

Everyone deserves a Guardian

2018 Annual Report

“There has never been a time when my inquiries were met with anything less than kindness, understanding and patience. Every staff member I spoke with seems to have an innate ability to reach across the phone line to reassure me that they will do whatever they can to help me return to the workplace healthy, happy and productive.”

Quote from Mary M.

A short- and long-term disability customer



Dear Policyholders,

Every time I hear from customers like Mary, I'm filled with tremendous pride. In a world where customer expectations are continually evolving, our colleagues are working hard to exceed the expectations of our 27 million customers every day. And, because of their hard work, we delivered another strong year for Guardian.

There's one constant that has been the guiding force behind our success. To this day, our founding values influence every decision we make: people count, we do the right thing and we hold ourselves to very high standards.

This year was our moment to share with the world what we've known for a long time — core values matter; they bring us together and they make us stronger. With that belief, for the very first time in 158 years, we launched an advertising campaign to introduce Guardian to people who aren't yet our customers and share why everyone deserves a Guardian.

Being a Guardian comes to life in how we do business, participate in our communities and serve the people who use our products and services each day. Here are a few examples from this year: We launched a platform called Guardian Direct to provide access to benefits for those who don't have insurance from an employer. We launched a partnership with Children's Health Fund and Dental Lifeline to provide dental health services to people who don't have them. We continued to answer the call for customers like Mary, and improve the ways we serve customer needs.

Doing the Right Thing Drives Performance

Our focus on doing the right thing once again helped us deliver a record \$980.6 million dividend to you, our policyholders — the highest in our history. We ended the year with earnings of \$1.6 billion and record capital of \$8.5 billion, and we expanded our services to reach 27 million customers. Our customer care teams were recognized as industry leaders in delivering superior service by J.D. Power and DALBAR, organizations that rate service across the industry.

People at the Heart of Innovation

We are focused on innovating so we can anticipate and meet the needs of consumers through technology, training and even our work environments. We continued to advance our technology infrastructure to innovate faster, partner with other companies and operate more securely and efficiently

than ever before. And we are making it easier for people to get information and service where and when they need it through dedicated customer experience and data analytics teams.

We encourage innovation around client challenges from all our employees — over 5,500 colleagues participated in innovation sessions. A great example includes some of our most talented up-and-coming professionals who joined together to find new solutions to business challenges. They did. And we're now developing their ideas. These include an application that uses a person's voice to securely identify them and provide the information they want about their dental insurance, and a customer-guided blueprint for effective onboarding and back-office operations.

We are also continuing to invest in new workplaces that make it possible for people to do their best work together, powered by technology, tools and lots of natural light. Our office at Bell Works in New Jersey has added inspiration because of its history as the former Bell Labs research center, well-known for innovation before Silicon Valley existed. And in mid-2019, our New York headquarters will move to the new Hudson Yards neighborhood in New York City.

A Company Rooted in Service

Service is part of our mission, and it comes to life through our involvement in communities, our proactive care of customers and our passion for what we do.

This year, our colleagues volunteered more than 12,000 hours, boosted by our first Summer of Service challenge. Our employee giving campaign hit record numbers and supported more than 1,500 charities across the country. And we continued to invest in future workforce development through our partnerships with community colleges and organizations such as Girls Who Code, AnitaB.org and Grace Hopper.

When hurricanes battered Florida, we sprang into action. Within hours, we were able to generate reports to identify customers in the path of Hurricane Florence. Our teams worked tirelessly to call more than 2,000 customers to ensure they were safe and able to access their payments. Their heartfelt responses, such as, "I never thought an insurance company would be so considerate and thoughtful," reminded us how important it is to be a Guardian for our consumers.

Our commitment runs deep. In a recent survey, 92 percent of our colleagues said they were proud to work for Guardian. As you read through this year's report, you will notice one common theme: Every colleague within the company believes strongly in our purpose and is proud of the work they do. The stories that follow are examples of how we serve as Guardians for our customers, communities and each other. Because everyone deserves a Guardian.

Sincerely,

Deanna M. Mulligan
President and Chief Executive Officer

92%

of employees are proud
to work for Guardian

\$980.6M

record dividend paid to our
policyholders this year

\$2M

total donated from our
employee giving campaign

5,500+

colleagues participated
in innovation sessions

**2018 was a year marked by change.
Record dividends. Migration to
the cloud. A historic rebrand.
Unprecedented natural disaster.
Unshakable community.**

**Through it all, one question drove us.
What does it mean to be a Guardian?**

Financial Highlights and Ratings

(on a consolidated basis)

● 2018 ● 2017

Assets Under Management

\$73.9B

\$71.5B

Operating Income

\$1.6B

\$1.6B

Life Insurance in Force

\$667B

\$637B

Benefits Paid to Policyholders

\$6.3B

\$6.1B

Premiums

\$9.7B

\$9.4B

Capital

\$8.5B

\$8.0B

Policyholder Dividends Declared

\$980.6M

\$913.2M

Moody's Investors Service

Aa2

Excellent
3rd Highest of 21 Ratings

A.M. Best Company

A++

Superior
Highest of 15 Ratings

Standard & Poor's

AA+

Very Strong
2nd Highest of 22 Ratings

Fitch

AA+

Very Strong
2nd Highest of 21 Ratings

COMDEX

98

Score out of 100

Operating income is before taxes and dividends to policyholders.

The ratings of The Guardian Life Insurance Company of America® (Guardian) quoted in this report are as of December 31, 2018, and are subject to change. The ratings earned by Guardian do not apply to the investments issued by The Guardian Insurance & Annuity Company, Inc. (GIAC) or offered through Park Avenue Securities LLC (PAS). Rankings refer to Guardian's standing within the range of possible ratings offered by each agency. Comdex is not a rating but a composite of all ratings that a company has received from the four major ratings agencies (A.M. Best, Fitch, Moody's and Standard & Poor's). Comdex represents a company's percentile standing, on a scale of 1 to 100 (with 100 being the best), in relation to other companies that have been rated by the major agencies.

Our Leadership Team

Executive Leadership



Deanna M. Mulligan

President and Chief Executive Officer



Marc Costantini

Executive Vice President, Commercial & Gov. Markets



Dean Del Vecchio

Executive Vice President, Chief of Operations and Chief Information Officer



Eric R. Dinallo

Executive Vice President and General Counsel



Michael Ferik

Executive Vice President and Chief Financial Officer



Andrew McMahon

Executive Vice President, Individual Markets, Enterprise Strategy and Customer Development



Diana L. Scott

Executive Vice President and Chief Human Resources Officer



Thomas G. Sorell, CFA

Executive Vice President and Chief Investment Officer

Board of Directors

John J. Brennan

Chairman Emeritus, Vanguard
Director since 2011

Lloyd E. Campbell

Consultant, Spencer Stuart
Director since 2006

Richard E. Cavanagh

Retired President and Chief Executive Officer, The Conference Board, Inc.
Director since 1998

Nancy E. Cooper

Former Chief Financial Officer and Executive Vice President, CA Technologies, Inc.
Director since 2012

**Deborah L. Duncan
(Lead Director)**

Senior Advisor, Member of the Board of Advisors, and Former Executive Vice President and Chief Financial Officer, Fremont Group, L.L.C.
Director since 2006

William C. Freda

Retired Senior Partner and Vice Chairman, Deloitte, LLP
Director since 2014

Christopher T. Jenny

Former President & Senior Partner, The Parthenon Group
Director since 2017

Deanna M. Mulligan

President and Chief Executive Officer, Guardian
Director since 2011

Gary A. Norcross

Chairman, President and CEO, FIS
Director since 2017

Vivek Sankaran

Chief Executive Officer, Frito-Lay North America
Director since 2018

Full biographies can be found at
guardianlife.com/about-guardian

Our products provide confidence for the future. Part of that comes from understanding that life doesn't always go as planned.

When the unexpected happens, you deserve to have us right by your side.

You deserve a Guardian you can trust.

Owning What You Believe In

How one trusted Guardian Financial Representative came to put her trust in others.

Those who thrive by caring for others often find the simple act of receiving help in times of need a not-so-simple challenge. Perhaps no one knows that test of trust better than Joleen Mainz. For years, Joleen was a Guardian Financial Representative, and when tragedy struck, she needed to rely on others to help her and her family heal.

Joleen lives in Rochester, Minnesota, in the home where she raised her two sons with her husband Paul. She has spent her life looking after the well-being of others. First as a cardiac care nurse and later, along with Paul, as a Guardian Financial Representative, dedicating herself to financially preparing others for the unpredictability of life. As committed advisors, Joleen and Paul purchased every product they ever recommended to any of their clients.

On the morning of November 14, 2014, Joleen's life turned upside down in an instant. She found Paul sitting in a chair in the living room, unresponsive — he wasn't breathing, and nothing could revive him. He had suffered an aortic aneurysm.

The sudden death of a husband, friend, father and business partner left Joleen in shock and feeling overwhelmed. It became hard to think straight or even remember conversations she'd just had. The holidays were approaching, and she and her sons were going to have to manage a normally happy time of year without Paul. Joleen knew it would be tough, but she didn't know how tough.

On Christmas Day, just six weeks after Paul passed away, Joleen's son Elliot was driving the family — Joleen, her son Erik and his girlfriend Rachel, and their aunt — home from Joleen's parents' house when a car crossed the center line and hit them head-on at highway speed. The driver had no license and no insurance. Two weeks later, Joleen's aunt died from her injuries. Miraculously, Erik, Elliot and

Rachel survived with just bruises, but Joleen was not so fortunate: several of her ribs were broken, her tailbone was displaced, her spine was fractured, her ankle was broken and her foot was crushed, leading to a syndrome that makes even the most simple physical tasks excruciatingly painful. In just two months, Joleen lost two of the people she loved most in the world and suffered a debilitating disability.

Months later, she tried to get back to work again. She found it impossible due to the continuing pain she was suffering. The memory loss and trouble thinking didn't help matters either, and she had to go on permanent disability.

Joleen's journey through grief and pain was, and continues to be, long and hard. But she's not on that journey alone. Joleen is surrounded by a loving group of friends and family to support her, and she doesn't have to worry about how she'll make ends meet while she can't work. In their years as Guardian representatives, Joleen and Paul had always done their own financial planning, so Joleen was financially prepared with life and disability insurance. She trusted Guardian's products to protect her, and she was not let down.

When Joleen's son Erik asked her, "Mom, you're going to be ok, right? Dad had life insurance, right?" Joleen knew that ultimately, yes, she was going to be fine. She wasn't going to lose her house or her car. She wasn't going to have to tap into her retirement funds to take care of her monthly bills. By having Paul's life insurance and her own disability insurance, she has been given confidence, financial security and freedom.

As Joleen says, "Resilience is learned and means that you bounce back and adjust. Having trusting relationships is the most useful thing you can have to bounce back ... Guardian Financial Representatives help people be prepared. That's why we do what we do."

A photograph of a man and a woman standing outdoors. The man, on the left, has a full red beard and is wearing a grey hoodie and a brown baseball cap. The woman, on the right, is wearing a blue jacket, a blue beanie, and glasses. They are both smiling and looking towards the camera. The background is a blurred outdoor setting with some bare branches.

Joleen and her son Elliot

“We had done everything we possibly could to take care of our family, and we felt a sense of peace.”

Joleen Mainz, Guardian Policyholder
and Former Financial Representative

Weekly visits to the local recreational center in Rochester, Minnesota, help Joleen regain her strength. Years of stretching and exercising in front of the mirror combined with physical and occupational therapy have helped her stand confidently on her own two feet.



In the water, the pressure on Joleen's body dissipates, and she has an easier time moving around. Pool therapy was, and continues to be, an integral part of Joleen's recovery. Whether it's marching slowly underwater or stretching at the side of the pool, Joleen has committed herself to recovery.



After the car accident and her subsequent disability, even doing simple tasks, like washing the dishes, would wipe Joleen out for an entire day. Luckily, she has her son Elliot home with her to look after her and lend a helping hand with household chores.



Watch Joleen's video and explore our
stories at guardianlife.com/2018



Vidal Peoples (left)
with Dr. Tovar



A Newfound Purpose

How one devoted doctor turned a sudden disability into a whole new world of possibility.

Everyone needs people in their life whom they can trust. Plenty of parents found that trust in Dr. Winfred Tovar when he delivered their babies. And in 2011, when Dr. Tovar connected with Vidal Peoples, a Guardian Financial Representative, he started a relationship that grew with trust and ultimately impacted his entire world in ways he never could have predicted.

Dr. Tovar was a prominent OB/GYN working at Saint Barnabas Hospital in New York City. He was delivering a 13-pound baby when he collapsed on the floor. Extended bending over to manage the long and complicated birth left him with a herniated disc and permanent paralysis on the left side of his body.

A year before the accident, he attended a seminar where he met Guardian Financial Representative Vidal Peoples. Vidal shared stories about his life and work, which inspired Dr. Tovar to analyze his own financial state. He knew he needed to protect his wealth, so he asked Vidal to help him plan. Dr. Tovar quickly realized that his current level of protection provided by his employer was far below what he and his family back in Haiti would need if he ever lost the ability to work and that he couldn't rely on Workers' Compensation. Working with Vidal, he increased his life and disability insurance coverage to supplement what was offered to him at work.

After his accident, Dr. Tovar accepted that he could not return to work, and his disability insurance gave him stability that let him follow his other passions. One cause very close to his heart was prenatal medicine for women and children in Haiti. His own cousin lived in Haiti and had complications giving birth, and he was determined to help her and women in the same situation. Completing his second Ivy League master's degree in non-profit management, he started Mimsi, a non-profit that aims to improve access to health care for pregnant women in Haiti. Mimsi has received from the Inter-American Development Bank a \$750,000 grant to expand mobile pregnancy clinics throughout southern Haiti.

Dr. Tovar has created a fulfilling new life, which he says he loves living. With Guardian's protection, Dr. Tovar is paying his good fortunes forward and continuing to impact the lives of pregnant women and their children. While he does not deliver babies any longer, he is able to train others to deliver maternal and newborn care women desperately need and deserve.

Watch Dr. Tovar's video and explore our stories at guardianlife.com/2018

With Guardian's protection, Dr. Winfred Tovar is paying his good fortunes forward.



Dr. Tovar explored his passion for photography after his disability. These photos were featured in the art show, "Safe Passage: What Women Carry in Haiti," and are part of a limited edition.

**Doing the right thing shouldn't
only happen from nine to five.**

**That's why this year, Guardian
employees contributed over 12,000
volunteer hours to more than 1,500
charities in a commitment to look
out for others.**

**Because every community
deserves a Guardian who cares.**

Watch Wes's video
and explore our stories
at guardianlife.com/2018



Cycling for a Cure

How one dedicated employee is tackling a disease and honoring his late father.

This past year, we are proud to have demonstrated our commitment to service by contributing over \$1 million to charitable causes through our employee giving campaign. The Guardian for Good program is a way for our colleagues to nominate their favorite charity for a special grant.

One of our employees to win the grant was Wes Dellinger, Regional Director of Firm Growth and Leadership Development in Texas. Wes's charitable passion is the Bike MS Bay to Bay ride in California, to benefit the National Multiple Sclerosis Society, a philanthropy that he got involved with after he lost his father to MS in 2012. Wes himself was diagnosed with MS in 2006. Watching his dad go from cane to walker to wheelchair to bedridden and, ultimately, to death triggered a fight in him to overcome the misperceptions that often accompany the disease that affects over two million people.

This started when Wes's Guardian colleagues, who were participating in Bike MS rides in his honor, challenged Wes to join them. He took them up on it. He started to get in shape and logged over a thousand miles of running and biking. "You can live a full, normal and healthy life with MS," Wes says.

Wes's two-day trek in the Bay to Bay MS ride down the coast from Irvine to San Diego was a personal triumph, but what really mattered was the money he raised for advancements in MS treatment.

Thanks to advancements in research and therapies brought about in part from funds raised through Bike MS donations, Wes can now take a tiny pill each night to manage his disease progression, instead of injection-based therapies that were previously the primary treatment method.

During his 23 years at Guardian, Wes has formed a community of caring colleagues who support each other, and this year, they are forming a Guardian bike team to participate in MS rides and raise money to combat the disease. "We wanted to give people in our community the opportunity to get together and cycle for a cause, which promotes health and vitality, and incorporates that mentality of everyone deserves a Guardian."

Due to the Guardian for Good campaign and Guardian's contribution to Bike MS, Wes's fundraising effort has surpassed his wildest dreams. He's been affiliated with Guardian for half his life and has experienced many proud moments, but this achievement is his proudest.



"I'm honored that with Guardian's support, I will continue to be a Guardian for my family, my dad's memory and the well-being of other people for years to come."

Matching What Matters

How one Guardian Agency was able to double their charitable grant to a local trauma center.

The high school student who's in shock after a classmate takes their own life. The family left devastated when their home is destroyed by a tornado. Residents of a town trying to make sense of their world after an act of terrorism. These are the survivors of trauma, the people who need mental health support. They are the people the Bulfinch Group has made it their mission to help, and they're the reason the Guardian giving program provides grants that match donations made by our agencies dollar for dollar.

The Bulfinch Group is a Guardian Agency, just outside of Boston, whose philosophy of giving has always focused on their community. The Bulfinch Group Charitable Foundation, led by a dedicated board of directors, was founded by Seth and his wife Leslie, who currently serves as president. Their mission: To create a culture of giving within their company and provide grants to local organizations their employees are passionate about.

This year, Guardian matched the Bulfinch Group's grant for Riverside Community Care, which includes a trauma center located in Needham, Massachusetts. The center serves over 10,000 people, and provides consultation and counseling to the community, schools and workplaces where highly stressful events have occurred. "We help the community deal with trying to promote healthy grieving," says Larry Berkowitz, director of Riverside Trauma Center.

Riverside also works with first responders to these traumatic events through psychological first aid, as they did after the Boston Marathon bombings. "After the bombings, we were helping people respond to some of their initial reactions, helping them get stabilized so they could get back to their daily activities. We literally walked people back to their businesses and to their homes in that area," says Larry.

"This program is remarkable, as it allows General Agents to localize and maximize their charitable contributions in meaningful ways, directly impacting Guardian policyholders in the communities in which they live."

Since Seth founded the Bulfinch Group 25 years ago, the Foundation has provided hundreds of thousands of dollars in grants to more than 50 non-profits. These include hospitals, advocacy centers, support for cancer patients and trauma centers.

"We have always had a strong desire to give back to the communities in which we serve," Seth says. "Our Charitable Foundation has allowed us to make a lasting impact on many fronts."

The associates who work for The Bulfinch Group are also very active in their communities, raising awareness and funding for causes that are important to them. The Guardian giving program has allowed Bulfinch associates to double the impact of their donations, making an even bigger difference.

We were honored to match the Bulfinch Group's \$25,000 donation for a total of \$50,000 that we hope will greatly impact Riverside and their community. "Some of our funding comes from the state, some comes from the Department of Public Health here in Massachusetts, but charitable contributions are critical to our work," says Larry. When a disaster hits, Riverside is ready to serve the people in their own community.

Watch the Bulfinch Group's video and explore our stories at guardianlife.com/2018



Seth Medalie believes in the spirit of service, whether he is helping a client plan their financial future or lending support to local non-profits in his community. To date, The Bulfinch Group Charitable Foundation has made grants totaling over \$300,000 to more than 50 non-profits.



Larry Berkowitz is the director of the Riverside Trauma Center, which helps the community recover after highly stressful events. His team has trained over 1,000 people to provide sensitive and supportive services whenever the need arises.

Corporate Social Responsibility

Being a Guardian means taking care of our community and the places we call home.

In 2018, a record number of Guardian colleagues volunteered their time and donated their money, which we were proud to match. This past year, more than ever before, we've focused on lowering our environmental impact and creating a sustainable environment for our colleagues and communities.

Our philosophy is "do the right thing." It's one of the values our business was built on, and it's one of the ways our Corporate Social Responsibility program is brought to life by our colleagues around the globe.

Employee community involvement is a large part of the foundation of our identity and a principal way we prepare people for better futures in every phase of their lives.

\$2M

donated during our employee giving campaign, including our company matching gift

We awarded 47 volunteer grants, totaling

\$30,500

We donated

\$128,850

for disaster relief



Colleagues volunteered

4,700+

times during the year

Guardian volunteers assembled

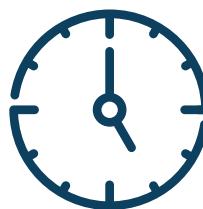
30,000

healthy meals for those in need

Colleagues logged

12,285

volunteer hours for 1,640 different organizations



Sustainable practices saved:

792K lbs

of CO₂ emissions

2,734 cubic yards

of landfill space

9,180

trees

15M gallons

of water

1.2M KWH

of electricity



For more information on our CSR efforts, visit guardianlife.com/csr

8 in 10

with dental benefits
see dentists at least
1 time a year



Our Dedication to Oral Health

We believe that everyone should have access to oral health care, regardless of age, location or income. This belief shapes how we do business and how we contribute to our communities.

Guardians of the Smile

partnership with Children's
Health Fund for kids and
the underserved

75%

of employees consider dental
coverage "very important"

12,000+

people treated through our partnership
with Children's Health Fund

**Innovation and experience
are at their best when they
work together.**

**That's why, as a 158-year-old
company, we're dedicated to
innovating our systems, spaces
and services to better serve
our customers.**

**Because you deserve
a Guardian for tomorrow.**

The Infrastructure of Innovation

We sat down with our CIO Dean Del Vecchio to talk about Guardian's innovation mindset.

You recently oversaw a major overhaul in Guardian's tech infrastructure. What changed, and how did that impact the customer and employee experience?

When I started at Guardian, I inherited a computing platform that had been around for a very long time. Guardian is a company that's almost 160 years old, but I knew if we were to continue to scale and grow, it was time to bring Guardian into the digital age by implementing a cloud-first digital strategy. We partnered with Amazon Web Services (AWS), a secure cloud service platform.

AWS provided us with a highly scalable and more efficient way to run our operations. We migrated over 200 applications in a 12-month period, and were able to reduce our data center space by 80 percent. Our staff no longer has to worry about racking and stacking servers and infrastructure. Instead, we can focus on new development that meets customer needs. We can invent, test and learn. And the payoff has been great. For instance, we launched our own digital platform, guardiandirect.com, that allows consumers to easily research, purchase and self-service Guardian products.

Now we have access to data analytics that let us gain new insights while respecting privacy so we can continuously improve our customer experience, including when, where and how they prefer.

You've said that Guardian's shift to the cloud has enabled the company to be more agile. Why is agility important?

Ultimately, our goal is to stay agile enough to create innovative products and more value for our customers. A more agile environment lets us focus on enhanced customer experiences, because we can more accurately anticipate what the customer needs and then provide that solution.

Being agile also means it is easier to have ongoing collaboration with teams across many different disciplines. Because of the benefits of Agile Methodology to both our colleagues and our customers, we're committed to providing training to all employees to become an agile organization.

The way people work has certainly changed as well. Can you talk about what Guardian has done to evolve the working environment?

People need to work in an environment that supports innovation. So we took on a multiyear journey to replace all the grey walls and high cubes in the offices with open, airy designs, with better light and collaboration spaces. We did this to foster teamwork and give people more flexible ways to work. Not something you'd expect from a 158-year-old insurance company.

That sent a clear message to our employees that we were willing to make an investment not only in our spaces, but also in them as well. Through our Guardian on the Go program, employees can easily work at home, in the office or wherever is most convenient. Because we now use the latest technology and remote capabilities, you can just as easily collaborate with the colleagues who are a thousand miles away as the ones who are just across the hall.

Several of our office locations have already been reimagined. In early 2018, we opened a new office in Holmdel, New Jersey, our latest workplace designed to inspire employees and foster innovation. And Guardian's corporate headquarters will move to 10 Hudson Yards in New York City, in 2019. Similar to the Holmdel campus, the design will allow for cross-functional collaboration and will also conform to the latest environment sustainability standards.



Dean delivers 2018 AWS re:Invent keynote to 100,000 people. Watch this and more videos at guardianlife.com/2018



“It can be hard to keep up with the latest technology. Our partnership with General Assembly means that people like me can take on new projects and learn new skills that will help throughout our careers.”

Peter Liang, Technology Associate

Head of Design Thinking Sravan Muthiraj leads human-centered design and innovation projects at Guardian. Explore our stories at guardianlife.com/2018



With so much new information and technology now available, how has Guardian trained employees to get the most out of it?

We now have this vast data lake where all our data is consolidated, and we realized we needed to help people derive value from all that data. So we partnered with General Assembly, a technology, business and data training company, to upskill many people on our staff. And this is exciting because data democratizes innovation and allows ideas to improve our experiences with consumers and to come from anywhere in Guardian — product development, IT, finance, communications or customer service teams.

Guardian is a big proponent of a “design thinking” approach to business. What is design thinking and how is Guardian using it?

Design thinking is a human-centered approach to innovation. It challenges existing assumptions. The goal is to identify solutions we may not have otherwise considered.

Ultimately, it’s about deeply understanding the customer’s perspective, so we can empathize with how they experience the world. We interview consumers extensively — from people who enroll to people who don’t. What is the data telling us? We push the status quo, and then pivot through

brainstorming sessions, testing and ongoing experimentation, always keeping the consumer at the heart of a solution.

For example, we challenged ourselves to make the customer experience better when it came to submitting claims. Instead of just assuming we knew what the problems were, we made phone calls, we interviewed. And we found there was too much confusion in the process. It was too complicated for people at a time when they were already going through something difficult. So we set out to create super-simplified ways to submit claims.

Why is the InsurTech Revolution important to an established company like Guardian?

InsurTech refers to the many segments of new technologies that are disrupting the insurance space — from smartphones and apps to claim acceleration tools and biometric recognition capabilities. And it’s not just about how technology is changing insurance processes, it’s also about how a new standard of consumer expectations and demands is emerging. Guardian welcomes this revolution because we believe it can serve our consumers’ and our partners’ best interests. We’re also confident that the future holds room for both start-ups and experienced companies. The former have found disrupting the insurance category isn’t so simple, yet the latter cannot rest on past knowledge and legacy tech. The best innovation will come from cooperation and shared learnings.

At Guardian, this means we are constantly evaluating and improving upon our people and technology strategies to make sure we can serve the modern, empowered consumer. We see the InsurTech conversation shifting to one of business model innovation, where collaboration includes our venture partners along with our customers. We need to be nimble while also being mindful of responsible risk. Keeping our promises requires a mindset for digital innovation and a long-term view for those we serve. That’s a territory in which Guardian is emerging as well-poised to succeed for our policyholders and all of our stakeholders.



21

actuaries reskilled to
become data scientists



40+

AI projects kicked off



70+

young women trained in
coding and STEM through our
partnership with Girls Who Code



200+

applications moved to the cloud



Data center footprint reduced by

11,000sf

Financial Information

Highlights of our financial performance in 2018

Results are for The Guardian Life Insurance Company of America only (not consolidated).

The condensed financial statements of The Guardian Life Insurance Company of America have been derived from audited statutory financial statements, which are available upon request.

Admitted Assets

As of December 31 (in millions)

	2018	2017
Bonds	\$39,361	\$38,125
Mortgage loans	4,520	4,001
Policy loans	3,635	3,520
Private and real estate equity	1,814	1,478
Receivables for securities, other invested assets, and derivatives	1,197	1,246
Investments in affiliates	1,150	995
Cash and short-term investments	732	554
Unaffiliated common & preferred stocks	661	536
Total invested assets	53,070	50,455
Reinsurance recoverable from affiliate	2,803	2,641
Premiums deferred and uncollected	1,115	1,091
Net deferred tax asset	650	587
Due and accrued investment income	415	430
Other assets	436	365
Total admitted assets	\$58,489	\$55,569

Liabilities and Surplus

As of December 31 (in millions)

	2018	2017
Reserves for policy benefits	44,258	41,778
Policyholder dividends payable and other contract liabilities	3,753	3,550
Interest maintenance reserve	301	531
Asset valuation reserve	879	829
Amounts due to brokers and other liabilities	2,126	2,197
Total liabilities	51,317	48,885
Policyholders' surplus	5,974	5,487
Surplus notes	1,198	1,197
Total liabilities and surplus	\$58,489	\$55,569

Revenues

For the year ended December 31 (in millions)

2018

2017

Premiums, annuity considerations, and fund deposits	\$8,381	\$8,112
Net investment income	2,132	2,106
Other income	344	441
Total revenue	10,857	10,659

Benefits and Expenses

For the year ended December 31 (in millions)

2018

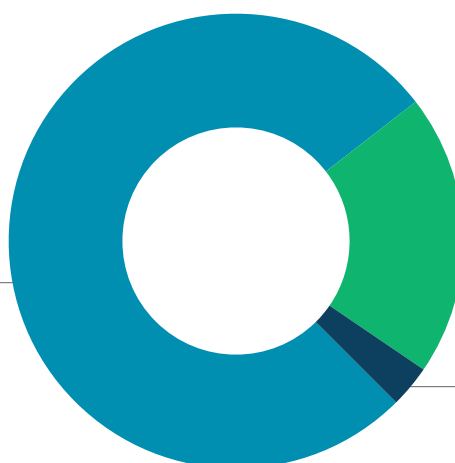
2017

Benefit payments to policyholders and beneficiaries	4,535	4,449
Net increase to policy benefit reserves	2,481	2,409
Commissions and operating expenses	2,445	2,383
Total benefits and expenses	9,461	9,241
Gain from operations before policyholder dividends and tax	1,396	1,418
Policyholder dividends	(966)	(903)
Gain from operations before taxes and realized capital losses	430	515
Income tax benefit/(expense)	52	(65)
Income from operations before net realized capital losses	482	450
Net realized capital losses	(172)	(27)
Net income	\$310	\$423

2018 Revenues

Premiums, annuity considerations, and fund deposits

77%



Net investment income

20%

Other income

3%

Investments

Asset Class Allocation, Dec. 31, 2018 (in \$ millions)

Public fixed income (excl. surplus note debentures)	29,610
Private placement debt	9,751
Commercial mortgages	4,521
Policy loans	3,635
Private & real estate equity	2,002
Affiliates & subsidiaries ¹	1,642
Cash, short-term & other invested assets	1,318
Public equity ²	591
Total invested assets	\$53,070

Fixed Income, Dec. 31, 2018 (in \$ millions)

NAIC 1 (Aaa-A/AAA-A)	23,122
NAIC 2 (Baa/BBB)	14,387
Investment grade subtotal	37,509
NAIC 3 (Ba/BB)	728
NAIC 4 (B)	963
NAIC 5&6 (Caa/CCC & below)	161
Below investment grade subtotal	1,852
Total bonds³	\$39,361



¹ Affiliates and Subsidiaries includes \$492 million in affiliates classified as LLCs on the annual statement that are not private equity.

² Public Equity excludes Bond & Cash Mutual Funds and includes commodity ETFs.

³ Total Bonds includes public and private debt but excludes surplus note debentures classified as Schedule BA invested assets, commercial mortgages and preferred stock.

In a year marked by change and new opportunities, one thing remained constant — what it means to be a Guardian.

As we strive to continuously improve and innovate, our values will remain unchanged and our focus will remain on you.

Because everyone deserves a Guardian.

Key Guardian Subsidiaries and Affiliates

Avêsis Incorporated

Berkshire Life Insurance Company of America

First Commonwealth, Inc.

GIS Strategic Ventures, LLC

Guardian India Operations Private Limited

Guardian Investor Services LLC

The Guardian Insurance & Annuity Company, Inc.

Innovative Underwriters, Inc.

Managed Dental Care/Managed DentalGuard, Inc. companies

Park Avenue Institutional Advisers LLC

Park Avenue Life Insurance Company

Park Avenue Securities LLC

Premier Access Insurance Company/Access Dental Plan companies

ReedGroup

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Statistics on page 23 are from Guardian's 5th Annual Workplace Benefits Study and “Who has dental benefits?” by NADP.

Independent accountants, PricewaterhouseCoopers LLP, New York, NY.

Financial information concerning Guardian as of December 31, 2018, on a statutory basis: Admitted Assets = \$58.5 Billion; Liabilities = \$51.3 Billion (including \$44.3 Billion of Reserves); and Surplus = \$7.2 Billion.

Financial information concerning GIAC as of December 31, 2018, on a statutory basis: Admitted Assets = \$13.3 Billion; Liabilities = \$12.9 Billion (including \$3.8 Billion of Reserves); and Capital and Surplus = \$0.4 Billion.

Financial information for Berkshire Life Insurance Company of America as of December 31, 2018, on a statutory basis: Admitted Assets = \$3.9 Billion; Liabilities = \$3.7 Billion (including \$0.8 Billion in Reserves); and Capital and Surplus = \$0.2 Billion.

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