

at a glance

- Rated A- (Excellent) by A.M. Best
- Rated A- (Strong) by Fitch Ratings
- \$1.7 billion in assets
- 95 years in business
- 2,400 employees
- 2 million policyholders

# The Trustmark Companies

## Operating Divisions

**Starmark** focuses solely on underwriting and administering life and health benefits for companies with two to 50 employees.

**Trustmark Group Benefits** delivers employee benefits to midsize companies with more than 50 employees. A specialized suite of products and services, Trustmark Group Select, offers plans and underwriting tailored to employers with 51 to 99 employees.

**CoreSource, Inc.** designs and integrates customized employee benefit plans for midsize and larger employers that choose to self-fund.

**Trustmark Voluntary Benefit Solutions** provides benefits, including life, disability, dental, accident and critical illness coverage, designed specifically for the voluntary market.

**Trustmark Affinity Markets** specializes in benefit plans and administration services for established groups of affiliated organizations. In addition, the division offers group insurance and stop loss products through partnerships with select managing general agents.

Trustmark's portfolio of businesses also includes three individual product segments – medical, disability income, and annuity – though the company ceased marketing these products in late 2001 and early 2002.

## Overview of 2007 Consolidated Results\* and Capitalization

Trustmark posted another year of strong earnings in 2007, generating \$62.2 million in pretax gain on operating revenue of \$888.4 million. Earnings were down \$3.8 million from \$66.0 million last year, due primarily to a higher frequency of large claims in Group Benefits, the expense of upgrading and streamlining claim processing platforms in CoreSource, and continued investment in external expansion of the company's healthcare fraud management subsidiary.

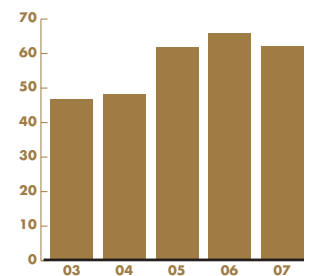
In late October, Trustmark settled, on favorable terms, a legal dispute regarding workers' compensation and accident reinsurance (WEB) contracts Trustmark entered into in the late 1990s. The company had substantial reserves set aside, limiting the impact of the settlement to an after-tax charge to surplus of \$22.8 million. In November, A.M. Best responded to the settlement by upgrading Trustmark's insurer financial rating to A- (Excellent). This followed an upgrade earlier in the year to A- (Strong) from Fitch Ratings, based on the company's solid financial performance and capital position.

Trustmark developed and launched a number of new products in 2007. Starmark added Healthy Incentives, a product line that lets employers benefit from better health among their employees – and enables Trustmark to enter, and be competitive in, many new markets across the country. In Voluntary Benefit Solutions, we enhanced our product offering with a new group critical illness plan and completed the design of an accident product.

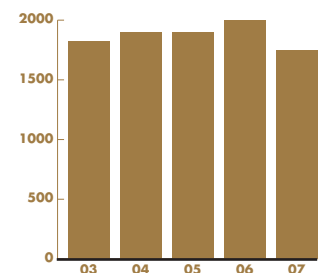
In April 2007, Trustmark invested in a Massachusetts-based healthcare data analytics company. By October, CoreSource had rolled out CoreCare, a suite of medical management products that utilize those data analytics tools to help plan participants identify and manage health risks earlier. The investment also offers Trustmark the opportunity to realize economic value from owning part of an attractive company in a growing segment of the healthcare industry.

Due to strong overall operating results, capital and surplus, a key measure of financial strength, grew by \$12.4 million, to \$504.0 million. At year-end 2007, Trustmark's NAIC Risk-Based Capital Ratio stood at 1,128 percent.

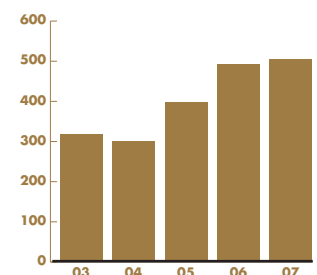
Reported Pretax Operating Gain  
In Millions



Assets  
In Millions



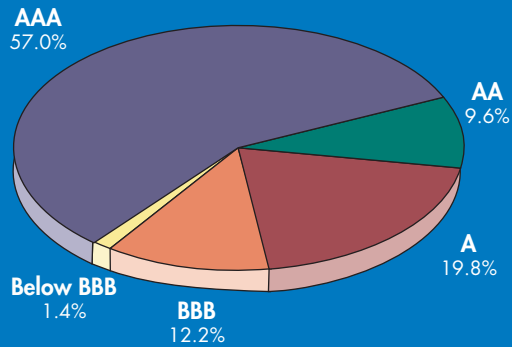
Capital & Surplus  
In Millions



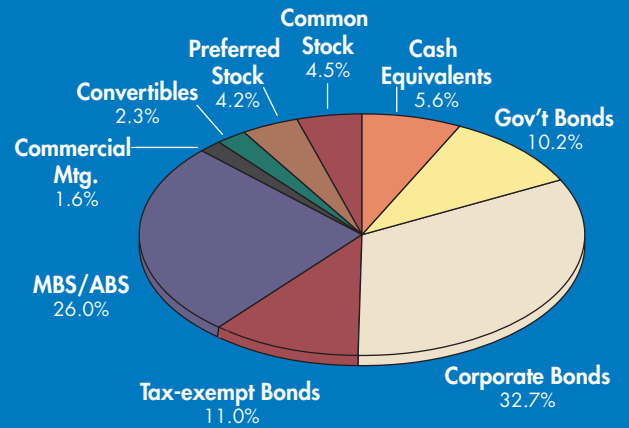
\*Consolidated capital and surplus

\*This report represents the consolidated financial results of Trustmark Mutual Holding Company for the 2007 fiscal year. Trustmark subsidiary companies and operating divisions include Trustmark Life Insurance Company, Trustmark Insurance Company, CoreSource, Starmark, Trustmark Group Benefits, Trustmark Affinity Markets and Trustmark Voluntary Benefit Solutions. Trustmark Mutual Holding Company's total admitted assets and adjusted surplus at year-end 2007 were \$1.7 billion and \$504.0, respectively.

## Bond Quality Distribution



## Sector Allocation



## Investment Portfolio Analysis

Since its founding in 1913, Trustmark has grown dramatically into what is now a family of companies, The Trustmark Companies. Each provides valuable benefits or expert administrative services, and each remains closely tied to the people it serves and true to a belief in strong, long-lasting customer relationships.

Trustmark's focus on five specialized, employer-based operating divisions allows the company to serve the unique needs of companies ranging in size from two to thousands of employees. This diversified, yet targeted, business strategy allows the company to allocate resources to rising-tide markets while at the same time achieving an appropriate balance of revenue from its risk- and nonrisk-based businesses.

Trustmark's conservative investment philosophy and high quality fixed income assets helped the portfolio to weather one of the toughest investment markets in a generation. No impairment charges were incurred on mortgage or sub-prime loans, which was a major reason that the portfolio was able to produce a total return of 4.83% under these extreme conditions.

At year-end, over 88% of the company's \$1.5 billion of marketable securities were in fixed income and preferred securities, and only 1.4% of bonds were rated below investment grade. This well diversified, conservative portfolio should continue to protect Trustmark from the future market challenges of a weak housing market and a potential economic recession.

## High Marketplace Standards

Trustmark is a charter member of the Insurance Marketplace Standards Association (IMSA), a voluntary organization whose members are committed to the highest standards of marketplace conduct in the sale of individual life insurance, annuities and long-term care coverage.



**INSURANCE MARKETPLACE  
STANDARDS ASSOCIATION**



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