Financial Stability

The Strength of a Leader

Colonial Life®
Making benefits count.

When choosing an insurance company, you want a provider that is both stable and financially sound. You can count on that with Colonial Life.

As a member of the Unum family of businesses, Colonial Life is a strong industry leader with a secure future. The company's financial position remains solid and well positioned to serve customers' needs and deliver on promises now and in the future.

Colonial Life operates as a stand-alone business of Unum, a Fortune 500 company. Our entire operation — customer call centers, underwriting, claims processing, product development and marketing activities — is managed independently at our headquarters in Columbia, S.C.

Strong Financial Background

Colonial Life has a long tradition of consistent, profitable financial performance, prudent investment strategies and financial integrity. The results are evident in the quality of our investment portfolio and the strength of our balance sheet.

- Since 1939:
  - Statutory premiums have grown at an average compound annual growth rate of 14 percent.
  - Colonial Life's statutory assets have grown at an average compound annual growth rate of 17 percent.
  - Total statutory liabilities have grown at an average compound annual growth rate of 17 percent.
- Over the last 10 years, policyholder reserves, which are approximately 90 percent of liabilities, have grown at an average compound annual growth rate of 7 percent.

We take pride in the overall financial strength of our company, and we want you to know about our:

- Consistently strong industry ratings.
- Strong investment portfolio.
- Long-term profitable growth.

Colonial Life has the resources and the integrity to meet its obligations to customers and continue to grow the company. As a proven industry leader with a strong financial background, we can make benefits count for employers and employees.

Fast Facts About Colonial Life

- Headquartered in Columbia, S.C.
- Founded in 1939.
- 1,100 employees.
- Approximately 10,000-member independent contractor sales organization nationwide.
- More than 6,000 active Colonial Life-contracted brokers.
- Offers a broad portfolio of personal insurance products, including disability, accident, life, cancer, critical illness and hospital confinement coverage.
- Continues to be a leader in benefits communication and education, enrollment and customer service, while providing personal insurance products to employees and their families through the workplace.
- Operates in 49 states, the District of Columbia and Puerto Rico. In New York, similar products and services, if approved, are underwritten by a Colonial Life affiliate, The Paul Revere Life Insurance Company.
- Serves more than 79,000 businesses and organizations.[1]
- More than 3 million policies in force.[1]
- Is a stand-alone business of Unum, a Fortune 500 company and a market leader in disability, critical illness, life and voluntary benefits.
- Received "Reader's Choice" awards in all five categories relevant to its business: best at working with brokers, best service from an enrollment company, best at embracing new technologies, best consumer-driven health care products and best prepared for health care reform.[2]
- Named one of the best large companies to work for in S.C.

[1] *Colonial Life & Accident Insurance Company corporate records as of year-end 2012.*

[2] *Benefits Selling Magazine, November 2012.*

Consistently Strong Industry Ratings[3]

While the ultimate judge of an insurance company is the customer, independent rating agencies also judge, or rate, insurance companies. These ratings can help you determine the financial strength and liquidity of a company. Unum's primary subsidiaries[4] consistently earn strong financial strength ratings from the four major rating agencies.

A.M. Best Company

Colonial Life	A Excellent
Unum Life	A Excellent
First Unum Life	A Excellent
Provident Life and Accident	A Excellent
Provident Life and Casualty	A Excellent
Paul Revere Life	A Excellent

Ratings from A to C also may be enhanced with a "++" (double plus), "+" (plus) or "-" (minus) to indicate whether credit quality is near the top or bottom of a category.

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations.

A.M. Best Financial Strength Ratings

Secure Ratings

A++, A+	Superior
A, A-	Excellent
B++, B+	Good

Vulnerable Ratings

B, B-	Fair
C++, C+	Marginal
C, C-	Weak
D	Poor
E	Under Regulatory Supervision
F	In Liquidation
S	Suspended

Moody's Investors Service

Colonial Life	A 2 Good
Unum Life	A 2 Good
First Unum Life	A 2 Good
Provident Life and Accident	A 2 Good
Paul Revere Life	A 2 Good

Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. Numeric modifiers are used to refer to the ranking within a group — with 1 being the highest and 3 being the lowest. However, the financial strength of companies within a generic rating symbol (Aa, for example) is broadly the same.

Moody's Insurance Financial Strength Ratings are opinions of the ability of insurance companies to pay punctually senior policyholder claims and obligations.

Moody's Long-Term Insurance Financial Strength Ratings

Aaa	Exceptional
Aa	Excellent
A	Good
Baa	Adequate
Ba	Questionable
B	Poor
Caa	Very Poor
Ca	Extremely Poor
C	Lowest

Standard & Poor's

Colonial Life	A Strong
Unum Life	A Strong
First Unum Life	A Strong
Provident Life and Accident	A Strong
Paul Revere Life	A Strong

Ratings range from the highest category 'AAA' to the lowest 'CC'. Interactive ratings between 'AA' and 'B' may also include a 'plus' or 'minus' designation to show relative standing within the category.

A Standard & Poor's Insurer Financial Strength Rating is an opinion of the financial strength and credit worthiness of an insurance company, evaluating its ability to meet its financial commitments to policyholders.

Standard & Poor's Insurer Financial Strength Ratings

Secure Ratings

AAA	Extremely Strong
AA	Very Strong
A	Strong
BBB	Good

Vulnerable Ratings

BB	Marginal
B	Weak
CCC	Very Weak
CC	Extremely Weak
R	Regulatory Supervision
NR	Not Rated

Fitch

Colonial Life	A Strong
Unum Life	A Strong
First Unum Life	A Strong
Provident Life and Accident	A Strong
Provident Life and Casualty	A Strong
Paul Revere Life	A Strong

Plus (+) or minus (-) may be appended to a rating to indicate the relative position of a credit within the rating category. Such suffixes are not added to ratings in the "AAA"category or to ratings below the "B" category.

A Fitch Insurer Financial Strength (IFS) rating provides an assessment of the financial strength of an insurance organization. The IFS Rating is assigned to the insurance company's policyholder obligations, including assumed reinsurance obligations and contract holder obligations, and reflects the ability of the insurer to meet these obligations on a timely basis.

Fitch Long-Term International IFS Ratings

Secure Ratings

AAA	Exceptionally Strong
AA	Very Strong
A	Strong
BBB	Good

Vulnerable Ratings

BB	Moderately Weak
B	Weak
CCC	Very Weak
CC	Extremely Weak
C	Distressed

[3] *Industry ratings are not a warranty of an insurer's financial strength, current or future ability to meet its obligations to policyholders nor a recommendation of a specific policy form, contract, rate or claim practice. In addition, industry ratings do not address the suitability of a particular insurance policy or contract for a specific purpose or purchaser.*

[4] *Unum's primary subsidiaries are Unum Life Insurance Company of America, Provident Life and Accident Insurance Company, Provident Life and Casualty Insurance Company, The Paul Revere Life Insurance Company, Colonial Life & Accident Insurance Company, and First Unum Life Insurance Company.*

Strong Investment Portfolio

Colonial Life's investment program is characterized by a long-term view and prudent management of financial risk. The foremost requirement of Colonial Life's investment program is that the ability to meet policyholder commitments cannot be impaired by investment results. Therefore, we manage our assets in a manner that ensures we meet this basic responsibility during all economic conditions.

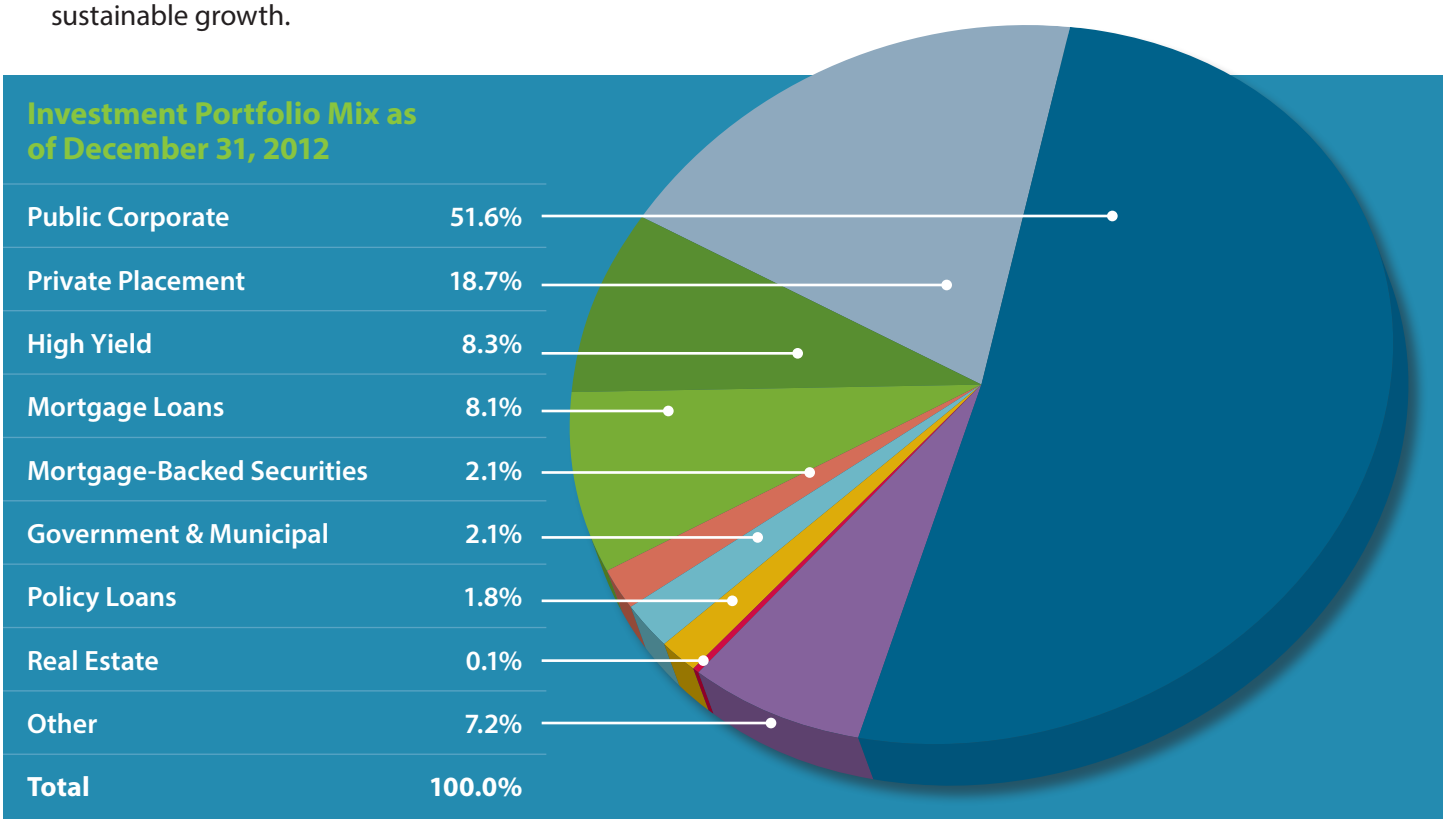
Colonial Life has a strong investment portfolio invested in diverse markets and securities, which reduces the effect of unexpected events on the total investment program.

Colonial Life's portfolio as of December 31, 2012, had limited exposure to potentially risky investments such as commercial real estate and commercial mortgages.

- **Approximately 83 percent invested in bonds.**
- **Less than 1 percent invested in real estate.**
- **Approximately 8 percent invested in commercial mortgages (compared with the 2011 industry average[5] of 10 percent).**

Investment Portfolio Mix

Colonial Life's investments are positioned to support the long-term strength of the company and its strategy of sustainable growth.



[5] *Source: A.M. Best Company year-end 2011 Best's Aggregates & Averages.*

Long-Term Profitable Growth

A history of prudent investment strategies and financial integrity has enabled Colonial Life to sustain long-term growth to benefit policyholders. Our practice of investing in quality securities has resulted in a 17 percent average compound annual growth rate in statutory assets since the company was founded.

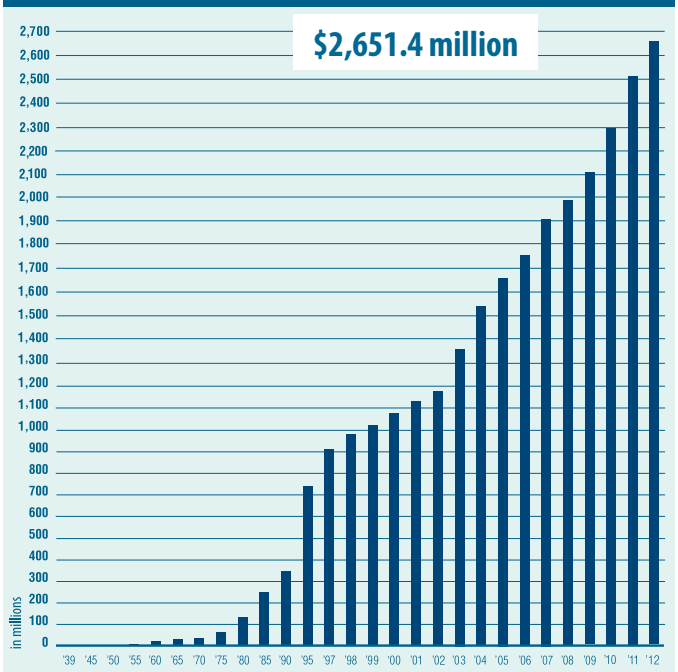
Assets and liabilities should be managed so as to complement one another to minimize balance sheet risk. Therefore, asset quality, as well as the effective management of assets and liabilities, are vital indicators of an insurance company's financial strength. Since the inception of the company, total statutory liabilities have grown at an average compound annual growth rate of 17 percent. Over the last 10 years, policyholder reserves, which are approximately 90 percent of liabilities, have grown at an average compound annual growth rate of 8 percent.

Colonial Life has a tradition of consistent and profitable financial performance. Since 1939, statutory premiums have grown at an average compound annual growth rate of 14 percent. We are proud of our long-term record of consistent growth that helps guarantee our ability to meet current and future policyholder commitments.

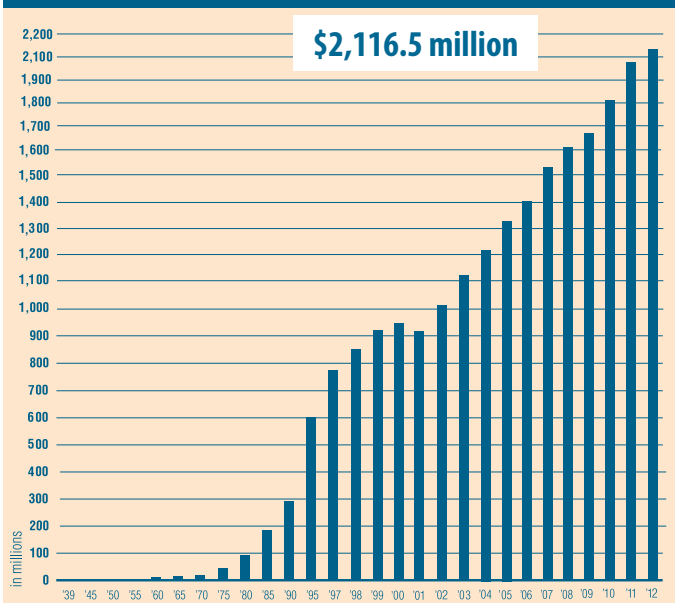
Count on Colonial Life

The quality of our investment portfolio and the strength of our balance sheet are important factors in our ability to sustain overall strength in the marketplace. We are committed to providing affordable insurance products to meet our customers' needs, to meeting our financial commitments, and to making benefits count.

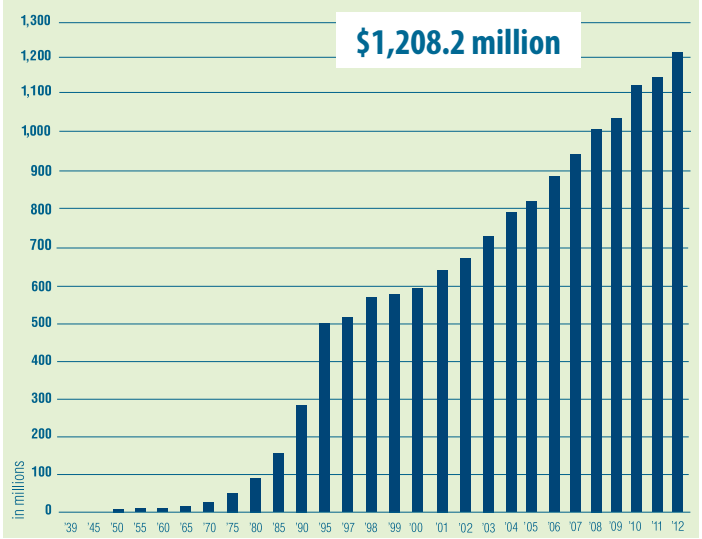
2012 Assets



2012 Liabilities



2012 Premiums



Colonial Life®

Making benefits count.

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