



Dear Mutual Company Member:

Over the past several years we have updated you on our steady, strategic progress of Trustmark. Our goal has been to respond to customer input, focusing on businesses where we can stand out among the market leaders and make the greatest positive difference in peoples' lives. We continue to achieve long-term growth by investing in products and services that help people protect and improve their health and overall wellbeing. We are helping employers offer affordable employee benefits, including valuable financial protection. And, at a time when many employees work remotely or in hybrid situations, we are enabling companies to offer valuable, personalized employee benefits that increase engagement and foster a sense of community. We are also proud to have elevated our commitment to our communities through associate volunteerism and donations via the Trustmark Foundation.

In 2022, we completed a very significant strategic move which better positions Trustmark for the future: the sale, which closed October 5, of our Trustmark Health Benefits business unit to Health Care Service Corporation (HCSC), the Blue Cross and Blue Shield® licensee in Illinois, Montana, New Mexico, Oklahoma, and Texas.

Trustmark Health Benefits (formerly CoreSource) was Trustmark's third-party administration business, focused on administering health plans for midsize and larger organizations. The sale placed Trustmark Health Benefits, its associates and leadership team with HCSC, an owner positioned to ensure the long-term success of the business. For Trustmark, the transaction enables us to redirect sizeable investment toward accelerating our customer-focused, strategic growth priorities.

### **2022 Financial Results<sup>1</sup>**

With the sale of Trustmark Health Benefits, Trustmark's already strong financial foundation grew even stronger in 2022. Capital and Surplus, including asset valuation reserve, increased by \$266.8 million, from \$869.2 million at the end of 2021, to a record \$1,136.0 million<sup>2</sup> as of December 31, 2022. On March 8, 2022, (prior to the Trustmark Health Benefits sale announcement) independent rating agency A.M. Best affirmed Trustmark's A- (Excellent) financial strength rating and revised the company's outlook upward from *stable* to *positive*. They noted that the "positive outlook reflects Trustmark Group maintaining the strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), as well as its continued trend of moderating investment risks."<sup>3</sup>

The company generated \$869.0 million in consolidated revenue, up nearly 11 percent from \$783.6 million in 2021. This is due, in large part, to significant growth in Trustmark Voluntary Benefits, as outstanding sales momentum from 2021 continued into 2022, leading to record revenue. Persistency among existing customers in each business remained relatively high, affirming our belief that our customers continue to value our products and services.

Net Income in 2022 totaled \$287.1 million, up \$222.8 million from \$64.3 million in 2021, due to the sale of Trustmark Health Benefits and record performance in Trustmark Voluntary Benefits, partially offset by higher claims, including COVID-19-related claim payments, in Trustmark Small Business Benefits.

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

In Voluntary Benefits, we continued to refine existing products and launch new coverage to help more people access affordable financial protection. We made a number of enhancements to our group products, including enriching the available wellness component of several of them. In addition, in August, we launched Trustmark Life+Care®, a new permanent term life insurance product that combines a death benefit with flexible care benefits that can cover both professional and family caregiving.

On March 15, Trustmark acquired FitReserve, a fitness subscription service that allows people to attend in-person classes at top gyms and fitness studios as well as access live-stream or on-demand fitness classes from leading instructors. The acquisition further enhances the comprehensive corporate fitness management solutions offered by HealthFitness and will enable Trustmark to enter additional markets where our unique combination of virtual and on-site fitness offerings can increase participation, improve health, and help build a culture of wellness.

As further evidence of our commitment to invest in the communities Trustmark serves, we donated \$9.4 million to the Trustmark Foundation in 2022. These donations have endowed the Foundation at a level that vastly increases the impact Trustmark can make in our efforts to help underserved communities thrive.

\*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>All financials represent the consolidation of full-year Statutory Accounting (SAP) forecasts for Trustmark's insurance companies and Generally Accepted Accounting (GAAP) forecasts for Trustmark's non-insurance companies, as of December 31, 2022.

<sup>2</sup>On a standalone basis, as of December 31, 2022, Trustmark Insurance Company had assets of \$1.87 billion and liabilities of \$1.51 billion, representing surplus of \$357.3 million, with \$63.3 million on deposit, primarily at the Federal Home Loan Bank of Chicago.

<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.

**Leadership and Board of Directors**

Kathleen Sweitzer joined Trustmark in 2022 as Senior Vice President, General Counsel and Corporate Secretary. Sweitzer’s legal career of more than 25 years includes a number of leadership roles, most recently at Maestro Health, where she served as Chief Legal Officer and Corporate Secretary.

Daniel Hanke, formerly Vice President, Infrastructure Operations, was promoted to Senior Vice President and Chief Information Officer. Hanke joined Trustmark in 2015 after 13 years at Rockwell Automation, where he served as Director of Global Infrastructure.

Trustmark board members elected at the 2022 Annual Meeting 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.

Current directors re-elected at the 2023 Annual Meeting held on February 27 include: David Weick, current Chairman of the Board of Trustmark Mutual Holding Company, and a Trustmark director since 1999; and David McDonough, retired Chief Executive Officer, Trustmark Mutual Holding Company, and a board member since 2004.

On behalf of all Trustmark associates, thank you for being a Trustmark policyholder. This past year was one of growth – particularly in Trustmark Voluntary Benefits – and continued strategic transformation. The sale of Trustmark Health Benefits represents by far the most significant change in Trustmark’s recent history. It is a change that further strengthens Trustmark’s already sound financial foundation, and it is a change that enables us to accelerate investment in new products and services that help protect and improve your health and wellbeing.

Sincerely,



Kevin R. Slawin  
President and Chief Executive Officer