

Trustmark Companies

PERSONAL. FLEXIBLE. TRUSTED.

2015 | ANNUAL REPORT

Trustmark
Companies

PERSONAL. FLEXIBLE. TRUSTED.

Trustmark
Voluntary Benefit *Solutions*[®]

CORESOURCE
A Trustmark Company

 **HealthFitness.**
A Trustmark Company

 **Starmark**[®]
A Trustmark Company

KEY FACTS:



Founded
in **1913**



\$2.1 Billion
in Assets



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



4,100 Full
and Regular
Part-time
Associates



25+ Offices
Nationwide



2+ Million
Covered Lives
or Plan
Participants

A Mission to Increase Well-being

Employee benefits that help people increase well-being through better health and greater financial security.

Listening leads to understanding. Understanding builds trust.

We listen first, then work with employers and producers to offer comprehensive employee benefits that are easy to use and improve employee engagement and participation.

Well-being means more than good health.

Well-being is the ability to thrive. That goes for businesses and the people who make them successful.

Look to Trustmark for:

- Financial protection tailored to life stage and wellness programs that foster healthy, sustainable behavior change.
- Customized benefit strategies that engage employees and innovative plan designs that achieve business goals.
- Personal attention that builds trust, as well as insights and analytics that improve benefit plan performance.
- Simplified administration paired with benefits that inspire better health and provide peace of mind.

It all revolves around our belief that better health and greater financial security increase overall well-being. And greater well-being leads to more confident, productive employees and stronger, more competitive businesses.

We help people and businesses thrive.

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Voluntary Benefit **Solutions**

CORESOURCE
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Starmark
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Letter from the CEO



The past year was one of both challenges and achievements for Trustmark. A continuous thread through my letters the past couple of years has been to note the tremendous rate of change in the employee benefits market and to update you on progress with Trustmark's ongoing strategic transformation.

Both those themes hold true again this year. As with other industries influenced by technology – for example the travel industry –

the pendulum has swung toward automating aspects of the experience that used to be completed in person, and toward providing information intended to empower consumers to sort and compare choices on their own. But once the personal touch is lost, space opens for companies that can truly empower the customer – that is, both simplify the experience and provide flexible solutions and personalized service and support.

Trustmark is working through those challenges. Where once Trustmark was four affiliated businesses, now we are working to operate more like a single enterprise. The plan is to simplify. To offer customers a broader, yet more closely aligned, array of employee benefits. To build awareness among all our customers and business partners of how the strengths of each business reinforce the others, and how the larger Trustmark organization offers uniquely valuable solutions to complex benefit challenges. All clearly and consistently guided by our distinct values: Personal, Flexible and Trusted.

This transformation has and will continue to require investment and strategic agility. I will discuss our current strategic investments in greater detail following a brief overview of Trustmark's financial results.

2015 Financial Results

As noted, 2015 was a year of both challenges and achievements. Both Trustmark Voluntary Benefit Solutions and CoreSource posted strong overall results for the year, including a second consecutive year of nearly \$300 million in revenue and over \$70 million in sales in Voluntary Benefit Solutions. CoreSource, benefiting from efficiencies gained from successful implementation of the multi-year technology project, PathForward, posted record earnings of more than \$15.0 million.

On the flipside, it was a challenging year in Starmark®, due largely to the natural volatility of the small-group (10+ life) medical market. Starmark revenue fell by nearly \$30.0 million, from \$285.0 million in 2014 to \$256.2 million. While sales in Starmark were down, year-over-year, it was in comparison to what was an outstanding sales year in 2014, when sales increased by more than 40 percent over 2013. In addition, higher-than-expected medical claims on the stop-loss portion of the self-funded plans (underwritten by Trustmark Life Insurance Company) negatively impacted earnings, which decreased by \$3.4 million from 2014.

In HealthFitness, we executed a change in our technology investment strategy that, while a short-term drag on earnings, will, we believe, generate significant long-term value. After completing comprehensive market and technology assessments with external experts, we made the decision to sharply reduce investment in our internal project to build a consumer-facing technology platform to support health and fitness management programs. Instead, we established a strategic alliance with Welltok, Inc., creator of the industry leading health optimization platform, CaféWell. While we are extremely excited about the prospects of this alliance, this pivot away from building the platform ourselves requires that we write down the value of the asset. This resulted in a loss for HealthFitness, despite the fact that revenue remained roughly flat in 2015 as existing clients purchased more services.

All in, Trustmark reported pretax gain of \$41.1 million in 2015, up \$10.5 million from \$30.6 million reported in 2014. The sale of a block of voluntary worksite policies that no longer fit our strategy resulted in a pretax gain of \$11.4 million. This, along with expense management, offset the earnings impact of continued technology investments in two businesses, Trustmark Voluntary Benefit Solutions and, as discussed above, HealthFitness. The company generated \$815.1 million in consolidated revenue, down \$33.6 million from the prior year, largely due to the decrease in revenue in Starmark.

Notable Investments, Achievements and Events

I want to take a moment here to share more detail about the HealthFitness strategic alliance with Welltok, announced on December 10, 2015. The market and technology assessments conducted in 2015 told us two things: that the wellness market is growing (there's even more opportunity than our original assessment) and that employers and consumers value the unique, people-based, on-site programming HealthFitness offers. Those findings helped drive our decision to invest in the technology alliance with Welltok. Welltok's CaféWell Health Optimization Platform™ will integrate elements of HealthFitness' program offerings to more quickly and efficiently deliver our behavior change expertise to employer health and fitness program participants.

From our perspective, this investment in HealthFitness creates value on at least three levels:

- At the business level, the investment will drive product differentiation and organic growth in HealthFitness. Population health management and wellness is a growth market, and our core capabilities give us a competitive advantage.
- At the enterprise level, the alliance with Welltok will facilitate entry into the middle market (companies with 500 – 5,000 employees) for HealthFitness, which has traditionally served larger, Fortune 500 clients. This additional market will strategically align three of Trustmark's businesses: Voluntary Benefit Solutions, CoreSource and HealthFitness, enabling more

cross-selling and building stronger, deeper relationships with shared clients. Business unit clients become “Trustmark” clients – and benefit from the greater value Trustmark, as an enterprise, provides.

- And third, investment in extending HealthFitness core capabilities allows Trustmark to help our clients stay ahead of the broadening definition of well-being. Well-being goes well beyond physical well-being – rapidly expanding to include financial, behavioral and social well-being, which all impact overall health and productivity.

In addition, in 2015 Trustmark continued to invest in learning from our customers. We upped the ante on listening, on understanding what our customers want and need. That’s how we know we’re delivering for employers as they look to increase the value of the benefits they offer as well as improve the health and productivity of their employees. And for employees, when we help them live with greater confidence as they pursue healthy behaviors, obtain healthcare or manage the everyday financial challenges that confront working people.

Those insights paid off with the launch of a new, consumer-focused voluntary product in August 2015. Called Critical LifeEventsSM, this critical illness product, created with consumer input, is designed to help our policyholders through all stages of life. Features include comprehensive preventive care benefits, caregiver benefits and access to Best Doctors[®] medical experts to help policyholders understand treatment options. Industry publication *LifeHealthPro* dubbed Critical LifeEvents one of the six most innovative products of 2015.

We are also stepping up our healthcare consumer advocacy programs. In addition to our own internal programs, such as *YourCare*, Trustmark has added top vendors to help our customers become more confident, more informed healthcare consumers. These include Grand Rounds[®], a new service included with Starmark *HealthyEdge*SM and Starmark Healthy Incentives[®] self-funded health plan designs. Grand Rounds provides second opinions from physicians specializing in the area of need – without any required travel. Starmark is the first administrator to include this service in its self-funded health plan designs. In addition, CoreSource and Starmark now offer Teladoc[™], access to a physician 24/7 via phone or online video, and CoreSource has added HealthCare BlueBook[™], a medical service cost transparency tool that helps consumers compare cost and quality data so they can make more informed, cost-effective healthcare decisions.

We also debuted a new, consumer-focused enterprise website in early 2015, trustmarkcompanies.com. The site features enterprise-focused navigation, a clean, contemporary look, and content influenced by customer insights to better articulate Trustmark’s strengths across all its customer ecosystem, including consumers, employers and producers. The site does a much better job presenting Trustmark’s culture and the unique relationships we build with our customers.

On the leadership front, there were two planned retirements from Trustmark’s board of directors in 2015. As planned, J. Grover Thomas Jr. retired as chairman of Trustmark’s board in June 2015. Mr. Thomas, who joined Trustmark in 2000 as CEO and was elected board chairman in 2002, had reached the mandatory retirement age stipulated in Trustmark’s bylaws. He was succeeded by David D. Weick, retired Senior Vice President and Chief Information Officer of McDonald’s Corporation and a Trustmark director since 1999.

Utilizing an amendment to the company’s bylaws passed December 4, 2015, permitting the board of directors to fill vacancies that arise due to resignation or death for the balance of the unexpired term of the vacated director’s seat, Trustmark’s board nominated and elected Kristine Malkoski to an interim term as a company director. She filled the seat of John Scott, who, as planned, retired after 14 years of service on the board. Ms. Malkoski, President, Global Business, and Chief Commercial Officer, World Kitchen, LLC, brings to Trustmark’s board more than 30 years of proven leadership, marketing and innovation experience growing consumer brands at companies such as Proctor & Gamble, Ubiquity Brands and Sears. She will stand for election to a regular three-year term at the Annual Policyholders’ Meeting on June 2, 2016.

Kevin Slawin, Chief Executive Officer of KS Venture Capital, will also stand for election to a three-year term on Trustmark’s board at the June 2016 meeting. Mr. Slawin has over 30 years of experience effectively managing businesses and leading corporate strategy, marketing and distribution in a range of senior executive roles, including board member, CEO, CFO, CIO, CMO and COO, at companies such as FBL Financial Group, Allstate Financial, Sears Mortgage Banking Group and Touche Ross & Co.

In addition, at the June meeting, Lynn Shapiro Snyder, a Director and Senior Member of the firm’s Health Care and Life Sciences and Litigation practices at Epstein Becker & Green, P.C., will stand for re-election to a three-year term on Trustmark’s board. Ms. Snyder has been a Trustmark director since 2006.

While there have been challenges, Trustmark continues to keep pace with the quickly evolving employee benefit environment. New products, strategic alliances, consumer advocacy tools and technology investments position Trustmark for long-term growth and to fulfill our primary goal, which is, as always, to be a company our policyholders count on as we deliver on our mission to increase well-being through better health and greater financial security.

Sincerely,

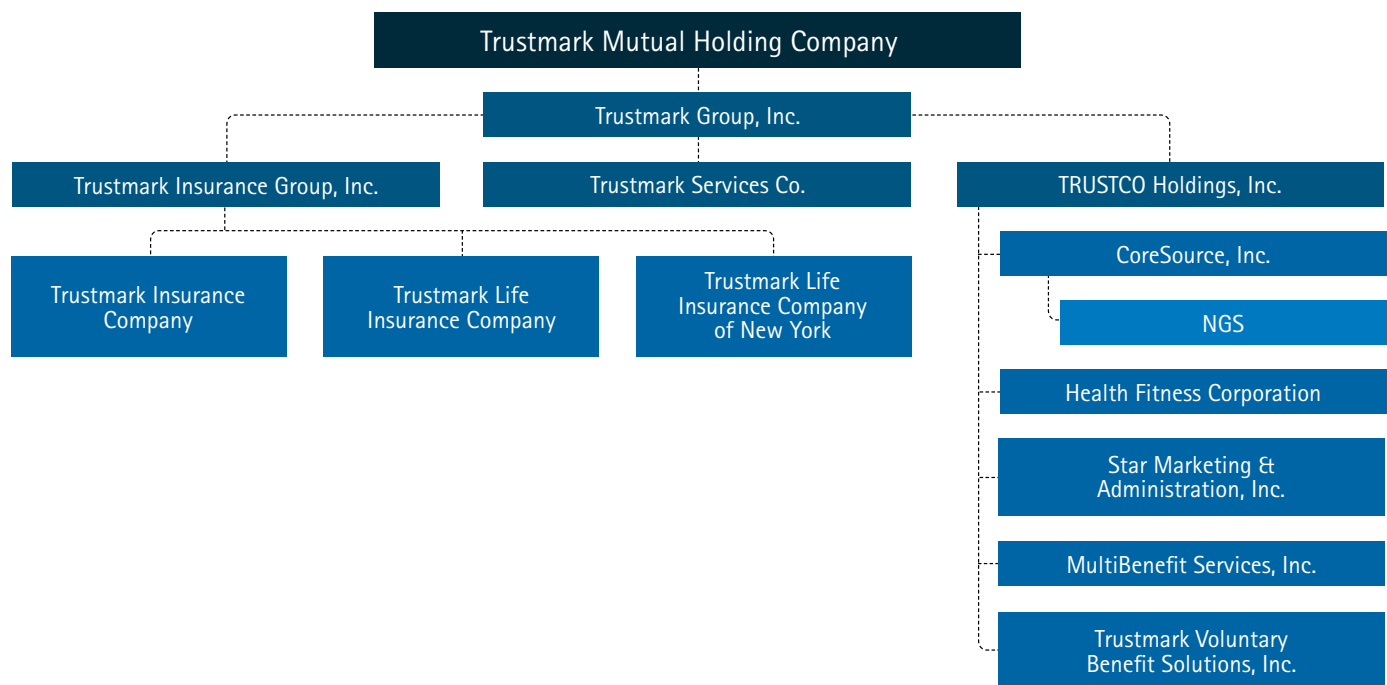


Joseph L. Pray
President and Chief Executive Officer

**For a detailed overview of the company’s 2015 financial results, please see the Consolidated Financial Results section of this report, on page 11.*

Corporate Structure

Trustmark converted to a mutual holding company structure on January 1, 2000. Under that structure, the operating units of the enterprise are separated into insurance and noninsurance operations, as shown in this chart.



Trustmark Voluntary Benefit Solutions

Trustmark Voluntary Benefit Solutions offers a fresh approach to voluntary benefits with the backing of more than a century of experience. Trustmark provides solutions to employers that can help reduce administrative burdens, simplify enrollment and communicate key company messages to educate and inform employees about many different topics – not just benefits.

Trustmark offers its products and services on a voluntary, individual basis at the worksite through national and regional brokers and professional benefit communication firms. Revenue totaled nearly \$300 million in 2015. The portfolio includes life insurance with long-term care, disability, accident and award-winning critical illness insurance.

Given the ongoing changes in the benefits marketplace and subsequent cost shifting due to the ACA, brokers and employers alike continue to seek new ways to provide cost-effective yet robust benefit programs to attract and retain employees. Trustmark's voluntary products help employees gain a sense of well-being with coverage that offsets the increasing financial risk and out-of-pocket costs associated with many healthcare plans today. Trustmark's personal approach helps educate employees along the way – all at no charge to the employer.

Trustmark has been around for more than 100 years, but still has the contemporary ideas and perspective necessary to break through industry-old standards of product development to focus first and foremost on what working consumers want and need:

- An award-winning critical illness product, Trustmark Critical LifeEvents®, offers benefits consumers asked for, including a caregiver benefit, healthy living benefit and more.
- One-of-a-kind Universal LifeEvents® tailored to the varying needs employees face throughout their life, including long-term care options.
- An enhanced accident benefit plan that pays a higher benefit for the 10 services consumers use most.
- A new income protection product on the horizon that's built from consumer feedback to meet customer needs in new ways.

Trustmark strives to make customer lives easier and offers a better overall experience. Held as the standard in the industry, Trustmark's exceptional personal service makes benefit administration simple and easy. The end result: higher levels of employee engagement and satisfaction with benefits, better informed consumers, greater financial security and customers who continue to choose Trustmark year after year.

HealthFitness

HealthFitness is an award-winning, URAC- and NCQA-accredited provider of health management, corporate fitness and condition management solutions. With nearly 40 years of experience, HealthFitness is a proven leader and partner in helping create a culture of health.

HealthFitness is changing the way our clients think about, talk about and implement behavior change, providing the people, tools and processes to make ongoing healthy actions possible for more client employee populations. Through personalized and population-based interventions, HealthFitness measurably improves the health and well-being of the people it serves.

Products and Services include:

Health management

- PersonaSM, a proprietary behavior change model
- A technology platform with wearable device integration
- A short, engaging and effective health assessment
- Streamlined screenings
- Utilizing the latest insights in coaching for health management and condition management

Corporate fitness

- Design and development support to maximize space and ensure the best experience for employees at new corporate fitness centers.
- Corporate health and fitness programs and services to increase engagement at existing corporate fitness centers.

Occupational health

- Work conditioning programs, ergonomic assessments and post-offer, pre-work screens to prevent workplace injuries.
- Treatment and rehabilitation to reduce costs of disability, treatment and wage replacement.

Health advocacy

- Health advocates to help employees navigate the healthcare system.
- 24/7 Nurse Line to provide clinical decision support.

CoreSource

CoreSource delivers a comprehensive breadth of benefit administration, healthcare management and consumer-centric services tailored to the unique needs of self-funded employers, trusts, public plans, hospitals and health systems, and insurance carriers. Revenue in 2015 totaled more than \$129 million.

Ranked among the nation's largest independent employee benefit administrators by *Business Insurance* magazine*, CoreSource does much more than administer claims. Combining insights from data analytics with Milliman-validated utilization management and proven strategies for population health management, CoreSource creates informed, confident healthcare consumers and delivers significantly lower – and sustainable – benefit plan costs to its members and clients.

With eleven locally managed service and support offices around the country, CoreSource offers flexible, personalized service backed by the resources, innovation and technology of The Trustmark Companies. This enables CoreSource to deliver:

- Comprehensive employer-sponsored benefits administration for medical, dental, vision, HSA/HRA, flexible spending accounts, COBRA and short-term disability.
- Integrated personal health management systems designed to educate employees about their own health and empower them to improve it.
- Freedom of choice in healthcare providers nationwide through tier 1 networks such as Aetna Signature Administrators® (ASA) PPO Network, Cigna® PPO Network, Anthem Blue Cross PPO (Prudent Buyer Plan®) and other regional and local networks.
- Online self-service tools and electronic communication options.
- Simplified billing and automated funding to ease benefit administration.
- Detailed reporting and insights on plan performance and clinical analytics.
- Access to medical network and pharmacy benefit management, including a specialty pharmacy program.
- Preferred stop-loss vendors to provide cost-effective risk management.
- Award-winning health and wellness programs driven by cutting-edge data analytics to deliver employee engagement and bottom-line results.
- URAC-accredited utilization management.
- Advocacy solutions that offer health and medical guidance for members around the clock.
- Consumer-directed and other flexible plan designs and administration.
- Out-of-network and reference-based claim re-pricing.
- Subrogation, hospital bill audits and fraud protection services.
- Dependent eligibility audits – identifying dependents ineligible for benefits under the self-funded plan – that generate significant savings for employers.
- Retiree benefit administration.

Starmark®

Starmark, the leader in self-funding for small groups, administers self-funded health benefit plans exclusively for smaller businesses nationwide. Additionally, Starmark administers fully insured ancillary benefits, including dental, life/AD&D and short-term disability plans. In 2015, Starmark revenue totaled more than \$256 million.

With Starmark, employers choose from extensive plan design choices to create a self-funded health plan to meet their unique needs and budget. Self-funded plans are administered by Starmark and stop-loss insurance coverage is provided by Trustmark Life Insurance Company.

Products and Services include:

- A broad portfolio of self-funded plan designs, including comprehensive medical, preventive-only and dental coverage.
- Seamless integration of plan administration, stop-loss insurance and claim payment.
- Exceptional personal service to ensure satisfaction, with personal welcome calls for new groups and follow-up calls throughout the year.
- Freedom of choice in healthcare providers nationwide through Aetna Signature Administrators® (ASA) PPO Network, Cigna® PPO Network and other networks.
- HRA, HSA and ancillary products for a complete benefits package offering.
- Efficient and secure employee enrollment online or via telephone.
- Employer online tools to simplify plan administration, including a tailored administration kit and utilization reports to better manage healthcare costs.
- Health and wellness management tools for employees to help members make informed healthcare decisions.
- Program offerings like *CareChampion 24/7®*, *YourCare*, *MyNurse 24/7SM*, *Grand Rounds®*, *Teladoc®*, *MaternaLink®*, *Oncology Management* and *Smoking Cessation*, which help employees navigate the complex healthcare system with support and advisory services.

Overview of 2015 Consolidated Results*

Trustmark continued to make long-term strategic investments in 2015. For the past several years, Trustmark has deliberately exited the fully insured group medical market to focus on greater opportunities in expanding and emerging segments of the broader employee benefits market. These segments include self-funded health plan design and administration services for employers ranging in size from 10 to thousands of employees, payroll deducted voluntary benefits that protect financial well-being, and population health and corporate fitness management services.

Trustmark is also operating less as a holding company of separate businesses and more as an integrated enterprise providing a wide range of benefits to help businesses thrive and individuals enjoy greater well-being. As part of this transformation, the company has and continues to invest in technology infrastructure and enhanced information security, as well as multi-year technology projects to support future growth in two businesses, Voluntary Benefit Solutions and HealthFitness.

These investments, as well as unusually high loss ratios on the reinsurance portion of small-group self-funded plans, were among the factors that impacted overall financial results in 2015.

Trustmark generated \$815.1 million in consolidated revenue, a decrease of \$33.6 million from 2014. In Voluntary Benefit Solutions, a second consecutive year of sales over \$70 million drove strong revenue (\$294.7 million, down \$5.0 million from the prior year). This year-over-year decrease was due to the disposition of a non-strategic block of policies sold through credit unions and a higher-than-expected rate of case terminations. CoreSource revenue increased by \$4.4 million, to \$129.5 million, due to strong sales of ancillary services. HealthFitness revenue



dropped by \$2.0 million, to \$125.4 million. Despite slow health management sales, HealthFitness achieved its highest fitness management sales since 2010 and expanded health management service offerings with existing clients. The largest impact to consolidated revenue was in Starmark®, where revenue fell by \$28.8 million, to \$256.2 million, following an exceptionally strong sales year for small-group self-funded plan administration services in 2014.

Reported pretax earnings of \$41.1 million in 2015 were up \$10.5 million from \$30.6 million reported in 2014. The previously noted sale of a block of VBS policies resulted in a pretax gain of \$11.4 million, which, along with expense management, offset the earnings impact of technology investments to support long-term business growth and value creation in Voluntary Benefit Solutions and HealthFitness.

The largest negative impact to earnings was in HealthFitness. During 2015, HealthFitness reassessed its technology strategy, taking into consideration the relative immaturity of the wellness market and the quickly evolving technology requirements. HealthFitness made the decision to wind down its internal project

to develop new, customer-facing technology and instead establish a strategic technology alliance with Welltok, the leading consumer health enterprise platform company. This partnership includes Trustmark's participation in Welltok's most recent round of funding.

While this collaboration is expected to create an industry-leading solution by combining Welltok's health optimization platform, CaféWell, with HealthFitness' expertise in delivering face-to-face programs, health management and corporate fitness services, this strategic pivot requires that Trustmark write down the value of the internal technology investment by \$32.0 million.

Including the asset write down and other, smaller tax and realized investment losses, net income for 2015 was \$8.6 million, down \$3.1 million from \$11.7 million in 2014.

To provide capital for Trustmark's long-term enterprise technology projects and other investments, Trustmark Insurance Company and Trustmark Life Insurance Company paid dividends in 2015 of \$22.5 million and \$15 million, respectively, to Trustmark Group, Inc., to be used by its non-insurance subsidiary, Trustco Holdings, Inc., and its affiliates. In addition, Trustmark Group, Inc. made a capital contribution of \$1 million to Trustmark Life Insurance Company of New York.

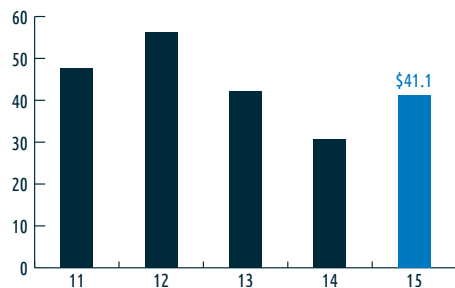
Where required, these transactions received approval from the Director of Insurance of the State of Illinois.

Trustmark's capital and surplus, a key measure of financial strength, increased by \$6.0 million in 2015, from \$666.3 million to \$672.3 million. The company maintains a conservative debt-to-capital ratio of 11.7 percent, and an NAIC Risk-based Capital level of over 1,000 percent, more than five times the regulatory minimum.

On April 1, 2016, independent rating agency A.M. Best affirmed Trustmark's A- (Excellent) financial strength rating and stable outlook, noting the company's "trend of operating profitability, robust risk-adjusted capitalization and diverse business profile."

Pretax Operating Gain

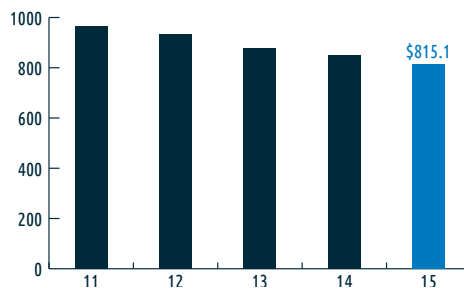
In Millions



Reported pretax earnings of \$41.1 million were up \$10.5 million from \$30.6 million reported in 2014.

Operating Revenue

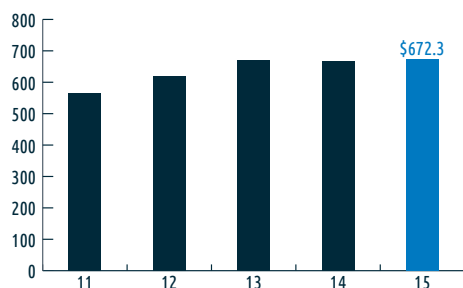
In Millions



Trustmark generated \$815.1 million in consolidated revenue, a decrease of \$33.6 million from \$848.7 million reported in 2014.

Consolidated Capital & Surplus

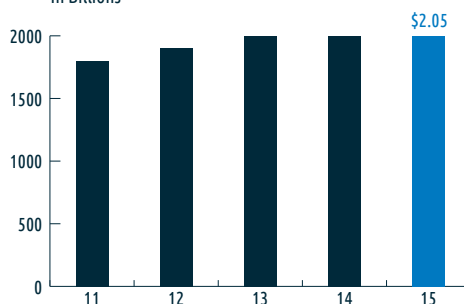
In Millions



Despite persistently low interest rates, capital and surplus increased by \$6.0 million, from \$666.3 million to \$672.3 million due to positive operating results.

Assets

In Billions



Total assets increased by nearly \$10 million, to \$2.05 billion.

**Represents the consolidated financial results of Trustmark Mutual Holding Company for the 2015 calendar year.*

Results from Operations

Strong operating performance from Voluntary Benefit Solutions and CoreSource, which set a new earnings record of \$15.1 million, offset a loss in HealthFitness, as Trustmark shifted its technology investment strategy in that business, and slightly lower earnings in Starmark® due to higher-than-expected loss ratios on the stop-loss insurance portion of small-group self-funded plan administration services.

Reported pretax earnings were \$41.1 million on operating revenue of \$815.1 million. Revenue was down slightly in Voluntary Benefit Solutions and HealthFitness, due to the sale of a non-strategic block of policies and slower health management sales, respectively. CoreSource revenue increased due to excellent sales of ancillary services. Full-year revenue fell by approximately 10 percent in Starmark, following an exceptionally strong sales year in 2014.

Net income was \$8.6 million. The largest impact was the one-time write down of the value of the consumer-facing technology platform investment, which was required following the decision to enter a strategic technology alliance with Welltok, Inc.

Including investment income, 2015 revenue totaled \$882.7 million.

Consolidated Income Statement

	2015	2014
Revenue		
Premiums		
Life and Annuity	185,315,114	172,792,639
Disability	57,177,011	81,339,088
Health	256,926,063	290,080,583
Net Investment Income	67,667,560	68,861,083
Other Revenue	315,597,293	304,432,163
Total Revenue	882,683,041	917,505,556
Expenses		
Policy Reserve and Incurred Claim Increases	309,699,361	351,121,427
Agent Commissions	102,291,303	104,484,970
Operating and Other Expenses	428,016,365	429,684,859
Interest Expense	1,611,327	1,585,743
Total Expenses	841,618,356	886,876,999
Net Gain from Operations before FIT	41,064,685	30,628,557
FIT (benefit)	(5,134,717)	4,261,473
Net Gain from Operations before Realized Investment Gains/Losses	46,199,402	26,367,084
Realized Investment Gains (losses)	(37,553,621)	(14,651,003)
Net Income	8,645,781	11,716,081

Consolidated Balance Sheet

	2015	2014
Assets		
Bonds	1,373,847,613	1,315,394,003
Equities	228,737,634	263,161,715
Mortgage Loans	26,211,218	23,985,471
Real Estate	24,523,836	25,954,124
Policy Loans	18,373,306	17,551,071
Cash and Cash Equivalents	165,391,758	169,567,634
Investment Receivables	2,149,611	724,083
Total Invested Assets	1,839,234,976	1,816,338,101
Electronic Data Processing Equipment	21,125,998	51,225,406
Intangible Assets	92,491,789	97,842,121
Investment Income Due and Accrued	12,313,344	12,867,830
Premium Due and Deferred, Net	9,507,674	9,680,864
Reinsurance and Other Receivables	67,719,815	54,968,141
Federal Income Taxes	10,270,266	-
Total Assets	2,052,663,862	2,042,922,463
Liabilities		
Policy, Premium, and Claim Reserves		
Life	696,049,095	650,780,731
Health	359,995,107	403,086,288
Dividend Accumulations & Premium Deposit Funds	44,882,607	45,002,794
Reinsurance Payable	1,225,709	505,960
Commissions, Taxes, and Other Accrued Expenses	102,391,725	95,228,743
Amounts Retained by Company as Trustee	38,444,018	38,899,041
Remittances and Items Not Allocated	16,978,683	15,609,266
Interest Maintenance Reserve	30,898,602	30,710,736
Debt	89,446,304	89,379,656
Federal Income Taxes	-	7,396,916
Other Liabilities	7,322	-
Total Liabilities	1,380,319,172	1,376,600,131
Surplus		
Asset Valuation Reserve	37,625,822	41,106,292
Unassigned Surplus	634,718,868	625,216,040
Total Surplus	672,344,690	666,322,332
Total Liabilities and Surplus	2,052,663,862	2,042,922,463

Consolidated Balance Sheet*

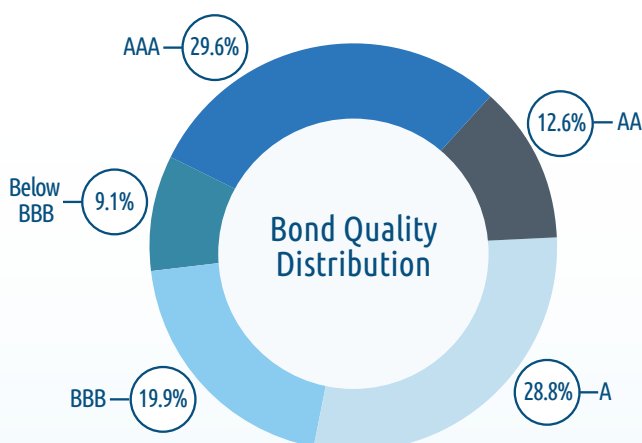
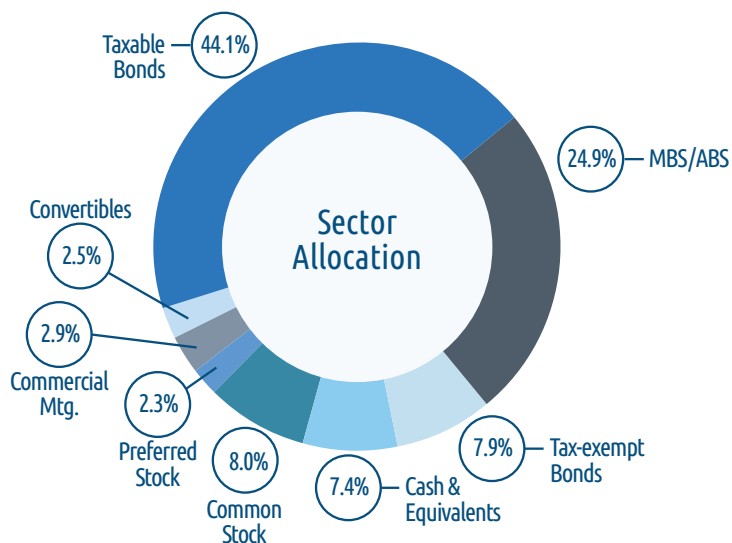
As of December 31, 2015, the company's consolidated assets were \$2.05 billion and consolidated capital and surplus was \$672.3 million. Trustmark maintains a conservative debt-to-capital ratio of 11.7 percent and an NAIC Risk-based Capital level of over 1,000 percent, more than five times the regulatory minimum.

**Represents Trustmark Insurance, Trustmark Life, Trustmark Life Insurance of New York, and Trustmark Group.*

Investment Portfolio Analysis

Trustmark's investment portfolio had a total return for the year of 0.5 percent. The main contributors to performance were modestly positive returns in core fixed income and domestic equities, which were offset slightly by negative returns in non-U.S. equities.

At year-end, 89 percent of Trustmark's \$1.8 billion investment portfolio was in fixed income and preferred securities. Trustmark's well diversified portfolio should help to protect our assets as the U.S. economy continues to grow modestly, inflation remains low and corporate credit concerns increase.



Community Involvement: The Trustmark Foundation

Each year, Trustmark pledges a percentage of pretax earnings to support our local communities. Trustmark's unique, two-level service commitment involves associates working as individuals and together with the company to give back to the community and improve quality of life for the underprivileged. The Trustmark Foundation, established in 1984, actively supports associate volunteerism through program donations and volunteer grants. In 2015, the Foundation distributed more than \$1.1 million in cash and gifts-in-kind.

Foundation grants and programs directly support the United Way, community health, safety and education – including college scholarships for children of associates – and urban and cultural enrichment.

To extend the reach of the Foundation beyond the Lake Forest home office, the Foundation funds the Employees' Choice Giving Program, through which associates from across the country nominate local organizations deserving of Foundation support. In 2015, the Foundation donated \$244,450 to more than 40 charities selected through this program.

In addition, as a company focused on increasing well-being, Trustmark supports health education initiatives such as Impact, which awards grants to local teachers who promote healthy lifestyles through innovative educational curricula. For the 2015/2016 school year, Trustmark awarded 59 grants totaling more than \$50,000 to teachers in Lake County, Illinois.

Senior Officers

Joseph L. Pray, CLU, ChFC

President and Chief Executive Officer

John Anderson, FSA, MAAA

Senior Vice President

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