
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **April 29, 2019**

CNO Financial Group, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other
Jurisdiction of Incorporation)

001-31792
(Commission File Number)
11825 North Pennsylvania Street
Carmel, Indiana 46032
(Address of Principal Executive Offices) (Zip Code)

75-3108137
(I.R.S. Employer
Identification No.)

(317) 817-6100
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On April 29, 2019, CNO Financial Group, Inc. (the "Company") issued: (i) a press release announcing its financial results for the quarter ended March 31, 2019, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference; and (ii) additional information related to the Company's financial and operating results for the quarter ended March 31, 2019, a copy of which is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information contained under Item 2.02 in this Current Report on Form 8-K (including Exhibits 99.1 and 99.2) is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. The information contained in this Current Report on Form 8-K shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 8.01. Other Events.

On April 29, 2019, CNO also announced that it has acquired privately-owned Web Benefits Design Corporation, a leading on-line benefits administration firm. A copy of the press release announcing the acquisition is filed as Exhibit 99.3 and is incorporated herein by reference.

Item 9.01(d). Financial Statements and Exhibits.

The following materials are furnished as exhibits to this Current Report on Form 8-K:

- 99.1 [Press release dated April 29, 2019 related to financial results for the quarter ended March 31, 2019.](#)
- 99.2 [Quarterly Financial Supplement - 1Q2019.](#)
- 99.3 [Press release dated April 29, 2019 related to acquisition of Web Benefits Design Corporation.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CNO Financial Group, Inc.

Date: April 29, 2019

By: /s/ John R. Kline

John R. Kline

Senior Vice President and
Chief Accounting Officer



News

For Immediate Release

CNO Financial Group Reports First Quarter 2019 Results

Carmel, Ind., April 29, 2019 - CNO Financial Group, Inc. (NYSE: CNO) today announced that for the quarter ending March 31, 2019, net income was \$0.32 per diluted share, compared to \$0.50 per diluted share in 1Q18. CNO also reported that 1Q19 net operating income (1) was \$0.41 per diluted share, compared to \$0.39 in 1Q18 (as adjusted to remove the earnings from the long-term care business that was ceded in 3Q18).

"For the third consecutive quarter, CNO delivered strong production results in all three of our businesses," said Gary C. Bhojwani, chief executive officer. "The product development, market access and agent force programs that we have steadily implemented over the last four to six quarters continue to drive growth and consumer value."

Highlights

- First-year collected premiums were up 18% from 1Q18
 - All health benefit ratios were within - or more favorable - than provided guidance
 - Returned \$63.4 million to shareholders in the form of share repurchases (\$47.0 million) and dividends (\$16.4 million)
 - Book value per common share was \$23.99 at March 31, 2019
 - Completed Web Benefits Design acquisition ([Read the press release here](#))
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Quarterly Operating Results

	Three months ended	
	March 31,	
	2019	2018
	(Dollars in millions, except per share data)	
Net operating income (1)	\$ 65.8	\$ 73.9
Net realized investment gains (losses) from sales and impairments (net of related amortization)	(.7)	.5
Net change in market value of investments recognized in earnings	16.6	(15.7)
Fair value changes in embedded derivative liabilities (net of related amortization)	(29.6)	25.1
Fair value changes related to agent deferred compensation plan	(5.3)	—
Other	1.2	3.3
Non-operating income (loss) before taxes	(17.8)	13.2
Income tax expense (benefit) on non-operating income	(3.8)	2.8
Net non-operating income (loss)	(14.0)	10.4
Net income	\$ 51.8	\$ 84.3
Per diluted share:		
Net operating income	\$.41	\$.44
Net realized investment gains (losses) from sales and impairments (net of related amortization and taxes)	—	—
Net change in market value of investments recognized in earnings (net of taxes)	.08	(.07)
Fair value changes in embedded derivative liabilities (net of related amortization and taxes)	(.15)	.12
Fair value changes related to agent deferred compensation plan (net of taxes)	(.03)	—
Other	.01	.01
Net income	\$.32	\$.50

Please refer to our 1Q2019 Quarterly Financial Supplement for additional information related to the Company's financial and reporting results for the quarter ended March 31, 2019. Such information was furnished as an exhibit to our Current Report on Form 8-K dated April 29, 2019.

Significant Items Impacting Net Operating Income

	Three months ended			
	March 31,			
	2019		2018	
	Dollars in millions	Per diluted share	Dollars in millions	Per diluted share
Net operating income (1)	\$ 65.8	\$.41	\$ 73.9	\$.44
Earnings on long-term care ceded block	—	—	(8.2)	(.05)
Net operating earnings, excluding the earnings on the long-term care ceded block	65.8	.41	65.7	.39
Significant items identified in prior year press release	—	—	(.9)	(.01)
Net operating earnings, excluding significant items and the earnings on the long-term care ceded block	\$ 65.8	\$.41	\$ 64.8	\$.38

In 3Q18, we ceded the Bankers Life legacy long-term care business under a 100% indemnity coinsurance agreement. In the above table, we have adjusted the operating earnings, excluding significant items, in 1Q18 to remove the earnings of this block.

There were no significant items in 1Q19. The significant items in 1Q18 included: (i) a \$2.3 million release of long-term care reserves (net of the reduction in insurance intangibles) due to the impact of policyholder actions following rate increases; (ii) a \$1.1 million out-of-period adjustment which increased reserves on closed block annuities; and (iii) an increase in tax expense of \$.3 million.

Non-Operating Items

Net realized investment losses in 1Q19 were \$.7 million (net of related amortization) including other-than-temporary impairment losses of \$2.2 million which were recorded in earnings. Net realized investment gains in 1Q18 were \$.5 million (net of related amortization). There were no other-than-temporary impairment losses recognized in 1Q18.

During 1Q19 and 1Q18, we recognized an increase (decrease) in earnings of \$16.6 million and \$(15.7) million, respectively, due to the net change in market value of investments recognized in earnings.

During 1Q19 and 1Q18, we recognized an increase (decrease) in earnings of \$(29.6) million and \$25.1 million, respectively, resulting from changes in the estimated fair value of embedded derivative liabilities related to our fixed index annuities, net of related amortization. Such amounts include the impacts of changes in market interest rates used to determine the derivative's estimated fair value.

In 1Q19, we recognized a decrease in earnings of \$5.3 million for the mark-to-market change in the agent deferred compensation plan liability which was impacted by changes in the underlying actuarial assumptions used to value the liability. We recognize the mark-to-market change in the estimated value of this liability through earnings as assumptions change.

Statutory (based on non-GAAP measures) and GAAP Capital Information

Our consolidated statutory risk-based capital ratio was estimated at 416% at March 31, 2019, reflecting estimated 1Q19 statutory operating income of \$83 million and the payment of insurance company dividends to the holding company of \$41.0 million during 1Q19.

During the first quarter of 2019, we repurchased \$47.0 million of common stock under our securities repurchase program (including \$6.0 million of repurchases settled in 2Q19). We repurchased 2.9 million common shares at an average cost of \$16.25 per share. As of March 31, 2019, we had 160.0 million shares outstanding and had authority to repurchase up to an additional \$237.6 million of our common stock. During 1Q19, dividends paid on common stock totaled \$16.4 million.

Unrestricted cash and investments held by our holding company were \$230 million at March 31, 2019, compared to \$220 million at December 31, 2018.

Book value per common share was \$23.99 and \$20.78 at March 31, 2019 and December 31, 2018, respectively. Book value per diluted share, excluding accumulated other comprehensive income (loss) (2), was \$19.76 at March 31, 2019, compared to \$19.52 at December 31, 2018.

The debt-to-capital ratio was 19.3 percent and 21.4 percent at March 31, 2019 and December 31, 2018, respectively. Our debt-to-total capital ratio, excluding accumulated other comprehensive income (3) was 22.4 percent at March 31, 2019 compared to 22.3 percent at December 31, 2018.

Other Announcements

CNO also announced today that it has acquired privately-owned Web Benefits Design Corporation, a leading on-line benefits administration firm. Please refer to today's separate release for additional information.

Conference Call

The Company will host a conference call to discuss results on April 30, 2019 at 10:00 a.m. Eastern Daylight Time. The webcast can be accessed through the Investors section of the company's website: <http://ir.CNOinc.com>. Participants should go to the website at least 15 minutes before the event to register and download any necessary audio software. During the call, we will be referring to a presentation that will be available the morning of the call at the Investors section of the company's website.

About CNO Financial Group

CNO Financial Group, Inc. (NYSE: CNO) is a holding company. Our insurance companies - principally Bankers Life and Casualty Company, Colonial Penn Life Insurance Company and Washington National Insurance Company - primarily serve middle-income pre-retiree and retired Americans by helping them protect against financial adversity and provide for a more secure retirement. For more information, visit CNO online at www.CNOinc.com.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(Dollars in millions)
(unaudited)

	March 31, 2019	December 31, 2018
ASSETS		
Investments:		
Fixed maturities, available for sale, at fair value (amortized cost: March 31, 2019 - \$18,477.5; December 31, 2018 - \$18,107.8)	\$ 19,468.4	\$ 18,447.7
Equity securities at fair value (cost: March 31, 2019 - \$42.2; December 31, 2018 - \$319.8)	40.8	291.0
Mortgage loans	1,626.1	1,602.1
Policy loans	121.3	119.7
Trading securities	237.9	233.1
Investments held by variable interest entities	1,241.4	1,468.4
Other invested assets	943.3	833.4
Total investments	23,679.2	22,995.4
Cash and cash equivalents - unrestricted	621.6	594.2
Cash and cash equivalents held by variable interest entities	69.7	62.4
Accrued investment income	214.8	205.2
Present value of future profits	333.6	343.6
Deferred acquisition costs	1,289.1	1,322.5
Reinsurance receivables	4,879.7	4,925.4
Income tax assets, net	479.9	630.0
Assets held in separate accounts	4.9	4.4
Other assets	741.9	356.7
Total assets	\$ 32,314.4	\$ 31,439.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Liabilities for insurance products:		
Policyholder account balances	\$ 11,658.2	\$ 11,594.1
Future policy benefits	11,252.9	11,082.4
Liability for policy and contract claims	521.0	521.9
Unearned and advanced premiums	255.9	253.9
Liabilities related to separate accounts	4.9	4.4
Other liabilities	804.0	632.4
Investment borrowings	1,645.5	1,645.8
Borrowings related to variable interest entities	1,416.8	1,417.2
Notes payable – direct corporate obligations	917.3	916.8
Total liabilities	28,476.5	28,068.9
Commitments and Contingencies		
Shareholders' equity:		
Common stock (\$0.01 par value, 8,000,000,000 shares authorized, shares issued and outstanding: March 31, 2019 – 159,955,172; December 31, 2018 – 162,201,692)	1.6	1.6
Additional paid-in capital	2,952.2	2,995.0
Accumulated other comprehensive income	654.9	177.7
Retained earnings	229.2	196.6
Total shareholders' equity	3,837.9	3,370.9
Total liabilities and shareholders' equity	\$ 32,314.4	\$ 31,439.8

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(Dollars in millions, except per share data)
(unaudited)

	Three months ended	
	March 31,	
	2019	2018
Revenues:		
Insurance policy income	\$ 619.3	\$ 659.9
Net investment income:		
General account assets	270.6	329.1
Policyholder and other special-purpose portfolios	85.2	12.8
Realized investment gains (losses):		
Net realized investment gains (losses), excluding impairment losses	18.3	(15.2)
Impairment losses recognized (a)	(2.2)	—
Total realized gains	16.1	(15.2)
Fee revenue and other income	31.8	21.2
Total revenues	1,023.0	1,007.8
Benefits and expenses:		
Insurance policy benefits	623.5	586.6
Interest expense	41.0	33.6
Amortization	58.2	71.9
Other operating costs and expenses	234.7	207.6
Total benefits and expenses	957.4	899.7
Income before income taxes	65.6	108.1
Income tax expense on period income	13.8	23.8
Net income	\$ 51.8	\$ 84.3
Earnings per common share:		
Basic:		
Weighted average shares outstanding	160,948,000	167,060,000
Net income	\$.32	\$.50
Diluted:		
Weighted average shares outstanding	162,189,000	169,677,000
Net income	\$.32	\$.50

(a) No portion of the other-than-temporary impairments recognized in the periods was included in accumulated other comprehensive income.

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CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
FIRST-YEAR COLLECTED PREMIUMS
(Dollars in millions)

	Three months ended March 31,	
	2019	2018
Bankers Life:		
Medicare supplement	\$ 14.3	\$ 15.4
Long-term care	4.4	3.7
Supplemental health	1.1	1.1
Other health	.2	.2
Life	25.9	29.2
Annuity	314.2	249.9
Total	360.1	299.5
Washington National:		
Supplemental health and other health	16.7	18.4
Life	1.9	1.3
Total	18.6	19.7
Colonial Penn:		
Life	12.8	11.9
Total	12.8	11.9
Total first-year collected premiums from segments	\$ 391.5	\$ 331.1

TOTAL COLLECTED PREMIUMS
(Dollars in millions)

	Three months ended March 31,	
	2019	2018
Bankers Life :		
Medicare supplement	\$ 184.0	\$ 188.3
Long-term care	63.8	64.8
Supplemental health	6.0	5.8
Other health	1.5	1.5
Life	113.3	115.2
Annuity	315.3	251.4
Total	683.9	627.0
Washington National :		
Supplemental health and other health	157.0	155.7
Medicare supplement	10.6	12.5
Life	8.8	7.6
Annuity	.4	.4
Total	176.8	176.2
Colonial Penn:		
Life	76.8	74.8
Medicare supplement and other health	.4	.5
Total	77.2	75.3
Long-term care in run-off:		
Long-term care	3.6	49.6
Total	3.6	49.6
Total collected premiums from segments	\$ 941.5	\$ 928.1

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CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
NEW ANNUALIZED PREMIUMS FOR LIFE AND HEALTH PRODUCTS (4)
(Dollars in millions)

	Three months ended March 31,	
	2019	2018
Bankers Life :		
Medicare supplement	\$ 12.4	\$ 12.9
Long-term care	5.8	5.0
Supplemental health and other health	1.2	1.3
Life	14.1	16.5
Total	33.5	35.7
Washington National :		
Supplemental health	20.7	22.0
Life	3.2	1.8
Total	23.9	23.8
Colonial Penn:		
Life	22.4	18.6
Total	22.4	18.6
Total new annualized premiums	\$ 79.8	\$ 78.1

ANNUITY ACCOUNT VALUES
(Dollars in millions)

	March 31,	
	2019	2018
Bankers Life	\$ 8,688.6	\$ 8,221.2
Washington National	331.9	368.1
Total	\$ 9,020.5	\$ 8,589.3

BROKER DEALER AND REGISTERED INVESTMENT ADVISOR CLIENT ASSETS
(Dollars in millions)

	Three months ended March 31,	
	2019	2018
Net new client assets (a):		
Brokerage	\$ (3.0)	\$ 12.2
Advisory	35.7	50.5
Total	\$ 32.7	\$ 62.7
Client assets at end of period (b):		
Brokerage	\$ 861.6	\$ 806.7
Advisory	372.8	219.1
Total	\$ 1,234.4	\$ 1,025.8

- (a) Net new client assets includes total inflows of cash and securities into brokerage and managed advisory accounts less outflows. Inflows include interest and dividends and exclude changes due to market fluctuations.
- (b) Client assets include cash and securities in brokerage and managed advisory accounts.

Bankers Life is the marketing brand of various affiliated companies of CNO Financial Group including, Bankers Life and Casualty Company, Bankers Life Securities, Inc., and Bankers Life Advisory Services, Inc. Non-affiliated insurance products are offered through Bankers Life General Agency, Inc. (dba BL General Insurance Agency, Inc., AK, AL, CA, NV, PA). Agents who are financial advisors are registered with Bankers Life Securities, Inc.

Securities and variable annuity products and services are offered by Bankers Life Securities, Inc. Member FINRA/SIPC, (dba BL Securities, Inc., AL, GA, IA, IL, MI, NV, PA). Advisory products and services are offered by Bankers Life Advisory Services, Inc. SEC Registered Investment Adviser (dba BL Advisory Services, Inc., AL, GA, IA, MT, NV, PA). Home Office: 111 East Wacker Drive, Suite 1900, Chicago, IL 60601.

Benefit Ratios On Major Health Lines Of Business

	Three months ended	
	March 31,	
	2019	2018
Bankers Life :		
Medicare supplement:		
Earned premium	\$191 million	\$193 million
Benefit ratio (5)	72.3%	73.3%
Long-term care:		
Earned premium	\$64 million	\$64 million
Benefit ratio (5)	120.6%	116.3%
Interest-adjusted benefit ratio (a non-GAAP measure) (6)	77.2%	73.9%
Washington National :		
Supplemental health:		
Earned premium	\$156 million	\$151 million
Benefit ratio (5)	77.6%	78.3%
Interest-adjusted benefit ratio (a non-GAAP measure) (6)	53.4%	54.4%

NOTES

- (1) Management believes that an analysis of Net income applicable to common stock before: (i) net realized investment gains or losses from sales and impairments, net of related amortization and taxes; (ii) net change in market value of investments recognized in earnings, net of taxes; (iii) fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, net of related amortization and taxes; (iv) fair value changes related to the agent deferred compensation plan, net of taxes; (v) loss related to reinsurance transaction, net of taxes; (vi) changes in the valuation allowance for deferred tax assets and other tax items; and (vii) other non-operating items consisting primarily of earnings attributable to variable interest entities, net of taxes ("Net operating income," a non-GAAP financial measure) is important to evaluate the financial performance of the company, and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the company's underlying fundamentals. A reconciliation of Net operating income to Net income applicable to common stock is provided in the table on page 2. Additional information concerning this non-GAAP measure is included in our periodic filings with the Securities and Exchange Commission that are available in the "Investors - SEC Filings" section of CNO's website, www.CNOinc.com.
- (2) Book value per diluted share reflects the potential dilution that could occur if outstanding stock options were exercised, restricted stock and performance units were vested and convertible securities were converted. The dilution from options, restricted shares and performance units is calculated using the treasury stock method. Under this method, we assume the proceeds from the exercise of the options (or the unrecognized compensation expense with respect to restricted stock and performance units) will be used to purchase shares of our common stock at the closing market price on the last day of the period. The dilution from convertible securities is calculated assuming the securities were converted on the last day of the period. In addition, the calculation of this non-GAAP measure differs from the corresponding GAAP measure because accumulated other comprehensive income (loss) has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP measure is useful because it removes the volatility that arises from changes in the unrealized appreciation (depreciation) of our investments.
- (3) The calculation of this non-GAAP measure differs from the corresponding GAAP measure because accumulated other comprehensive income (loss) has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP measure is useful because it removes the volatility that arises from changes in the unrealized appreciation (depreciation) of our investments.
- (4) Measured by new annualized premium for life and health products, which includes 10% of single premium whole life deposits and 100% of all other premiums (excluding annuities). Medicare Advantage sales are not comparable to other sales and are therefore excluded in all periods.
- (5) The benefit ratio is calculated by dividing the related product's insurance policy benefits by insurance policy income.
- (6) The interest-adjusted benefit ratio (a non-GAAP measure) is calculated by dividing the product's insurance policy benefits less imputed interest income on the accumulated assets backing the insurance liabilities by insurance policy income. Interest income is an important factor in measuring the performance of longer duration health products. The net cash flows generally cause an accumulation of amounts in the early years of a policy (accounted for as reserve increases), which will be paid out as benefits in later policy years (accounted for as reserve decreases). Accordingly, as the policies age, the benefit ratio will typically increase, but the increase in the change in reserve will be partially offset by the imputed interest income earned on the accumulated assets.

The interest-adjusted benefit ratio reflects the effects of such interest income offset (which is equal to the tabular interest on the related insurance liabilities). Since interest income is an important factor in measuring the performance of these products, management believes a benefit ratio, which includes the effect of interest income, is useful in analyzing product performance. Additional information concerning this non-GAAP measure is included in our periodic filings with the Securities and Exchange Commission that are available in the "Investors - SEC Filings" section of CNO Financial's website, www.CNOinc.com.

Cautionary Statement Regarding Forward-Looking Statements. *Our statements, trend analyses and other information contained in this press release relative to markets for CNO Financial's products and trends in CNO Financial's operations or financial results, as well as other statements, contain forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically are identified by the use of terms such as "anticipate," "believe," "plan," "estimate," "expect," "project," "intend," "may," "will," "would," "contemplate," "possible," "attempt," "seek," "should," "could," "goal," "target," "on track," "comfortable with," "optimistic," "guidance," "outlook" and similar words, although some forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and our beliefs concerning future business conditions, our results of operations, financial position, and our business outlook or they state other "forward-looking" information based on currently available information. Assumptions and other important factors that could cause our actual results to differ materially from those anticipated in our forward-looking statements include, among other things: (i) changes in or sustained low interest rates causing reductions in investment income, the margins of our fixed annuity and life insurance businesses, and sales of, and demand for, our products; (ii) expectations of lower future investment earnings may cause us to accelerate amortization, write down the balance of insurance acquisition costs or establish additional liabilities for insurance products; (iii) general economic, market and political conditions and uncertainties, including the performance and fluctuations of the financial markets which may affect the value of our investments as well as our ability to raise capital or refinance existing indebtedness and the cost of doing so; (iv) the ultimate outcome of lawsuits filed against us and other legal and regulatory proceedings to which we are subject; (v) our ability to make anticipated changes to certain non-guaranteed elements of our life insurance products; (vi) our ability to obtain adequate and timely rate increases on our health products, including our long-term care business; (vii) the receipt of any required regulatory approvals for dividend and surplus debenture interest payments from our insurance subsidiaries; (viii) mortality, morbidity, the increased cost and usage of health care services, persistency, the adequacy of our previous reserve estimates, changes in the health care market and other factors which may affect the profitability of our insurance products; (ix) changes in our assumptions related to deferred acquisition costs or the present value of future profits; (x) the recoverability of our deferred tax assets and the effect of potential ownership changes and tax rate changes on their value; (xi) our assumption that the positions we take on our tax return filings will not be successfully challenged by the Internal Revenue Service; (xii) changes in accounting principles and the interpretation thereof; (xiii) our ability to continue to satisfy the financial ratio and balance requirements and other covenants of our debt agreements; (xiv) our ability to achieve anticipated expense reductions and levels of operational efficiencies including improvements in claims adjudication and continued automation and rationalization of operating systems; (xv) performance and valuation of our investments, including the impact of realized losses (including other-than-temporary impairment charges); (xvi) our ability to identify products and markets in which we can compete effectively against competitors with greater market share, higher ratings, greater financial resources and stronger brand recognition; (xvii) our ability to generate sufficient liquidity to meet our debt service obligations and other cash needs; (xviii) changes in capital deployment opportunities; (xix) our ability to maintain effective controls over financial reporting; (xx) our ability to continue to recruit and retain productive agents and distribution partners; (xxi) customer response to new products, distribution channels and marketing initiatives; (xxii) our ability to achieve additional upgrades of the financial strength ratings of CNO Financial and our insurance company subsidiaries as well as the impact of our ratings on our business, our ability to access capital and the cost of capital; (xxiii) regulatory changes or actions, including: those relating to regulation of the financial affairs of our insurance companies, such as the calculation of risk-based capital and minimum capital requirements, and payment of dividends and surplus debenture interest to us; regulation of the sale, underwriting and pricing of products; and health care regulation affecting health insurance products; (xxiv) changes in the Federal income tax laws and regulations which may affect or eliminate the relative tax advantages of some of our products or affect the value of our deferred tax assets; (xxv) availability and effectiveness of reinsurance arrangements, as well as the impact of any defaults or failure of reinsurers to perform; (xxvi) the performance of third party service providers and potential difficulties arising from outsourcing arrangements; (xxvii) the growth rate of sales, collected premiums, annuity deposits and assets; (xxviii) interruption in telecommunication, information technology or other operational systems or failure to maintain the security, confidentiality or privacy of sensitive data on such systems; (xxix) events of terrorism, cyber attacks, natural disasters or other catastrophic events, including losses from a disease pandemic; (xxx) ineffectiveness of risk management policies and procedures in identifying, monitoring and managing risks; and (xxxi) the risk factors or uncertainties listed from time to time in our filings with the Securities and Exchange Commission. Other factors and assumptions not identified above are also relevant to the forward-looking statements, and if they prove incorrect, could also cause actual results to differ materially from those projected. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statement. Our forward-looking statements speak only as of the date made. We assume no obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.*

For further information: (News Media) Valerie Dolenga +1.312.396.7688 or (Investors) Jennifer Childe +1.312.396.7755



Quarterly Financial Supplement - 1Q2019

April 29, 2019

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CNO Financial Group, Inc.

Consolidated balance sheet (in millions)

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Assets					
Investments:					
Fixed maturities, available for sale, at fair value	\$ 22,375.5	\$ 22,080.9	\$ 18,512.4	\$ 18,447.7	\$ 19,468.4
Equity securities at fair value	498.7	366.1	335.5	291.0	40.8
Mortgage loans	1,601.2	1,649.4	1,680.6	1,602.1	1,626.1
Policy loans	116.0	116.0	117.4	119.7	121.3
Trading securities	289.6	254.2	239.0	233.1	237.9
Investments held by variable interest entities	1,583.9	1,543.3	1,550.5	1,468.4	1,241.4
Other invested assets	951.1	946.0	920.0	833.4	943.3
Total investments	27,416.0	26,955.9	23,355.4	22,995.4	23,679.2
Cash and cash equivalents - unrestricted	610.8	639.3	539.2	594.2	621.6
Cash and cash equivalents held by variable interest entities	115.6	106.4	56.4	62.4	69.7
Accrued investment income	268.1	252.5	224.7	205.2	214.8
Present value of future profits	350.4	345.5	351.6	343.6	333.6
Deferred acquisition costs	1,083.6	1,237.4	1,291.1	1,322.5	1,289.1
Reinsurance receivables	2,153.5	2,127.4	4,946.3	4,925.4	4,879.7
Income tax assets, net	450.4	484.8	577.8	630.0	479.9
Assets held in separate accounts	4.7	4.8	5.1	4.4	4.9
Other assets	356.0	318.2	299.6	356.7	741.9
Total assets	\$ 32,809.1	\$ 32,472.2	\$ 31,647.2	\$ 31,439.8	\$ 32,314.4
Liabilities					
Liabilities for insurance products:					
Policyholder account balances	\$ 11,254.5	\$ 11,349.7	\$ 11,449.7	\$ 11,594.1	\$ 11,658.2
Future policy benefits	11,312.2	11,268.5	11,140.5	11,082.4	11,252.9
Liability for policy and contract claims	509.1	499.5	513.4	521.9	521.0
Unearned and advanced premiums	270.3	260.5	249.2	253.9	255.9
Liabilities related to separate accounts	4.7	4.8	5.1	4.4	4.9
Other liabilities	869.0	654.2	689.5	632.4	804.0
Investment borrowings	1,646.5	1,646.3	1,646.1	1,645.8	1,645.5
Borrowings related to variable interest entities	1,410.5	1,418.1	1,417.6	1,417.2	1,416.8
Notes payable - direct corporate obligations	915.1	915.7	916.2	916.8	917.3
Total liabilities	28,191.9	28,017.3	28,027.3	28,068.9	28,476.5
Shareholders' equity					
Common stock	1.6	1.6	1.6	1.6	1.6
Additional paid-in capital	3,075.6	3,021.9	3,030.0	2,995.0	2,952.2
Retained earnings	645.7	731.2	184.8	196.6	229.2
Total shareholders' equity before accumulated other comprehensive income	3,722.9	3,754.7	3,216.4	3,193.2	3,183.0
Accumulated other comprehensive income	894.3	700.2	403.5	177.7	654.9
Total shareholders' equity	4,617.2	4,454.9	3,619.9	3,370.9	3,837.9
Total liabilities and shareholders' equity	\$ 32,809.1	\$ 32,472.2	\$ 31,647.2	\$ 31,439.8	\$ 32,314.4

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Book value per common share	\$ 27.59	\$ 27.09	\$ 21.99	\$ 20.78	\$ 23.99
Book value per common share, excluding accumulated other comprehensive income (1) (2)	\$ 22.25	\$ 22.83	\$ 19.54	\$ 19.69	\$ 19.90
Book value per diluted share (1) (3)	\$ 21.94	\$ 22.62	\$ 19.28	\$ 19.52	\$ 19.76

CNO Financial Group, Inc.

Consolidated statement of operations (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Revenues						
Insurance policy income	\$ 659.9	\$ 659.8	\$ 656.9	\$ 616.5	\$ 2,593.1	\$ 619.3
Net investment income:						
General account assets	329.1	328.2	332.0	290.4	1,279.7	270.6
Policyholder and other special-purpose portfolios	12.8	35.7	85.8	(107.8)	26.5	85.2
Realized investment gains (losses):						
Net realized gains on the transfer of assets related to reinsurance transaction	—	—	363.4	—	363.4	—
Other net realized investment gains (losses), excluding impairment losses	(15.2)	11.0	33.3	(37.8)	(8.7)	18.3
Other-than-temporary impairments:						
Total other-than-temporary impairment losses	—	—	(2.1)	(0.5)	(2.6)	(2.2)
Change in other-than-temporary impairment losses recognized in accumulated other comprehensive income	—	—	—	—	—	—
Net impairment losses recognized	—	—	(2.1)	(0.5)	(2.6)	(2.2)
Loss on dissolution of variable interest entities	—	—	—	—	—	—
Total realized gains (losses)	(15.2)	11.0	394.6	(38.3)	352.1	16.1
Fee revenue and other income	21.2	11.6	11.9	17.4	62.1	31.8
Total revenues	1,007.8	1,046.3	1,481.2	778.2	4,313.5	1,023.0
Benefits and expenses						
Insurance policy benefits	586.6	618.2	646.9	426.9	2,278.6	623.5
Loss related to reinsurance transaction	—	—	1,067.6	—	1,067.6	—
Interest expense	33.6	37.7	38.8	39.7	149.8	41.0
Amortization	71.9	61.0	62.4	69.0	264.3	58.2
Loss on extinguishment of borrowings related to variable interest entities	—	3.8	—	—	3.8	—
Other operating costs and expenses	207.6	195.8	205.3	205.5	814.2	234.7
Total benefits and expenses	899.7	916.5	2,021.0	741.1	4,578.3	957.4
Income (loss) before income taxes	108.1	129.8	(539.8)	37.1	(264.8)	65.6
Income tax expense (benefit) on period income (loss)	23.8	27.6	(114.8)	5.8	(57.6)	13.8
Valuation allowance for deferred tax assets and other tax items	—	—	104.8	3.0	107.8	—
Net income (loss)	\$ 84.3	\$ 102.2	\$ (529.8)	\$ 28.3	\$ (315.0)	\$ 51.8

CNO Financial Group, Inc.
Operating results (\$ in millions, except per share amounts)

	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Adjusted EBIT (4):						
Bankers Life	\$ 77.5	\$ 90.7	\$ 94.4	\$ 78.0	\$ 340.6	\$ 63.1
Washington National	34.3	25.4	30.3	31.9	121.9	30.5
Colonial Penn	(1.5)	5.4	6.1	4.8	14.8	(1.4)
Long-term care in run-off	12.0	8.5	2.1	0.3	22.9	2.5
Adjusted EBIT from business segments	122.3	130.0	132.9	115.0	500.2	94.7
Corporate operations, excluding corporate interest expense	(15.5)	(14.0)	(11.8)	(29.7)	(71.0)	0.8
Adjusted EBIT	106.8	116.0	121.1	85.3	429.2	95.5
Corporate interest expense	(11.9)	(11.9)	(12.1)	(12.1)	(48.0)	(12.1)
Operating earnings before taxes	94.9	104.1	109.0	73.2	381.2	83.4
Tax expense on operating income	21.0	22.2	21.5	13.4	78.1	17.6
Net operating income (5)	73.9	81.9	87.5	59.8	303.1	65.8
Net realized investment gains (losses) from sales and impairments (net of related amortization)	0.5	10.9	37.0	(10.5)	37.9	(0.7)
Net change in market value of investments recognized in earnings	(15.7)	(0.3)	(5.3)	(27.5)	(48.8)	16.6
Fair value changes in embedded derivative liabilities (net of related amortization)	25.1	8.3	22.9	(0.8)	55.5	(29.6)
Fair value changes related to agent deferred compensation plan	—	11.0	—	0.9	11.9	(5.3)
Loss related to reinsurance transaction	—	—	(704.2)	—	(704.2)	—
Other	3.3	(4.2)	0.8	1.8	1.7	1.2
Non-operating income (loss) before taxes	13.2	25.7	(648.8)	(36.1)	(646.0)	(17.8)
Income tax expense (benefit):						
On non-operating income (loss)	2.8	5.4	(136.3)	(7.6)	(135.7)	(3.8)
Valuation allowance for deferred tax assets and other tax items	—	—	104.8	3.0	107.8	—
Net non-operating income (loss)	10.4	20.3	(617.3)	(31.5)	(618.1)	(14.0)
Net income (loss)	\$ 84.3	\$ 102.2	\$ (529.8)	\$ 28.3	\$ (315.0)	\$ 51.8
Per diluted share:						
Net operating income	\$.44	\$.49	\$.53	\$.36	\$ 1.83	\$.41
Net realized investment gains (losses) from sales and impairments (net of related amortization and taxes)	—	.05	.18	(.05)	.18	—
Net change in market value of investments recognized in earnings (net of taxes)	(.07)	—	(.03)	(.13)	(.23)	.08
Fair value changes in embedded derivative liabilities (net of related amortization and taxes)	.12	.04	.11	—	.27	(.15)
Fair value changes related to agent deferred compensation plan (net of taxes)	—	.05	—	—	.06	(.03)
Loss related to reinsurance transaction (net of taxes)	—	—	(4.01)	—	(4.00)	—
Valuation allowance for deferred tax assets and other tax items	—	—	—	(.02)	(.02)	—
Other	.01	(.02)	—	.01	.01	.01
Net income (loss)	\$.50	\$.61	\$ (3.22)	\$.17	\$ (1.90)	\$.32

CNO Financial Group, Inc.

Computation of weighted average shares outstanding

	1Q18	2Q18	3Q18 (a)	4Q18	2018 (b)	1Q19
(000s)						
Basic						
Shares outstanding, beginning of period	166,857.9	167,354.3	164,433.1	164,634.4	166,857.9	162,201.7
Weighted average shares issued during the period:						
Shares repurchased	—	(1,300.5)	—	(549.2)	(1,961.5)	(1,485.6)
Amounts related to employee benefit plans	307.6	66.7	119.7	35.6	813.8	320.9
Shares withheld for the payment of the exercise price and taxes related to employee benefit plans	(105.9)	(22.0)	(1.4)	(2.7)	(253.3)	(88.7)
Weighted average basic shares outstanding during the period	167,059.6	166,098.5	164,551.4	164,118.1	165,456.9	160,948.3
Basic shares outstanding, end of period	167,354.3	164,433.1	164,634.4	162,201.7	162,201.7	159,955.2
Diluted						
Weighted average basic shares outstanding	167,059.6	166,098.5	164,551.4	164,118.1	165,456.9	160,948.3
Common stock equivalent shares related to:						
Employee benefit plans	2,617.8	1,879.5	—	1,771.7	—	1,240.7
Weighted average diluted shares outstanding during the period	169,677.4	167,978.0	164,551.4	165,889.8	165,456.9	162,189.0
Diluted shares outstanding, end of period	169,705.4	165,971.0	166,823.4	163,593.2	163,593.2	161,123.2

(a) Equivalent common shares of 2,145.7 were not included in the diluted weighted average shares outstanding due to the net loss recognized in 3Q18.

(b) Equivalent common shares of 2,103.7 were not included in the diluted weighted average shares outstanding due to the net loss recognized in 2018.

CNO Financial Group, Inc.

Bankers Life

Analysis of income before taxes (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Insurance policy income	\$ 365.4	\$ 366.1	\$ 364.0	\$ 363.0	\$ 1,458.5	\$ 365.2
Net investment income (loss):						
General account invested assets	196.3	200.7	200.9	206.5	804.4	189.6
Fixed index products	(5.2)	12.5	56.0	(104.8)	(41.5)	41.2
Fee revenue and other income	19.6	10.6	10.7	11.0	51.9	25.8
Total revenues	576.1	589.9	631.6	475.7	2,273.3	621.8
Insurance policy benefits	302.2	294.3	290.9	287.9	1,175.3	289.6
Amounts added to policyholder account balances:						
Cost of interest credited to policyholders	24.9	24.6	24.4	24.2	98.1	23.6
Cost of options to fund index credits, net of forfeitures	17.1	20.3	19.4	24.6	81.4	25.3
Market value changes credited to policyholders	(4.6)	11.2	55.8	(105.3)	(42.9)	41.8
Amortization related to operations	44.4	37.7	37.3	51.9	171.3	46.5
Interest expense on investment borrowings	6.1	7.5	7.9	8.2	29.7	8.7
Other operating costs and expenses	108.5	103.6	101.5	106.2	419.8	123.2
Total benefits and expenses	498.6	499.2	537.2	397.7	1,932.7	558.7
Adjusted EBIT (4)	\$ 77.5	\$ 90.7	\$ 94.4	\$ 78.0	\$ 340.6	\$ 63.1

Health underwriting margins (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Medicare supplement:						
Earned premium	\$ 192.6	\$ 192.3	\$ 192.2	\$ 190.5	\$ 767.6	\$ 191.4
Benefit ratio	73.3%	73.1%	75.6%	76.0%	74.5%	72.3%
Underwriting margin (earned premium less policy benefits)	\$ 51.4	\$ 51.7	\$ 46.9	\$ 45.8	\$ 195.8	\$ 53.1
Long-term care:						
Earned premium	\$ 64.2	\$ 64.0	\$ 63.7	\$ 63.8	\$ 255.7	\$ 63.7
Benefit ratio before interest income on reserves	116.3%	119.3%	122.5%	117.9%	119.0%	120.6%
Interest-adjusted benefit ratio	73.9%	76.3%	79.0%	74.7%	76.0%	77.2%
Underwriting margin (earned premium plus interest income on reserves less policy benefits)	\$ 16.8	\$ 15.1	\$ 13.4	\$ 16.2	\$ 61.5	\$ 14.5

CNO Financial Group, Inc.

Bankers Life

Average liabilities for insurance products (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Fixed index annuities	\$ 5,564.6	\$ 5,693.6	\$ 5,869.1	\$ 6,028.3	\$ 5,788.9	\$ 6,224.8
Fixed interest annuities	2,713.7	2,630.3	2,548.5	2,467.7	2,590.1	2,385.1
SPIAs and supplemental contracts:						
Mortality based	152.4	148.3	145.9	144.9	147.9	143.2
Deposit based	144.9	144.9	144.3	142.5	144.1	142.2
Health:						
Long-term care	1,868.1	1,893.5	1,920.0	1,946.7	1,907.1	1,972.5
Medicare supplement	324.6	311.6	307.1	314.0	314.3	316.5
Other health	58.8	59.5	60.2	60.8	59.8	61.2
Life:						
Interest sensitive	808.5	821.7	837.8	848.3	829.1	858.4
Non-interest sensitive	1,134.7	1,151.3	1,168.1	1,185.0	1,159.8	1,201.9
Total average liabilities for insurance products, net of reinsurance ceded	\$ 12,770.3	\$ 12,854.7	\$ 13,001.0	\$ 13,138.2	\$ 12,941.1	\$ 13,305.8

Annuities - account value rollforwards (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Fixed index annuities						
Balance as of the beginning of the period	\$ 5,410.7	\$ 5,549.6	\$ 5,740.1	\$ 5,930.3	\$ 5,410.7	\$ 6,176.6
Gross deposits	235.4	273.9	260.2	342.8	1,112.3	299.8
Withdrawals	(138.5)	(128.5)	(122.5)	(136.9)	(526.4)	(147.0)
Returns reinvested	42.0	45.1	52.5	40.4	180.0	16.7
Balance as of the end of the period	\$ 5,549.6	\$ 5,740.1	\$ 5,930.3	\$ 6,176.6	\$ 6,176.6	\$ 6,346.1
Fixed interest annuities						
Balance as of the beginning of the period	\$ 2,752.6	\$ 2,671.6	\$ 2,585.8	\$ 2,507.9	\$ 2,752.6	\$ 2,424.1
Gross deposits	14.2	10.7	9.2	9.3	43.4	13.5
Withdrawals	(112.7)	(113.6)	(103.8)	(109.5)	(439.6)	(110.7)
Returns reinvested	17.5	17.1	16.7	16.4	67.7	15.6
Balance as of the end of the period	\$ 2,671.6	\$ 2,585.8	\$ 2,507.9	\$ 2,424.1	\$ 2,424.1	\$ 2,342.5
Total annuities						
Balance as of the beginning of the period	\$ 8,163.3	\$ 8,221.2	\$ 8,325.9	\$ 8,438.2	\$ 8,163.3	\$ 8,600.7
Gross deposits	249.6	284.6	269.4	352.1	1,155.7	313.3
Withdrawals	(251.2)	(242.1)	(226.3)	(246.4)	(966.0)	(257.7)
Returns reinvested	59.5	62.2	69.2	56.8	247.7	32.3
Balance as of the end of the period	\$ 8,221.2	\$ 8,325.9	\$ 8,438.2	\$ 8,600.7	\$ 8,600.7	\$ 8,688.6

CNO Financial Group, Inc.

Bankers Life

Present value of future profits (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Balance, beginning of period	\$ 81.1	\$ 77.8	\$ 76.8	\$ 88.8	\$ 81.1	\$ 86.5
Amortization related to operations	(4.7)	(3.9)	(3.4)	(2.2)	(14.2)	(4.2)
Amortization related to net realized investment (gains) losses	—	—	—	—	—	—
Amounts related to changes in unrealized investment gains (losses) on fixed maturities, available for sale	1.4	2.9	15.4	(0.1)	19.6	2.0
Balance, end of period	\$ 77.8	\$ 76.8	\$ 88.8	\$ 86.5	\$ 86.5	\$ 84.3

Deferred acquisition costs (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Balance, beginning of period	\$ 606.5	\$ 651.6	\$ 792.1	\$ 839.4	\$ 606.5	\$ 863.2
Deferred acquisition expenses	40.2	46.2	43.1	55.9	185.4	49.7
Amortization related to operations	(39.7)	(33.8)	(33.9)	(49.7)	(157.1)	(42.3)
Amortization related to net realized investment (gains) losses	—	(0.4)	0.4	0.3	0.3	(0.2)
Amortization related to fair value changes in embedded derivative liabilities	(5.3)	(1.8)	(4.8)	0.2	(11.7)	7.3
Amounts related to changes in unrealized investment gains (losses) on fixed maturities, available for sale	49.9	130.3	42.5	17.1	239.8	(46.9)
Balance, end of period	\$ 651.6	\$ 792.1	\$ 839.4	\$ 863.2	\$ 863.2	\$ 830.8

CNO Financial Group, Inc.

Washington National

Analysis of income before taxes (in millions)

	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Insurance policy income	\$ 171.0	\$ 171.0	\$ 170.8	\$ 174.8	\$ 687.6	\$ 173.8
Net investment income (loss):						
General account invested assets	65.4	63.4	66.9	65.4	261.1	63.6
Fixed index products	(0.4)	0.9	3.0	(5.0)	(1.5)	1.6
Trading account income related to policyholder accounts	0.4	(0.2)	—	—	0.2	—
Fee revenue and other income	0.2	0.3	0.2	0.2	0.9	0.2
Total revenues	236.6	235.4	240.9	235.4	948.3	239.2
Insurance policy benefits	134.1	136.7	136.4	133.7	540.9	134.5
Amounts added to policyholder account balances:						
Cost of interest credited to policyholders	3.1	3.2	3.3	3.2	12.8	3.3
Cost of options to fund index credits, net of forfeitures	0.9	1.3	1.1	1.3	4.6	1.3
Market value changes credited to policyholders	(0.4)	1.3	2.7	(5.4)	(1.8)	1.8
Amortization related to operations	14.5	14.4	14.0	12.9	55.8	14.8
Interest expense on investment borrowings	2.1	2.7	3.0	3.0	10.8	3.3
Other operating costs and expenses	48.0	50.4	50.1	54.8	203.3	49.7
Total benefits and expenses	202.3	210.0	210.6	203.5	826.4	208.7
Adjusted EBIT (4)	\$ 34.3	\$ 25.4	\$ 30.3	\$ 31.9	\$ 121.9	\$ 30.5

Health underwriting margins (in millions)

	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Supplemental health and other:						
Earned premium	\$ 151.3	\$ 151.8	\$ 152.2	\$ 156.0	\$ 611.3	\$ 155.6
Benefit ratio before interest income on reserves	78.3%	80.7%	81.3%	77.7%	79.5%	77.6%
Interest-adjusted benefit ratio	54.4%	56.6%	56.9%	53.8%	55.4%	53.4%
Underwriting margin (earned premium plus interest income on reserves less policy benefits)	\$ 69.0	\$ 65.8	\$ 65.6	\$ 72.1	\$ 272.5	\$ 72.4
Medicare supplement:						
Earned premium	\$ 12.6	\$ 12.1	\$ 11.5	\$ 11.4	\$ 47.6	\$ 10.8
Benefit ratio	66.5%	74.0%	64.3%	70.8%	68.9%	66.0%
Underwriting margin (earned premium less policy benefits)	\$ 4.2	\$ 3.2	\$ 4.1	\$ 3.3	\$ 14.8	\$ 3.7

CNO Financial Group, Inc.

Washington National Average liabilities for insurance products (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Fixed index annuities	\$ 295.4	\$ 286.5	\$ 279.7	\$ 271.6	\$ 283.3	\$ 263.2
Fixed interest annuities	93.8	91.4	88.9	87.0	90.3	85.3
SPIAs and supplemental contracts:						
Mortality based	226.9	221.2	216.6	213.3	219.5	213.2
Deposit based	269.8	270.3	271.3	271.0	270.6	271.1
Separate Accounts	4.8	4.8	5.0	4.8	4.8	4.6
Health:						
Supplemental health	2,814.7	2,849.8	2,885.5	2,920.0	2,867.5	2,954.4
Medicare supplement	22.1	21.0	20.1	19.6	20.7	18.9
Other health	12.5	11.9	11.5	11.2	11.8	10.8
Life:						
Interest sensitive	149.5	149.4	149.7	148.4	149.2	147.9
Non-interest sensitive	174.4	166.9	163.3	161.8	166.6	160.6
Total average liabilities for insurance products, net of reinsurance ceded	\$ 4,063.9	\$ 4,073.2	\$ 4,091.6	\$ 4,108.7	\$ 4,084.3	\$ 4,130.0

Annuities - account value rollforwards (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Fixed index annuities						
Balance as of the beginning of the period	\$ 284.0	\$ 276.1	\$ 268.7	\$ 264.1	\$ 284.0	\$ 257.3
Gross deposits	0.3	0.3	0.3	0.1	1.0	0.3
Withdrawals	(10.7)	(10.9)	(8.6)	(8.8)	(39.0)	(9.9)
Returns reinvested	2.5	3.2	3.7	1.9	11.3	0.9
Balance as of the end of the period	\$ 276.1	\$ 268.7	\$ 264.1	\$ 257.3	\$ 257.3	\$ 248.6
Fixed interest annuities						
Balance as of the beginning of the period	\$ 94.2	\$ 92.0	\$ 89.5	\$ 86.5	\$ 94.2	\$ 85.2
Gross deposits	0.1	0.1	—	0.1	0.3	0.1
Withdrawals	(3.4)	(3.7)	(3.8)	(2.1)	(13.0)	(2.7)
Returns reinvested	1.1	1.1	0.8	0.7	3.7	0.7
Balance as of the end of the period	\$ 92.0	\$ 89.5	\$ 86.5	\$ 85.2	\$ 85.2	\$ 83.3
Total annuities						
Balance as of the beginning of the period	\$ 378.2	\$ 368.1	\$ 358.2	\$ 350.6	\$ 378.2	\$ 342.5
Gross deposits	0.4	0.4	0.3	0.2	1.3	0.4
Withdrawals	(14.1)	(14.6)	(12.4)	(10.9)	(52.0)	(12.6)
Returns reinvested	3.6	4.3	4.5	2.6	15.0	1.6
Balance as of the end of the period	\$ 368.1	\$ 358.2	\$ 350.6	\$ 342.5	\$ 342.5	\$ 331.9

CNO Financial Group, Inc.

Washington National

Present value of future profits (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Balance, beginning of period	\$ 243.7	\$ 238.9	\$ 236.1	\$ 231.4	\$ 243.7	\$ 226.9
Amortization related to operations	(5.2)	(4.9)	(4.7)	(4.6)	(19.4)	(4.5)
Amounts related to changes in unrealized investment gains (losses) on fixed maturities, available for sale	0.4	2.1	—	0.1	2.6	(2.1)
Balance, end of period	\$ 238.9	\$ 236.1	\$ 231.4	\$ 226.9	\$ 226.9	\$ 220.3

Deferred acquisition costs (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Balance, beginning of period	\$ 310.8	\$ 320.2	\$ 331.6	\$ 336.0	\$ 310.8	\$ 342.7
Deferred acquisition expenses	14.2	14.3	13.5	14.1	56.1	13.3
Amortization related to operations	(9.3)	(9.5)	(9.3)	(8.3)	(36.4)	(10.3)
Amortization related to net realized investment (gains) losses	—	—	0.1	—	0.1	—
Amortization related to fair value changes in embedded derivative liabilities	(0.5)	(0.3)	(0.5)	0.2	(1.1)	0.5
Amounts related to changes in unrealized investment gains (losses) on fixed maturities, available for sale	5.0	6.9	0.6	0.7	13.2	(7.8)
Balance, end of period	\$ 320.2	\$ 331.6	\$ 336.0	\$ 342.7	\$ 342.7	\$ 338.4

CNO Financial Group, Inc.

Colonial Penn

Analysis of income (loss) before taxes (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Insurance policy income	\$ 74.1	\$ 74.5	\$ 75.1	\$ 74.9	\$ 298.6	\$ 76.7
Net investment income on general account invested assets	11.0	11.3	11.1	11.2	44.6	10.7
Fee revenue and other income	0.5	0.4	0.5	0.4	1.8	0.5
Total revenues	85.6	86.2	86.7	86.5	345.0	87.9
Insurance policy benefits	56.5	50.5	49.6	50.0	206.6	56.1
Amounts added to annuity and interest-sensitive life product account balances	0.2	0.1	0.2	0.1	0.6	0.1
Amortization related to operations	4.6	4.1	4.2	4.9	17.8	4.5
Interest expense on investment borrowings	0.3	0.4	0.3	0.4	1.4	0.4
Other operating costs and expenses	25.5	25.7	26.3	26.3	103.8	28.2
Total benefits and expenses	87.1	80.8	80.6	81.7	330.2	89.3
Adjusted EBIT (4)	\$ (1.5)	\$ 5.4	\$ 6.1	\$ 4.8	\$ 14.8	\$ (1.4)

Average liabilities for insurance products (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
SPIAs - mortality based	\$ 71.8	\$ 70.1	\$ 68.8	\$ 67.7	\$ 69.6	\$ 67.6
Health:						
Medicare supplement	5.3	5.1	4.9	4.6	5.0	4.5
Other health	3.9	3.8	3.6	3.5	3.7	3.4
Life:						
Interest sensitive	15.2	15.0	14.7	13.8	14.7	12.6
Non-interest sensitive	732.7	736.0	741.7	748.9	739.8	756.9
Total average liabilities for insurance products, net of reinsurance ceded	\$ 828.9	\$ 830.0	\$ 833.7	\$ 838.5	\$ 832.8	\$ 845.0

Present value of future profits (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Balance, beginning of period	\$ 34.8	\$ 33.7	\$ 32.6	\$ 31.4	\$ 34.8	\$ 30.2
Amortization related to operations	(1.1)	(1.1)	(1.2)	(1.2)	(4.6)	(1.2)
Amounts related to changes in unrealized investment gains (losses) on fixed maturities, available for sale	—	—	—	—	—	—
Balance, end of period	\$ 33.7	\$ 32.6	\$ 31.4	\$ 30.2	\$ 30.2	\$ 29.0

Deferred acquisition costs (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Balance, beginning of period	\$ 109.5	\$ 111.8	\$ 113.7	\$ 115.7	\$ 109.5	\$ 116.6
Deferred acquisition expenses	5.8	4.9	5.0	4.6	20.3	6.6
Amortization related to operations	(3.5)	(3.0)	(3.0)	(3.7)	(13.2)	(3.3)
Balance, end of period	\$ 111.8	\$ 113.7	\$ 115.7	\$ 116.6	\$ 116.6	\$ 119.9

Colonial Penn Segment Adjusted EBIT
Summarized by Inforce and New Business (6)
(in millions)

CNO Financial Group, Inc.						
Adjusted EBIT from Inforce Business	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Revenues						
Insurance policy income	\$ 62.5	\$ 62.9	\$ 63.3	\$ 62.9	\$ 251.6	\$ 64.0
Net investment income	11.0	11.3	11.1	11.2	44.6	10.7
Fee revenue and other income	0.5	0.4	0.5	0.4	1.8	0.5
Total revenues	74.0	74.6	74.9	74.5	298.0	75.2
Benefits and expenses						
Insurance policy benefits	49.7	43.5	42.6	42.8	178.6	48.2
Interest expense	0.3	0.4	0.3	0.4	1.4	0.4
Amortization	4.4	4.0	4.0	4.8	17.2	4.1
Other operating costs and expenses	8.5	8.6	9.2	8.7	35.0	8.3
Total benefits and expenses	62.9	56.5	56.1	56.7	232.2	61.0
Adjusted EBIT from Inforce Business	\$ 11.1	\$ 18.1	\$ 18.8	\$ 17.8	\$ 65.8	\$ 14.2
Adjusted EBIT from New Business						
Revenues						
Insurance policy income	\$ 11.6	\$ 11.6	\$ 11.8	\$ 12.0	\$ 47.0	\$ 12.7
Net investment income	—	—	—	—	—	—
Fee revenue and other income	—	—	—	—	—	—
Total revenues	11.6	11.6	11.8	12.0	47.0	12.7
Benefits and expenses						
Insurance policy benefits	7.0	7.1	7.2	7.3	28.6	8.0
Interest expense	—	—	—	—	—	—
Amortization	0.2	0.1	0.2	0.1	0.6	0.4
Other operating costs and expenses	17.0	17.1	17.1	17.6	68.8	19.9
Total benefits and expenses	24.2	24.3	24.5	25.0	98.0	28.3
Adjusted EBIT from New Business	\$ (12.6)	\$ (12.7)	\$ (12.7)	\$ (13.0)	\$ (51.0)	\$ (15.6)
Adjusted EBIT from Inforce and New Business						
Revenues						
Insurance policy income	\$ 74.1	\$ 74.5	\$ 75.1	\$ 74.9	\$ 298.6	\$ 76.7
Net investment income	11.0	11.3	11.1	11.2	44.6	10.7
Fee revenue and other income	0.5	0.4	0.5	0.4	1.8	0.5
Total revenues	85.6	86.2	86.7	86.5	345.0	87.9
Benefits and expenses						
Insurance policy benefits	56.7	50.6	49.8	50.1	207.2	56.2
Interest expense	0.3	0.4	0.3	0.4	1.4	0.4
Amortization	4.6	4.1	4.2	4.9	17.8	4.5
Other operating costs and expenses	25.5	25.7	26.3	26.3	103.8	28.2
Total benefits and expenses	87.1	80.8	80.6	81.7	330.2	89.3
Adjusted EBIT from Inforce and New Business	\$ (1.5)	\$ 5.4	\$ 6.1	\$ 4.8	\$ 14.8	\$ (1.4)

CNO Financial Group, Inc.

Long-term care in run-off

Analysis of income (loss) before taxes (in millions)

	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Insurance policy income	\$ 49.4	\$ 48.2	\$ 47.0	\$ 3.8	\$ 148.4	\$ 3.6
Net investment income on general account invested assets	55.2	54.9	54.1	8.5	172.7	8.2
Total revenues	104.6	103.1	101.1	12.3	321.1	11.8
Insurance policy benefits	83.5	85.1	91.3	11.4	271.3	8.7
Amortization related to operations	2.6	2.3	2.1	—	7.0	—
Other operating costs and expenses	6.5	7.2	5.6	0.6	19.9	0.6
Total benefits and expenses	92.6	94.6	99.0	12.0	298.2	9.3
Adjusted EBIT (4)	\$ 12.0	\$ 8.5	\$ 2.1	\$ 0.3	\$ 22.9	\$ 2.5

Average liabilities for insurance products (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Health:						
Long-term care	\$ 3,750.3	\$ 3,599.3	\$ 3,548.2	\$ 532.9	\$ 2,857.7	\$ 540.1
Total average liabilities for insurance products	\$ 3,750.3	\$ 3,599.3	\$ 3,548.2	\$ 532.9	\$ 2,857.7	\$ 540.1

CNO Financial Group, Inc.

Corporate Operations

Analysis of loss before taxes (in millions)

	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Net investment income (loss):						
General investment portfolio	\$ 2.2	\$ 1.3	\$ 2.0	\$ 1.1	\$ 6.6	\$ 1.5
Other special-purpose portfolios	(1.0)	2.7	6.0	(19.9)	(12.2)	20.2
Fee revenue and other income	1.8	1.5	1.6	1.8	6.7	1.6
Other operating costs and expenses	(18.5)	(19.5)	(21.4)	(12.7)	(72.1)	(22.5)
Corporate operations, excluding corporate interest expense	(15.5)	(14.0)	(11.8)	(29.7)	(71.0)	0.8
Interest expense on corporate debt	(11.9)	(11.9)	(12.1)	(12.1)	(48.0)	(12.1)
Operating loss before taxes	\$ (27.4)	\$ (25.9)	\$ (23.9)	\$ (41.8)	\$ (119.0)	\$ (11.3)

CNO Financial Group, Inc.

Bankers Life						
Premiums collected on insurance products (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Annuities						
Fixed index (first-year)	\$ 235.4	\$ 273.9	\$ 260.2	\$ 342.5	\$ 1,112.0	\$ 300.0
Other fixed interest (first-year)	14.5	12.1	9.0	10.2	45.8	14.2
Other fixed interest (renewal)	1.5	1.0	1.3	1.6	5.4	1.1
Subtotal - other fixed interest annuities	16.0	13.1	10.3	11.8	51.2	15.3
Total annuities	251.4	287.0	270.5	354.3	1,163.2	315.3
Health						
Medicare supplement (first-year)	15.4	15.5	15.2	15.8	61.9	14.3
Medicare supplement (renewal)	172.9	161.3	164.2	174.0	672.4	169.7
Subtotal - Medicare supplement	188.3	176.8	179.4	189.8	734.3	184.0
Long-term care (first-year)	3.7	3.7	3.9	4.3	15.6	4.4
Long-term care (renewal)	61.1	60.0	59.1	59.3	239.5	59.4
Subtotal - long-term care	64.8	63.7	63.0	63.6	255.1	63.8
Supplemental health (first-year)	1.1	1.1	1.0	1.2	4.4	1.1
Supplemental health (renewal)	4.7	4.8	4.8	4.9	19.2	4.9
Subtotal - supplemental health	5.8	5.9	5.8	6.1	23.6	6.0
Other health (first-year)	0.2	0.2	0.2	0.2	0.8	0.2
Other health (renewal)	1.3	1.3	1.3	1.3	5.2	1.3
Subtotal - other health	1.5	1.5	1.5	1.5	6.0	1.5
Total health	260.4	247.9	249.7	261.0	1,019.0	255.3
Life insurance						
Traditional (first-year)	18.5	19.0	17.2	16.9	71.6	16.3
Traditional (renewal)	55.7	55.9	55.7	56.3	223.6	55.9
Subtotal - traditional	74.2	74.9	72.9	73.2	295.2	72.2
Interest-sensitive (first-year)	10.7	12.8	12.2	13.3	49.0	9.6
Interest-sensitive (renewal)	30.3	30.8	30.4	30.3	121.8	31.5
Subtotal - interest-sensitive	41.0	43.6	42.6	43.6	170.8	41.1
Total life insurance	115.2	118.5	115.5	116.8	466.0	113.3
Collections on insurance products						
Total first-year premium collections on insurance products	299.5	338.3	318.9	404.4	1,361.1	360.1
Total renewal premium collections on insurance products	327.5	315.1	316.8	327.7	1,287.1	323.8
Total collections on insurance products	\$ 627.0	\$ 653.4	\$ 635.7	\$ 732.1	\$ 2,648.2	\$ 683.9

CNO Financial Group, Inc.

Washington National

Premiums collected on insurance products (in millions)

	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Health						
Medicare supplement (renewal)	\$ 12.5	\$ 11.5	\$ 10.9	\$ 11.4	\$ 46.3	\$ 10.6
Supplemental health (first-year)	18.3	17.7	17.1	17.1	70.2	16.6
Supplemental health (renewal)	136.9	134.4	131.1	138.7	541.1	140.0
Subtotal - supplemental health	155.2	152.1	148.2	155.8	611.3	156.6
Other health (first-year)	0.1	0.1	—	—	0.2	0.1
Other health (renewal)	0.4	0.3	0.4	0.4	1.5	0.3
Subtotal - other health	0.5	0.4	0.4	0.4	1.7	0.4
Total health	168.2	164.0	159.5	167.6	659.3	167.6
Life insurance						
Traditional (first-year)	0.1	0.2	0.1	0.2	0.6	0.1
Traditional (renewal)	2.5	2.4	2.3	2.3	9.5	2.4
Subtotal - traditional	2.6	2.6	2.4	2.5	10.1	2.5
Interest-sensitive (first-year)	1.2	1.4	1.3	1.5	5.4	1.8
Interest-sensitive (renewal)	3.8	4.4	4.0	4.5	16.7	4.5
Subtotal - interest-sensitive	5.0	5.8	5.3	6.0	22.1	6.3
Total life insurance	7.6	8.4	7.7	8.5	32.2	8.8
Annuities						
Fixed index (first-year)	—	—	—	0.1	0.1	—
Fixed index (renewal)	0.3	0.4	0.2	0.1	1.0	0.3
Subtotal - fixed index annuities	0.3	0.4	0.2	0.2	1.1	0.3
Other fixed interest (renewal)	0.1	—	0.1	—	0.2	0.1
Total annuities	0.4	0.4	0.3	0.2	1.3	0.4
Collections on insurance products						
Total first-year premium collections on insurance products	19.7	19.4	18.5	18.9	76.5	18.6
Total renewal premium collections on insurance products	156.5	153.4	149.0	157.4	616.3	158.2
Total collections on insurance products	\$ 176.2	\$ 172.8	\$ 167.5	\$ 176.3	\$ 692.8	\$ 176.8

CNO Financial Group, Inc.

Colonial Penn Premiums collected on insurance products (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Life insurance						
Traditional (first-year)	\$ 11.9	\$ 11.3	\$ 11.7	\$ 12.0	\$ 46.9	\$ 12.8
Traditional (renewal)	62.9	62.0	61.8	62.8	249.5	63.9
Subtotal - traditional	74.8	73.3	73.5	74.8	296.4	76.7
Interest-sensitive (all renewal)	—	0.1	0.1	—	0.2	0.1
Total life insurance	74.8	73.4	73.6	74.8	296.6	76.8
Health (all renewal)						
Medicare supplement	0.4	0.4	0.4	0.3	1.5	0.3
Other health	0.1	—	—	0.1	0.2	0.1
Total health	0.5	0.4	0.4	0.4	1.7	0.4
Collections on insurance products						
Total first-year premium collections on insurance products	11.9	11.3	11.7	12.0	46.9	12.8
Total renewal premium collections on insurance products	63.4	62.5	62.3	63.2	251.4	64.4
Total collections on insurance products	\$ 75.3	\$ 73.8	\$ 74.0	\$ 75.2	\$ 298.3	\$ 77.2

CNO Financial Group, Inc.

Long-term care in run-off Premiums collected on insurance products (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Long-term care (renewal)	\$ 49.6	\$ 47.6	\$ 44.9	\$ 3.7	\$ 145.8	\$ 3.6
Total collections on insurance products	\$ 49.6	\$ 47.6	\$ 44.9	\$ 3.7	\$ 145.8	\$ 3.6

CNO Financial Group, Inc.

First-year collected premiums (in millions)

	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Bankers Life						
Medicare supplement	\$ 15.4	\$ 15.5	\$ 15.2	\$ 15.8	\$ 61.9	\$ 14.3
Long-term care	3.7	3.7	3.9	4.3	15.6	4.4
Supplemental health and other health	1.3	1.3	1.2	1.4	5.2	1.3
Life	29.2	31.8	29.4	30.2	120.6	25.9
Annuity	249.9	286.0	269.2	352.7	1,157.8	314.2
Subtotal Bankers Life	299.5	338.3	318.9	404.4	1,361.1	360.1
Washington National						
Supplemental health and other health	18.4	17.8	17.1	17.1	70.4	16.7
Life	1.3	1.6	1.4	1.7	6.0	1.9
Annuity	—	—	—	0.1	0.1	—
Subtotal Washington National	19.7	19.4	18.5	18.9	76.5	18.6
Colonial Penn						
Life	11.9	11.3	11.7	12.0	46.9	12.8
Total first-year collected premiums	\$ 331.1	\$ 369.0	\$ 349.1	\$ 435.3	\$ 1,484.5	\$ 391.5

CNO Financial Group, Inc.

Life and Health New Annualized Premiums ("NAP") (in millions)

	1Q18	2Q18	3Q18	4Q18	2018	1Q19
Bankers Life						
Medicare supplement	\$ 12.9	\$ 14.3	\$ 13.9	\$ 17.9	\$ 59.0	\$ 12.4
Long-term care	5.0	5.3	6.5	7.4	24.2	5.8
Supplemental health and other health	1.3	1.4	1.1	2.0	5.8	1.2
Life	16.5	17.9	15.8	14.9	65.1	14.1
Subtotal Bankers Life	35.7	38.9	37.3	42.2	154.1	33.5
Washington National						
Supplemental health	22.0	23.9	22.8	26.0	94.7	20.7
Life	1.8	2.1	2.5	4.1	10.5	3.2
Subtotal Washington National	23.8	26.0	25.3	30.1	105.2	23.9
Colonial Penn						
Life	18.6	16.9	19.1	17.3	71.9	22.4
Total NAP	\$ 78.1	\$ 81.8	\$ 81.7	\$ 89.6	\$ 331.2	\$ 79.8

CNO Financial Group, Inc. Statutory information - consolidated basis (7) (in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19 (a)
Net gain (loss) from operations before interest expense and federal income taxes	\$ 65.1	\$ 80.5	\$ (491.1)	\$ 21.4	\$ (324.1)	\$ 97.8
Interest expense on surplus debentures held by parent company	12.0	12.2	21.7	12.3	58.2	12.6
Net gain (loss) from operations before federal income taxes	53.1	68.3	(512.8)	9.1	(382.3)	85.2
Federal income tax expense (benefit)	1.6	(2.5)	(23.9)	(20.4)	(45.2)	1.9
Net gain (loss) from operations before net realized capital gains (losses)	51.5	70.8	(488.9)	29.5	(337.1)	83.3
Net realized capital gains (losses)	3.7	2.7	41.3	(3.9)	43.8	(9.9)
Net income (loss)	\$ 55.2	\$ 73.5	\$ (447.6)	\$ 25.6	\$ (293.3)	\$ 73.4
Capital and surplus	\$ 1,918.9	\$ 1,952.0	\$ 1,781.6	\$ 1,652.8	\$ 1,652.8	\$ 1,717.4
Asset valuation reserve (AVR)	264.7	258.4	283.6	233.3	233.3	248.0
Capital, surplus and AVR	2,183.6	2,210.4	2,065.2	1,886.1	1,886.1	1,965.4
Interest maintenance reserve (IMR)	479.4	492.0	439.8	425.0	425.0	418.3
Total statutory capital, surplus, AVR & IMR	\$ 2,663.0	\$ 2,702.4	\$ 2,505.0	\$ 2,311.1	\$ 2,311.1	\$ 2,383.7

(a) Such amounts are preliminary as the statutory basis financial statements of our insurance subsidiaries for 1Q19 will be filed with the respective insurance regulators on or about May 15, 2019.

Notes

- (1) Excludes accumulated other comprehensive income. Management believes this non-GAAP measure is useful because it removes the volatility that arises from changes in the unrealized appreciation (depreciation) of our investments.
- (2) Shareholders' equity divided by common shares outstanding.
- (3) Book value per diluted share reflects the potential dilution that could occur if outstanding stock options were exercised and restricted stock and performance units were vested. The dilution from options, restricted shares and performance units is calculated using the treasury stock method. Under this method, we assume the proceeds from the exercise of the options (or the unrecognized compensation expense with respect to restricted stock and performance units) will be used to purchase shares of our common stock at the closing market price on the last day of the period.
- (4) Management believes that an analysis of earnings before net realized investment gains (losses) from sales and impairments, net change in market value of investments recognized in earnings, fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, fair value changes related to the agent deferred compensation plan, loss related to reinsurance transaction, other non-operating items, corporate interest expense and taxes ("Adjusted EBIT," a non-GAAP financial measure) provides a clearer comparison of the operating results of the company quarter-over-quarter because these items are unrelated to the company's underlying fundamentals.
- (5) Management believes that an analysis of Net income applicable to common stock before: (i) net realized investment gains or losses from sales and impairments, net of related amortization and taxes; (ii) net change in market value of investments recognized in earnings, net of taxes; (iii) fair value changes due to fluctuations in the interest rates used to discount embedded derivative liabilities related to our fixed index annuities, net of related amortization and taxes; (iv) fair value changes related to the agent deferred compensation plan, net of taxes; (v) loss related to reinsurance transaction, net of taxes; (vi) changes in the valuation allowance for deferred tax assets and other tax items; and (vii) other non-operating items consisting primarily of earnings attributable to variable interest entities, net of taxes ("Net operating income," a non-GAAP financial measure) is important to evaluate the financial performance of the company, and is a key measure commonly used in the life insurance industry. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the company's underlying fundamentals.
- (6) Management believes that an analysis of Adjusted EBIT for Colonial Penn, separated between inforce and new business provides increased clarity for this segment as the vast majority of the costs to generate new business in this segment are not deferrable and Adjusted EBIT will fluctuate based on management's decisions on how much marketing costs to incur in each period. Adjusted EBIT from new business includes pre-tax revenues and expenses associated with new sales of our insurance products during the first year after the sale is completed. Adjusted EBIT from inforce business includes all pre-tax revenues and expenses associated with sales of insurance products that were completed more than one year before the end of the reporting period. The allocation of certain revenues and expenses between new and inforce business is based on estimates, which we believe are reasonable.
- (7) Based on statutory accounting practices prescribed or permitted by regulatory authorities for CNO Financial's insurance subsidiaries after appropriate elimination of intercompany accounts among such subsidiaries. Such accounting practices differ from GAAP.



News

For Immediate Release

CNO Financial Group Acquires Web Benefits Design

Strategic investment in benefits technology platform to advance worksite strategy

CARMEL, Ind. - April 29, 2019 - CNO Financial Group (NYSE: CNO) announced today that it has acquired privately-owned Web Benefits Design Corporation (“WBD”), a leading online benefits administration firm with a best-in-class, proprietary technology platform for employer benefit programs.

WBD offers a full-service, integrated employee benefits administration solution, distributed through a network of independent brokers and a direct sales force. Its cloud-based platform provides companies with a customizable suite of administration, compliance and communications solutions to manage employee benefits programs while delivering a simple and straightforward enrollment experience for employees.

“WBD brings a leading-edge benefits technology platform and a proven track record of digital innovation to CNO,” said Gary C. Bhojwani, chief executive officer. “Employee benefits technology is one of the most highly sought-after solutions in the fast-growing worksite marketplace. With WBD’s platform, we are strengthening our competitive position to retain and attract employer groups by offering a technology-driven one-stop shop for their benefit needs.”

“We expect this transaction to accelerate the growth of our worksite business, which has been expanding at a double-digit rate for the last four quarters,” Bhojwani added. “CNO’s insurance products will now be available alongside WBD’s current carrier options to 1,000 employer group clients with more than 250,000 employees. The acquisition will also enable distribution of WBD’s solutions and our products through both our 375 dedicated worksite agents and WBD’s 200 affiliated brokers, providing considerable cross-sell opportunities.”

“CNO is the right partner to help us reach the next level of success while preserving what makes us valuable to our clients and partners,” said Bethany Schenk, president and chief executive officer of Web Benefits Design. “We are excited to join a company that shares our vision and values while supporting our entrepreneurial spirit. Linking our industry-leading platform with CNO’s operational infrastructure, insurance product portfolio and national sales force will create a win-win situation for all of our customers, brokers and carrier partners.”

The purchase price is approximately \$66 million with an additional earn-out if certain financial targets are achieved. CNO intends to fund the transaction from holding company cash and expects it to be accretive to earnings in 2020.

Deutsche Bank Securities Inc. served as financial advisor to CNO Financial Group and Stifel, Nicolaus & Company, Incorporated served as financial advisor to Web Benefits Design.

About CNO Financial Group

CNO Financial Group, Inc. (NYSE: CNO) is a holding company. Our insurance companies - principally Bankers Life and Casualty Company, Colonial Penn Life Insurance Company and Washington National Insurance Company - primarily serve middle-income pre-retiree and retired Americans by helping them protect against financial adversity and provide for a more secure retirement. For more information, visit CNO online at CNOinc.com.

About Web Benefits Design

Web Benefits Design Corporation (“WBD”) is a leading national employee benefits technology, communication, and administration firm founded by Ron and Bethany Schenk. WBD works with companies of all sizes to develop employee benefit solutions on the cutting edge of technology and value. WBD’s core solutions include online enrollment, COBRA, ACA reporting, telephonic enrollment, dependent documentation management, insurance carrier and payroll connectivity. WBD bridges the gap between total automation and reality to help employers leverage its solutions to save time, money and resources by delivering an engaging, high-impact employee benefits package. For more information, visit wbdcorp.com.

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