



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

Dear Mutual Company Member:

The past two years have been unprecedented. While for some, day-to-day activities have begun to resemble life as it was prior to March 2020, for others the impact of COVID-19 has been both far-reaching and deeply personal. Our thoughts are with those who have faced the often devastating effects of the pandemic. We recognize the solemn importance of our role to provide financial stability and security for our policyholders and their families. That is why Trustmark exists. As important is how we fulfill our role. In times of uncertainty, trust is especially important. Trustmark associates worked diligently throughout 2021 to not just further our mission, but to do so with care, with empathy, and with an ear to how we can continue to better serve you, our policyholders.

If we were to summarize 2021 at Trustmark in one word, it might be “addition.” We launched new products in each of our four businesses, forged new strategic partnerships, and made a timely acquisition. At the same time, we continued to invest in key areas such as cybersecurity and customer service. Our goals have been to help individuals protect and improve their health and overall wellbeing by designing products around features our customers say they value most; continue to help employers offer affordable employee benefits, including valuable financial protection; and, at a time when more employees than ever work remotely, enable companies to increase engagement and foster a sense of community through innovative wellness programming.

2021 Financial Results¹

Trustmark’s strong financial foundation grew even stronger in 2021. Capital and surplus, including asset valuation reserve, increased by \$37.7 million, from \$831.5 million at the end of 2020 to \$869.2 million², as of December 31, 2021. On March 11, 2021, independent rating agency A.M. Best affirmed Trustmark’s A- (Excellent) financial strength rating and stable outlook, noting that its ratings of Trustmark Group “reflect its balance sheet strength, which A.M. Best assesses as very strong.”³

The company generated \$784.0 million in consolidated revenue, down slightly from \$784.7 million in 2020. Revenue was up in our Voluntary Benefits business in 2021 compared to 2020, as sales of life policies with long-term care benefits were particularly strong. Revenue fell in HealthFitness as the Delta COVID-19 variant further delayed fitness center re-openings. In Health Benefits and Small Business Benefits, sales slowed, also due to the pandemic, impacting revenue in those businesses. Persistency among existing groups, however, remained high.

Earnings, net of tax, in 2021 totaled \$64.3 million, an increase of \$35.5 million, due to a goodwill impairment charge taken in 2020 related to HealthFitness. Operating earnings fell in 2021, due primarily to an increase in COVID-19-related claim payments in Voluntary Benefits and lower sales, combined with higher claims, in Small Business Benefits.

Further Delivering on Our Mission

In Trustmark Voluntary Benefits, we launched a suite of group voluntary financial protection products, including critical illness, accident and hospital indemnity coverage. We offer these alongside our traditional individual worksite products, and they combine cost-effective coverage with consumer-focused innovation and ease of administration.

In addition, Trustmark was able to welcome thousands of citizens of the state of Washington as policy owners in 2021. This was due to a recently announced requirement that employees in the state participate in a public LTC program or acquire qualifying private coverage. Our unique, Universal Life with Long-Term Care product fulfills that requirement. We look forward to serving these new customers.

In Trustmark Health Benefits, we partnered with Teladoc Health, the global leader in whole-person virtual care, and leading professional services firm, Aon, to offer a virtual-first health plan design. This offering is designed to improve access to care, reduce costs, and improve outcomes through a unified member experience.

In Small Business Benefits, we launched two new self-funded health plan designs to help smaller companies continue to afford to offer coverage. One is a hybrid plan design that combines a PPO provider network for practitioner services with reference-based pricing for ancillary and facility services. The other is a high-deductible reference-based pricing plan. Both new designs meet market demand for lower-cost options.

To complement our highly rated onsite fitness programming in HealthFitness, we launched a virtual fitness platform, *HealthFitness360*. Through HealthFitness360, participants can access both live and on-demand programming, including group exercise classes, personal training, and educational seminars. Our comprehensive

*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. Products may not be available in all states.

¹All 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.

²On a standalone basis, as of December 31, 2021, Trustmark Insurance Company had assets of \$1.81 billion and liabilities of \$1.49 billion, representing surplus of \$320 million, with \$52.9 million on deposit, primarily at the Federal Home Loan Bank of Chicago.

³A.M. Best Financial Strength Ratings and Outlook apply to Trustmark Insurance Company, Trustmark Life Insurance Company and Trustmark Life Insurance Company of New York.

blend of virtual and onsite offerings helps us better serve employers that are increasingly offering remote or hybrid work options. In addition, in April, HealthFitness acquired Midtown Health, a subsidiary of Tennis Corporation of America. This acquisition supports our strategy to help clients create healthy communities in a post-pandemic environment. All Midtown Health clients transitioned to HealthFitness and included hospital wellness centers, community fitness centers, and corporate fitness clubs.

Board of Directors

Trustmark board members re-elected at the Annual Policyholders' Meeting on February 28, 2022 were: Debora Boyda, retired Chief Executive Officer, Isobar US, and a Trustmark director since 2021; Judith Greffin, retired Executive Vice President and Chief Investment Officer, The Allstate Insurance Company, and a board member since 2018; Kevin Slawin, President and Chief Executive Officer, Trustmark Mutual Holding Company, and a director since 2016; and Lynn Shapiro Snyder, Senior Member and Director, Epstein Becker & Green, P.C., and a Trustmark director since 2007.

On behalf of all Trustmark associates, thank you for putting your trust in us over the course of 2021. Despite the challenges, it was a successful year as measured by our ability to assist our policyholders in difficult times, further strengthen our company, make ongoing investments for the future, and increase the number of people we serve in pursuit of our mission to protect and improve health and wellbeing.

Sincerely,



Kevin R. Slawin
President and Chief Executive Officer