TALCOTT LIFE RE, LTD.

Annual Financial Statements

For the Year Ended December 31, 2025

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REPORT OF THE INDEPENDENT AUDITOR

To the Board of Directors and Shareholders of
Talcott Life Re, Ltd.

Opinion
We have audited the financial statements of Talcott Life Re, Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statement of operations, comprehensive income(loss), changes in stockholder's equity, and cash flows, for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a period of one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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REPORT OF THE INDEPENDENT AUDITOR (Cont'd)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



March 27, 2026

TALCOTT LIFE RE, LTD.

Balance Sheets

(in millions, except share data)	December 31, 2025	December 31, 2024
Assets		
Investments		
Fixed maturities, available-for-sale, at fair value (amortized cost: $3,915 and $457)	$ 3,506	$ 442
Fixed maturities, at fair value using the fair value option	7	—
Investment funds (portion at fair value: $2 and $0)	23	—
Funds withheld at interest (portion at fair value: $(872) and $(1,016))	6,244	7,111
Other investments (portion at fair value: $11 and $0)	11	—
Short-term investments (portion at fair value: $325 and $329; related party: $225 and $0)	550	329
Total investments	**10,341**	**7,882**
Cash	63	10
Market risk benefits	14	21
Deferred acquisition costs	129	119
Deferred income taxes	146	178
Other assets	30	8
Total assets	**$ 10,723**	**$ 8,218**
Liabilities and Stockholder's Equity		
Liabilities		
Reserves for future policy benefits	$ 3,121	$ 8
Other policyholder funds and benefits payable (portion at fair value: $455 and $492)	6,081	7,397
Market risk benefits	539	457
Other liabilities (related party: $7 and $10)	66	29
Total liabilities	**9,807**	**7,891**
Stockholder's Equity		
Common stock (par value: $1 per share; authorized, issued and outstanding: 260,000 shares)	—	—
Additional paid-in capital	1,656	1,356
Accumulated other comprehensive loss	(43)	(42)
Retained deficit	(697)	(987)
Total stockholder's equity	**916**	**327**
Total liabilities and stockholder's equity	**$ 10,723**	**$ 8,218**

See accompanying notes to annual financial statements.

TALCOTT LIFE RE, LTD.

Statements of Operations

(in millions)	Year Ended December 31, 2025	2024
Revenues		
Premiums	$ 3,753	$ 6
Policy charges and fee income	88	118
Net investment income	405	409
Investment related gains	190	34
Foreign currency transaction gains	124	—
Total revenues	**4,560**	**567**
Benefits, Losses and Expenses		
Benefits and losses (remeasurement loss: $21 and $0)	4,079	443
Change in market risk benefits	62	(182)
Amortization of deferred acquisition costs	11	11
Insurance operating costs and other expenses	67	68
Total benefits, losses and expenses	**4,219**	**340**
Income before income taxes	**341**	**227**
Income tax expense	51	52
Net income	**$ 290**	**$ 175**

See accompanying notes to annual financial statements.

TALCOTT LIFE RE, LTD.

Statements of Comprehensive Income

(in millions)	Year Ended December 31, 2025	2024
Net income	**$ 290**	**$ 175**
Other comprehensive loss		
Unrealized losses on available-for-sale securities without an allowance for credit losses	(335)	(18)
Remeasurement gains on reserves for future policy benefits related to discount rates	353	—
Change in market risk benefits related to credit risk	(19)	(5)
Total other comprehensive loss	**(1)**	**(23)**
Comprehensive income	**$ 289**	**$ 152**

See accompanying notes to annual financial statements.

TALCOTT LIFE RE, LTD.

Statements of Changes in Stockholder's Equity

(in millions)	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total
Balance at January 1, 2024	**$ 1,206**	**$ (19)**	**$ (1,162)**	**$ 25**
Net income	—	—	175	175
Other comprehensive loss	—	(23)	—	(23)
Contributions from parent	250	—	—	250
Distributions to parent	(100)	—	—	(100)
Balance at December 31, 2024	**$ 1,356**	**$ (42)**	**$ (987)**	**$ 327**
Net income	—	—	290	290
Other comprehensive loss	—	(1)	—	(1)
Contributions from parent	300	—	—	300
Balance at December 31, 2025	**$ 1,656**	**$ (43)**	**$ (697)**	**$ 916**

See accompanying notes to annual financial statements.

TALCOTT LIFE RE, LTD.

Statements of Cash Flows

(in millions)	Year Ended December 31, 2025	2024
Operating Activities		
Net income	$ 290	$ 175
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Investment related gains, net	(191)	(34)
Foreign currency transaction gains, net	(119)	—
Depreciation and amortization	(18)	(15)
Amortization of deferred acquisition costs	11	11
Deferred income taxes	39	52
Interest credited on investment contracts	2	—
Other non-cash income adjustments related to funds withheld agreements:		
Premiums	(133)	(2)
Policy charges and fee income	(88)	(118)
Net investment income	(318)	(396)
Benefits and losses	440	439
Insurance operating costs and other expenses	40	49
Change in market risk benefits	62	(182)
Changes in operating assets and liabilities:		
Accrued investment income	(10)	2
Reserves for future policy benefits	3,534	3
Other assets and other liabilities	26	5
Cash profit settlements on funds withheld and modified coinsurance agreements	(252)	(36)
Net cash provided by (used for) operating activities	**3,315**	**(47)**
Investing Activities		
Proceeds from the sales, maturities, and prepayments of:		
Fixed maturities	1,681	40
Investment funds	3	—
Payments for purchases of:		
Fixed maturities	(5,174)	(363)
Investment funds	(25)	—
Net proceeds from (payments for):		
Derivatives	9	—
Short-term investments	(213)	219
Net cash used for investing activities	**(3,719)**	**(104)**

TALCOTT LIFE RE, LTD.

Statements of Cash Flows

(in millions)	Year Ended December 31, 2025	2024
Financing Activities		
Investment contracts:		
Deposits and other additions	157	6
Distributions paid to parent	—	(100)
Contributions received from parent	300	250
Net cash provided by financing activities	**457**	**156**
Net increase in cash	**53**	**5**
Cash at beginning of period	10	5
Cash at end of period	**$ 63**	**$ 10**
Supplemental Disclosures of Cash Flow Information:		
Noncash Investing and Financing Activity:		
Investment and universal life-type contracts reinsured through funds withheld agreements:		
Deposits and other additions	130	(1)
Withdrawals and other deductions	(1,679)	(2,012)
Net transfers from funds withheld	1,549	2,013

See accompanying notes to annual financial statements.

1. Basis of Presentation and Significant Accounting Policies

Talcott Life Re, Ltd. ("TLR," the "Company," "we" or "our"), a Bermuda exempted company and Class E long term insurer, is a wholly-owned subsidiary of Talcott Re Holdings, Ltd. ("TRH"). The Company's ultimate parent is Talcott Financial Group, Ltd. ("TFG"), a leading provider of comprehensive risk solutions for the insurance industry. TLR was incorporated on August 23, 2021 and registered as a Bermuda Class E insurer effective November 24, 2021.

Basis of Presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which differ materially from the accounting practices prescribed by various insurance regulatory authorities to which we are subject.

Significant Acquisitions and Transactions

The Company has completed the following transactions:

- *December 30, 2021*: Allianz Life block reinsurance for approximately $12 billion of fixed indexed annuities (FIA);
- *March 31, 2025*: Block reinsurance transaction with Japan Post Insurance Co., Ltd. (JPI) for approximately $4 billion of payout annuities;
- Various flow reinsurance transactions.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions affecting the reported amount of assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses for the reporting period. In applying these estimates and assumptions, management makes subjective and complex judgments that are uncertain and subject to change. Many of these policies, estimates, and related judgments are common in the insurance and financial services industries; others are specific to the Company's business and operations. Actual results could differ materially from these estimates.

Our principal estimates impact the following reported amounts and disclosures:

- Fair value of investments;
- Impairments of investments and allowances for credit losses (ACL);
- Derivative valuation, including embedded derivatives;
- Market risk benefits (MRB);
- Reserves for future policy benefits;
- Valuation allowances on deferred tax assets (DTA);

Certain of these estimates are particularly sensitive to market conditions, and deterioration and/or volatility in the worldwide debt or equity markets could have a material impact on the financial statements. Additional details regarding these estimates and related assumptions are discussed in the following description of significant accounting policies and the related footnote disclosures.

Significant Accounting Policies

The Company's significant accounting policies are as follows:

Investments (Notes 2 and 4)

Fixed Maturities

Fixed maturities consist of debt securities, including bonds, structured securities, redeemable preferred stock and commercial paper. Structured securities include asset-backed securities (ABS), collateralized loan obligations (CLO), commercial mortgage-backed securities (CMBS), and residential mortgage-backed securities (RMBS). Most of these investments are classified as available-for-sale (AFS) and are carried at fair value, net of ACL. Unrealized gains and losses (i.e., after-tax difference between fair value and cost or amortized cost) not attributable to ACL are reflected in equity as a component of accumulated other comprehensive loss (AOCI).

Investment Funds

Investment funds principally represent limited partnerships and other similar legal entity structures accounted for under the equity method. Under the equity method, investments are generally carried based on the Company's pro rata ownership percentage in the net assets of the investee, and the Company's share of earnings is included in net investment income (NII).

Recognition of income related to investment funds is often delayed due to the availability of the related financial information, which are generally obtained from the entity's managers, general partners, or managing members and may be reported on a lag of up to three months. Accordingly, NII may not include the full impact of current year changes in valuations of the underlying assets and liabilities of the funds for that same calendar year.

Other Investments

Other investments consist of freestanding derivatives. Freestanding derivatives are carried at fair value.

Short-term Investments

Short-term investments include financial instruments with remaining maturities less than twelve months when purchased. Short-term investments also include financial instruments that would otherwise qualify as cash equivalents but are acquired with the primary objective of earning investment income, which make up $325 and $— of the carrying amount as of December 31, 2025 and 2024, respectively.

Short-term loans and short-term investments that would otherwise qualify as cash equivalents are carried at fair value, where amortized cost approximates fair value. Short-term debt securities are generally classified as AFS and accounted for consistent with our policies for AFS fixed maturities described above.

Funds Withheld at Interest

Funds withheld at interest represents a receivable for investments that are contractually withheld by a ceding company under a coinsurance with funds withheld (funds withheld) or modified coinsurance (modco) arrangement in which we are the assuming reinsurer. Typically, assets legally owned by the ceding company with a book value equal to reserves are withheld and any excess or shortfall is settled on a periodic basis. All of the economics of the assets inure to the benefit of the assuming reinsurer.

Funds withheld at interest are carried at the fair value of the underlying investments, net of any payables and receivables of the reinsurance arrangement. The funds withheld is measured as the total of the host contract, which we have assessed as the book value of assets, and the embedded derivative, which we have assessed as the net unrealized gains or losses on the underlying assets as the ceding insurer is obligated to pay the total return on the underlying investments. We record the total return of the funds withheld within net income (inclusive of the return on both the host contract and the embedded derivative). We allocate the total return between net investment income, measured as a risk-free rate on the host contract, and , measured as the difference between the change in net unrealized gains or losses and the interest earned on the host contract (remainder return).

Fair Value Option

The Company has elected the fair value option (FVO) for certain corporate bonds presented as fixed maturities, at fair value using the fair value option and their associated equity investment, which is included in investment funds. Where elected, changes in fair value of investments are recorded within

Impairment of Investments and Allowances for Credit Losses

We periodically evaluate our investments in AFS fixed maturities, mortgage loans, and other financial instruments for credit losses. Subsequent recoveries of credit losses are recognized as reversals of the ACL with a corresponding reversal recorded as a component of Investment related gains. Additionally, for any purchased financial assets with a more-than-insignificant amount of credit deterioration since original issuance, we establish an ACL at acquisition, which is recorded with the purchase price to establish the initial amortized cost of the investment.

Fixed Maturities, Available-for-Sale

We review our fixed maturities for declines in fair value that could be impairment related, or attributable to credit risk factors that may require an ACL. If we intend to sell a debt security where amortized cost exceeds fair value, or we determine it is more likely than not that we will be required to sell a debt security before recovery of amortized cost, we determine an impairment has occurred and amortized cost is written down to fair value with a corresponding charge recorded as a component of Investment related gains

If amortized cost exceeds fair value, but we do not intend to sell a security and we determine it is not more likely than not that we will be required to sell before recovery of amortized cost, we evaluate the security for indicators of a credit loss that may require an ACL. We evaluate a number of factors to determine whether a decline in fair value is attributable to a credit loss, including but not limited to: market interest rates and issuer credit ratings and outlooks. The significance of the decline in fair value is a factor in our analysis, but is generally not determinative in whether we record a credit loss, as other factors are often more relevant in our evaluation of a security. If we determine a credit loss has occurred, we record as an ACL with a corresponding charge recorded as component of Investment related gains. The remaining change in fair value is recorded in equity as a component of AOCI.

Net Investment Income

The components of NII include:

- Interest income from debt securities, mortgage loans, and interest rate swaps (IRS), which is recognized when earned on the constant effective yield method based on estimated timing of cash flows. The amortization of premium and accretion of discount for fixed maturities also takes into consideration call and maturity dates that produce the lowest yield. For securitized financial assets subject to prepayment risk, yields are recalculated and adjusted periodically to reflect historical and/or estimated future prepayments;
- Prepayment fees and make-whole payments on debt securities and mortgage loans, which are recognized when earned;
- The Company's share of earnings for its interests in investment funds, which is recognized when reported in the investee’s financial statements;
- The risk-free return on the host contract for funds withheld;
- A reduction for investment expenses.

Investment Related Gains

The components of Investment related gains include:

- Realized gains and losses on the sale of investments, determined on a specific identification basis;
- Fair value changes in derivatives (both freestanding and embedded, including the funds withheld embedded derivative) that do not qualify, or are not designated, as a hedge for accounting purposes;
- Fair value changes for investments where the FVO has been elected;
- Impairments and changes in the ACL on AFS debt securities

Accrued Interest Receivables

Accrued interest receivables on AFS debt securities and mortgage loans are recorded in other assets, and are not included in the carrying value of the investment. The Company does not include the current accrued interest receivable balance when estimating the ACL. The Company has a policy to write-off accrued interest receivable balances that are more than 90 days past due or in other circumstances in which management deems the interest uncollectible. Write-offs of accrued interest receivable are recorded as a credit loss component of Investment related gains.

Variable Interest Entities

The Company is engaged with various special purpose entities and other entities that are deemed to be variable interest entities (VIE) primarily as an investor through normal investment activities.

A VIE is an entity that either has investors that lack certain essential characteristics of a controlling financial interest, such as simple majority kick-out rights, or lacks sufficient funds to finance its own activities without financial support provided by other entities. The Company performs ongoing qualitative assessments of its VIE exposures to determine whether the Company has a controlling financial interest in the VIE and therefore is the primary beneficiary. The Company is deemed to have a controlling financial interest when it has both the ability to direct the activities that most significantly impact the economic performance of the VIE and the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. Based on the Company's assessment, if it determines it is the primary beneficiary, the Company consolidates the VIE in the Company's financial statements.

Non-Consolidated Variable interest entities

The Company, through normal investment activities, makes passive investments in LPs and similar legal entity structures which are reported in investment funds on the Company's balance sheets. For these non-consolidated VIE, the Company has determined it is not the primary beneficiary as it has no ability to direct activities that could significantly affect the economic performance of the investments.

In addition, the Company makes passive investments in structured securities issued by VIEs for which the Company is not the manager, which are reported within fixed maturities, available-for-sale. The Company has not provided financial or other support with respect to these investments other than its original investment. For these investments, the Company determined it is not the primary beneficiary due to the relative size of the Company's investment in comparison to the principal amount of the structured securities issued by the VIE, the Company's inability to direct the activities that most significantly impact the economic performance of the VIE, and, where applicable, the level of credit subordination which reduces the Company's obligation to absorb losses or right to receive benefits. The Company's maximum exposure to loss on these investments is limited to the amount of the Company's investment.

Foreign Currency Transactions

The Company conducts business in multiple jurisdictions and enters into reinsurance contracts and investment transactions denominated in currencies other than the U.S. dollar, our functional and reporting currency. Foreign currency transactions are initially recorded using the exchange rate in effect on the date of the transaction, while revenue and expense transactions denominated in a foreign currency are translated into U.S. dollars using the average exchange rate for the period. Monetary assets and liabilities denominated in foreign currencies are remeasured each reporting date using the closing exchange rate, and any resulting gains or losses are recorded within the income statement . AFS securities are considered non-monetary assets, therefore any impact of movements in exchange rates related to AFS securities denominated in a foreign currency are included in AOCI along with the change in fair value.

Derivative Instruments (Note 3 and 4)

Derivatives are financial instruments whose values are derived from interest rates, foreign exchange rates, financial indices or other underlying notional amounts.

Freestanding derivatives

We regularly invest in freestanding derivatives to hedge the risks inherent in our business, such as interest rate, equity market, issuer credit, currency exchange, or market volatility. We may also invest in freestanding derivatives to manage liquidity or engage in synthetic replication transactions. Freestanding derivatives are carried at fair value and are reported in other investments and other liabilities. We have master netting agreements with certain of our counterparties that provide the legal right of offset and allow for the netting of our asset and liability positions by counterparty. Where applicable, the Company has elected to offset the fair value amounts, income accruals, and related cash collateral receivables and payables of freestanding derivatives executed by a legal entity and with the same counterparty or under a master netting agreement.

On the execution date of the freestanding derivatives contract, the Company designates it as either:

- a hedge of the variability in cash flows of a forecasted transaction or of amounts to be received or paid related to a recognized asset or liability (cash flow hedge), or
- held for other investment and/or risk management purposes, which do not qualify for hedge accounting and primarily involves managing asset or liability related risks.

We formally document all relationships between hedging instruments and hedged items, as well as the risk-management objective and strategy for undertaking each hedge transaction. The documentation identifies how the hedging instrument (i.e., the derivative) is expected to hedge the designated risk (i.e., the specific forecasted transactions) and the method that will be used to assess the hedging instrument's effectiveness.

To qualify for hedge accounting, the hedging instrument must be assessed as highly effective in offsetting the designated risk. We formally assess hedge effectiveness quarterly and at each hedge's inception. This assessment is primarily performed using quantitative methods as well as qualitative methods. Quantitative methods include regression or other statistical analysis of changes in fair value or cash flows associated with the hedge relationship. Qualitative methods may include comparison of critical terms of the derivative to the hedged item.

For derivatives that are designated and qualify as cash flow hedges, including foreign-currency cash flow hedges, the gains or losses are recorded as a component of AOCI, and are reclassified into earnings in the same period during which the hedged transaction impacts earnings (e.g., when they are sold, terminated or exercised). Gains and losses that are reclassified from AOCI, as well as periodic net coupon settlements, are included in the same line item within the statements of operations in which the cash flows of the hedged transaction are reported. All components of each derivative's gain or loss are included in the assessment of hedge effectiveness. Cash flows from derivatives are presented in the same category as the cash flows from the hedged transaction.

We discontinue hedge accounting prospectively if:

- it is determined that the qualifying criteria are no longer met;
- the derivative is no longer designated as a hedging instrument; or
- the derivative expires or is sold, terminated or exercised.

When cash flow hedge accounting is discontinued because we become aware that it is no longer probable that the forecasted transaction will occur, the derivative continues to be carried at fair value, and gains and losses previously recorded to AOCI are reclassified to earnings.

Investments in derivatives for other investment or risk management activities do not receive hedge accounting treatment and primarily relate to strategies used to reduce economic risk or replicate permitted investments. Gains and losses on such derivatives, including periodic net coupon settlements, are reported within Investment related gains

Credit Risk

Credit risk is defined as the risk of financial loss due to uncertainty of an obligor's or counterparty's ability or willingness to meet its obligations in accordance with agreed upon terms. The Company manages the credit risk of freestanding derivatives by entering into transactions with high quality counterparties primarily rated A or better, which are monitored and evaluated by the Company's risk management team and reviewed by senior management. The Company monitors counterparty credit exposure on a regular basis to ensure compliance with Company policies and statutory limitations. Credit exposures are measured using the market value of the derivatives, resulting in amounts owed to the Company by its counterparties, mitigated by potential payment obligations from the Company to its counterparties which meet the criteria for offset.

The Company generally requires that over-the-counter (OTC) derivative contracts, other than certain forward contracts, be governed by International Swaps and Derivatives Association agreements by legal entity and counterparty, and which permit the right of offset. OTC-cleared derivatives are governed by clearinghouse rules, which act as an independent valuation source and reduce exposure to credit risk through daily margin variation requirements.

Some agreements require daily collateral settlement. For the daily derivative collateral maintenance on these agreements, credit exposure is generally quantified based on the prior business day's market value. Collateral is pledged to and held by, or on behalf of, the Company, to the extent the current value of the derivatives exceed the contractual thresholds. Counterparty collateral limits are established in order to evaluate if there is sufficient collateral to support the net exposure. Additionally, a decrease in our financial strength rating to a specified level can result in settlement of the derivative position.

Embedded Derivatives

The Company purchases and historically issued and assumed financial instruments and products that contain embedded derivatives that we record with the associated host contract. For measurement purposes, we bifurcate the embedded derivatives from the host contract when we determine that both of the following are true:

- The embedded derivatives possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract; and
- A separate instrument with the same terms would qualify as a derivative instrument.

Embedded derivatives are presented on the same financial statement line item as the associated host contract, and are carried at fair value with changes in fair value recorded as a component of Investment related gains.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits with banks or other financial institutions.

Cash equivalents include money market funds, and all highly liquid investments purchased with an original maturity of three months or less which were not acquired with the primary objective of earning investment income. See accounting policy on Short-term investments above for more details on those which were acquired with the primary objective of earning investment income.

Reinsurance (Note 5)

The Company enters into reinsurance transactions for a variety of reasons, including strategic business growth opportunities. We assume insurance using a variety of reinsurance structures, including: coinsurance, coinsurance funds withheld, and yearly renewable term. For an agreement to qualify for reinsurance accounting, it must include insurance risk (inclusive of underwriting, investment, and timing risk) and satisfy risk transfer conditions that include a reasonable possibility of a significant loss for the assuming entity. If an arrangement does not meet risk transfer requirements, the Company accounts for the arrangement using deposit accounting (i.e., as a financing transaction).

For the acquisition of reinsurance of existing in-force blocks, a net loss or gain is recorded as deferred acquisition costs (DAC) or unearned revenue reserves (URR), respectively. See the section *Deferred Acquisition Costs* below for details.

Under coinsurance arrangements, reserves and invested assets are transferred from the ceding insurer to the reinsurer. In certain arrangements, the reinsurer holds the assets supporting the reserves in a trust for the benefit of the ceding insurer.

Under funds withheld arrangements, ceded reserves are transferred to the reinsurer; however, invested assets that support the reserves are retained by the ceding insurer, and the counterparties periodically settle investment returns with respect to the invested assets. Coinsurance with Funds withheld arrangements require the ceding insurer to establish a mechanism which legally segregates the invested assets.

Deferred Acquisition Costs (Note 6)

Costs related directly to the successful acquisition of new, or the renewal of existing, insurance or investment contracts, if incurred on a non-level or non-recurring basis, are capitalized when incurred and deferred. These costs consist of commissions and policy issuance costs.

Amortization of Deferred Acquisition Costs

The Company amortizes DAC through earnings on a constant-level basis over the expected term for a group of contracts (i.e., cohorts), using the same cohorts used to estimate the related liabilities for those contracts. Inputs and assumptions are required for determining the expected term of contracts and are consistent with those used to estimate the related liabilities. The determination of such assumptions uses actuarially accepted methods to estimate decrement rates related to policyholder behavior for lapses (full surrenders), partial withdrawals and mortality.

The constant-level basis approximates a pattern of straight-line amortization at an individual contract level, and uses a basis specific to the underlying product, generally policy counts or gross premiums. The amortization rate is calculated at the end of each reporting period and is inclusive of actual experience for the reporting period and any assumption updates. The revised amortization rate is applied prospectively from the beginning of the current reporting period. Amortization can never result in an increase of the balance initially established.

Reserves for Future Policy Benefits (Note 7)

Included within reserves for future policy benefits are liabilities for future policy benefits (LFPB) and deferred profit liabilities (DPL).

Liabilities for Future Policy Benefits

The LFPB includes reserves for life-contingent contract annuitizations, including structured settlements. Insurance contracts are grouped into cohorts based on issue year and contract type for purposes of recognizing the LFPB.

The LFPB is calculated using standard actuarial methods, which consider the present value of future benefits and related expenses to be paid, less the present value of the portion of future premiums required. Such calculations are measured using updated cash flow and discount rate assumptions. The Company updates the LFPB at least quarterly for actual experience and future cash flow assumptions are evaluated at least annually. Cash flow assumptions include, among others, mortality and lapse rates, and are reviewed and updated, as needed, following the Company's assumption review. Cash flow assumptions may be updated more frequently, if necessary, based on trending experience and future expectations. The effect on the LFPB attributable to updates for actual experience and updates in cash flow assumptions are both recorded as benefits and losses. However, actual experience (e.g., paid claims) is reported as benefits and losses while remeasurement of the LFPB for the effect of cash flow assumption updates is reported as a separate remeasurement gain or loss.

The LFPB is computed at amounts that, with additions from interest on such reserves compounded annually at assumed rates, are expected to be sufficient to meet the Company's policy obligations as they become due or in the event of an insured's death.

Cash flows are discounted using an upper-medium grade, fixed-income instrument yield (the equivalent of a low credit risk, Single A corporate bond rate). We establish the upper-medium grade yield for each cohort as of contract inception. For contracts issued evenly throughout a reporting period (or subsequent annuitizations for life-contingent payout annuities), a weighted-average discount rate is calculated on a quarterly basis. For contracts acquired through an in-force reinsurance arrangement or business combination, the contract inception date is identified as the acquisition date. In subsequent measurement periods, reserve accretion is calculated using the locked-in yield curve established at contract inception and is recorded as benefit expense through earnings.

The LFPB is additionally remeasured each reporting period using current upper-medium grade yields, and the effect on the LFPB attributable to changes in the discount rate is recorded in AOCI. When developing an upper-medium grade yield curve, the Company maximizes the use of observable data as of each valuation date to reflect the duration characteristics of the insurance liabilities.

Deferred profit liabilities

A DPL is recognized at contract inception of limited-payment contracts and represents the profit margin in premiums paid over a shorter duration than the claim payment period. The DPL accretes interest similar to the LFPB and is amortized in a constant relationship with expected future benefits payments for annuity contracts and insurance in force for life contracts. Amortization is recognized in benefits and losses within the statements of operations..

Consistent with the LFPB, the Company updates the DPL at least quarterly for actual experience, and future cash flow assumptions are reviewed and updated, as needed, following the Company's assumptions review. Cash flow assumptions may be updated more frequently, if necessary, based on trending experience and future expectations. Consistent with the LFPB, actual experience is reported as benefits and losses while the effect on the DPL attributable to updates in cash flow assumptions is reported as a separate remeasurement gain or loss within benefits and losses in the statements of operations.

Other Policyholder Funds and Benefits Payable (Note 8)

Included in other policyholder funds and benefits payable are policyholder account balances (PAB) and FIA MRB adjustments, which are amounts used to offset the value of the MRB at contract inception and is further described in the section on *Market risk benefits* below.

Policyholder Account Balances

PABs represent the fixed contract value that has accrued to the benefit of the policyholder as of the balance sheet date and are applicable for non-life contingent payout annuities and contracts with explicit account values, including fixed annuities. This liability is primarily measured as accumulated account deposits, plus interest credited, less policyholder withdrawals and other charges assessed against the account balance, as applicable. The liability recognized for non-life contingent payout annuities, including structured settlements, is measured as the present value of future payments using the effective yield at contract inception.

Fixed Indexed Annuities Benefit Reserve

FIA contract balances appreciate based on a guaranteed minimum crediting rate or the performance of market indices and generally protect the contract owner against loss of principal. FIA contracts allow the policyholder to elect a fixed interest rate return or an equity market index and may include living withdrawal benefits or enhanced annuitization benefits.

For FIA contracts where an equity market index is provided, the account value attributable to equity performance, is not clearly and closely related to the host contract and is recognized as an embedded derivative. The host contract, identified as the non-variable guaranteed minimum contract value, is initially measured as the contract inception account value less a host contract adjustment equal to the initial fair value of the embedded derivative. The FIA benefit reserve is equal to the sum of the fair value of the embedded derivative and the host contract.

The fair value of the embedded derivative is measured as the present value of cash flows attributable to the indexed strategies and is derived using assumptions to estimate future account values. The embedded derivative cash flows are discounted using a rate that reflects our own credit rating. Any change in the fair value of the embedded derivative between reporting periods is recognized within Investment related gains. The host contract adjustment is subsequently accreted over the underlying policy's expected life using a locked-in accretion rate determined at contract issuance, and any such accretion is recognized within benefits and losses.

Market risk benefits (Note 9)

The Company assumes via reinsurance certain guarantees and product features on FIA products which protect the contractholder from, and expose the Company to, other-than-nominal capital market risk. The Company recognizes these features as MRBs, guaranteed lifetime withdrawal benefits (GLWB) and expected annuitization benefits for FIA products.

MRBs are measured at the individual contract level and multiple MRBs within a single contract are measured and recognized as a single, compound MRB. MRBs are carried at fair value and may be recognized as a liability or an asset and are reported separately as MRB liabilities or assets on the balance sheets as there is no legal right of offset between contracts.

The fair value of MRBs is measured as the present value of expected future benefits payments to contractholders, less the present value of expected fees attributable to the MRB, if applicable. The cash flows associated with MRBs are discounted utilizing a risk-free discount rate, plus an applicable credit spread for the instrument-specific credit risk (ISCR). To estimate the appropriate credit spread, the Company considers its own credit risk for directly written and assumed contracts and the reinsurer's credit risk for reinsured MRBs. Changes in the fair value of MRBs are recorded as the change in market risk benefits in the statements of operations, excluding portions attributed to changes in the Company's own credit risk, which are recorded as a component of AOCI.

At contract inception, we assess the fees and assessments collectible from the policyholder and to the extent they are attributable to the MRB, identify them as attributed fees to be used in MRB measurement. MRB are measured and recognized at contract inception using this attributed fee method, and for FIA contracts with a day 1 MRB liability, an equivalent contra-liability is recognized within other policyholder funds and benefits payable.

Upon annuitization of the contract or the extinguishment of the account balance, the MRB, related annuity contract and unamortized deferred costs are derecognized, including amounts within AOCI, and a LFPB and DPL for the remaining payout annuity contract is established, as applicable.

Income Taxes (Note 10)

We measure income taxes using the asset and liability method, where deferred income taxes are recognized to represent the tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities. Deferred income taxes are measured using enacted tax rates expected to apply to taxable income in the years the temporary differences are expected to reverse. We evaluate the likelihood of realizing the benefit of a DTA, and if required, record a valuation allowance to reduce the total deferred income taxes, to an amount that will more likely than not be realized. The Company classifies interest and penalties (if applicable) as Income tax expense.

Revenue Recognition

For investment type contracts, amounts collected from policyholders are considered deposits and are not included in revenues. Policy charges and fee income are recognized in the period in which services are provided, and primarily consists of fees for policy administration, cost of insurance charges or surrender charges assessed against PABs. For traditional life products, premiums are recognized as revenue when due from policyholders.

Adoption of New Accounting Standards Updates (ASU)

Reference Rate Reform (Topic 848) (ASU 2020-04, ASU 2021-01, and ASU 2022-06)

ASU 2020-04 and ASU 2021-01 provided practical expedients as codified within Topic 848 which were intended to ease operational burdens related to modifications to certain contracts, hedges and derivatives compelled due to reference rate reform. Each ASU was effective at issuance, adopted by the Company in prior years, and did not have a material effect on our financial statements. ASU 2022-06 deferred the sunset of Topic 848 from December 31, 2022 to December 31, 2024, at which point the practical expedients within Topic 848 after adoption are no longer available. As of January 1, 2024, all ASUs were adopted and it did not have a material effect on our financial statements.

Income Taxes - Improvements to Income Tax Disclosures (ASU 2023-09)

ASU 2023-09 requires additional disclosures with respect to taxes paid and the Company's effective tax rate reconciliation for federal, state, and foreign income taxes. The amendments are effective for the Company in fiscal years beginning after December 15, 2024, with early adoption permitted. The Company early adopted the provisions of ASU 2023-09 for

incorporation within the year-end 2025 financial statements, and it did not have a material effect on our financial statements. Refer to the Income Taxes footnote for the expanded rate reconciliation provided pursuant to the ASU.

Recently Issued Accounting Standards

Induced Conversions of Convertible Debt Instruments (ASU 2024-04)

ASU 2024-04 will clarify requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion or a debt extinguishment. The amendments are effective for the Company in fiscal years beginning after December 15, 2025 and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of this guidance on the financial statements.

2. Investments

Available-for-Sale Debt Securities

Major security types for AFS structured debt securities include the following:

- *ABS*: securities backed by leases, receivables, credit cards, and consumer loans (e.g., auto loans, education loans, and home equity loans).
- *CLO*: securities collateralized by corporate bonds and bank loans, including those associated with commercial real estate.
- *CMBS*: commercial and other multi-family mortgage-backed and agency pass-through securities.
- *RMBS*: residential and other single-family mortgage-backed and agency pass-through securities, as well as collateralized mortgage obligations.

The following table presents the balances of AFS debt securities, by major security type:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	December 31, 2025			
Fixed maturities, available-for-sale				
Asset-backed securities	$ 22	$ —	$ —	$ 22
Collateralized loan obligations	290	—	(1)	289
Commercial mortgage-backed securities	9	—	—	9
Corporate bonds	1,257	4	(79)	1,182
Foreign government and agencies	2,182	—	(320)	1,862
Municipal bonds	5	—	—	5
Residential mortgage-backed securities	29	—	—	29
U.S. Treasury bonds	121	—	(13)	108
Total fixed maturities, available-for-sale	**$ 3,915**	**$ 4**	**$ (413)**	**$ 3,506**
Short-term investments	**$ 90**	**$ —**	**$ (4)**	**$ 86**

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	December 31, 2024			
Fixed maturities, available-for-sale				
Asset-backed securities	$ 12	$ —	$ —	$ 12
Collateralized loan obligations	202	—	—	202
Commercial mortgage-backed securities	3	—	(1)	2
Corporate bonds	126	3	(5)	124
U.S. Treasury bonds	114	—	(12)	102
Total fixed maturities, available-for-sale	**$ 457**	**$ 3**	**$ (18)**	**$ 442**

The following table presents the balances of AFS debt securities, by contractual maturity. Estimated maturities may differ from contractual maturities due to call or prepayment provisions, due to the potential for variability in payment speeds (i.e., prepayments or extensions):

	December 31,			
	2025		2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	$ 93	$ 89	$ —	$ —
Over one year through five years	429	402	—	—
Over five years through ten years	370	343	3	3
Over ten years	2,763	2,409	237	223
Structured securities [1]	350	349	217	216
Total	**$ 4,005**	**$ 3,592**	**$ 457**	**$ 442**

[1] *Structured securities are separately presented due to them having periodic payments and not a single maturity date.*

The following table presents the Company's unrealized loss aging for AFS debt securities, by major security type and length of time that the securities were in a continuous unrealized loss position:

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2025						
Fixed maturities, available-for-sale						
Asset-backed securities	$ 7	$ —	$ —	$ —	$ 7	$ —
Collateralized loan obligations	115	—	24	(1)	139	(1)
Commercial mortgage-backed securities	5	—	—	—	5	—
Corporate bonds	1,033	(77)	29	(2)	1,062	(79)
Foreign government and agencies	1,861	(320)	—	—	1,861	(320)
Municipal bonds	3	—	—	—	3	—
Residential mortgage-backed securities	5	—	—	—	5	—
U.S. Treasury bonds	9	—	99	(13)	108	(13)
Total fixed maturities, available-for-sale	**$ 3,038**	**$ (397)**	**$ 152**	**$ (16)**	**$ 3,190**	**$ (413)**
Short-term investments	**$ 86**	**$ (4)**	**$ —**	**$ —**	**$ 86**	**$ (4)**
December 31, 2024						
Fixed maturities, available-for-sale						
Commercial mortgage-backed securities	$ 3	$ (1)	$ —	$ —	$ 3	$ (1)
Corporate bonds	58	(3)	19	(2)	77	(5)
U.S. Treasury bonds	102	(12)	—	—	102	(12)
Total fixed maturities, available-for-sale	**$ 163**	**$ (16)**	**$ 19**	**$ (2)**	**$ 182**	**$ (18)**

As of December 31, 2025, fixed maturities, AFS in an unrealized loss position consisted of 266 positions, increasing interest rates, partially offset by the narrowing of credit spreads since the purchase and/or application of pushdown accounting dates.

The Company neither has an intention to sell nor does it expect to be required to sell the fixed maturities before recovery of their amortized cost. The decision to record credit losses on AFS debt securities in the form of an ACL requires us to make qualitative and quantitative estimates of expected future cash flows. Actual cash flows could deviate significantly from our expectations, resulting in realized losses in future periods.

Sales

Proceeds from sales of AFS debt securities were $1,273 and $0 for the years ended December 31, 2025 and 2024, respectively.

Allowance for Credit Losses

Developing the Company's best estimate of expected future cash flows for ACL on AFS debt securities is a quantitative and qualitative process that incorporates information received from third-party sources, along with certain internal assumptions regarding future performance. Cash flows are discounted at the effective yield that is used to record interest income. The Company's considerations include, but are not limited to: (a) changes in the financial condition of the issuer and/or the underlying collateral, (b) whether the issuer is current on contractually obligated interest and principal payments, (c) credit ratings, (d) payment structure of the security and (e) the extent to which the fair value has been less than the amortized cost of the security.

For non-structured securities, assumptions include, but are not limited to: economic and industry-specific trends and fundamentals, instrument-specific developments, including changes in credit ratings, industry earnings multiples and the issuer's ability to restructure, access capital markets, and execute asset sales.

For structured securities, assumptions include, but are not limited to: various performance indicators such as historical and projected default and recovery rates, credit ratings, current and projected delinquency rates, loan-to-value ratios (LTV), average cumulative collateral loss rates that vary by vintage year, prepayment speeds, and property value declines. These assumptions require the use of significant management judgment and include the probability of issuer default and estimates regarding timing and amount of expected recoveries which may include estimating the underlying collateral value.

No ACL was recorded for the years ended December 31, 2025 and 2024.

Net Investment Income

Net investment income by asset class consists of the following:

	Year Ended December 31,	
	2025	**2024**
Fixed maturities	$ 91	$ 11
Funds withheld at interest [1]	318	396
Short-term investments	15	21
Investment expenses	(19)	(19)
Total	**$ 405**	**$ 409**

[1] Represents accretion using a risk-free rate on the book value of investment portfolios for funds withheld arrangements.

Investment related gains

Investment related gains by asset class consists of the following:

	Year Ended December 31,	
	2025	**2024**
Available-for-sale debt securities		
Gross gains on sales	$ 4	$ —
Gross losses on sales	(32)	—
Net realized investment related losses on available-for-sale debt securities	**$ (28)**	**—**
Net realized investment gains on cash and cash equivalents	5	—
Embedded derivatives (Note 3)	179	392
Freestanding derivatives (Note 3)	37	—
Remainder return on funds withheld assets	(5)	(383)
Fixed indexed annuities hedge program	4	25
Other, net	(2)	—
Investment related gains	**$ 190**	**$ 34**

Accrued Interest Receivables

Accrued interest receivables, recorded in other assets, consists of the following by asset class:

	December 31,	
	2025	**2024**
Available-for-sale debt securities	$ 16	$ 6

Funds Withheld at Interest

The following presents the underlying investment composition for the Company's funds withheld at interest:

	December 31,			
	2025		**2024**	
	Carrying Value	**Percent of Total**	**Carrying Value**	**Percent of Total**
Fixed maturities				
Asset-backed securities	$ 323	5.2 %	$ 495	7.0 %
Collateralized loan obligations	769	12.3 %	925	13.0 %
Commercial mortgage-backed securities	7	0.1 %	8	0.1 %
Corporate bonds	3,591	57.5 %	3,762	52.9 %
Foreign government and agencies	175	2.8 %	309	4.3 %
Municipal bonds	139	2.2 %	154	2.2 %
Residential mortgage-backed securities	36	0.6 %	15	0.2 %
U.S. Treasury bonds	55	0.9 %	54	0.8 %
Total fixed maturities	**5,095**	**81.6 %**	**5,722**	**80.5 %**
Mortgage loans	496	7.9 %	606	8.5 %
Investment funds	210	3.4 %	44	0.6 %
Option value	128	2.0 %	126	1.8 %
Cash and cash equivalents	370	5.9 %	692	9.7 %

The following presents the underlying investment composition for the Company's funds withheld at interest: (continued)

	December 31,			
	2025		2024	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Other, net	(55)	(0.8)%	(79)	(1.1)%
Total funds withheld at interest	**$ 6,244**	**100.0 %**	**$ 7,111**	**100.0 %**

Approximately 99.9% and 99.8% of the fixed maturity securities within the funds withheld at interest are considered "investment grade" by the National Association of Insurance Commissioners (NAIC) designation as of December 31, 2025 and 2024.

Variable Interest Entities

As of December 31, 2025 and 2024, the Company did not hold any investments in a VIE for which it consolidated.

The Company's risk of loss associated with non-consolidated investments in VIE depends on the investment. Investment funds are limited to the Company's share of the investee's net assets plus unfunded commitments. Fixed maturities are limited to amortized cost and unfunded commitments.

The following summarizes the carrying value and maximum loss exposure of non-consolidated investments in VIE:

	December 31,			
	2025		2024	
(in millions)	Carrying Value	Maximum Exposure to Loss	Carrying Value	Maximum Exposure to Loss
Investment funds	$ 23	$ 201	$ —	$ —
Fixed maturities	358	389	217	217
Total	**$ 381**	**$ 590**	**$ 217**	**$ 217**

Concentration of Credit Risk

The Company aims to maintain a diversified investment portfolio including issuer, sector and geographic stratification, where applicable, and has established certain exposure limits, diversification standards and review procedures to mitigate credit risk.

The following table discloses the Company's investment exposure as of December 31, 2025 to any credit concentration risk of a single issuer greater than 10% of the Company's stockholder's equity, other than the U.S. government and certain U.S. government agencies:

Issuer	Market Value
Japanese Government	$ 1,954
Single Platform Investment Repackaging Entity SA	257

3. Derivatives

The Company utilizes a variety of OTC, OTC-cleared and exchange traded derivative instruments as a part of its overall risk management strategy. Derivative instruments are used to manage risk associated with interest rate, equity market, credit spread, issuer default and currency exchange rate exposures or movements.

Fixed Indexed Annuities Embedded Derivatives

The Company has assumed through reinsurance certain FIA products with index-based crediting that constitutes an embedded derivative. The cedant hedges this risk and provides the benefits of this hedging as part of the reinsurance settlements.

Funds Withheld at Interest Embedded Derivatives

The Company records funds withheld at interest embedded derivatives as the change in the net unrealized gains and losses of the underlying assets, which are legally owned by the cedants of the Company's assumed reinsurance transactions. The Company records funds withheld at interest equal to the fair value of the underlying assets.

Freestanding Derivatives

Interest Rate Swaps, Swaptions and Futures

The Company uses interest rate swaps, swaptions, and futures to manage interest rate duration between assets and liabilities in certain investment portfolios. In addition, the Company enters into interest rate swaps to terminate existing swaps, thereby offsetting the changes in value of the original swap.

Total Return Swaps

The Company uses total return swaps to gain exposure and benefit from a reference index or group of assets without ownership.

Foreign Currency Swaps and Forwards

The Company enters into foreign currency swaps and forwards to hedge the foreign exchange risk related to our investment in fixed maturity securities denominated in foreign currencies.

Credit Contracts

The Company uses CDS to purchase credit protection on an individual entity or referenced index to economically hedge against default risk and credit-related changes in the value of fixed maturity securities. CDS are also used to assume credit risk related to an individual entity or referenced index as a part of replication transactions. These contracts require the Company to pay or receive a periodic fee in exchange for compensation from the counterparty or the Company should the referenced security issuers experience a credit event, as defined in the contract. In addition, the Company enters into CDS to terminate existing credit default swaps, thereby offsetting the changes in value of the original swap going forward.

Derivative Balance Sheet Classification

The table below provides a summary of the gross notional amount and fair value of derivative contracts by the primary underlying risks they are utilized to manage:

	Notional Amount [4]	Fair Value		
		Net	Assets	Liabilities
December 31, 2025				
Not designated as hedges				
Embedded derivatives [2]				
Funds withheld at interest	$ —	$ (1,000)	$ (1,000)	$ —
Fixed indexed annuities [3]	—	(455)	—	455
Total embedded derivatives	**—**	**(1,455)**	**(1,000)**	**455**
Freestanding derivatives [1]				
Foreign currency swaps and forwards	655	(6)	(6)	—
Interest rate swaps, swaptions, and futures	1,176	(32)	(32)	—
Total return swaps	1,390	52	52	—
Total freestanding derivatives	**3,221**	**14**	**14**	**—**
Total not designated as hedges	**3,221**	**(1,441)**	**(986)**	**455**
Total	**$ 3,221**	**$ (1,441)**	**$ (986)**	**$ 455**
December 31, 2024				
Not designated as hedges				
Embedded derivatives [2]				
Funds withheld at interest	$ —	$ (1,142)	$ (1,142)	$ —
Fixed indexed annuities [3]	—	(492)	—	492
Total	**$ —**	**$ (1,634)**	**$ (1,142)**	**$ 492**

[1] *Represents the gross fair value of freestanding derivatives, excluding collateral and accrued income.*

[2] *These derivatives are not held for risk management purposes. For certain assumed reinsurance agreements, the notional value is not indicative of the volume of activity. Refer to Note 4—Fair Value Measurements for additional information regarding the activity which generated the value of the embedded derivatives.*

[3] *Liabilities are recorded in other policyholder funds and benefits payable.*

[4] *The notional amount of derivative contracts represents the basis upon which pay or receive amounts are calculated and is presented in the table to quantify the volume of the Company's derivative activity. Notional amounts are not necessarily reflective of credit risk.*

Offsetting of Derivative Assets / Liabilities

The following presents the effect or potential effect of rights of set-off associated with recognized derivative assets and liabilities:

	December 31,			
	2025		2024	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Gross amounts recognized [1]	$ 20	$ —	$ —	$ —
Gross amounts offset [2]	(9)	—	—	—
Net amount presented [3]	**11**	**—**	**—**	**—**
Gross amounts not offset: [2]				
Cash collateral pledged (received)	9	(9)	—	—
Net amount	**20**	**(9)**	**—**	**—**
Non-cash collateral not offset: [4]				
Off-balance sheet collateral pledged (received)	(36)	5	—	—
Net amount	**$ (16)**	**$ (4)**	**$ —**	**$ —**

[1] *Represents the fair value of freestanding derivatives inclusive of accrued income but excluding collateral.*

[2] *Excludes the initial margin associated with exchange-traded derivative instruments included in other investments.*

[3] *Derivative assets and liabilities, including deferred premiums on options, cash collateral, and accrued interest, are presented on the Company's balance sheets in other investments and other liabilities, respectively.*

[4] *Non-cash collateral represents the variation margin on exchange-traded derivatives and excludes initial margin on exchange-traded derivatives. Non-cash collateral pledged is included within fixed maturities, AFS on the balance sheets. Non-cash collateral received is not recognized on our balance sheets unless the obligor (transferor) has defaulted under the terms of the secured contract and is no longer entitled to the pledged asset.*

The following presents the amounts related to collateral associated with derivative contracts:

	December 31,			
	2025		2024	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Cash collateral [1]	$ (9)	$ —	$ —	$ —

[1] *Represents variation margin on exchange-traded derivatives which are included within the offsetting of derivatives table above.*

Derivatives Not Designated as Hedging Instruments

The following is a summary of investment related gains (losses) related to derivatives not designated as hedges:

	Year Ended December 31,	
	2025	**2024**
Embedded derivatives		
Funds withheld [1]	$ 142	$ 263
Fixed indexed annuities	37	129
Total embedded derivatives	**179**	**392**
Freestanding derivatives		
Foreign currency swaps and forwards	(33)	—
Interest rate swaps, swaptions, and futures	(9)	—
Total return swaps	66	—
Credit default swaps [2]	13	—
Total freestanding derivatives	**37**	**—**
Investment related gains (losses)	**$ 216**	**$ 392**

[1] *Excludes the remainder return on the funds withheld and modified coinsurance assets. Refer to Note 2 — Investments for additional details.*

[2] *Includes total return swaps valued on credit default swap indexes.*

Credit Risk Assumed Through Credit Derivatives

The Company periodically enters into credit derivatives including credit default swaps and total return swaps on credit default swap indexes (CDX). By entering credit derivatives, the Company assumes the credit risk of a single entity or referenced index in order to synthetically replicate investment transactions that are permissible under the Company's investment policies. A credit event is generally defined as a default on contractually obligated interest or principal payments or bankruptcy of the referenced entity.

The credit default swaps in which the Company assumes credit risk primarily reference investment grade single corporate issuers or a diversified basket of investment grade corporate issuers. The diversified portfolios of corporate issuers are established within sector concentration limits and may be divided into tranches that possess different credit ratings. For these derivatives, the Company will receive periodic payments based on an agreed upon rate and notional amount and will only make a payment if there is a credit event. The credit event payment will typically be equal to the notional value of the swap contract less the value of the referenced security issuer’s debt obligation after the occurrence of the credit event.

For total return swaps on CDX, the Company periodically pays or receives the difference on price movement of the index multiplied by the notional. As the credit seller on the total return swaps, the occurrence of credit events by issuers within the index increases the Company’s exposure to losses through payments made to the counterparty.

The following presents details of the Company’s investment grade risk exposure assumed through credit derivatives [1] as of December 31, 2025:

			Underlying Referenced Credit Obligation [2]			
Notional Amount [3]	**Fair Value**	**Weighted Average Years to Maturity**	**Type**	**Average Credit Rating**	**Offsetting Notional Amount**	**Offsetting Fair Value**
$ 600	$ 3	3 years	Corporate Credit	BBB+	$ —	$ —

[1] *Comprised of credit default swaps on a single or basket of investment grade issuers or total return swaps on a credit default swap index. These swaps are subsequently valued based upon the observable standard market index.*

[2] *The average credit ratings are based on availability and are generally the midpoint of the available ratings among Moody's, S&P, and Fitch. If no rating is available from a rating agency, then an internally developed rating is used.*

[3] *Notional amount is equal to the maximum potential future loss amount. These derivatives are governed by agreements and applicable law which include collateral posting requirements. There is no additional specific collateral related to these contracts or recourse provisions included in the contracts to offset losses.*

4. Fair Value Measurements

The Company carries certain financial assets and liabilities at estimated fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants. Our fair value framework includes a hierarchy that gives the highest priority to the use of quoted prices in active markets, followed by the use of market observable inputs, followed by the use of unobservable inputs. The fair value hierarchy levels are as follows:

- **Level 1** — Fair values based primarily on unadjusted quoted prices for identical assets or liabilities, in active markets that the Company has the ability to access at the measurement date.
- **Level 2** — Fair values primarily based on observable inputs, other than quoted prices included in Level 1, or based on prices for similar assets and liabilities.
- **Level 3** — Fair values derived when one or more of the significant inputs are unobservable (including assumptions about risk). With little or no observable market, the determination of fair value uses considerable judgment and represents the Company's best estimate of an amount that could be realized in a market exchange for the asset or liability. Also included are securities that are traded within illiquid markets and/or priced by independent brokers.

The Company will classify the financial asset or liability by level based upon the lowest level input that is significant to the determination of the fair value. In most cases, both observable inputs (e.g., changes in interest rates) and unobservable inputs (e.g., changes in risk assumptions) are used to determine the fair value of assets and liabilities that the Company has classified within Level 3.

The following presents the hierarchy for our assets and liabilities measured at fair value on a recurring basis:

	Total	Netting [2]	Level 1	Level 2	Level 3
	December 31, 2025				
Assets					
Fixed maturities, available-for-sale					
Asset-backed securities	$ 22	$ —	$ —	$ 21	$ 1
Collateralized loan obligations	289	—	—	289	—
Commercial mortgage-backed securities	9	—	—	9	—
Corporate bonds	1,182	—	—	925	257
Foreign government and agencies	1,862	—	—	1,862	—
Municipal bonds	5	—	—	5	—
Residential mortgage-backed securities	29	—	—	27	2
U.S. Treasury bonds	108	—	—	108	—
Total fixed maturities, available-for-sale	**3,506**	**—**	**—**	**3,246**	**260**
Fixed maturities, at fair value using the fair value option	7	—	—	—	7
Investment funds	2	—	—	—	2
Funds withheld at interest					
Funds withheld at interest embedded derivative	(1,000)	—	—	—	(1,000)
Fixed indexed annuities hedge program	128	—	—	—	128
Total funds withheld at interest	**(872)**	**—**	**—**	**—**	**(872)**
Freestanding derivatives [1]	11	(9)	—	20	—
Short-term investments	325	—	239	86	—
Market risk benefits	14	—	—	—	14
Total assets	**$ 2,993**	**$ (9)**	**$ 239**	**$ 3,352**	**$ (589)**

Liabilities					
Other policyholder funds and benefits payable					
Fixed indexed annuities embedded derivatives	$ 455	$ —	$ —	$ —	$ 455
Total other policyholder funds and benefits payable	**455**	**—**	**—**	**—**	**455**
Market risk benefits	539	—	—	—	539
Total liabilities	**$ 994**	**$ —**	**$ —**	**$ —**	**$ 994**

	December 31, 2024				
Assets					
Fixed maturities, available-for-sale					
Asset-backed securities	$ 12	$ —	$ —	$ 12	$ —
Collateralized loan obligations	202	—	—	202	—
Commercial mortgage-backed securities	2	—	—	2	—
Corporate bonds	124	—	—	124	—
U.S. Treasury bonds	102	—	—	102	—
Total fixed maturities, available-for-sale	**442**	**—**	**—**	**442**	**—**
Funds withheld at interest					
Funds withheld at interest embedded derivative	(1,142)	—	—	—	(1,142)
Fixed indexed annuities hedge program	126	—	—	—	126
Total funds withheld at interest	**(1,016)**	**—**	**—**	**—**	**(1,016)**
Short-term investments	329	—	4	325	—
Market risk benefits	21	—	—	—	21
Total assets	**$ (224)**	**$ —**	**$ 4**	**$ 767**	**$ (995)**
Liabilities					
Other policyholder funds and benefits payable					
Fixed indexed annuities embedded derivatives	$ 492	$ —	$ —	$ —	$ 492
Total other policyholder funds and benefits payable	**492**	**—**	**—**	**—**	**492**
Market risk benefits	457	—	—	—	457
Total liabilities	**$ 949**	**$ —**	**$ —**	**$ —**	**$ 949**

[1] *Amounts in the Level 1, 2, and 3 columns represent the gross fair value of freestanding derivatives, excluding collateral, accrued income, and deferred premiums on pay-at-end options.*

[2] *"Netting" represents the fair value of freestanding derivatives as well as cash collateral, accrued income, and deferred premiums on options offset under master netting agreements. Refer to Note 3 — Derivatives for additional information regarding offsetting of derivatives.*

Valuation Techniques

The Company generally determines fair values using valuation techniques that use prices, rates, and other relevant information evident from market transactions involving identical or similar instruments. Valuation techniques also include, where appropriate, estimates of future cash flows that are converted into a single discounted amount using current market expectations. The Company uses a waterfall approach comprised of the following pricing sources and techniques, which are listed in priority order:

- Quoted prices, unadjusted, for identical assets or liabilities in active markets, which are classified as Level 1.
- Prices from third-party pricing services, which primarily utilize a combination of techniques. These services utilize recently reported trades of identical, similar, or benchmark securities making adjustments for market observable inputs available through the reporting date. If there are no recently reported trades, they may use a discounted cash flow technique to develop a price using expected cash flows based upon the anticipated future performance of the underlying collateral discounted at an estimated market rate. Both techniques develop prices that consider the time value of future cash flows and provide a margin for risk, including liquidity and credit risk. Most prices provided by third-party pricing services are classified as Level 2 because the inputs used in pricing the securities are observable. However, some securities that are less liquid or trade less actively are classified as Level 3. Additionally, certain long-dated securities, such as municipal securities and bank loans, include benchmark interest rate or credit spread assumptions that are not observable in the marketplace and are thus classified as Level 3.
- Internal matrix pricing is a valuation process internally developed for private placement securities for which the Company is unable to obtain a price from a third-party pricing service. Internal pricing matrices determine credit spreads that, when combined with risk-free rates, are applied to contractual cash flows to develop a price. The Company develops credit spreads using market-based data for public securities adjusted for credit spread differentials between public and private securities, which are obtained from a survey of multiple private placement brokers. The market-based reference credit spread considers the issuer's sector, financial strength, and term to maturity, using an independent public security index, while the credit spread differential considers the non-public nature of the security. Securities priced using internal matrix pricing are classified as Level 2 because the significant inputs are observable or can be corroborated with observable data.
- Independent broker quotes, which are typically non-binding use inputs that can be difficult to corroborate with observable market-based data. Brokers may use present value techniques using assumptions specific to the security types, or they may use recent transactions of similar securities. Due to the lack of transparency in the process that brokers use to develop prices, valuations that are based on independent broker quotes are classified as Level 3.

Funds withheld and modified coinsurance embedded derivatives represent the right to receive or obligation to pay the total return on the assets supporting the funds withheld at interest and funds withheld liability, and are analogous to a total return swap with a floating rate leg. The fair value of the embedded derivatives on assumed funds withheld and modified coinsurance agreements are classified as Level 3 and measured as the unrealized gain (loss) on the underlying assets which are valued in the same manner as our other investments.

The fair value of freestanding derivatives is determined primarily using a discounted cash flow model or option model technique and incorporates counterparty credit risk. In some cases, quoted market prices for exchange-traded and OTC-cleared derivatives may be used and in other cases independent broker quotes may be used. The pricing valuation models primarily use inputs that are observable in the market or can be corroborated by observable market data. The valuation of certain derivatives may include significant inputs that are unobservable, such as volatility levels, and reflect the Company's view of what other market participants would use when pricing such instruments.

Fair values for FIA embedded derivatives are classified as Level 3 in the fair value hierarchy and are calculated using internally developed models that utilize significant unobservable inputs because active, observable markets do not exist for these items.

Valuation Inputs

Quoted prices for identical assets in active markets are considered Level 1 and consist of money market funds, certain short-term investments, and exchange traded futures and option contracts.

Primary observable and unobservable inputs for Level 2 and Level 3 fair value measurements are described below.

Fixed Maturities

Structured Securities

Primary observable inputs include: benchmark yields and spreads; monthly payment information; collateral performance, which varies by vintage year and includes delinquency rates, loss severity rates and refinancing assumptions; and credit default swap indices. Primary observable inputs specific to ABS, CMBS, CLOs, and RMBS include: estimates of future principal prepayments, derived from the characteristics of the underlying structure; and prepayment speeds previously experienced at the interest rate levels projected for the collateral.

Primary unobservable inputs include: independent broker quotes and credit spreads and interest rates beyond the observable curves. Primary unobservable inputs specific to less liquid securities or those that trade less actively, including subprime RMBS include: estimated cash flows; credit spreads, which include illiquidity premium; constant prepayment rates; constant default rates; and loss severity.

Corporate Bonds

Primary observable inputs include: benchmark yields and spreads; reported trades, bids, offers of the same or similar securities; issuer spreads; and credit default swap curves. Primary observable specific to investment grade privately placed securities that utilize internal matrix pricing include: credit spreads for public securities of similar quality, maturity, and sector, adjusted for non-public nature.

Primary unobservable inputs include: independent broker quotes and credit spreads and interest rates beyond the observable curves. Primary unobservable inputs specific to less liquid securities or those that trade less actively, including subprime RMBS include: estimated cash flows; credit spreads, which include illiquidity premium; constant prepayment rates; constant default rates; and loss severity.

Foreign Government and Agencies and U.S. Treasury Bonds

Primary observable inputs include: benchmark yields and spreads; issuer credit default swap curves; political events in emerging market economies; Municipal Securities Rulemaking Board reported trades and material event notices; and issuer financial statements.

Investment Funds

Relates to certain investment funds for which the Company has elected the fair value option.

Primary unobservable inputs include: material non-public financial information and estimation of future distributable earnings.

Freestanding Derivatives

Credit Derivatives

Primary observable inputs include: swap yield curves; and credit default swap curves.

There are no primary unobservable inputs.

Foreign Currency Derivatives

Primary observable inputs include: the swap yield curve; currency spot and forward rates; and cross currency basis curves.

There are no primary unobservable inputs.

Interest Rate Swaps

Primary observable inputs include independent broker quotes and the swap yield curve.

Primary unobservable inputs include the swap yield curve beyond 50 years.

Equity Options, Forwards and Swaptions

Primary observable inputs include underlying asset price and interest rates.

Primary unobservable inputs include strike price, duration, and volatility.

Short-Term Investments

Primary observable inputs include: benchmark yields and spreads; reported trades, bids, and offers; issuer spreads and credit default swap curves; and material event notices and new issue money market rates.

Fixed Indexed Annuities Embedded Derivatives

Primary observable inputs include: risk-free rates as represented U.S. Treasury par yield curve rates and market corporate bond spreads to derive forward curve rates; correlations of 10 years of observed historical returns across underlying well-known market indices; correlations of historical index returns compared to separate account fund returns; and equity index levels.

Primary unobservable inputs include: market implied equity volatility assumptions; credit standing adjustment assumptions; option budgets; and assumptions about policyholder behavior, such as withdrawal utilization, withdrawal rates, lapse rates, and reset elections.

The fair value for the FIA embedded derivatives are calculated as an aggregation of the following components: Best Estimate Benefits; Credit Standing Adjustment; and Margins. The Company believes the aggregation of these components results in an amount that a market participant in an active liquid market would require, if such a market existed. Each component described in the following discussion is unobservable in the marketplace and requires subjectivity by the Company in determining its value.

Best Estimate Benefits

The best estimate benefits are calculated based on actuarial and capital market assumptions related to projected cash flows, including the present value of benefits and related contract charges, over the lives of the contracts, incorporating unobservable inputs including expectations concerning policyholder behavior.

Credit Standing Adjustment

The credit standing adjustment is an estimate of the adjustment to the fair value that market participants would require in determining fair value to reflect the risk will not be fulfilled. The Company incorporates a blend of estimates of peer company and reinsurer bond spreads and credit default spreads from capital markets.

Margins

The behavior risk margin adds a margin that market participants would require, in determining fair value, for the risk that the Company's assumptions about policyholder behavior could differ from actual experience. The behavior risk margin is calculated by taking the difference between adverse policyholder behavior assumptions and best estimate assumptions.

The following summarizes the significant unobservable inputs for level 3 for FIA embedded derivatives:

Fair Value [1]	Predominant Valuation Technique	Significant Unobservable Input	Range	Weighted Average [2]	Impact of Increase in Input on Fair Value [3]
		December 31, 2025			
Fixed indexed annuities embedded derivatives:					
$ 455	Option budget	Withdrawal rates [4]	0.8% to 2.1%	1.3%	Decrease
		Lapse rates [5]	6.0% to 48.0%	14.8%	Decrease
		Option budgets [6]	0.4% to 4.2%	2.6%	Increase
		Credit standing adjustment [7]	0.5% to 2.3%	1.5%	Decrease
		December 31, 2024			
Fixed indexed annuities embedded derivatives:					
$ 492	Option budget	Withdrawal rates [4]	0.8% to 1.9%	1.3%	Decrease
		Lapse rates [5]	5.0% to 50.0%	15.0%	Decrease
		Option budgets [6]	0.3% to 2.4%	1.4%	Increase
		Credit standing adjustment [7]	0.6% to 2.6%	1.6%	Decrease

[1] Excludes securities for which the Company bases fair value on broker quotation.

[2] The weighted average is determined based on the fair value of the securities.

[3] Conversely, the impact of a decrease in input would have the opposite impact to the fair value as that presented in the table.

[4] Range represents assumed annual percentage of allowable amount withdrawn.

[5] Range represents assumed annual percentages of policyholders electing a full surrender.

[6] Range represents assumed annual budget for index options.

[7] Range represents Company credit spreads.

Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company uses derivative instruments to manage the risk associated with certain assets and liabilities. However, the derivative instrument may not be classified within the same fair value hierarchy level as the associated asset or liability. Therefore, the realized and unrealized gains and losses on derivatives reported in the Level 3 rollforwards may be offset by realized and unrealized gains and losses of the associated assets and liabilities in other line items of the financial statements.

Assets and liabilities are transferred in and/or out of Level 3 on the date the event or change in circumstances that caused the transfer occurs. The Company evaluates, at least annually, its valuation processes to determine if changes in circumstances has occurred that would result in a transfer between levels. Transfers in and/or out of Level 3 are primarily attributable to the availability of market observable information and the re-evaluation of the observability of pricing inputs.

The following table presents a reconciliation of the beginning and ending balances for Level 3 assets and liabilities measured at fair value on a recurring basis:

	Beginning Balance	Total Realized and Unrealized Gains (Losses) in		Net Purchases, Sales, and Settlements	Net Transfers	Ending Balance
		Net income	Other comprehensive income [2]			
Year Ended December 31, 2025						
Asset-backed securities	$ —	$ —	$ —	$ 1	$ —	**$ 1**
Corporate bonds	—	—	(14)	271	—	**257**
Residential mortgage-backed securities	—	—	—	2	—	**2**
Fixed maturities, at fair value using the fair value option	—	—	—	7	—	**7**
Investment funds	—	—	—	2	—	**2**
Embedded derivatives [1]:						
Funds withheld	(1,142)	142	—	—	—	**(1,000)**
Fixed indexed annuities	(492)	37	—	(55)	55	**(455)**
Fixed indexed annuities hedge program	126	4	—	(2)	—	**128**
Year Ended December 31, 2024						
Embedded derivatives [1]:						
Funds withheld	$ (1,405)	$ 263	—	$ —	$ —	**$ (1,142)**
Fixed indexed annuities	(621)	129	—	(57)	57	**(492)**
Short-term investments	253	—	—	(253)	—	**—**
Fixed indexed annuities hedge program	194	25	—	(93)	—	**126**

[1] *Derivative instruments are presented on a net basis for asset (liability) positions.*

The following presents the amount, for recurring fair value measurements categorized within Level 3 of the fair value hierarchy, of the total realized and unrealized gains or losses for the period included in net income, as shown in the table above:

	Net Investment Income	Investment Related Gains, Net	Net income
Year Ended December 31, 2025			
Embedded derivatives:			
Funds withheld	$ —	$ 142	**$ 142**
Fixed indexed annuities	—	37	**37**
Fixed indexed annuities hedge program	—	4	**4**
Year Ended December 31, 2024			
Embedded derivatives:			
Funds withheld	$ —	$ 263	**$ 263**
Fixed indexed annuities	—	129	**129**
Fixed indexed annuities hedge program	—	25	**25**

The following presents the gross components of net purchases, sales, and settlements, and net transfers shown in the tables above:

	Purchases	Settlements	Sales	Net	Transfers in	Transfers out	Net
Year Ended December 31, 2025							
Asset-backed securities	$ 10	$ (9)	$ —	$ 1	$ —	$ —	**$ —**
Corporate bonds	271	—	—	271	—	—	**—**
Residential mortgage-backed securities	2	—	—	2	—	—	**—**
Fixed maturities, at fair value using the fair value option	7	—	—	7	—	—	**—**
Investment funds	2	—	—	2	—	—	**—**
Embedded derivatives:							
Fixed indexed annuities	—	(55)	—	**(55)**	—	55	**55**
Fixed indexed annuities hedge program	91	(93)		**(2)**	—	—	**—**
Year Ended December 31, 2024							
Embedded derivatives:							
Fixed indexed annuities	$ —	$ (57)	$ —	**$ (57)**	$ —	$ 57	**57**
Short-term investments	—	(253)	—	**(253)**	—	—	**—**
Fixed indexed annuities hedge program	127	(220)	—	**(93)**	—	—	**—**

The following presents the amount, for recurring fair value measurements categorized within Level 3 of the fair value hierarchy still held at the end of the period, of the total unrealized gains (losses) for the period included in:

	Year Ended December 31,			
	2025		2024	
	Net Income (Loss)	Other Comprehensive Income (Loss) [1]	Net Income (Loss)	Other Comprehensive Income (Loss)
Corporate bonds	$ —	$ (14)	$ —	$ —
Fixed indexed annuities hedge program	2	—	(68)	—

[1] *Recorded in unrealized gain on available-for-sale securities without an allowance for credit losses in the statements of comprehensive income.*

The following presents the carrying amount and fair value of the Company's financial assets and liabilities not carried at fair value:

		December 31,			
		2025		2024	
	Fair Value Hierarchy Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets					
Funds withheld at interest [1]	Level 3	$ 7,244	$ 7,244	$ 8,127	$ 8,127
Liabilities					
Other policyholder funds and benefits payable [2]	Level 3	$ 378	$ 328	$ 82	$ 73

[1] *Represents the host contract, which is equal to the book value of the value of the underlying investments that support the funds withheld account.*

[2] *This amount includes contracts accounted for as investment contracts and excludes insurance contracts and certain FIA contracts with death or other additional benefits.*

5. Reinsurance

The following summarizes the effect of reinsurance on premiums, policy charges and fee income, and benefits and losses:

	Year Ended December 31,	
	2025	**2024**
Premiums, policy charges and fee income		
Direct	$ —	$ —
Reinsurance assumed	3,841	124
Reinsurance ceded	—	—
Total premiums, policy charges and fee income	**$ 3,841**	**$ 124**
Benefits and losses		
Direct	$ —	$ —
Reinsurance assumed	4,079	443
Reinsurance ceded	—	—
Benefits and losses	**$ 4,079**	**$ 443**

Assumed Reinsurance

Japan Post Insurance Co., Ltd

On March 31 2025, the Company entered into a reinsurance agreement with JPI to reinsure a ¥550 billion ($3.6 billion) block of in-force payout annuities on a coinsurance basis.

The following table summarizes the impacts of the JPI transaction as of the effective date of the transaction:

Premiums	$ 3,569
Payout reserves	$ 3,357
Deferred profit liabilities	212
Total liabilities	**$ 3,569**

Over-collateralized / Coinsurance Trusts

Under the terms of certain reinsurance transactions, the Company holds assets specific to those reinsurance deals:

	December 31,	
	2025	**2024**
Japan Post Insurance Co., Ltd.		
Fixed maturities	$ 2,542	$ —
Outstanding letters of credit	382	—
Short-term investments	7	—
Cash	16	—
Total	**$ 2,947**	**$ —**
Dai-ichi Frontier Life Insurance Co., Ltd.		
Fixed maturities	$ 199	$ 2
Short-term investments	2	5
Total	**$ 201**	**$ 7**

6. Balances Amortized on a Basis Consistent with Deferred Acquisition Costs

The following presents a rollforward of DAC, as well as FIA MRB adjustments, included in other policyholder funds and benefits payable:

	Deferred Acquisition Costs				Market Risk Benefit Adjustments
	Fixed Indexed Annuities	Fixed Annuities	Payout Annuities	Total	
Balance at December 31, 2024	**$ 130**	**$ —**	**$ —**	**$ 130**	**$ 843**
Amortization	(11)	—	—	(11)	(66)
Balance at December 31, 2025	**119**	**—**	**—**	**119**	**777**
Additions	—	1	20	21	—
Amortization	(11)	—	—	(11)	(72)
Balance at December 31, 2025	**$ 108**	**$ 1**	**$ 20**	**$ 129**	**$ 705**

7. Reserves for Future Policy Benefits

The following table summarizes the Company's reserves for future policy benefits:

	December 31, 2025	December 31, 2024
Life-contingent payout annuities [1]	$ 2,875	$ 6
Deferred profit liability	246	2
Total	**$ 3,121**	**$ 8**

[1] *See "Liability for Future Policy Benefits" section below for further information.*

Liability for Future Policy Benefits

Significant assumptions and inputs to the calculation of the LFPB for life-contingent payout annuities primarily include assumptions for discount rates, mortality and other policyholder data, including certain demographic data. These assumptions are derived from both policyholder data and experience and industry data, and the Company will adjust policyholder data and experience to reflect market data, where necessary. The Company does not include any expense assumptions in the calculation of the LFPB, due to the lack of expenses for payout reserves. Annually, the Company reviews all significant cash flow assumptions, such as mortality, unless emerging experience indicates a more frequent review is necessary. As part of its annual review process, the Company assesses trends in both policyholder experience and industry data and updates the assumptions in the liability calculation, as necessary.

A single-A interest rate curve is utilized to discount the cash flows used to calculate the LFPB. The discount rate reflects market observable inputs from upper-medium grade fixed income instrument yields and is reflective of the duration of the liabilities and is updated for market data.

In 2025, there were no significant updates to assumptions or inputs for the Company's payout reserves.

The Company's LFPBs consists only of the liability associated with limited pay annuities (e.g., single premium immediate annuities) with life contingencies. As this business has no future expected premiums, the following table presents a rollforward of the present value of expected future policy benefits for life-contingent payout annuities:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Beginning balance	**$ 6**	**$ 2**
Beginning balance at original discount rate	**6**	**2**
Effect of actual variances from expected experience due to mortality	(15)	—
Effect of changes in cash flow assumptions	—	—
Adjusted beginning balance at original discount rate	**(9)**	**2**
Issuances [1]	3,530	4
Interest accretion [2]	15	—
Benefit payments	(106)	—
Foreign exchange and other activity	(140)	—
Ending balance at original discount rate	**3,290**	**6**
Cumulative effect of changes in discount rate assumptions	(415)	—
Ending balance	**$ 2,875**	**$ 6**

[1] *Issuances are recorded within premiums.*

[2] *Interest accretion is recorded as a component of benefits and losses.*

The following is a reconciliation of premiums from LFPBs to the statements of operations:

	Year Ended December 31,	
	2025	**2024**
Life-contingent payout annuities	$ 3,530	$ 5
Reconciling items [1]	223	1
Total	**$ 3,753**	**$ 6**

[1] *Reconciling items represent i) the difference between the Liability for Future Policyholder Benefits, which is established at the inception of the reinsurance agreement or year of policy issue, and the reinsurance premium. This difference is subsequently recorded as a Deferred Profit Liability or loss at issue ii) premiums from affiliate stop-loss agreement.*

The following presents supplemental disclosures related to the LFPBs for life-contingent payout annuities:

	Year Ended December 31,	
	2025	**2024**
Undiscounted expected future benefits and expenses	$ 5,268	$ 6
Weighted-average duration of liability (in years)	15.9	10.2
Weighted-average interest accretion rate	1.8 %	5.2 %
Weighted-average discount rate	3.6 %	5.6 %

8. Other Policyholder Funds and Benefits Payable

Other policyholder funds and benefits payable consists of the following:

	December 31,	
	2025	**2024**
Policyholder account balances [1]	$ 6,921	$ 8,394
Market risk benefits adjustments (Note 6)	(705)	(777)
Embedded derivatives (Note 3)	455	492
Other reserves [2]	(590)	(712)
Other policyholder funds and benefits payable	**$ 6,081**	**$ 7,397**

[1] *Refer to the subsequent tables for a rollforward of PABs.*

[2] *Represents the unaccreted host contract adjustments associated with FIA contracts and other reserves excluded from the subsequent tables.*

The following presents a rollforward of PABs, by product:

	Fixed Indexed Annuities	Non-Life Contingent Payout Annuities	Total
Balance at January 1, 2024	**$ 10,338**	**$ 58**	**$ 10,396**
Deposits	(1)	43	42
Policy charges	(38)	—	(38)
Surrenders and other benefits	(2,134)	(19)	(2,153)
Interest credited	214	—	214
Other	(67)	—	(67)
Balance at December 31, 2024	**$ 8,312**	**$ 82**	**$ 8,394**
Deposits	(1)	320	319
Policy charges	(31)	—	(31)
Surrenders and other benefits	(1,791)	(28)	(1,819)
Interest credited	96	4	100
Other	(44)	2	(42)
Balance at December 31, 2025	**$ 6,541**	**$ 380**	**$ 6,921**

The following table presents the weighted-average crediting rate, net amount at risk (NAR), and CSV for PABs, by product:

	Fixed Indexed Annuities	Non-Life Contingent Payout Annuities	Total
December 31, 2025			
Weighted-average crediting rate	1.3 %	2.8 %	**1.4 %**
Net amount at risk [1]	N/A (Note 9)	$ —	**$ —**
Cash surrender value [2]	6,415	157	**6,572**
December 31, 2024			
Weighted-average crediting rate	2.3 %	0.8 %	**2.3 %**
Net amount at risk [1]	N/A (Note 9)	$ —	**$ —**
Cash surrender value [2]	8,084	5	**8,089**

[1] *NAR is generally defined as the current guarantee amount in excess of the current account balance at the balance sheet date.*

[2] *CSV represents the amount of the contractholder's account balance distributable at the balance sheet date, less certain surrender charges and market value adjustments. Contractholders for payout annuities generally do not have an option to surrender their policies, with the exception of specialized products.*

The following presents the balance of account values by range of guaranteed minimum crediting rates (GMCR) and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimums:

	Range of Guaranteed Minimum Crediting Rate	At Guaranteed Minimum	1 Basis Point to 50 Basis Points Above	51 Basis Points to 150 Basis Points Above	Greater than 150 Basis Points Above	Total
	December 31, 2025					
Fixed Indexed	Less than 2.0%	$ —	$ 3	$ 303	$ 363	$ 669
	Total	**$ —**	**$ 3**	**$ 303**	**$ 363**	**$ 669**
	December 31, 2024					
Fixed Indexed	Less than 2.0%	$ —	$ 1	$ 347	$ 420	$ 768
	Total	**$ —**	**$ 1**	**$ 347**	**$ 420**	**$ 768**

9. Market Risk Benefits

The following table presents a reconciliation of the gross MRB for FIA and balance sheet position:

	December 31,	
	2025	**2024**
Asset position	$ 14	$ 21
Liability position	539	457
Net liability	**$ 525**	**$ 436**

The following table presents a rollforward of the net FIA MRB liability:

	December 31,	
	2025	**2024**
Balance at beginning of year	$ 436	$ 613
Balance at beginning of year, before effect of changes in the instrument-specific credit risk	410	592
Interest accrual	24	34
Attributed fees collected	21	25
Benefit payments	(4)	(3)
Effect of changes in interest rates	1	(105)
Effect of changes in equity markets	—	(1)
Actual policyholder behavior different from expected behavior	11	(21)
Effect of changes in future expected policyholder behavior	10	(111)
Effect of changes in other future expected assumptions	(1)	—
Balance at end of year, before effect of changes in the instrument-specific credit risk	**472**	**410**
Cumulative effect of changes in the instrument-specific credit risk	53	26
Balance at end of year	**$ 525**	**$ 436**

The following table presents the NAR and weighted average attained age of contractholders for MRBs, by product:

December 31, 2024		
Net amount at risk [1]	$	31
Weighted average attained age of contract holders *(in years)*		70.1
December 31, 2025		
Net amount at risk [1]	$	55
Weighted average attained age of contract holders *(in years)*		71.0

[1] NAR is generally defined as the current guarantee amount in excess of the current account balance at the balance sheet date, net of reinsurance impacts. For products with multiple guarantees, only the benefit with the highest NAR is presented for the contract. The FIA NAR represents the withdrawal portion of the contract.

The Company's MRBs primarily relate to FIA contracts with GLWB features. MRBs and the related reinsurance are calculated using fair value measurement principles, which considers the price paid that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value of these MRBs are calculated as the present value of expected benefit payments, less the present value of expected fees attributable to the MRB. The determination of the fair value of MRBs requires the use of inputs related to fees and assessments, and assumptions in determining the expected benefits, in excess of the projected account balance.

Fair values for FIA contract benefits are calculated using internally developed models because active, observable markets do not exist for the MRB. These assumptions are established using accepted actuarial valuation methods and are considered unobservable inputs to the fair value measurement. Therefore, the fair value estimate of MRBs are classified as a level 3 measurement within the fair value hierarchy and the determination of the significant inputs included in the fair value measurement requires the use of management's judgment. Assumptions are mostly based on policyholder experience and pricing assumptions, which are updated for actual experience, if necessary.

In 2025, there were no significant updates to MRB reserves.

In 2024, the Company increased its lapse assumption based on actual experience.

The significant inputs to the valuation models for these MRBs include actuarially determined assumptions for contractholder behavior, as well as lapse rates, benefit utilization rates, surrender rates, and mortality rates. In addition, significant inputs include capital market assumptions, such as interest rate levels and market volatility assumptions.

Fixed Indexed Annuities

FIA contracts the Company assumes represent annuity contracts issued by another insurance company under which the Company assumes through reinsurance a quota share of the liabilities. These annuity contracts have a cash value that appreciates based on a GMCR, or the performance of various equity market indices, such as the S&P 500. FIAs generally protect the contract owner against loss of principal and may include GMWBs or enhanced annuitization benefits.

For FIA contracts, assumptions include projected equity returns which impact cash flows attributable to indexed strategies, implied equity volatilities, expected index credits and future equity option costs.

The models are based on a risk neutral valuation framework and incorporate risk premiums inherent in valuation techniques, inputs, and the general uncertainty around the timing and amount of future cash flows. A risk margin is incorporated within the discount rate to reflect uncertainty in the projected cash flows, as well as credit spreads to reflect nonperformance risk, for the Company.

The following table summarizes the unobservable inputs for MRBs, net of reinsured balances:

Fair Value	Predominant Valuation Technique	Significant Unobservable Input	Range	Weighted Average	Impact of Increase in Input on Fair Value
December 31, 2025					
Fixed indexed annuities:					
$ 525	Discounted cash flows	Withdrawal utilization [2]	0.0% to 34.7%	3.3%	Increase
		Withdrawal rates [3]	2.3% to 8.3%	4.7%	Increase
		Lapse rates [4]	2.0% to 48.0%	14.8%	Decrease
		Market volatility [5]	3.6% to 17.7%	7.5%	Increase
		Nonperformance risk [6]	0.5% to 2.3%	1.5%	Decrease
		Mortality rate [7]	<0.1% to 31.1%	1.1%	Decrease
		Option budgets [8]	0.1% to 3.9%	2.4%	Increase
December 31, 2024					
Fixed indexed annuities:					
$ 436	Discounted cash flows	Withdrawal utilization [2]	—% to 37.1%	4.8%	Increase
		Withdrawal rates [3]	2.3% to 8.3%	4.6%	Increase
		Lapse rates [4]	2.0% to 50.0%	15.0%	Decrease
		Market volatility [5]	4.5% to 21.6%	8.7%	Increase
		Nonperformance risk [6]	0.6% to 2.6%	1.6%	Decrease
		Mortality rate [7]	<0.1% to 31.1%	0.8%	Decrease
		Option budgets [8]	0.3% to 3.6%	1.4%	Increase

[1] Conversely, the impact of a decrease in input would have the opposite impact to the fair value as that presented in the table.
[2] Range represents assumed percentages of policyholders taking withdrawals.
[3] Range represents assumed annual percentage of allowable amount withdrawn.
[4] Range represents assumed annual percentages of policyholders electing a full surrender.
[5] Range represents implied market volatilities for equity indices based on multiple pricing sources.
[6] Range represents Company credit spreads.
[7] Mortality rates vary by age and by demographic characteristics, such as gender. The range shown reflects the mortality rate for policyholders. Mortality rate assumptions are set based on policyholder experience.
[8] Range represents assumed annual budget for index options.

10. Income Taxes

On December 27, 2023, after public comment, the government of Bermuda enacted the “Bermuda Corporate Income Tax Act 2023” (the “CIT”) which will apply a 15% corporate income tax on Bermuda constituent entities which are part of an In Scope MNE Group beginning January 1, 2025. The Company is a constituent entity of an in scope MNE and is subject to the 15% CIT beginning January 1, 2025.

TLR is additionally tax resident in the United Kingdom ("U.K.") and is subject to U.K. corporation tax due to being centrally managed and controlled in the U.K. TLR is not, however, expected to be liable for material U.K. corporation tax, as most of its income is attributable to its permanent establishment in Bermuda and exempt from U.K. corporation tax in accordance with a foreign branch exemption election (18A Corporation Tax Act 2009).

The expected tax provision computed on pre-tax income at the weighted-average tax rate has been calculated as the sum of the pre-tax income in each jurisdiction multiplied by that jurisdiction’s applicable statutory tax rate. Statutory tax rates of 15% and 25% have been used for Bermuda and the U.K., respectively, for the year ended December 31, 2025. Income tax expense (benefit) consists of the following:

Income tax expense consists of the following:

	Year Ended December 31,	
	2025	**2024**
Current	$ 12	$ —
Deferred [1]	39	52
Total	**$ 51**	**$ 52**

[1] *The deferred income tax expense recorded for 2024 reflects an adjustment to the December 31, 2023 opening net operating loss (“NOL”) of $348 to reflect activity during 2024.*

The difference between the expected tax provision at the weighted average tax rate and income tax expense is attributable to the adjustment of the NOL in 2024 due to 2024 activity.

Deferred tax represents the tax consequences of temporary differences between the financial reporting and tax basis of assets, liabilities, and tax attribute carryforwards. As of December 31, 2025 and 2024, the net deferred tax asset consisted of the expected tax benefit related to Bermuda NOLs of $153 and $178, unrealized investments of $7 and $0, and a deferred tax liability for allowable Bermuda CIT adjustments of ($14) and $0 respectively.

Bermuda NOL
The Bermuda NOL reflects a net operating loss carryforward of $1.0 and $1.2 billion as of December 31, 2025 and 2024 respectively.The Bermuda NOL utilization in any carryforward year is limited to 80% of taxable income in that year and the NOL has no expiration date.

Given the Company's expected future earnings, the Company believes sufficient Bermuda taxable income will be generated in the future to utilize its Bermuda NOL carryover. Although the Company believes there will be sufficient future taxable income to fully recover the remainder of the loss carryover, the Company's estimate of the likely realization may change over time.

11. Commitments and Contingencies

Contingencies Relating to Corporate Litigation and Regulatory Matters

Management evaluates each contingent matter separately. A loss is recorded if it is probable and reasonably estimable. Management establishes reserves for these contingencies at its best estimate or, if no one number within the range of possible losses is more probable than any other, the Company records an estimated liability at the low end of the range of losses.

Litigation

The Company may be involved in claims litigation arising in the ordinary course of business with respect to life and annuity contracts. The Company accounts for such activity through the establishment of reserve for future policy benefits. Management expects that the ultimate liability, if any, with respect to such ordinary-course claims litigation, after consideration of provisions made for potential losses and costs of defense, will not be material to the Company's financial condition, results of operations or cash flows of the Company.

Contingent Commitments

As of December 31, 2025, the Company had outstanding commitments to make certain investments, primarily capital contributions to investment funds, totaling $0.2 billion.We expect most commitments to be called over the next five years, however, these commitments could become due any time upon counterparty request.

Certain of the Company's derivative agreements contain provisions that are tied to the financial strength ratings, as set by nationally recognized statistical agencies or RBC tests, of the individual legal entity that entered into the derivative agreement. If the legal entity's financial strength were to fall below certain ratings, the counterparties to the derivative agreements could demand immediate and ongoing full collateralization and in certain instances enable the counterparties to terminate the agreements and demand immediate settlement of all outstanding derivative positions traded under each impacted bilateral agreement. The settlement amount is determined by netting the derivative positions transacted under each agreement. If the termination rights were to be exercised by the counterparties, it could impact the legal entity's ability to conduct hedging activities by increasing the associated costs and decreasing the willingness of counterparties to transact with the legal entity.

As of December 31, 2025 and 2024, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was $31 and $0, respectively, and the aggregate fair value of collateral posted for these derivatives was $5 and $0, respectively.

The aggregate fair value of collateral posted could change as derivative market values change as a result of changes in our hedging activities or to the extent changes in contractual terms are negotiated. The nature of the collateral that is posted, when required, would be primarily in the form of U.S. Treasury bills, U.S. Treasury notes and government agency securities.

12. Related Party Transactions

The Company has entered into the following arrangements with Sixth Street:

- ***Investment Management Services & Other Agreements***
    - As of December 31, 2025 and 2024, 15.3% ($1,587) 20.7% ($1,637), respectively, of the Company's assets in the general account and funds withheld at interest were managed by Sixth Street. The Company recorded expenses related to these arrangements of $8 and $4 for the years ended December 31, 2025 and 2024, respectively.
    - The Company has an asset and liability management and hedging services agreement with a Sixth Street affiliate. For the Year Ended December 31, 2025 and 2024, amounts payable under the above agreement were $3 and $2, respectively.
- ***Investments***

  For the years ended December 31, 2025 and 2024, the Company entered into certain investments that are issued and controlled by Sixth Street affiliates, with a total value as of December 31, 2025 and 2024 of $8 and $8, respectively. There were no outstanding commitments related to these investments.

Cash Management Agreement

The Company has entered into a related party cash management agreement, permitting the Company to borrow from and lend to its related parties. As of December 31, 2025, the Company lent $225 to related parties related to these agreements.

Talcott Life & Annuity Re, Ltd. ("TLAR")

Effective December 31, 2024, the Company entered into a reinsurance transaction with TLAR to reinsure retained death benefit claims on universal life contracts from TLAR on an annual aggregate stop-loss Yearly Renewable Term basis. For the year ended December 31, 2025, premium of $5 was recognized related to this reinsurance arrangement.

Talcott Re Holdings, Ltd. ("TRH")

Effective March 28, 2025, the Company entered into a derivative contract with TRH to hedge USD investment capital in TLR to JPY. The Company enters into foreign-exchange forward contracts to hedge the foreign-currency exposure associated with our investments in securities denominated in foreign currencies. The Company utilizes rolling JPY forward contracts as an economic hedge of required capital that is sensitive to foreign currency movements.

13. Equity

Common Stock

All the Company's common stock is owned by TRH.

No common stock transactions occurred for the years ended December 31, 2025 and 2024.

Dividends

The Company did not declare any dividends for the years ended December 31, 2025 and 2024.

The following provides changes in AOCI:

	Year Ended December 31,	
	2025	**2024**
Unrealized gains (losses) on available-for-sale securities without an allowance for credit losses:		
Beginning balance	**$ (16)**	**$ 2**
Other comprehensive loss before reclassifications and taxes	(399)	(18)
Reclassification adjustments [1]	2	—
Income tax benefit	62	—
Other comprehensive loss	**(335)**	**(18)**
Ending balance	**(351)**	**(16)**
Remeasurement gains on reserves for future policy benefits related to discount rates:		
Beginning balance	**—**	**—**
Other comprehensive income before taxes	415	—
Income tax expense	(62)	—
Other comprehensive income	**353**	**—**
Ending balance	**353**	**—**
Change in market risk benefits related to credit risk:		
Beginning balance	**(26)**	**(21)**
Other comprehensive loss before taxes	(27)	(5)
Income tax benefit	8	—
Other comprehensive loss	**(19)**	**(5)**
Ending balance	**(45)**	**(26)**
Accumulated other comprehensive loss:		
Beginning balance	**(42)**	**(19)**
Other comprehensive loss before reclassifications and taxes	(11)	(23)
Reclassification adjustments [1]	2	—
Income tax benefit	8	—
Total other comprehensive loss	**(1)**	**(23)**
Ending balance	**$ (43)**	**$ (42)**

[1] *Recorded as a component of investment related gains.*

14. Statutory Results

Bermuda

The Company is licensed by the Bermuda Monetary Authority ("BMA") as Class E long term insurers and are subject to the Insurance Act 1978, as amended ("Bermuda Insurance Act"), and regulations promulgated thereunder. The BMA implemented the Economic Balance Sheet ("EBS") framework into the Bermuda Solvency Capital Requirement ("BSCR") for commercial insurers, which has been granted equivalency to the European Union's Directive (2009/138/EC) ("Solvency II"). Under the Bermuda Insurance Act, a Class E insurer must produce three sets of financial statements, as follows:

1. ***US GAAP Financial Statements***—Financial statements are required to be prepared in accordance with an internationally recognized comprehensive base of accounting (GAAP financial statements). The GAAP financial statements form the basis for the preparation of the Statutory Financial Statements (SFS) and the EBS. The Company's Bermuda insurance subsidiaries have elected US GAAP for the GAAP financial statements requirement.
2. ***Statutory Financial Statements***—The SFS start with the US GAAP financial statements and are adjusted for Prudential Filters which include: i) non-admitting goodwill, intangible, and other assets that cannot be monetized (but noting that DAC remains an admitted asset); ii) inclusion of certain assets and liabilities not otherwise recorded under US GAAP, for example guarantees the insurer has given that do not relate to the insurer's own insurance contracts; and iii) any adjustments due to permitted practices.
3. ***Economic Balance Sheet***—The EBS is a balance sheet where assets are recorded at fair value and policyholder insurance reserves are based on technical provisions comprised of a best estimate liability, plus a risk margin. The best estimate liability may be calculated by applying the standard approach or the scenario approach. Under both approaches, the best estimate of policyholder liability cash flows is used. The discount rate under the standard approach is prescribed by the BMA and updated periodically. Under the scenario approach, the discount rate is based on the yield on eligible assets (generally fixed income-like assets) owned by the insurer, including reinvestment projections, as determined under the worst result of a baseline scenario and eight stressed scenarios. The statutory economic capital surplus in the EBS must meet a minimum required capital amount prescribed as the Enhanced Capital Requirement (ECR).

TLR has received permission from the BMA to modify the SFS to record investments at amortized cost instead of fair value as the basis for certain investments, to remove the capital market impacts on FIA MRBs and payout annuity reserves, excluding the proportion of MRB and/or capital market impacts attributable to credit risk, and to remove the foreign currency translation on assets and liabilities recorded through the income statement.

The following presents the effect of the permitted practice to the Company's SFS:

	Effect on Capital and Surplus December 31,		Effect on Statutory Net Income/Loss Year Ended December 31,	
	2025	**2024**	**2025**	**2024**
Talcott Life Re, Ltd.	$490	$1,157	$(233)	$(263)

Under the Bermuda Insurance Act, a Class E insurer is required to maintain statutory capital and surplus at least equal to the minimum margin of solvency (MMS), which is equal to the greater of $8 million or the sum of 2% of the first $500 million of statutory assets plus 1.5% of statutory assets in excess of $500 million. The MMS is floored at 25% of the ECR. The ECR is a risk-based capital calculation used to measure the risk associated with assets and liabilities and premiums of the insurer. The ECR is floored at the MMS.

To enable the BMA to better assess the quality of the insurer's capital resources, a Class E insurer is required to disclose the makeup of its capital in accordance with a 3-tiered capital system. Highest quality capital is classified as Tier 1 Capital, lesser quality capital is classified as either Tier 2 or Tier 3 Capital. The capital supporting the Company's ECR must be at least 50% Tier 1 capital. Additionally, no more than 50% of the Company's ECR can be made up for Tier 2 capital and no

more than 17.65% of the aggregate amount of the Company's Tier 1 and Tier 2 capital can be classified as Tier 3 provided that the Tier 2 and Tier 3 capital do not exceed the amount of Tier 1 capital.

As of December 31, 2025 all of TLR's eligible capital used to meet the ECR was Tier 1 Capital.

While not specifically referred to in the Bermuda Insurance Act, Target Capital Level (TCL) is also an important threshold for statutory capital and surplus. TCL is equal to 120% of ECR as calculated pursuant to the BSCR formula. TCL serves as an early warning tool for the BMA. If TLR fails to maintain statutory economic capital and surplus at least equal to the TCL, such failure will likely result in increased regulatory oversight by the BMA.

The following presents the Company's estimated SFS and EBS capital and surplus, and statutory net income (loss):

	SFS Capital and Surplus		EBS Capital and Surplus		Statutory Net Income (Loss)	
	December 31,		December 31,		Year Ended December 31,	
	2025	2024	2025	2024	2025	2024
Talcott Life Re, Ltd.	$ 1,332	$ 1,317	$ 734	$ 563	$ 91	$ (26)

As of December 31, 2025 and 2024, the Company had statutory and economic capital in excess of the MMS, ECR and TCL.

Restrictions on Dividends

Under the Bermuda Insurance Act, insurers are prohibited from paying a dividend in an amount exceeding 25% of the prior year's total statutory capital and surplus, unless at least two members of the board of directors and its principal representative in Bermuda sign and submit an affidavit to the BMA attesting that a dividend in excess of this amount would not cause the insurer to fail to meet its relevant margins. In certain instances, insurers would also be required to provide prior notice to the BMA (including an affidavit from certain members of the board of directors and principal representative) in advance of the payment of dividends. The Bermuda Insurance Act also permits insurers to distribute an amount less than 15% of total statutory capital, subject to meeting MMS and ECR requirements. Distributions in excess of this amount require the approval of the BMA.

The following presents the dividend limits and transactions for the Company:

	Year Ended December 31,	
	2025	2024
Dividends paid	$ —	$ —
Dividends declared but not paid	$ —	$ —
Total dividends		
Maximum dividend amount which requires prior notification	$ 329	$ 294
Maximum dividend amount which does not require prior approval	$ 203	$ 181

15. Subsequent Events

The Company has evaluated subsequent events through March 27, 2026, the date the financial statements were issued.