

Trustmark[®] Companies

PERSONAL. FLEXIBLE. TRUSTED.[®]



2016 ANNUAL REPORT

Trustmark[®] Companies

PERSONAL. FLEXIBLE. TRUSTED.[®]

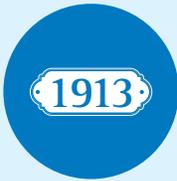
Trustmark
Voluntary Benefit **Solutions**[®]

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



**4,150 full and regular
part-time associates**



25+ offices nationwide



**2.1 million covered lives
or plan participants**

Employee benefits that help people increase wellbeing through better health and greater financial security.

**Listening leads to understanding.
Understanding builds trust.**

We build solutions. It starts by listening to understand our customers' employee benefit challenges. That enables us to deliver on our mission to increase wellbeing. It's a mission that goes beyond good health. Wellbeing is the ability to thrive. As we see it, that applies to businesses and to their hardworking employees.

We partner with employers and benefit consultants, providing decades of expertise in voluntary benefits, benefit plan design and administration, and population health and fitness management solutions. The result is a flexible, personalized approach – a coherent benefit strategy that fits the company culture, protects and improves the wellbeing of employees, advances the employment brand and achieves business goals. We help people and businesses thrive.

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Companies

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Trustmark
Voluntary Benefit Solutions®

CORESOURCE
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HealthFitness.
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Letter from our CEO



The past year was a relatively quiet one for Trustmark, at least from an outside perspective. However, that doesn't mean there wasn't a great deal going on – or that much wasn't accomplished. The way

I'd characterize 2016 would be to use the metaphor of the taproot of a tree. Although we can't see it, the taproot – the central, dominant root from which others sprout – through its unseen progress, strengthens the foundation of the tree and draws the nutrients that support the healthy growth of the branches above.

In other words, our focus on strategic investment and transformation continued in 2016, and we expect our two significant, multiyear technology investments to begin generating value for Trustmark and for our customers, starting in 2018.

The objective, of course, is to continue to further our mission, which is our answer to the vital question: Why does Trustmark exist? Simply put: to improve the wellbeing of our customers through better health and greater financial security. It guides us as we develop and combine capabilities in and across our lines of business to help our customers navigate a changing and evermore information-intensive employee benefits environment.

For us, it's not as much about the "what" of products and services we offer, but rather it's about "why" and "how," starting with listening to our customers and then providing thoughtful and unique solutions to their complex benefit challenges.

2016 Financial Results

Last year was one when diversification and specific areas of operational strength helped offset areas where results declined, year over year.

Trustmark Voluntary Benefit Solutions (VBS) and CoreSource posted excellent overall results, including record sales and revenue in VBS of \$81.5 million and nearly \$315 million, respectively. Demand for innovative, easy-to-understand financial protection for employees and their families continues to grow, and VBS is meeting that need with its industry-leading life insurance product, Universal LifeEvents®, which is designed to match a policyholder's changing needs throughout his or her lifetime. Another example is Critical LifeEvents®. Introduced in 2015, this critical illness benefit was created with customer insight research and includes available features such as comprehensive preventive care benefits, caregiver benefits and access to Best Doctors® medical experts to help policyholders understand treatment options. Again, our approach is to listen first to learn what our customers need and care about, and then and only then, offer meaningful solutions.

CoreSource, which designs and administers comprehensive benefit plans for midsize and larger organizations that self-fund, produced record revenue of \$131.7 million and a new high-water mark in earnings of \$18.0 million, again proving its ability to adapt to, and provide solutions for, the unique needs of a wide range of organizations. In addition, CoreSource continued to drive efficiencies gained from a successful, multi-year investment in technology and a new operations structure that forms the basis of a consistent, customer-centric client experience.

Revenue declined in Starmark, which provides small-group self-funded health plan administration services and stop-loss coverage through Trustmark Life Insurance Company, and, to a lesser extent, in HealthFitness, which offers population health and corporate fitness center management services. The small-group medical market remains a volatile one, and while sales picked up toward the end of 2016, a slow start to the year negatively impacted revenue, which totaled \$221.3 million, down \$34.9 million from 2015. Due to market demand, Starmark recently began extending its services to smaller groups (5-10 lives) in certain markets. Previously, Starmark focused on groups of ten or more lives.

In HealthFitness, revenue fell by \$11.5 million, to \$113.9 million. While fitness center management sales were relatively strong and gained momentum leading into 2017, health management sales slowed as some prospective clients elected to await implementation of our new technology platform. As background, at the end of 2015, we established a strategic alliance with Welltok, Inc., creator of the industry leading health optimization platform, CaféWell. After

making significant progress in 2016, we expect to launch, by the end of this year, a market-leading solution that combines our science-based behavior change model, people-based on-site service delivery, program strategy and virtual services with an enhanced CaféWell platform that enables a personalized, seamlessly integrated customer experience.

On a consolidated basis, reported pretax gain of \$21.4 million in 2016 was down \$19.7 million from \$41.1 million in 2015. The lower gain was due primarily to two factors: as noted above, the impact of the investment in the technology platform being developed for HealthFitness; and the accounting impact of the record sales in Voluntary Benefit Solutions, where insurance company statutory accounting rules require that we deduct all sales acquisition costs in the year the policy is written. The company generated \$793.2 million in consolidated revenue, a decrease of \$21.8 million from \$815.0 million reported in 2015, largely due to the lower revenue in Starmark and HealthFitness.

Strategic Investment and Key Events

As I did last year, I want to reiterate our belief that HealthFitness is critical to delivering on our mission over the long term. Our investment in HealthFitness creates value on at least three levels:

- Population health and fitness management are high growth markets, with more and more employers looking for expertise and the capability to provide a seamless, science-based, personalized solution for greater employee wellbeing. At the business level, this investment will differentiate HealthFitness from its competitors and drive organic growth.
- At the enterprise level, the CaféWell® platform will facilitate entry into the middle market (companies with 500 – 5,000 employees) for HealthFitness, which has traditionally served large, Fortune 500 clients. This additional market will strategically align three of Trustmark's businesses: Voluntary Benefit Solutions, CoreSource and HealthFitness, enabling us to establish stronger, deeper relationships with, and provide greater value to, brokers and their middle-market customers.
- Third, investment in extending the core capabilities of HealthFitness allows us to help our clients stay ahead of employers' growing definition of wellbeing. Wellbeing goes well beyond physical health and now includes financial, behavioral and social wellbeing, which all impact overall employee health and productivity.

In addition to our investment in HealthFitness, over the course of 2016, we continued work on a multi-year technology project in Voluntary Benefit Solutions. We expect to implement phase one of our new policy administration system in the second quarter of 2017, which will enable us to develop and introduce new, consumer-focused products and services faster. This way, we can better meet the growing demand for life insurance and accident, critical illness and disability benefit options that, utilizing consumer insights, provide more valuable, reliable financial security.

CoreSource launched its mobile app in 2016, enabling members to conveniently access plan information on their smartphones or tablets. We also expanded our relationships with national network providers, offering clients access to more healthcare providers across the country.

Starmark added services, which CoreSource already offered, to help people become more confident healthcare consumers. These include a healthcare cost and quality transparency tool and access to no-cost medical second opinions so policyholders and their covered family members can check a diagnosis, confirm a treatment or learn about a complex medical condition from a trusted source.

There were several changes to Trustmark's Board of Directors in 2016. Two members of our board retired: Daniel Cox, after six years of service; and Frederick Blackmon, who had served as a director since 2005.

At the June 2016 Annual Policyholders' Meeting, Kevin Slawin, CPA, and Managing Director, Black Diamond Advisory Services, was nominated and elected to a three-year term on Trustmark's board. 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.

Kristine Malkoski, President North America and Global Innovation, World Kitchen, LLC, was elected to a regular three-year term at the June meeting after joining the board in late 2015. In addition, 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., was re-elected to a three-year term. She has been a Trustmark director since 2006.

Three current board members will stand for re-election at the June 2017 Annual Policyholders' Meeting: David McDonough, former Trustmark President and Chief Executive Officer, and a board member since 2004; David Weick, retired Chief Information Officer and Senior Vice President, Shared Services, McDonald's Corporation, and a board member since 1999; and Peter Zeigler, Former Chairman, President and CEO of The Ziegler Companies, and a Trustmark director since 1990.

I want to close with a note about Trustmark's commitment to our communities nationwide. Through the Trustmark Foundation, the company contributes a percentage of earnings each year to support philanthropic organizations in communities where our associates live and work. In 2016, the foundation distributed nearly \$1 million.** Part of our philosophy is to donate to local groups making a direct impact through education, intervention and proven programs that lead to improvement in individual, family and community wellbeing. In addition, we maintain a culture, started early in Trustmark's history when employees willingly donated a portion of their salaries to help families in distress during The Great Depression, that encourages associates to give to causes that are meaningful to them. With that in mind, I am pleased and gratified to share with you that Trustmark has been selected as Outstanding

Corporate Partner for 2017 by the United Way of Lake County, Illinois. This award is about more than money donated; it's about a belief that by working together we can build stronger communities and a brighter, more promising, shared future for all of us.

As I said at the beginning of this letter, Trustmark's foundational roots are strong: exemplified by an excellent financial base, new consumer-centric services, and technology investments and strategic alliances that will soon begin creating value for Trustmark and for our customers. The behind-the-scenes work completed in 2016 and continued in 2017 will fuel visible, tangible results over the long-term – growth in and across our businesses, as well as the expansion of our mission to positively impact the lives of our customers by helping them increase wellbeing through better health and greater financial security.

Sincerely,



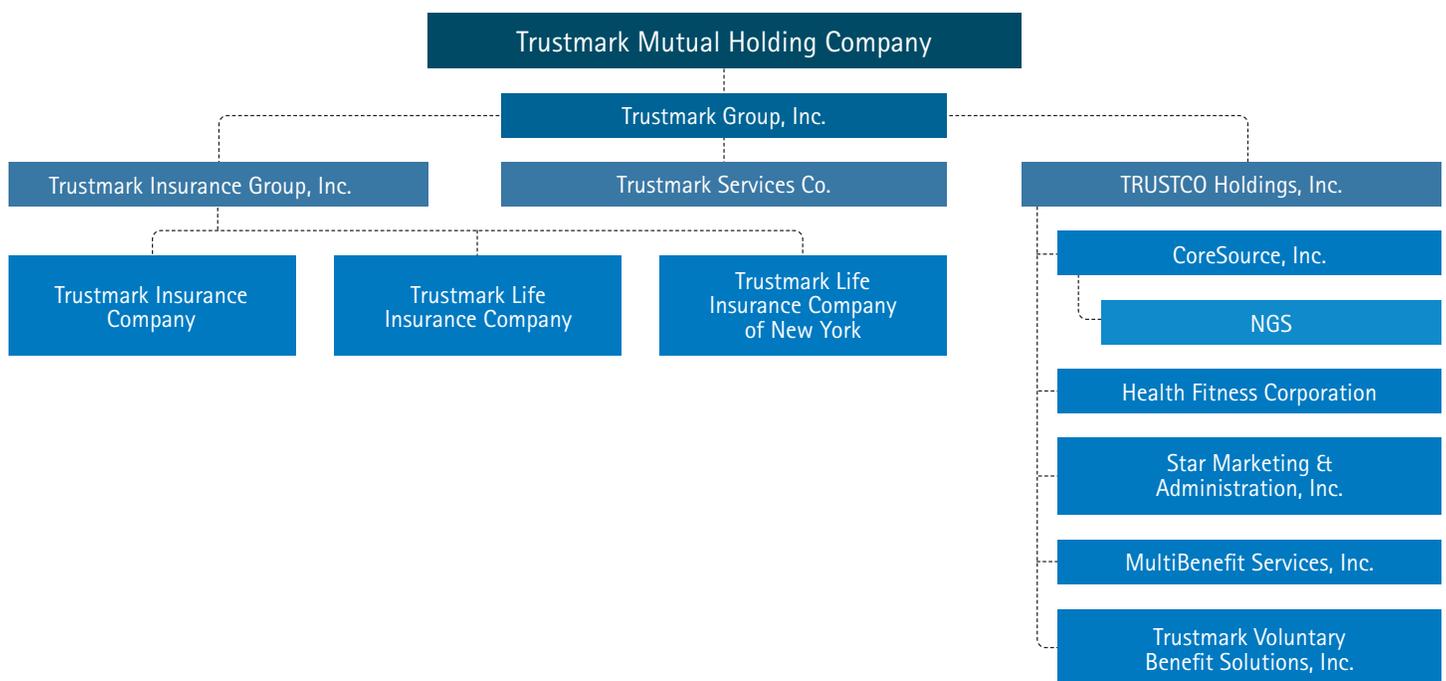
Joseph L. Pray
President and Chief Executive Officer

*For a detailed overview of the company's 2016 financial results, please see the Consolidated Financial Results section of this report, on page 12.

**For more information about the Trustmark Foundation, please see page 17 of this report.

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 the organization chart.



Trustmark Voluntary Benefit Solutions



Trustmark Voluntary Benefit Solutions listens to what employers care about most and then delivers innovative 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 more employees than ever before about health, wellness and other important business initiatives.

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 \$315 million in 2016. The portfolio includes unique universal life insurance with long-term care, disability, accident and award-winning critical illness insurance.

As brokers and employers continue to navigate ongoing changes in healthcare, Trustmark provides cost-effective yet robust benefit programs to attract and retain employees. Trustmark's voluntary products help employees gain a sense of wellbeing with coverage that offsets the increasing financial risk and out-of-pocket costs associated with many of today's medical benefit plans. Trustmark's caring and listening approach helps educate employees along the way – all at no charge to the employer.

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

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

Trustmark is here to help employers with solutions that increase employee satisfaction and retention and improve their bottom line. In fact, recent Trustmark research, conducted with an outside firm, shows that 62 percent of employees would not accept a job if the employer did not offer voluntary benefits.

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 participation and satisfaction with benefits, better informed consumers, greater financial security and customers who continue to choose Trustmark year after year.

**Trustmark Voluntary Benefit Solutions Employee + Employer Insight; June 2015; N=316*

You care. We listen.

Trustmark
Voluntary Benefit Solutions®
 PERSONAL. FLEXIBLE. TRUSTED.®

CoreSource



CoreSource delivers a comprehensive breadth of health 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 2016 totaled more than \$131.7 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.

**Business Insurance 2016 Directory of Third-Party Administrators.*

Expect **more.** *Benefit* more.

CORESOURCE
A Trustmark Company
PERSONAL. FLEXIBLE. TRUSTED.®

HealthFitness



HealthFitness delivers high-touch, high-impact health and wellbeing solutions driven by the infectious passion of its people. In partnership with clients throughout the country, HealthFitness harnesses this passion to instill a pervasive culture of health that in turn fosters ongoing healthy actions. HealthFitness combines a science-based behavior change model, service delivery, program strategy and on-site and virtual services with an engagement platform that helps enable a personalized experience by seamlessly integrating HealthFitness' products and programs. This enables further personalization of the user experience to make ongoing healthy actions possible for more client employee populations. HealthFitness generated revenue of nearly \$114 million in 2016.

Engagement platform providing a data-driven, personalized approach to wellbeing

- Mobile first: Participants can access platform via mobile app, mobile browser, tablet, PC and Mac desktop
- Social community and blogs
- Video coaching
- Device and app integrations
 - More than 125 devices and apps supported, including activity trackers, weight scales, blood pressure monitors and glucose monitors
- Health assessment configurability
- Challenges
- Rewards and marketplace
- Targeted health messaging personalized to participant and sent via email or text
- Personal health itinerary includes health education and health improvement programs
- Resources include articles, calculators, tracking dashboard, health and wellbeing library, on-demand seminars, events and registration

Data dashboard for client review and reporting

- Online, interactive reports provide valuable insights about the whole population and specific segments of the population
- Dashboard allows clients to readily access reports and monitor key program and population metrics

Digital benefits hub

Connects the right people to the right resources at the right time

- Connects HealthFitness' programs and services as well as client's health and benefits partners for a seamless participant experience

The Right People, Plan and Programs

HealthFitness' award-winning on-site fitness services offer fitness solutions to meet varied needs. HealthFitness brings the right people, plans and programs to make clients' fitness centers a more valuable asset for their business or community. HealthFitness on-site program managers make an authentic connection at the individual level by leveraging extensive product offerings, including personal training, health management services, physical therapy, massage, virtual fitness, as well as seminars, contests and incentives.

On-site solutions:

- Corporate fitness
- Colleges and universities
- Aquatics
- Recreation
- Community centers

Wellbeing solutions:

- Engagement professionals
- Screenings
- Coaching
- On-site and virtual fitness
- Education
- Assessments
- Occupational health
- Wellness challenges
- Benefits advocacy
- Technology platform



Our passion is infectious

 **HealthFitness.**
A Trustmark Company

Starmark



Starmark, the leader in self-funding for small groups, administers self-funded health benefit plans exclusively for small businesses nationwide. Additionally, Starmark administers fully insured ancillary benefits, including dental, life/AD&D and short-term disability plans. In 2016, Starmark revenue totaled more than \$221 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 for plans with and without a PPO network. PPO plans enable access 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.
- Employee health and wellness education and management tools and tailored online plan resource kit help members make informed healthcare decisions.
- Offerings like Healthcare Bluebook™, Grand Rounds®, Teladoc®, CareChampion 24/7®, YourCare, MyNurse 24/7SM, MaternaLink®, and Oncology Management help employees navigate the complex healthcare system while providing advisory support and cost-savings services.

Starmark®—
The leader in self-funding for small groups

 **Starmark®**
A Trustmark Company

Overview of 2016 Consolidated Results*

Strategic Technology Investments

Trustmark continued to invest in large, multi-year technology projects in two of its businesses in 2016, Trustmark Voluntary Benefit Solutions and HealthFitness. While the expense of those projects negatively impacted earnings in 2016, both projects are expected to begin generating long-term value for Trustmark and for our customers starting in late 2017 or early 2018.

The technology investment in Voluntary Benefit Solutions will simplify and enhance processes across all areas of the organization, from Agency Support to New Business & Underwriting to Customer Promise. The resulting technology will enable VBS to maintain and even strengthen its excellent customer service reputation as rapid growth continues. In addition, it will support that growth by increasing operational efficiencies and facilitating faster product development and innovation. The first phase of the project is currently expected to go live in the second quarter of 2017 and to begin creating value for our customers by the end of 2017.

Late in 2015, HealthFitness entered a strategic technology alliance with Welltok, Inc. Together, this collaboration is building an industry-leading population health management solution that combines HealthFitness' science-based behavior change model and people-based expertise in on-site program strategy and delivery with Welltok's intuitive, engaging health optimization platform, CaféWell. That project is progressing well, with launch targeted for the fourth quarter of 2017.

2016 Consolidated Results

The company generated \$793.2 million in consolidated revenue, a decrease of \$21.8 million from \$815.0 million reported in 2015, largely due to lower revenue in our Starmark® business, which provides small-group self-funded health plan administration services and stop-loss coverage through Trustmark Life Insurance Company, and in HealthFitness, which offers population health and corporate fitness center management services.

Revenue increased by \$20.2 million, to a record \$314.9 million, in Voluntary Benefit Solutions. This was due to record sales of \$81.5 million, an increase of \$6.5 million from 2015. CoreSource revenue, at \$131.7 million, up \$2.2 million from 2015, also represents a new benchmark. The chief drivers of CoreSource revenue included strong



growth among existing clients and income earned as a percentage of claim savings passed on to clients.

HealthFitness revenue dropped by \$11.5 million, to \$113.9 million, due to slow health management sales as potential clients postpone purchase decisions until the new CaféWell platform is in place. Fitness center management sales continued to strengthen after a solid 2015. HealthFitness has successfully developed its higher education market, winning contracts to design and operate fitness centers at a number of colleges and universities. We expect strong growth in this and similar markets in 2017. Revenue also fell in Starmark – by \$34.9 million, from \$256.2 million to \$221.3 million – as cyclical pricing pressures lowered persistency and led to lower sales, year over year.

Trustmark reported pretax earnings of \$21.4 million in 2016. This was down \$19.7 million from \$41.1 million in 2015, due primarily to expenses associated with investment in the new technology platform being developed for HealthFitness through a strategic partnership with Welltok, Inc. and the accounting impact of record sales in Voluntary Benefit Solutions, where insurance company statutory accounting rules require that Trustmark deduct all sales acquisition costs in the year the policy is written.

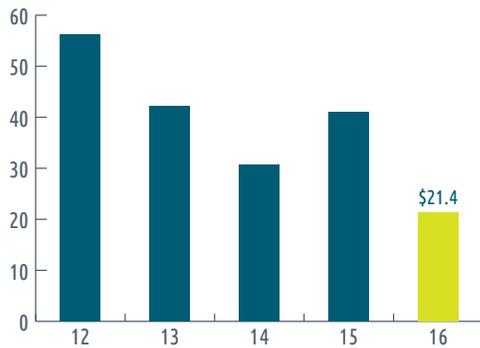
To provide capital for Trustmark's long-term enterprise technology projects and other investments, Trustmark Life Insurance Company paid a dividend in 2016 of \$15.5 million to Trustmark Insurance Group, Inc. This transaction received approval from the Director of Insurance of the State of Illinois.

Trustmark's capital and surplus, a key measure of financial strength, increased by \$14.7 million in 2016, from \$672.3 million to \$687.0 million, due to solid overall operating results and investment returns that were positive across all asset classes, led by U.S. equities. The

company maintains a conservative debt-to-capital ratio of 11.5 percent, and, as of year-end 2016, a NAIC Risk-based Capital level of over 1,150 percent, nearly six times the regulatory minimum.

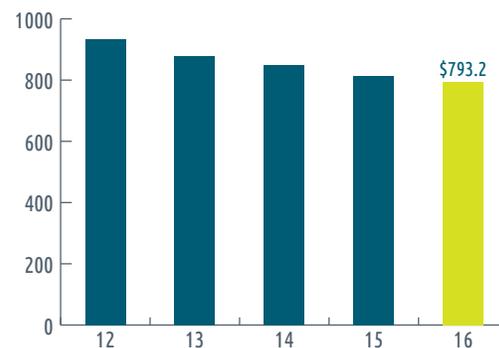
On March 1, 2017, independent rating agency A.M. Best affirmed Trustmark's A- (Excellent) financial strength rating and stable outlook, noting Trustmark's "more-than-adequate risk-adjusted capitalization, good operating profitability and diverse business profile."

Pretax Operating Gain In Millions



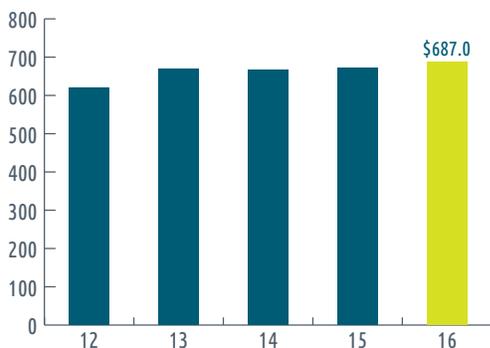
Reported pretax earnings of \$21.4 million were down \$19.7 million from 2015 due to expenses associated with strategic technology investments and the statutory accounting impact of record sales in Trustmark Voluntary Benefit Solutions.

Operating Revenue In Millions



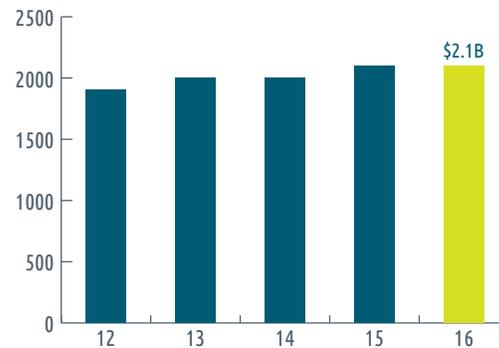
Trustmark generated \$793.2 million in consolidated revenue, a decrease of \$21.8 million from \$815.0 million reported in 2015.

Consolidated Capital & Surplus In Millions



Despite persistently low interest rates, capital and surplus increased by \$14.7 million, from \$672.3 million to \$687.0 million due to overall operating results and positive returns on all asset classes across Trustmark's investment portfolio.

Assets In Millions



Total assets increased by nearly \$50 million, to \$2.1 billion.

*Represents the consolidation of financial results of Trustmark Mutual Holding Company for the 2016 calendar year.

Results from Operations

Trustmark Voluntary Benefit Solutions and CoreSource each set new standards in 2016. In Voluntary Benefit Solutions, full-year sales topped \$80 million for the first time, while revenue of nearly \$315 million also represents a record. CoreSource achieved all-time highs in revenue and earnings, at \$131.7 million and \$18.0 million, respectively.

This strong operating performance helped offset a loss in HealthFitness due to the expense of maintaining the current technology platform while developing the new CaféWell platform that is expected to launch in late 2017. Starmark earnings improved slightly in 2016 despite lower sales and revenue, due to improvement in loss ratios on the stop-loss portion of small-group self-funded plan administration services.

On a consolidated basis, reported pretax earnings totaled \$21.4 million on operating revenue of \$793.2 million. Earnings fell by \$19.7 million, from \$41.1 million reported in 2016, largely due to the above-mentioned technology investment in HealthFitness and the accounting impact of record sales in Voluntary Benefit Solutions, where insurance company statutory accounting rules require that Trustmark deduct all sales acquisition costs of each policy in the year it is written. Revenue declined by \$21.8 million, from \$815.0 in 2015 due to slower sales in HealthFitness and Starmark.

Net income in 2016 increased by more than \$10 million, from \$8.6 million in 2015, to nearly \$19 million. This is due primarily to realized investment losses in 2015. Including investment income, 2016 revenue totaled \$863.3 million.

Consolidated Income Statement

	2016	2015
Revenue		
Premiums		
Life and Annuity	198,358,812	185,315,114
Disability	55,499,037	57,177,011
Health	296,084,548	256,926,063
Net Investment Income	70,096,762	67,667,560
Other Revenue	243,235,523	315,597,293
Total Revenue	863,274,682	882,683,041
Expenses		
Policy Reserve and Incurred Claim Increases	304,593,070	309,699,361
Agent Commissions	105,364,754	102,291,303
Operating and Other Expenses	430,161,430	428,016,365
Interest Expense	1,788,882	1,611,327
Total Expenses	841,908,136	841,618,356
Net Gain from Operations before FIT	21,366,545	41,064,685
FIT (benefit)	3,547,569	(5,134,717)
Net Gain from Operations before Realized Investment Gains/Losses	17,818,976	46,199,402
Realized Investment Gains (losses)	1,147,543	(37,553,621)
Net Income	18,966,519	8,645,781

Consolidated Balance Sheet

	2016	2015
Assets		
Bonds	1,483,868,296	1,373,847,613
Equities	166,999,608	228,737,634
Mortgage Loans	43,123,707	26,211,218
Real Estate	22,939,203	24,523,836
Policy Loans	18,968,645	18,373,306
Cash and Cash Equivalents	173,148,053	165,391,758
Investment Receivable	1,192,591	2,149,611
Total Invested Assets	1,910,240,103	1,839,234,976
Electronic Data Processing Equipment	17,436,971	21,125,998
Intangible Assets	87,793,727	92,491,789
Investment Income Due and Accrued	12,622,523	12,313,344
Premium Due and Deferred, Net	9,576,367	9,507,674
Reinsurance and Other Receivables	56,975,969	67,719,815
Federal Income Taxes	7,337,446	10,270,266
Total Assets	2,101,983,106	2,052,663,862
Liabilities		
Policy, Premium, and Claim Reserves		
Life	740,543,323	696,049,095
Health	349,974,756	359,995,107
Dividend Accumulations & Premium Deposit Funds	43,320,218	44,882,607
Reinsurance Payable	422,447	1,225,709
Commissions, Taxes, and Other Accrued Expenses	103,851,300	102,391,725
Amounts Retained by Company as Trustee	46,677,782	38,444,018
Remittances and Items Not Allocated	15,317,968	16,978,683
Interest Maintenance Reserve	25,286,947	30,898,602
Debt	89,537,330	89,446,304
Other Liabilities	11,974	7,322
Total Liabilities	1,414,944,045	1,380,319,172
Surplus		
Asset Valuation Reserve	40,476,739	37,625,822
Unassigned Surplus	646,562,322	634,718,868
Total Surplus	687,039,061	672,344,690
Total Liabilities and Surplus	2,101,983,106	2,052,663,862

Consolidated Balance Sheet*

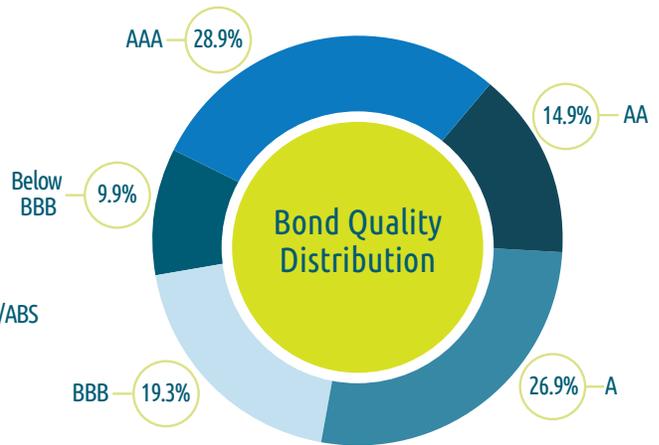
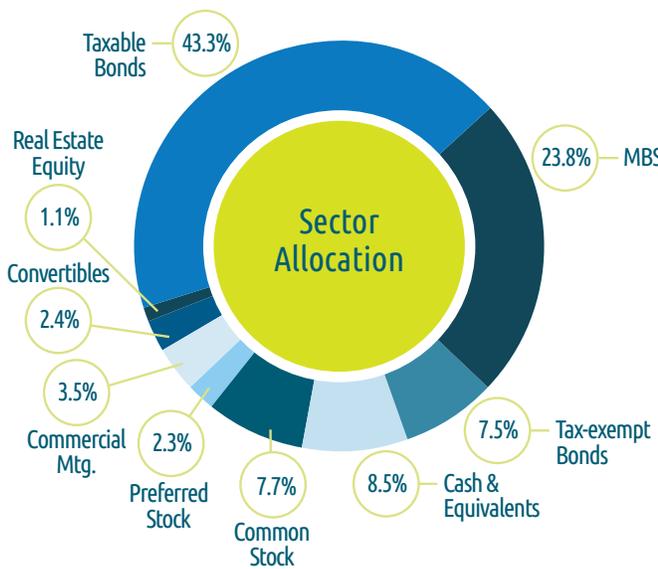
As of December 31, 2016, the company's consolidated assets were \$2.1 billion and consolidated capital and surplus was \$687.0 million. Trustmark maintains a conservative debt-to-capital ratio of 11.5 percent and an NAIC Risk-based Capital level of more than 1,150 percent, nearly six times the regulatory minimum.

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

Investment Portfolio Analysis

Trustmark's portfolio had a total return for the year ended December 31, 2016 of 5.2 percent. All asset classes experienced positive returns, led by domestic equities.

At year-end, 88 percent of Trustmark's \$1.9 billion investment portfolio was in fixed income and preferred securities. Trustmark's well-diversified portfolio should help protect the company's assets as interest rates rise and as markets experience periods of uncertainty and volatility.



Building Stronger Communities: The Trustmark Foundation

Giving back to our communities is an integral part of Trustmark's culture. In 1913, two railroad workers enlisted two insurance professionals and formed 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 it serves. It is a two-level commitment in which employees work as individuals and together as one company to give back to the community and improve the quality of life for all.

The Trustmark Foundation, established in 1984, ensures the continuation of this important commitment.

Each year, Trustmark contributes a percentage of pretax earnings to charity. The Trustmark Foundation coordinates and administers the giving program. In 2016, The Trustmark Foundation distributed a total of nearly \$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 employees – and urban and cultural enrichment. Foundation contributions in 2016 included \$100,526 to the United Way and \$352,075 to support health and safety programs. The Foundation contributed \$126,320 to colleges and other organizations that have helped educate Trustmark employees and their children; \$27,550 to urban and civic organizations; and \$4,500 to support cultural organizations and events.



In addition to Foundation gifts, the United Way also benefits from an employee solicitation, conducted each year by Trustmark volunteers, who believe that the United Way is the most efficient way to provide broad-based assistance to those in the community who need it most.

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 2016, the Foundation donated \$228,000, distributed among 34 charities selected through the program.

To further Trustmark's mission to increase wellbeing, the company administers a health education initiative called IMPACT, which awards mini-grants to local teachers of any grade who promote healthy lifestyles through innovative educational curricula. For the 2016/2017 school year, Trustmark awarded 58 grants totaling more than \$48,000 to teachers in Lake County, Illinois.

Finally, the Foundation also encourages employee volunteerism by making gifts, ranging from \$200 to \$750, to eligible organizations where associates contribute significant time. The Foundation awarded \$3,800 in Volunteer Grants on behalf of associates in 2016.



A team of Trustmark attorneys participate in Lawyers in the Classroom.



Associates volunteer at Arch Street Center in Lancaster, PA.



Charlotte, NC, office sponsors Pink Day to promote breast cancer



YouthBuild USA is one of 34 organizations chosen to receive a 2016 Employees' Choice Grant.



Boardman, OH, associates present a grant to MakingKidsCount.



Associates present a Foundation check to the Regional Environmental Council of Central Massachusetts.

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President and Chief Executive Officer



Paul Lotharius
Senior Vice President
President and Chief Executive Officer
HealthFitness



Nancy Eckrich, FLMI, HIA, ALHC
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Steve Auburn
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Investments and Risk Management



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James L. Coleman
Senior Vice President
and Chief Enterprise Marketing Officer

Directors

David D. Weick, Chairman

Retired Chief Information Officer
Senior Vice President, Shared Services
McDonald's Corporation

Frederick L. Blackmon

Trustee, Pacific Funds
Trustee, Pacific Select Funds
**Retired from Board December 2016*

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Office of Strategy Management
Marvin Companies

Retired Managing Director
and Chief Investment Officer
U.S. Trust Company, N.A.

Daniel T. Cox, FSA

Retired Managing Director
JPMorgan
**Retired from Board June 2016*

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Managing Director
Mayflower Partners

Kristine K. Malkoski

President North America
& Chief Innovation Officer
World Kitchen, LLC.

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Retired Chief Executive Officer
The Trustmark Companies

Joseph L. Pray, CLU, ChFC

President and Chief Executive Officer
The Trustmark Companies

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Senior Member of the Health Care
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Epstein, Becker & Green, P.C.

Peter D. Ziegler

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

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Helping people increase
wellbeing through better health
and greater financial security.

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