads to Understanding. Understanding Builds Trust.

At Trustmark, we listen first, then work with clients to help them keep their promise to employees. In fact, we've been helping companies do just that for more than 100 years.

### Employee Benefits

We help employers provide smarter benefits that attract and retain employees, improve productivity and lower costs. We help employees achieve greater physical, emotional and financial wellbeing. And we do it all while offering organizations of all sizes access to benefit options usually reserved for large employers, combined with the personal service you'd expect from a small firm.

The result is a flexible, personalized approach – a coherent benefit strategy that fits the culture of each of our clients, protects and improves the wellbeing of employees and achieves business goals.

### Fitness and Recreation

We also create environments – for businesses, communities and universities – that get people moving. And, as one of the largest providers of fitness center management and wellness programming in the country, we help our clients build and execute fitness, recreation and wellness strategies customized to the organization and personalized for the participant.

**We go beyond to help people, businesses and communities thrive.**

### Expertise in:

Voluntary Benefits

Self-funded  
Health Plan Design  
& Administration

Fitness Management,  
Wellness and Injury  
Prevention & Treatment

*"My favorite part of working with Trustmark is the people that we encounter. It's the employees.... It's the best crew of quality people that I have had the honor of being around."*

- John Starling  
CEO, JTS Financial Services

<sup>1</sup>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 complete list of these subsidiaries and operating divisions, please visit our website at [trustmarkbenefits.com](http://trustmarkbenefits.com). All products may not be available in all states.

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# Letter from our CEO

**Kevin Slawin**

President &  
Chief Executive Officer



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## Setting Records and Refocusing on Our Customers

Customers know and appreciate us for our long history of providing personal service. Our client representatives and customer service representatives go the extra mile. They get to know our clients and help them craft sustainable benefit strategies. They empathize with our members and policyholders and help them navigate the complexities of the healthcare system.

In the past, we were not well known for our digital customer service capabilities. That's changing. Last year in the Annual Report, I referenced "our renewed commitment to technology investments that will enable the digital transformation expected by our customers." We are making those investments. And we're starting to see increased member adoption of new online tools, such as electronic claims filing. This makes life easier for our members. It will also create long-term efficiencies for our company, enabling us to continue to reinvest in further enhancing our services.

We're seeing the results of our efforts in Trustmark's financial performance. In 2019, Trustmark generated, prior to a one-time write-off, a substantial increase in reported pretax earnings, and the company grew capital and surplus by ten percent, achieving a new record.

But what I'm most proud of is our associates and their commitment to continually improve our company by focusing on our members' experience.

In this past year, our associates took significant steps to strengthen our foundational capabilities, positioning the company to deliver outstanding service in the years to come. We completed our transition to a single,

unified Trustmark brand to make it easier for people to understand the scope and value of the products and services we offer; launched a new consolidated website; introduced new products to help policyholders better engage with the healthcare system and protect their financial security; expanded our provider network partnerships to give our members more choices; realigned our technology strategy in two of our businesses; began work to aggressively expand our presence in the corporate, community and university wellness and fitness management market; enhanced our employment value proposition to attract and retain top talent (to ultimately further enrich our customer value proposition); and welcomed talented new leaders with extensive experience in investments, information security and in standing up new digital capabilities to enhance the customer experience and forge stronger customer relationships.

In short, it was a year during which we paved the way for new strategies – and redirected investments – to enable our digital transformation, develop new products and enter new markets, allowing us to extend our mission to help people increase wellbeing.

### Consolidated Summary: 2019 Financial Results<sup>2</sup>

We are pleased to report that, as noted above, Trustmark's capital and surplus, including AVR, increased in 2019 by \$74.9 million, or ten percent, from \$743.7 million to \$818.6 million, supported by both strong overall operating results and unrealized investment gains. On March 14, 2019, independent rating agency A.M. Best affirmed Trustmark's A- (Excellent) financial strength rating and stable outlook, noting "Trustmark's balance sheet strength, which A.M. Best categorizes as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management."<sup>3</sup>

Trustmark generated \$803.6 million in consolidated revenue, up incrementally from \$798.0 million in 2018, with revenue in three of four businesses up compared to the prior year.

For 2019, pretax earnings, prior to a one-time write-off related to the value of a technology asset in Trustmark Voluntary Benefits, totaled \$56.6 million, up \$23.4 million from \$33.2 million in 2018. Including the write-off, reported pretax earnings were \$26.5 million.

<sup>2</sup>For a detailed overview of the company's 2019 financial results, please see the Consolidated Financial Results section of this report, starting on page 16.

<sup>3</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.

The impairment offset higher operating earnings in Trustmark Health Benefits and Trustmark Small Business Benefits, and lower corporate expenses. After taxes and realized capital gains, net income decreased by \$2.8 million in 2019, from \$38.7 million to \$35.9 million.

## Highlights by Business Unit

### Trustmark Voluntary Benefits

Trustmark Voluntary Benefits generated revenue of \$363.3 million in 2019, an increase of \$500,000 over 2018. Reenrollments among existing clients were strong; however, new sales fell short of expectations due to our lack of a hospital indemnity product and the need for greater flexibility in integrating with a broad range of enrollment and benefit administration systems. We addressed both issues in 2019.

First, we bolstered our product portfolio with a hospital indemnity plan, Trustmark Hospital StayPay®, which is off to a great start in 2020. The product pays a benefit for every day a policyholder stays in the hospital, regardless of other coverage they may have. There are no restrictions on the money, so it can help with health plan deductibles or any other expense, allowing policyholders to worry less about bills and focus on recovery.

Second, we launched our new Trustmark Simplink<sup>SM</sup> application programming interface (API) that allows Trustmark products to link easily and seamlessly to enrollment and benefit administration systems, giving employees a simple, user-friendly experience and making life easier for brokers, employers and their employees. The Simplink API is only a small part of a larger strategic shift to a more customer-focused technology strategy in Voluntary Benefits. In 2019, we made the decision to cease working with an incumbent technology vendor and move to a different technology architecture. This is enabling us to more efficiently administer innovative products, such as Hospital StayPay and Trustmark Paycheck Protect®, a newer disability product that redefines income protection with options that provide added peace of mind. The decision is also enabling us to deliver a digital experience to make life easier for our customers.

With that in mind, we understand that our policyholders expect a blend of digital self-service solutions backed by access to experts. That's why we'll continue to be known for our empathetic, knowledgeable customer service representatives, only now supported by a sophisticated digital customer service portal we're building for policyholders. This is in addition to the automated claim filing functionality available on our new, consolidated website.

Trustmark Simplink and the digital policyholder service portal are just two examples of how our technology strategy in Trustmark Voluntary Benefits will further enhance and enrich the personal service offered by our customer service representatives.

### Trustmark Health Benefits

Trustmark Health Benefits had a solid year overall. Revenue of \$154.1 million in 2019 represents an increase of \$4.9 million over 2018 and a new record.

In 2019, Health Benefits helped one of its largest clients achieve their first ever 5-Star (highest possible) Medicare Consumer Assessment of Healthcare Providers & Systems (CAHPS) rating, which measures member perceptions of their health plan and the quality of the healthcare services they receive.

To continue to offer our members convenient access to care, we forged a new network relationship with a large carrier in the East and Mid-Atlantic. This, like our successful relationships with other national networks, including the Aetna Signature Administrators® PPO Network, gives our clients and their employees access to leading networks across the country. In addition, we implemented a new reference-based pricing product with lower fees and direct provider contracts for surgery and imaging to help employers offer flexible, affordable and member-friendly health plans.

We also implemented a new software solution, *Beyond Insights*, an advanced, interactive reporting and analytics tool for self-funded employers and their brokers to provide health plan informatics and actionable insights and savings recommendations to support plan objectives.

For members, we continued to advance our digital solutions to drive greater engagement in 2019. These resources include our secure online portal, [myTrustmarkBenefits.com](https://myTrustmarkBenefits.com), that gives members 24/7 self-service access to customer service, their benefit details, claims information, plan balances, explanation of benefits (EOBs), ID cards, and more. In addition, *myTrustmarkBenefitsWire* is a digital communication tool that connects with members via mobile messaging to help them get the most out of their benefits. And our free mobile app lets members take their benefit plan information with them wherever they go.

In addition, in 2019, Trustmark Health Benefits won renewal of its accreditation from URAC, an independent, non-profit accreditation agency, for utilization management to help ensure that members get the right care at the right time, and that their care doesn't cost them, or their employers, more than it should.

\*Trustmark Hospital StayPay® and Trustmark Paycheck Protect® are trademarks of Trustmark Insurance Company.

## Trustmark Small Business Benefits

Revenue in 2019 was \$174.1 million, which was down slightly from \$175.6 million in 2018.

As with our other businesses, 2019 was a year of transition, starting with a new approach to underwriting in specific customer niches. This approach makes it quicker and easier for us to provide agents and their clients with reliable quotes, extending our ability to offer flexible small-group self-funding options to more employers. We're off to a good start, with over 60 percent more quotes and a significantly higher close ratio. For 2020, we expect to continue to leverage this solution in existing and new markets.

We've also enjoyed continued growth in digital engagement with a suite of tools to help employers administer their plans more effectively and control costs. For employees, based on plan design, numerous resources are available, ranging from cost transparency guidance to telemedicine and advocacy services to help them better navigate the complex healthcare system.

## HealthFitness

Revenue in HealthFitness in 2019 was \$105.5 million, up \$2.9 million from \$102.6 million in 2018.

In HealthFitness, we have a strategic differentiator in our onsite services such as fitness center design and management, wellness programming, and injury prevention and treatment. Our people, many of whom work onsite at companies, universities and in community fitness centers, understand employee, student and community populations and are able to work with clients to craft an overall wellness strategy, establish a culture of health and drive greater engagement. This success has led to an outstanding Net Promoter Score® (NPS) of 79 for our fitness customers, similar to or higher than those of popular consumer brands such as Starbucks and Netflix.

Over the course of 2019, we made decisions, and put in place capabilities, to take further advantage of that competitive strength and grow our presence in onsite fitness management and wellness programming. To that end, we are shifting investment from health management technology toward greater innovation in our fitness product line, including enhanced digital capabilities and rollout of a complete suite of injury prevention and treatment services designed to integrate with other health management and corporate fitness programs.

For health management, we are entering into an exciting partnership with a global leader in evidence-based wellness. This will strengthen our onsite offering by enabling a comprehensive wellbeing solution, bringing together behavioral incentives, clinical insights and the personal, human connection of our onsite staff to increase overall wellbeing.

## Other Key Events of 2019

### One Trustmark

As of January 1, 2020, we have completed our transition to a single, unified Trustmark brand.

The most visible change has been for our business partners and customers in Trustmark Health Benefits and Trustmark Small Business Benefits, which were formerly CoreSource and Starmark, respectively.

However, this is bigger, for us and for our entire customer ecosystem, than a simple name change. We've updated our look, yes, but the goal of a brand is to be both descriptive and aspirational. We believe our new brand better reflects our unique combination of mutual company values and modern company responsiveness, discipline and capabilities. It brings forth the building blocks that make Trustmark stand out: our caring culture, a client-first approach, and our commitment to establish and maintain long-term, mutually beneficial relationships.

### Trustmark Leadership

We continued to strengthen Trustmark leadership in 2019 and early 2020 with both internal promotions and external hires.

- Sean McManamy was promoted to Senior Vice President and assumed leadership of HealthFitness, our subsidiary focused on wellness programming, fitness management and IP&T.
- Steve Horvath was promoted to Senior Vice President to lead Trustmark Small Business Benefits.
- Dan Busiel joined Trustmark as Senior Vice President and Chief Investment Officer. Dan came to Trustmark from Allstate, where he served as Head of the Portfolio Management Group.
- Christopher Paquette joined Trustmark as Senior Vice President, Chief Digital & Strategy Officer. In this newly created role, Christopher will establish or enhance centers of excellence in strategy, digital delivery, data and analytics, and marketing. He comes to us from McKinsey & Company, where he was a Partner in the Chicago office.
- Britt Lindley joined us as Chief Information Security Officer. Britt has more than three decades of experience in Information Security and IT, most recently as CISO for Thrivent Financial, a Fortune 500 not-for-profit financial services organization.

### Board of Directors

Our new director, Steven E. English, Senior Vice President and Chief Financial Officer, State Auto Group, was elected to the Trustmark Board in 2019.

Re-elected at the Annual Policyholders' Meeting in February 2019 were: Judy Greffin, CFA, retired Executive Vice President and Chief Investment Officer, The Allstate Insurance Company, and a Trustmark director since 2018; Kristine Malkoski, CEO, Americas, Arc International, 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 Trustmark board member since 2007.

Current board members who will stand for re-election at the meeting on March 5, 2020 include: David McDonough, retired President and CEO, Trustmark Mutual Holding Company, and a director since 2004; and David Weick, Trustmark Chairman and retired Chief Information Officer and Senior Vice President, Shared Services, McDonald's Corporation, and a board member since 1999.

## Beyond the Numbers: Our Customers and Our Communities

Trustmark set new records for capital and surplus, and for revenue in Trustmark Voluntary Benefits and Trustmark Health Benefits. GAAP-based operating earnings were also particularly strong, prior to one-time write-offs, representing a new high-water mark.

In short, Trustmark has a strong balance sheet, and we're focused on growth. But what's behind that? Our customer ecosystem. To grow, we're focused on delivering on our mission for more producer partners, more employers, and more members and policyholders. And that comes from decisions made in 2019 to exit strategies that were not delivering value to our customers and shift investment to strategies that are – and will – generate greater value for our customers.

Those investments include new and innovative products, sophisticated customer self-service resources, expansion into new markets, and investments in one of our top differentiators – our people. Our people are the key to successfully delivering on our strategies. We will continue to hire and keep the best people and enable them to perform their best work on behalf of our customers.

And that goes for our communities as well. Giving back to our communities is an integral part of Trustmark's mission and culture. In 2019, we made changes to provide additional support and encourage Trustmark associates in their efforts to give back. The Trustmark Foundation distributed more than \$1.1 million in cash and gifts in kind. Our associates set a record for pledges to the United Way. And we initiated a policy to provide paid time off each year to full-time associates to be used to volunteer in the community. In addition, we launched a dedicated site, Trustmark Cares, where associates can find volunteer opportunities and see the results of their contributions.

Trustmark combines the best of mutual company values and modern company capabilities, working to integrate in-person expertise with technological ease. We are focused on investing in our associates, delivering outstanding value propositions to our customers, and on improving wellbeing for all in our communities.

I know I speak for every Trustmark associate when I say we look forward to continuing to serve you.



**Kevin R. Slawin**

*President & Chief Executive Officer*

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# Community Impact:

## Trustmark Associates and the Trustmark Foundation Build Stronger Communities

### A Company That Cares

Giving back to our communities is an integral part of Trustmark's mission and culture.

In 1913, two railroad workers enlisted two insurance professionals to form a small fraternal organization to help provide for the families of injured or disabled colleagues.

Since that modest beginning, Trustmark has been uniquely tied to the communities we serve. It's a two-level commitment, through which associates work as individuals and together as one company to give back to the community and improve the quality of life for all.



In 2019  
Trustmark associates  
pledged a **record**  
**amount** to the annual  
United Way Campaign

### Trustmark Associate Giving

The company strives to encourage and support associate giving as well. First, through the annual United Way Campaign, to which associates pledged a record amount in 2019. Second, associate Volunteer Grants encourage individual social responsibility by providing grants to qualified organizations to which individual associates devote significant time.

Third, the company provides paid time off to all benefit-eligible fulltime associates to be used to volunteer in the community, and Trustmark teams and offices regularly work together to support organizations ranging from local food pantries to family crisis centers.

Finally, in 2019, Trustmark launched Trustmark Cares, a dedicated internal site where associates can find volunteer opportunities and see the results of their work.

### The Trustmark Foundation

The Trustmark Foundation, established in 1984, ensures the continuation of this important commitment. Each year, Trustmark pledges a percentage of pretax earnings to support our local communities. In 2019, the Foundation distributed more than \$1.1 million in cash and gifts-in-kind. Foundation grants and programs directly support community health, safety, education, and urban and cultural enrichment.

A portion of the funds is earmarked to support local charitable organizations that have a meaningful impact on the communities near the company's larger branch offices, with recipient organizations selected by the associates in those offices. In addition, the Foundation funds a number of renewable undergraduate scholarships each year to eligible children of Trustmark associates in honor of retired CEO Ralph Eckert.



## Lake Forest Day of Caring

Trustmark associates in Lake Forest go beyond the daily routine and participate in a Day of Caring to support the Great Lakes Adaptive Sports Association. The organization empowers youth, adults and injured military personnel to be healthy and active through sports and recreation participation.



## Detroit Cereal Drive

Cheer, Cheer, Cheerios – and other cereals! Associates in Trustmark Health Benefits' Detroit office delivered 174 boxes of cereal to the Children's Hospital of Michigan's annual cereal drive.



## Tucson Associates Emerge

Health Benefits Tucson associates Tracy Mulligan (from left), Tiffany Gust, Diana Matus and Bonnie Lichter volunteered at Emerge! Center Against Domestic Abuse where they helped organize donations to the agency.



## Nurses on a Plane

Angela Muth and Suzann Cheseck, both former ICU nurses, say it was a team effort to help a man in distress during an in-flight medical emergency.



## Boardman Office Makes Local Impact

The Boardman office presented checks to AMVETS Post 44, Project MKC, and the Rescue Mission of the Mahoning Valley. Associates Jodie Chandler, Julie Gordon and Kim Husk were on hand to make the check presentations.



## West Des Moines Office a Beacon of Hope

The West Des Moines office donated to Beacon of Life, which empowers women in crisis to achieve positive long-term change; and Children's Cancer Connection, which provides care, support, education and recreation for the entire family following a child's cancer diagnosis.



# Employee Benefits that Go Beyond the Expected

## Beyond Service

### Work With a Company that Cares

It's one thing to talk about service  
It's another to take it personally

Trustmark was founded as a fraternal organization in 1913, enabling railroad workers to aid their fellow employees who were injured on the job. Employees helping each other. Neighbors helping neighbors.

That commitment to caring still defines Trustmark. And it's the foundation of what you experience as a client. It's demonstrated throughout the customer experience, from the way we consult with you to deploy the right solutions for your unique needs, to how Trustmark associates convey their genuine care and empathy in interactions with policyholders, plan members, and wellness and fitness program participants. Caring means taking great service personally.

Caring means our customers are able to quickly reach a knowledgeable person, not get stuck in an endless automated telephone loop. Caring also means the right mix of self-service functionality and personalized attention.

Whether it's a self-funded health plan, voluntary benefits or fitness and wellness programming, we strive to offer tools, guidance and personalized attention that make navigating the healthcare system, building a financial safety net or establishing a culture of health simple and achievable.

- A mobile app enabling immediate access to plan information ✓
- Resources to find healthcare services based on cost and quality ratings ✓
- Voluntary benefit coverage designed to meet changing needs based on life stage and financial priorities ✓
- Onsite wellness and fitness services that support employees on their path to greater wellbeing ✓
- Dedicated account teams who know and understand each client's products and goals ✓

All backed by people who care, who listen, who go the extra mile.

*"I wanted someone to care, and Brigette actually cared. I wasn't just a case. It wasn't just customer service. She was my friend on the other end of the phone. She was a bright spot during a frightening time."*

**- Member Diane M.**  
Phoenix, AZ



## Beyond Solutions

### Personalization and Engagement

#### The Keys to Effective Employee Benefits

Navigating the healthcare system is complex. Building health habits can be hard. And according to recent research, just 40 percent of Americans would be able to cover a \$1,000 emergency expense with savings.<sup>4</sup>

All this makes providing competitive employee benefits sound daunting. And it is. The key to healthier, more productive employees is higher engagement. Resources to more proactively utilize preventive benefits, compare healthcare cost and quality data and become smarter healthcare consumers. A culture of health that supports and guides employees down the path of healthy,

sustainable habits and delivers results. Affordable voluntary coverage that offers peace of mind and valuable protection from financial setbacks.

Trustmark drives higher engagement. That helps employees take more control of their overall wellbeing and experience higher levels of satisfaction with their benefit plan.

<sup>4</sup>Bankrate's Financial Security Index, January 2-6, 2019.



# Trustmark Voluntary Benefits

Working with our partners, revenue totaled more than \$363 million in 2019.

Trustmark Voluntary Benefits listens to what employers care about most and then delivers innovative insurance solutions backed by exemplary service. With more than a century of building trusted relationships, Trustmark helps employers reduce administrative burdens, simplify enrollment and effectively communicate key company messages to educate and inform employees about health, wellness and other important business initiatives.

Trustmark offers its insurance products and services on a voluntary, individual basis at the worksite through national and regional brokers and professional benefit communication firms.

## Trustmark's Innovative Solutions

As brokers and employers continue to navigate ongoing changes in healthcare and the overall benefits landscape, Trustmark provides cost-effective yet robust solutions to attract and retain employees. Trustmark's voluntary solutions help working consumers and their families achieve peace of mind with coverage designed to fit changing needs based on life stage or financial priorities. This includes coverage that offsets the increasing financial risk and out-of-pocket costs associated with many of today's medical benefit plans.

A complete customer-focused approach to product innovation has resulted in unique products and a continual push for "new and better" in financial protection. Delivering what customers say they want and need has driven the development of products:

- Our new Trustmark Hospital StayPay® is a fresh take on hospital insurance. It balances the cost of a hospital stay by blending superior protection for employees with unmatched flexibility for employers when selecting a plan.

- Disability insurance "re-defined" with Trustmark Paycheck Protect®, a product that covers you so you can live life the way you want to and know we're there for you when you can't.
- An award-winning critical illness product, Trustmark Critical HealthEvents®, including a caregiver benefit, healthy living benefit and more.
- One-of-a-kind Universal LifeEvents®, a top-selling<sup>5</sup> universal life product in the U.S., tailored to the varying protection needs employees face throughout their lives, including long-term care options.
- An enhanced accident benefit plan that pays higher benefits for the top thirteen benefits consumers use most often.

## Providing Exemplary Service

Trustmark's caring and listening approach helps educate employees along the way – all at no charge to the employer. We provide the resources to engage with employees one-on-one to help make sure they understand the value of their benefits

while also communicating any important company initiatives. The end result: higher levels of employee participation and satisfaction with benefits, better informed consumers, greater financial security and customers who continue to choose Trustmark year after year. Research confirms an 18-percent increase in employee satisfaction with their employer when voluntary benefits are offered.<sup>6</sup>

Held as the standard in the industry, Trustmark's exceptional personal service makes benefit administration easy. This year, we've taken our commitment to service a step further with our new Trustmark Simplink<sup>SM</sup>, an embeddable API that allows Trustmark products to be offered on any system.

## Your Trusted Partner

Our relationships with our clients are based on listening. As a proven industry leader in the voluntary benefits space, the foundation of our success hinges on understanding what our partners need and earning their trust by providing the solutions that match those needs.

## You care. We listen.

<sup>5</sup>2018 U.S. Worksite Sales Survey, LIMRA.

<sup>6</sup>Trustmark research conducted with The Connell Group, 2015.

\*Trustmark Hospital StayPay®, Trustmark Paycheck Protect® and Trustmark Critical HealthEvents® are trademarks of Trustmark Insurance Company. Insurance products underwritten by Trustmark Insurance Company and Trustmark Life Insurance Company of New York.

*"Trustmark has a level of flexibility that we don't see in the market with other carriers."*

**- Bart Yancey**  
Principal and CEO, DirectPath

# Trustmark Health Benefits\*

In 2019, revenue totaled more than \$154 million.

*Every business is unique. So why should every self-funded employee health benefits plan be the same?*

For more than four decades, Trustmark Health Benefits has crafted integrated, flexible, and tailored health benefit plan designs that seamlessly meet the specific needs of large and mid-sized self-funded employers, trusts, hospitals and health systems, and insurance carriers – all without sacrificing the quality of member care.

We pride ourselves on being more than an administrator; we're a total health benefits solution. Our goal is to reduce cost and complexity while driving member engagement

to create and empower smart, confident and healthy healthcare consumers.

With ten locally managed service and support offices around the country, we're both national and local, allowing us to operate in ways larger carriers and smaller administrators can't. We have the resources and scale of Trustmark, a large national company, but with a nimble regional structure for ultimate responsiveness to our individual clients' needs.

Integration and flexibility are at the heart of our business. Here are just some of the solutions and capabilities we bring to our clients:

## Claims and Benefit Administration

- Comprehensive employer-sponsored benefits administration for medical, dental, vision, HSA/HRA, flexible spending accounts, COBRA, short-term disability, and retiree benefits
- Freedom of choice in healthcare providers nationwide through tier-1 networks such as Aetna Signature Administrators® (ASA) PPO Network, Cigna® PPO Network and numerous regional and local networks
- Integration with pharmacy benefit management, including specialty pharmacy programs
- Consumer-directed and other flexible plan designs and administration
- Detailed reporting and insights on plan performance and clinical analytics
- Simplified billing and automated funding to ease benefit administration

## Cost Management & Risk Mitigation

- Reference-based pricing solutions
- Dependent eligibility audits
- Subrogation, hospital bill audits, waste/abuse and fraud detection services
- Integration with preferred stop-loss carriers
- Out-of-network discounts and fee negotiations
- Prior-authorization services

## Consumer Engagement & Care Navigation

- 24/7 member advocacy solutions
- Online self-service tools and electronic communication options, including targeted messaging with myTrustmarkBenefitsWire
- URAC-accredited utilization management

- Cost and quality transparency and telemedicine solutions
- Maternal and neonatal health program
- Cancer management and support program
- Integrated personal health management systems
- Lifestyle health and wellness programs

## Consumer Spending Tools

- Simplicity, a unique financial solution that makes managing healthcare expenses easier for employees
- PayActiv, a solution that helps reduce financial stress and increases member financial self-reliance

**Expect more. Benefit more.**

\*Self-funded health plan administration provided by Trustmark Health Benefits, Inc. Cigna® is a registered trademark of Cigna Intellectual Property, Inc.

*"Trustmark really works to find a solution for the employee. I value their responsiveness and diligence in working with the member to get what they need."*

– **Vice President of Human Resources** for a client in Kansas

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# HealthFitness\*

HealthFitness generated revenue of more than \$105 million in 2019.

HealthFitness is a comprehensive wellbeing provider that delivers wellness, fitness and recreation, and injury prevention and treatment programs to companies and organizations.

With 45 years of experience, our solutions are grounded in the latest behavior change science and delivered with proven engagement strategies that provide positive outcomes to help organizations improve their wellbeing.

## Wellness Programming

HealthFitness provides a single source for complete wellbeing solutions. Our wellness programs include:

- Engagement professionals
- Screenings
- Coaching
- Onsite and virtual fitness
- Education
- Assessments
- Wellness challenges

## Fitness and Recreation

HealthFitness' award-winning fitness and recreation programs focus on creating environments for corporate employees, community residents, and collegiate staff and students that get (and keep) people moving. Our fitness and recreation services bring together the right people, plans and programs to make clients' fitness centers a more valuable asset for their business, college or community. HealthFitness program managers make an authentic connection at the individual level by leveraging extensive product offerings, including personal training, wellness services, physical therapy, massage, virtual fitness, as well as seminars, contests and incentives.

### Services include:

- Consulting and strategy
- Fitness center design and programming
- Operational management

*"Autumn has been so influential in my recovery. I had considered quitting my job but hung on, largely because of her encouragement. Autumn has surely improved my life and ability to work."*

**-Client Keith M.**  
speaking about Trainer  
Autumn Fast



## Injury Prevention and Treatment

HealthFitness' injury prevention and treatment programs focus on prevention to address health issues before they become more serious medical concerns. From manufacturing environments to office settings to fitness centers, our injury prevention and treatment programs help create and sustain a healthy work environment.

### Programs include:

- Work conditioning
- Ergonomic services
- Movement efficiency testing
- Post-offer employment testing
- Early intervention programs
- Physical and occupational therapy

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Driven by the passion of our people.

\*Services provided by Health Fitness Corporation.

# Trustmark Small Business Benefits

In 2019, revenue totaled more than \$174 million.

We deliver big benefits to smaller businesses. That's been our only mission for more than three decades. Employers enjoy seamless integration of level-funded health plan administration, stop-loss insurance and claim payments. Self-funded health plan administration is provided by Trustmark company Star Marketing & Administration, Inc., and stop-loss insurance is provided by Trustmark Life Insurance Company.

With Trustmark, employers nationwide choose from extensive plan designs to create a self-funded health plan that best meets their unique needs and budget. If there

is a surplus in the group's prefunded account at the end of the agreement, there is an opportunity for the employer to receive a refund.

We provide true, personal service, and offer innovative, customizable products that help provide cost stability in a changing marketplace. We help brokers provide a broad range of creative solutions to their clients and back them up with unparalleled service that takes care of their clients, and their clients' employees and families, every step of the way.

## Key Products and Services:

- A broad portfolio of self-funded plan designs, including comprehensive medical, limited medical, preventive-only and dental coverage.
- Industry-leading reference-based pricing plan designs help control plan costs while enabling employers to offer more freedom of provider choice.
- Plan designs with a PPO network enable access through Aetna Signature Administrators® (ASA) PPO Network, Cigna® PPO Network and other regional networks.
- Seamless integration of stop-loss insurance from Trustmark Life Insurance Company provides employers protection against large covered claims.
- Simplified, niche underwriting to make self-funding easier for employers outside the traditional small-group space.
- Convenient, secure, paperless health plan enrollment online and via telephone.
- Exceptional service to ensure satisfaction, with outreach to new employers to ensure they understand their health plan benefits.
- Offerings like a healthcare quality and cost comparison tool, second opinion service, telemedicine, health advocacy service, health and wellness outreach program, maternity wellness program and oncology management program help employees navigate the complex healthcare system while providing advisory support and cost-savings services.
- HRA, HSA and ancillary products for a complete benefits package.
- Employer online tools to simplify plan administration, including a tailored administration kit and utilization reports to better manage healthcare costs.
- Employee health and wellness education, tailored online plan resource kit and healthcare management tools to help covered members make informed decisions.
- Secure, 24/7 access to important documents, benefits and claim information, online bill payment from desktop/laptop, tablet or mobile device.

**We were rated among the top by brokers** for our dedication to delivering personal service and our health plan design flexibility so employers can tailor a benefit package to best meet their needs.<sup>7</sup>

*"You are the gold standard for small group level funding."*

*"You are the best in responding and getting the job done."*

*"You go above and beyond."*

**- Quotes from Broker Survey**

## Big benefits for small businesses.

<sup>7</sup>2018 Broker Survey administered by The Dieringer Research Group. Cigna® is a registered trademark of Cigna Intellectual Property, Inc.

# Results from Operations<sup>8</sup>

On a consolidated basis, reported pretax earnings totaled \$26.5 million on operating revenue of \$803.6 million. This represents a year-over-year decline in earnings of \$6.7 million and an increase in revenue of \$5.6 million.

Including net investment income, total revenue was \$874.8 million, up \$2.3 million from \$872.5 million in 2018. Revenue rose in three of four Trustmark businesses; contributing factors included high persistency among inforce policies in Trustmark Voluntary Benefits, which helped offset a decline in sales; sales growth and partnership revenue in Trustmark Health Benefits; and improving sales in HealthFitness. Revenue fell incrementally in Trustmark Small Business Benefits, where slow sales early in the year impacted full-year revenue.

Reported earnings were negatively impacted by the one-time write-off of the value of a technology asset in Trustmark Voluntary Benefits. Without the impairment, earnings totaled \$56.6 million, an increase of \$23.4 million, due primarily to higher earnings in Health Benefits and Small Business Benefits and lower corporate expenses.

Net income decreased by \$2.8 million in 2019, from \$38.7 million to \$35.9 million, as higher federal income tax partially offset an increase in realized investment gains.

<b>Consolidated Income Statement</b>	2018	2019
<b>Revenue</b>		
Premiums		
Life and Annuity	220,520,119	229,266,753
Disability	64,925,554	61,436,252
Health	222,259,664	214,905,226
Net Investment Income	74,445,022	71,195,715
Other Revenue	290,308,834	298,016,066
<b>Total Revenue</b>	<b>872,459,193</b>	<b>874,820,012</b>
<b>Expenses</b>		
Policy Reserve and Incurred Claim Increases	292,049,226	290,131,808
Agent Commissions	94,905,413	86,337,819
Operating and Other Expenses	449,863,678	469,323,926
Interest Expense	2,396,717	2,490,667
<b>Total Expenses</b>	<b>839,215,034</b>	<b>848,284,220</b>
Net Gain from Operations before Federal Income Taxes (FIT)	33,244,159	26,535,792
FIT (benefit)	1,735,920	21,295,552
Net Gain from Operations before Realized Investment Gains/Losses	31,508,239	5,240,240
Realized Investment Gains (losses)	4,599,405	33,705,756
Change in Benefit Plan Liabilities	2,624,216	(3,075,685)
<b>Net Income</b>	<b>38,731,860</b>	<b>35,870,311</b>

<sup>8</sup> All financials represent 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, 2019.

# Consolidated Balance Sheet<sup>9</sup>

Consolidated Balance Sheet	2018	2019
<b>Assets</b>		
Bonds	1,570,861,498	1,641,634,317
Equities	164,117,212	184,912,605
Mortgage Loans	80,430,889	115,828,608
Real Estate	21,311,711	20,606,805
Policy Loans	20,539,625	21,275,235
Cash and Cash Equivalents	246,648,061	220,229,276
Investment Receivables	1,834	1,560
Total Invested Assets	<b>2,103,910,830</b>	<b>2,204,488,406</b>
Electronic Data Processing Equipment	14,040,551	8,572,354
Intangible Assets	78,030,057	78,004,744
Investment Income Due and Accrued	12,897,977	13,139,267
Premium Due and Deferred, Net	12,677,429	11,470,616
Reinsurance and Other Receivables	49,582,335	40,243,982
Federal Income Taxes	9,132,825	9,919,386
Total Assets	<b>2,280,272,004</b>	<b>2,365,838,755</b>
<b>Liabilities</b>		
Policy, Premium, and Claim Reserves		
Life	840,051,223	893,153,378
Health	351,872,232	337,672,808
Dividend Accumulations & Premium Deposit Funds	44,098,069	19,584,150
Reinsurance Payable	325,018	351,776
Commissions, Taxes, and Other Accrued Expenses	113,956,562	109,435,527
Amounts Retained by Company as Trustee	56,255,702	63,619,955
Remittances and Items Not Allocated	18,384,617	16,358,942
Interest Maintenance Reserve	21,765,718	27,247,407
Debt	89,693,848	79,760,006
Other Liabilities	140,593	32,952
Total Liabilities	<b>1,536,543,582</b>	<b>1,547,216,901</b>
<b>Surplus</b>		
Asset Valuation Reserve	28,439,917	48,864,453
Unassigned Surplus	715,288,505	769,757,401
Total Surplus	<b>743,728,422</b>	<b>818,621,854</b>
Total Liabilities and Surplus	<b>2,280,272,004</b>	<b>2,365,838,755</b>

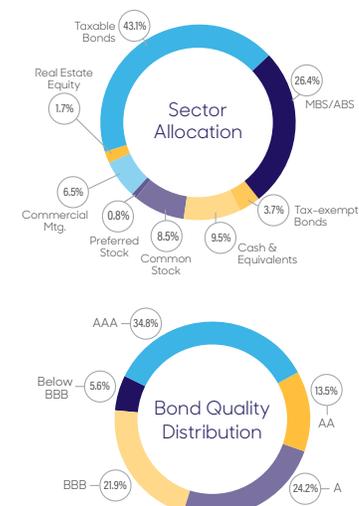
As of December 31, 2019, the company's consolidated assets totaled \$2.4 billion, and consolidated capital and surplus was \$818.6 million, an increase of \$74.9 million over 2018.

With debt of \$79.8 million and debt plus equity of \$898.4 million, Trustmark maintains a conservative debt-to-capital ratio of 8.9 percent.

## Investment Portfolio Analysis

Trustmark's portfolio had a total return for the year ended December 31, 2019 of 12.0 percent. Total return was impacted by strong double-digit returns in fixed income and equity investments.

At year-end, approximately 83.0 percent of Trustmark's \$2.1 billion investment portfolio was in fixed income securities. Trustmark's well-diversified portfolio should help to protect the company's assets in an environment of increased market volatility and geopolitical uncertainty.



<sup>9</sup> Represents Trustmark Insurance, Trustmark Life Insurance, Trustmark Life Insurance of New York, and Trustmark Group.

# The Enterprise Leadership Team



**Kevin R. Slawin, CPA**  
President and Chief Executive Officer



**John Anderson, FSA, MAAA**  
Executive Vice President  
Insurance Businesses



**Steve Auburn**  
Senior Vice President  
General Counsel and Corporate Secretary



**Bradley Bodell**  
Senior Vice President  
Chief Information Officer



**Dan Busiel, CFA**  
Senior Vice President  
Chief Investment Officer



**Nancy Eckrich, FLMI, HIA, ALHC**  
Senior Vice President  
President, Health Benefits



**Phil Goss, CPA**  
Senior Vice President  
Chief Financial Officer and Treasurer



**Steve Horvath**  
Senior Vice President  
Small Business Benefits



**Paul Lotharius**  
Senior Vice President  
HealthFitness



**Sean McManamy**  
Senior Vice President  
President, HealthFitness



**Alex Moral, FSA, MAAA, FLMA, CEBS**  
Senior Vice President  
Voluntary Benefits



**Christopher Paquette**  
Senior Vice President  
Chief Digital and Strategy Officer



**Kristin Zerkowitz**  
Senior Vice President  
Chief Human Resources Officer

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Senior Vice President, Shared Services  
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*The Allstate Insurance Company*

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Retired President and Chief Executive Officer  
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President, Consumer Banking  
*Discover Financial Services*

## **Kevin R. Slawin**

President and Chief Executive Officer  
*Trustmark*

## **Lynn Shapiro Snyder**

Senior Member of the Health Care  
and Life Sciences Practice  
*Epstein, Becker & Green, P.C.*

## **Peter D. Ziegler**

Former Chairman and CEO  
*The Ziegler Companies, Inc.*

We help people, businesses  
and communities thrive.  
Expect more. Expect **beyond.**

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