

TR RE, LTD.

Annual Financial Statements

For the Year Ended December 31, 2025

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of
TR Re, Ltd.

Opinion

We have audited the consolidated financial statements of TR Re, Ltd. and its subsidiaries (the “Company”), which comprise the consolidated balance sheet as of December 31, 2025 and 2024, and the related consolidated statement of operation, comprehensive income, changes in stockholder’s equity, and cash flows, for the years then ended, and the related notes to the consolidated 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.

REPORT OF INDEPENDENT AUDITORS (Cont'd)

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.

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 audits.

The signature of Deloitte Ltd. is written in a cursive, handwritten style.

April 1, 2026

TR RE, LTD.
Balance Sheets

(in millions, except share data)	December 31,	
	2025	2024
Assets		
Investments		
Fixed maturities, available-for-sale, at fair value (amortized cost: \$3,397 and \$3,972; allowance for credit losses: \$2 and \$0)	\$ 2,862	\$ 3,324
Fixed maturities, at fair value using the fair value option	36	—
Equity securities, at fair value	12	57
Mortgage loans (allowance for credit losses: \$4 and \$6)	616	693
Policy loans	102	102
Investment funds (portion at fair value: \$9 and \$0)	549	471
Funds withheld at interest (portion at fair value: \$495 and \$444)	4,663	4,815
Derivative assets	43	113
Short-term investments (portion at fair value: \$290 and \$1,043)	440	1,043
Total investments	9,323	10,618
Cash	98	101
Reinsurance recoverables (portion at fair value: \$(77) and \$216; allowance for credit losses: \$3 and \$5)	15,874	14,832
Market risk benefits	321	331
Deferred acquisition costs and value of business acquired	589	713
Deferred income taxes	255	397
Goodwill and other intangible assets, net	297	286
Other assets	2,204	2,181
Assets of discontinued operations	—	99,795
Separate account assets	26,079	25,714
Total assets	\$ 55,040	\$ 154,968

TR RE, LTD.

Balance Sheets

(in millions, except share data)	December 31,	
	2025	2024
Liabilities and Stockholder's Equity		
Liabilities		
Reserves for future policy benefits	\$ 13,755	\$ 13,404
Other policyholder funds and benefits payable (portion at fair value: \$527 and \$476)	11,842	12,666
Market risk benefits	616	611
Short-term debt	300	400
Long-term debt	216	242
Funds withheld liabilities (portion at fair value: \$(98) and \$(116))	782	582
Other liabilities (portion at fair value: \$18 and \$35)	514	671
Liabilities of discontinued operations	—	99,293
Separate account liabilities	26,079	25,714
Total liabilities	54,104	153,583
Stockholder's Equity		
Common stock (par value: \$1 per share; authorized, issued and outstanding: 250,000 shares)	—	—
Additional paid-in capital	391	1,376
Accumulated other comprehensive income (loss)	141	(419)
Retained earnings	404	428
Total stockholder's equity	936	1,385
Total liabilities and stockholder's equity	\$ 55,040	\$ 154,968

See accompanying notes to annual financial statements.

TR RE, LTD.
Statements of Operations

<i>(in millions)</i>	Year Ended December 31,	
	2025	2024
Revenues		
Premiums	\$ 34	\$ 76
Policy charges and fee income	254	457
Net investment income	410	433
Investment related gains (losses)	50	(231)
Total revenues	748	735
Benefits, Losses and Expenses		
Benefits and losses (remeasurement (gain) loss: \$6 and \$122)	305	420
Change in market risk benefits	16	(162)
Amortization of deferred acquisition costs and value of business acquired	79	84
Gain on recapture of reinsurance agreements	(301)	—
Insurance operating costs and other expenses	211	286
Interest expense	17	22
Total benefits, losses and expenses	327	650
Income from continuing operations before income taxes	421	85
Income tax expense (benefit)	108	(12)
Income from continuing operations, net of tax	313	97
Income (loss) from discontinued operations, net of tax	(226)	159
Net income	\$ 87	\$ 256

See accompanying notes to annual financial statements.

TR RE, LTD.

Statements of Comprehensive Income

<i>(in millions)</i>	Year Ended December 31,	
	2025	2024
Net income	\$ 87	\$ 256
Other comprehensive income		
Unrealized gains on available-for-sale securities without an allowance for credit losses	278	34
Unrealized gains (losses) on cash flow hedges	8	(2)
Remeasurement gains (losses) on reserves for future policy benefits related to discount rates	(148)	313
Loss related to credit risk for market risk benefits	(13)	(13)
Total other comprehensive income	125	332
Comprehensive income	\$ 212	\$ 588

See accompanying notes to annual financial statements.

TR RE, LTD.

Statements of Changes in Equity

<i>(in millions)</i>	Accumulated Other				Total
	Additional Paid- in Capital	Comprehensive Income (Loss)	Retained Earnings		
Balance at January 1, 2024	\$ 1,951	\$ (751)	\$ 822	\$	2,022
Net income	—	—	256		256
Other comprehensive income	—	332	—		332
Dividends to parent	—	—	(650)		(650)
Distributions to parent	(575)	—	—		(575)
Balance at December 31, 2024	\$ 1,376	\$ (419)	\$ 428	\$	1,385
Net income	—	—	87		87
Other comprehensive income	—	125	—		125
Dividends to parent	—	—	(125)		(125)
Distributions of consolidated subsidiaries to parent	(985)	435	14		(536)
Balance at December 31, 2025	\$ 391	\$ 141	\$ 404	\$	936

See accompanying notes to annual financial statements.

TR RE, LTD.
Statements of Cash Flows

<i>(in millions)</i>	Year Ended December 31,	
	2025	2024
Operating Activities		
Net income	\$ 87	\$ 256
Adjustments to reconcile net income to net cash provided by operating activities:		
Investment related losses, net	160	599
Change in market risk benefits	35	(292)
Amortization of unearned revenue reserves	(53)	(60)
Amortization of deferred acquisition costs and value of business acquired	85	42
Depreciation and amortization	74	135
Deferred income taxes	29	32
Interest credited on investment and universal life-type contracts	264	532
Other operating activities, net	(113)	(64)
Adjustments related to modified coinsurance agreements:		
Premiums	(21)	—
Policy charges and fee income	(18)	—
Net investment income	(214)	—
Benefits and losses	220	—
Change in market risk benefits	13	—
Insurance operating costs and other expenses	20	—
Changes in operating assets and liabilities:		
Reinsurance recoverables	75	(489)
Reserves for future policy benefits	105	394
Other assets and liabilities	(167)	(35)
Cash profit settlements on modified coinsurance agreements	(43)	—
Net cash provided by operating activities	538	1,050
Investing Activities		
Proceeds from sales, maturities and prepayments of:		
Fixed maturities	1,698	3,416
Equity securities	67	79
Mortgage loans	181	236
Investment funds	132	350
Consolidated subsidiary to parent	—	16
Payments for purchases of:		
Fixed maturities	(982)	(1,848)
Equity securities	(1)	(1)
Mortgage loans	(34)	(87)
Investment funds	(165)	(126)
Other investments	(100)	(99)
Net proceeds from (payments for):		
Policy loans	11	(36)
Derivatives	(158)	(443)
Short-term investments	248	115
Disposals of consolidated subsidiaries to parent, other than by sale, net of cash	527	—
Net cash provided by investing activities	1,424	1,572

Statements of Cash Flows

<i>(in millions)</i>	Year Ended December 31,	
	2025	2024
Financing Activities		
Investment and universal life-type contracts:		
Deposits and other additions	\$ 1,326	\$ 2,908
Withdrawals and other deductions	(6,279)	(9,801)
Net transfers from separate accounts	4,201	5,498
Net change in securities loaned or sold under agreements to repurchase	(38)	(67)
Repayments of debt	(544)	(117)
Distribution to parent	—	(325)
Distributions of consolidated subsidiaries to parent	(527)	—
Dividends	—	(650)
Net cash used for financing activities	(1,861)	(2,554)
Net increase in cash, including cash classified within assets of discontinued operations	101	68
Less: net increase in cash classified within assets of discontinued operations	(104)	(84)
Net decrease in cash of continuing operations	(3)	(16)
Cash at beginning of period	101	117
Cash at end of period	\$ 98	\$ 101
Supplemental Disclosures of Cash Flow Information		
Cash paid for income taxes	\$ 19	\$ 17
Cash paid for interest	38	17
Noncash Investing and Financing Activity:		
Investment and universal life-type contracts reinsured through modified coinsurance agreements:		
Deposits and other additions	335	—
Withdrawals and other deductions	(813)	—
Net transfers from funds withheld	483	—
Distributions of consolidated subsidiaries to parent	(9)	—
Dividends and other distributions to parent in exchange for short-term debt	(125)	(250)
Net reductions of short-term investments	—	250

See accompanying notes to annual financial statements.

TR RE, LTD.

Notes to Annual Financial Statements

(Dollar amounts in millions, unless otherwise stated)

1. Basis of Presentation and Significant Accounting Policies

TR Re, Ltd., a Bermuda exempted company, together with its subsidiaries (collectively, TR Re, the Company, we or our) is a leading provider of comprehensive risk solutions for the insurance industry. The Company conducts business primarily through the following subsidiaries:

- a. Our U.S. insurance subsidiary, Talcott Resolution Life and Annuity Insurance Company and its subsidiaries (TLA), who primarily provide variable annuities (VA) and fixed annuities, and who reinsures third party business to affiliates. TLA also sells annuity products.
- b. Talcott Administration Services Company, LLC (TASC), who provides insurance administration services for the Company's former subsidiary Talcott Resolution Life Insurance Company's (TL) separate account assets within the bank-owned life insurance (BOLI), corporate-owned life insurance (COLI) and insurance company-owned life insurance (ICOLI) markets.

The Company is a wholly-owned subsidiary of Talcott Resolution Life, Inc. (TLI or Parent).

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.

On July 2, 2025, the Company contributed TL to TLI. TL was determined to be designated as the Company's discontinued operations. Therefore, the Company's results of operations reflect TL's results of operations from January 1, 2025 through July 2, 2025 (the date of the contribution). As of December 31, 2025, the balance sheets of the Company do not reflect the financial position of TL.

Acquisitions and Transactions

The Company has completed the following material transactions:

- *December 31, 2022:* Retrocession from TL of Allianz block reinsurance on a quota share basis for approximately \$6 billion of fixed indexed annuities (FIA) and flow reinsurance which remains open;
- *October 1, 2023:* Contribution of TASC from TLI;
- *July 2, 2025:* Contribution of the Company's former subsidiary TL to TLI and reinsured variable annuities and certain payout annuities to TL; and
- *November 3, 2025:* Began selling FIA and multi-year guarantee annuity through third-party distributors.

Consolidation

The financial statements include the accounts of the Company, our wholly owned subsidiaries, and entities in which we directly or indirectly have a controlling financial interest. All intercompany balances and transactions with our subsidiaries have been eliminated.

Entities in which we have significant influence over the operating and financing decisions but do not have a controlling financial interest are reported using the equity method.

Notes to Annual Financial Statements

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);
- Evaluation of goodwill for impairment.

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 3 and 5)

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).

Equity Securities

Equity securities are carried at fair value with any changes in fair value recorded as a component of Investment related gains (losses).

Mortgage Loans

Mortgage loans are carried at the outstanding principal balance adjusted for unamortized premiums and discounts, net of ACL. Interest income is accrued on the principal balance of the loan based on the loan's contractual interest rate, adjusted for amortization of premiums and accretion of discounts.

Policy loans

Policy loans are carried at outstanding principal balance, which approximates fair value. Interest income is recognized as earned using the contractual interest rate. Generally, accrued interest is capitalized on the policy's anniversary date. Valuation allowances are not established for policy loans, as they are fully collateralized by the cash surrender value (CSV) of the underlying insurance policies. Any unpaid principal and accrued interest are deducted from the CSV or the death benefit prior to settlement of the insurance policy.

TR RE, LTD.

Notes to Annual Financial Statements

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, and insurance company-owned life insurance (ICOLI). Freestanding derivatives are carried at fair value. ICOLI investments are carried at the net realizable amount, which is generally represented by the CSV of the insurance policy.

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 \$289 and \$268 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 Liability

A funds withheld liability is recorded for funds contractually withheld by the Company under modco arrangements in which the Company is the cedant. The assets are primarily held in trust accounts established by the Company, and the Company pays or receives cash quarterly to settle the operating results of the reinsured business, including the investment results.

The funds withheld liability is carried at the fair value of the underlying investments, net of any payables and receivables of the reinsurance arrangement. The funds withheld liability 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 NII, measured as a risk-free rate on the host contract, and investment related losses, net, measured as the difference between the total return and NII.

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 investment related gains (losses).

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 (losses). 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.

Notes to Annual Financial Statements

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 (losses).

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 (losses). The remaining change in fair value is recorded in equity as a component of AOCL.

Mortgage Loans

We monitor individual loan performance, and with the exception of individually identified loans where the borrower is experiencing financial difficulty, we pool loans with homogeneous risk characteristics for purposes of estimating lifetime credit losses and measuring an ACL.

Other Financial Instruments

We also evaluate other financial instruments, such as reinsurance recoverables and off-balance sheet credit exposures that the Company cannot unconditionally cancel. The measurement of the expected credit loss is based on historical loss data, current conditions, and reasonable and supportable forecasts and recorded as an ACL, consistent with treatment of AFS fixed maturities and mortgage loans. See Note 6 —Reinsurance for additional details.

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;
- Dividends from investments in equity securities, which are recognized on the ex-dividend date;
- 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.

Notes to Annual Financial Statements

Investment related gains (losses)

- Realized gains and losses on the sale of investments, determined on a specific identification basis;
- Fair value changes in equity securities;
- 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, mortgage loans, and reinsurance recoverables;
- Foreign currency transaction remeasurements.

Accrued Interest Receivable

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 (losses).

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.

Notes to Annual Financial Statements

Derivative Instruments (Notes 4 and 5)

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 (losses).

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 (losses).

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 6)

The Company enters into reinsurance transactions for a variety of reasons, including strategic business growth opportunities (for assumed transactions) and capital and risk management (for ceded transactions). Ceded reinsurance arrangements do not discharge the Company's liability as the primary insurer, and failure of counterparties to honor their obligations could result in losses to the Company. Reinsurance is placed with reinsurers that meet strict financial criteria established by the Company, and the Company regularly evaluates concentrations of credit risk and the financial condition of its reinsurers.

We assume and cede insurance using a variety of reinsurance structures, including: coinsurance, funds withheld, modco, 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).

Reinsurance recoverables include balances due from counterparties for paid and unpaid losses and are presented net of an ACL, which is based on the expectation of potential lifetime credit loss from the counterparty. Reinsurance recoverables also include MRB and other liabilities ceded under reinsurance agreements, which are generally recognized and measured consistent with the liabilities of the underlying contracts.

Included in other assets are prepaid reinsurance premiums, which represent the portion of premiums ceded to reinsurers applicable to the unexpired terms of the reinsurance agreements. Balances due to counterparties for paid and unpaid losses are included in other liabilities.

For the acquisition or cession 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. URR is included within other policyholder funds and benefits payable and is amortized on a basis consistent with DAC. See the section *Amortization of Deferred Acquisition Costs and Value of Business Acquired* below for details.

Premiums and benefits and losses reflect the net effects of ceded reinsurance transactions.

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. Under modified coinsurance arrangements, both the ceded reserves and the invested assets that support the reserves are legally retained by the ceding insurer, and the counterparties periodically net settle profit and loss with respect to both the investment returns and the underlying insurance obligations.

Both modco and funds withheld arrangements require the ceding insurer to establish a mechanism which legally segregates the invested assets. The Company maintains the right of offset on general account assets and liabilities reinsured, however we have elected to present these balances gross on the balance sheets, within reinsurance recoverables and funds withheld liabilities for ceded reinsurance, or within funds withheld at interest for assumed reinsurance.

Separate account assets and liabilities assumed on a modco basis are reported net on the balance sheets. Revenues from the reinsurance of separate accounts, however, are recorded as premiums or policy charges and fee income on the statements of operations.

Notes to Annual Financial Statements

Deferred Acquisition Costs and Value of Business Acquired (Note 7)

Deferred acquisition costs

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.

Value of Business Acquired

Value of business acquired (VOBA) is an intangible asset that represents the portion of a purchase price allocated to the estimated value of the right to receive future cash flows and earnings of acquired insurance and investment contracts, determined as of the date of the acquisition for the acquired contracts in-force. VOBA is initially measured as the excess of book value of the policy liabilities over the actuarially estimated present value of future cash flows. The principal assumptions used in estimating VOBA include equity market returns, mortality, persistency, expenses, and discount rates. Actual experience on the acquired contracts may vary from these projections and the recovery of VOBA is dependent upon the future profitability of the related business. The Company tests the aggregate recoverability of positive VOBA by comparing the existing balance to the present value of future profitability.

For certain transactions, the fair value of cash flows related to acquired insurance and investment contracts results in an obligation which exceeds the book value of policy liabilities, requiring additional reserves (negative VOBA). Negative VOBA is presented separately from VOBA as an additional reserve included within either reserves for future policy benefits or other policyholder funds and benefits payable on the balance sheets, depending on the presentation for the underlying contracts generating the amount. Negative VOBA is amortized on a basis consistent with DAC and VOBA. See the subsequent section for details.

Amortization of Deferred Acquisition Costs and Value of Business Acquired

The Company amortizes DAC and VOBA 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.

Goodwill

Goodwill represents the excess of the purchase price of the Company's acquisition over the fair value of identifiable net assets acquired and is allocated to identified reporting units. Goodwill is not amortized but is evaluated for impairment on an annual basis or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Our methodology for conducting this goodwill impairment evaluation includes a qualitative assessment and, when considered necessary, a quantitative assessment.

The Company has the option to initially perform an assessment of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The qualitative factors may include, but are not limited to, economic conditions, industry and market considerations, cost factors, overall financial performance of the entity or a reporting unit and other company and entity-level or reporting unit-specific events. If it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, we then perform a quantitative assessment. If the carrying values of the reporting units exceed their fair value, an impairment loss is recognized and the carrying amount of goodwill is adjusted.

Notes to Annual Financial Statements

Other intangible assets

Intangible assets with definite lives consist of administrative servicing rights amortized over a 30-year period, and software amortized over a period not to exceed seven years. Other intangible assets with indefinite lives primarily consist of state insurance licenses and are not amortized but are reviewed annually in the Company's impairment evaluation. They will be tested for impairment more frequently if an event occurs or circumstances change to indicate the fair value of indefinite-lived other intangible assets is less than the carrying value.

Separate Accounts (Note 9)

The Company has issued VA and life insurance contracts through its separate accounts, which represent funds maintained to meet specific investment objectives of policyholders who direct the investments and bear the investment risk, with the exception of any contractual minimum guaranteed interest made by the Company. The Company's separate accounts include the variable account value portion of VA, variable life insurance products and individual, institutional, and governmental investment contracts. The Company has reinsured certain separate accounts under modco agreements.

Separate account assets are legally segregated and are not subject to claims that arise out of any other business of the Company. We report separate account assets as a summary total based on the fair value of the underlying investments. A corresponding summary total of separate account liabilities is reported at an amount equal to separate account assets and represents the account balance to be returned to the contractholder. The investment risk is solely borne by the contractholders, and investment income, and realized and unrealized gains and losses accrue directly to the contractholders; therefore, they are not recognized in the statements of operations. The Company recognizes revenue within policy charges and fee income for investment management, certain administrative services and cost of insurance charges.

Reserves for Future Policy Benefits (Note 10)

Included within reserves for future policy benefits are liabilities for future policy benefits (LFPB), deferred profit liabilities (DPL), negative VOBA associated with life-contingent payout annuities, as well as additional liabilities for ULSG contracts. See *Reinsurance* section above for additional information regarding negative VOBA. The LFPB also includes traditional long-duration insurance reserves for whole life, guaranteed term life, and other insurance contracts.

Liabilities for Future Policy Benefits

The LFPB includes reserves for life-contingent contract annuitizations, including structured settlements and terminal funding agreements and traditional life insurance contracts. Insurance contracts are grouped into cohorts based on issue year and contract type for purposes of recognizing the LFPB. For contracts acquired through an in-force reinsurance arrangement or business combination, multiple issue years prior to the acquisition date are generally aggregated for purposes of identifying a single, issue-year cohort as of the acquisition date.

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.

Notes to Annual Financial Statements

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.

Additional Liabilities for Other Insurance Benefits

ULSG benefits which provide additional protection against policy termination and may continue to provide a death benefit, even if there is insufficient policy value to cover the monthly deductions and charges are recorded as additional liabilities. These additional liabilities are determined by estimating the expected present value of the benefits in excess of the policyholder's expected account value in proportion to the present value of total expected contract assessments and investment margin. Present values are determined using the contract rate, and interest accrues on the liability using the same rate. The reserve is reduced by the amount of cumulative excess payments but is never reduced below zero. Consistent with the LFPB, the reserve calculation is updated on a quarterly basis for actual experience, and future cash flow assumptions are reviewed and updated, as needed, following the Company's assumptions review. Consistent with the LFPB, actual experience is reported as benefits and losses while the effect on the additional liabilities attributable to updates in cash flow assumptions is reported as a separate remeasurement gain or loss within benefits and losses.

Notes to Annual Financial Statements

Other Policyholder Funds and Benefits Payable (Note 11)

Included in other policyholder funds and benefits payable are policyholder account balances (PAB), FIA benefit reserves URR, negative VOBA, 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. See the *Reinsurance* section above for details regarding URR and negative VOBA.

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 VA, fixed annuities, corporate-owned life insurance (COLI), and other investment or universal life-type contracts (UL). 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. Significant changes in experience or assumptions related to PABs for UL-type products may require the Company to establish premium deficiency reserves. Premium deficiency reserves, if any, are established based on current assumptions without considering a provision for adverse deviation. Changes in, or deviations from the assumptions used can significantly affect the Company's reserve levels and results from operations.

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 (losses). 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 12)

The Company historically issued and assumes via reinsurance certain guarantees and product features on VA and 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, which include guaranteed minimum death benefits (GMDB), guaranteed minimum withdrawal benefits (GMWB) and guaranteed minimum income benefits (GMIB) for VA products, as well as 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.

Notes to Annual Financial Statements

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. For reinsured MRBs, changes in the MRB attributable to changes in the reinsurer's nonperformance risk are recognized within the change in market risk benefits.

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.

Directly written and assumed MRBs are not reduced for those riders that are ceded under reinsurance agreements. Instead, reinsured or ceded MRBs are measured at fair value and are separately recorded within reinsurance recoverables.

Income Taxes (Note 14)

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 from Contracts with Customers (Note 19)

For investment and UL contracts such as VA, fixed annuities, and COLI, 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.

The Company recognizes revenue from contracts with customers when, or as, goods or services are transferred to customers, in an amount that reflects the consideration that an entity is expected to receive in exchange for those goods or services.

The Company earns revenues from these contracts primarily for administration and distribution services fees from offering certain fund families as investment options in its VA products. These fees are primarily based on the average daily net asset values of the funds and are recorded in the period in which the services are provided and collected monthly. Fluctuations in domestic and international markets and related investment performance, volume and mix of sales and redemptions of the funds, and other changes to the composition of assets under management are all factors that ultimately have a direct effect on fee income earned.

Notes to Annual Financial Statements

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.

Fair Value Measurements of Equity Securities Subject to Contractual Sale Restrictions (ASU 2022-03)

ASU 2022-03 applies to both holders and issuers of equity and equity-linked securities measured at fair value and clarifies that a contractual sales restriction is not considered in measurement. The amendments are effective for the Company in fiscal years beginning after December 15, 2023, and interim periods within those fiscal years, with early adoption permitted. The Company adopted the provisions of ASU 2022-03 on January 1, 2024, and it did not have a material effect on our financial statements.

Stock Compensation – Scope Application to Profits Interest and Similar Awards (ASU 2024-01)

ASU 2024-01 reduces the complexity in determining whether “profits interest awards” and other similar awards are within the scope of ASC 718 – Stock Compensation. The Company adopted the provisions of ASU 2024-01 in the first quarter of 2025 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 Updates

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.

Targeted Improvements to the Accounting for Internal-Use Software Assets (ASU 2025-06)

ASU 2025-06 will modernize guidance for capitalizing costs related to the development of internal use software. The guidance will no longer require evaluation of phases of development and will instead include a dual requirement that management approval has been obtained and a determination that it is probable the project will be completed for the intended purpose. The amendments are effective for the Company in fiscal years beginning after December 15, 2027 with early adoption permitted. The Company is currently evaluating the impact of this guidance on the financial statements.

Credit Losses: Purchased Loans (ASU 2025-08)

ASU 2025-08 expands the use of the current expected credit loss gross-up method to include purchased seasoned loans (PSLs) obtained through direct purchase or through consolidation of a VIE. PSLs do not include AFS debt securities, but generally include any non-purchased credit deteriorated loans that are acquired 90 days after origination. The amendments are effective for the Company in fiscal years beginning after December 15, 2026 with early adoption permitted. The Company is currently evaluating the impact of this guidance on the financial statements.

Notes to Annual Financial Statements**2. Discontinued Operations**

On July 2, 2025, the Company disposed of TL through a stock distribution to its parent, TLI. The disposal, other than by sale, of TL, met the criteria for discontinued operations on the disposal date.

The following presents a reconciliation of the major classes of assets and liabilities of discontinued operations at December 31, 2024:

Assets of discontinued operations	
Investments	
Fixed maturities, available-for-sale, at fair value	\$ 9,781
Fixed maturities, at fair value using the fair value option	326
Equity securities, at fair value	77
Mortgage loans	1,142
Policy loans	1,469
Investment funds	831
Other investments	221
Short-term investments	1,002
Total investments	14,849
Cash	423
Reinsurance recoverables	17,340
Market risk benefits	415
Value of business acquired and deferred acquisition costs	98
Deferred income taxes	383
Goodwill and other intangible assets, net	143
Other assets	378
Separate account assets	65,766
Total assets of discontinued operations	\$ 99,795
Liabilities of discontinued operations	
Reserve for future policy benefits	\$ 7,281
Other policyholder funds and benefits payable	19,739
Market risk benefits	616
Short-term debt	300
Funds withheld liability	5,274
Other liabilities	317
Separate account liabilities	65,766
Total liabilities of discontinued operations	\$ 99,293

Notes to Annual Financial Statements

The following presents a reconciliation of the major line items constituting net income (loss) from discontinued operations:

	Year Ended December 31,	
	2025	2024
Revenues		
Premiums	\$ 29	\$ 70
Policy charges and fee income	284	545
Net investment income	253	503
Investment related losses, net	(210)	(367)
Total revenues	356	751
Benefits, Losses and Expenses		
Benefits and losses	209	463
Change in market risk benefits	32	(135)
Amortization of value of business acquired and deferred acquisition costs	6	12
Loss on recapture of reinsurance agreements	302	—
Insurance operating costs and other expenses	91	217
Interest expense	4	8
Total benefits, losses and expenses	644	565
Income (loss) before income taxes	(288)	186
Income tax expense (benefit)	(62)	27
Net income (loss)	\$ (226)	\$ 159

The following presents significant noncash operating activities from discontinued operations included in the statements of cash flows: ^[1]

	Year Ended December 31,	
	2025	2024
Amortization of unearned revenue reserves	\$ (53)	\$ (109)
Depreciation and amortization	43	104
Deferred income taxes	(119)	52
Other operating activities, net	(52)	(24)

^[1] Significant noncash operating activities from discontinued operations also include investment related losses, net, change in market risk benefits, and amortization of deferred acquisition costs and value of business acquired which are disclosed in the previous table.

TR RE, LTD.**Notes to Annual Financial Statements**

The following presents the impact on net income from continuing operations for revenues and expenses that before the disposal transaction were eliminated as intra-entity transactions:

	Year Ended December 31,	
	2025	2024
Revenues		
Premiums	\$ 11	\$ 39
Policy charges and fee income	37	79
Net investment income	92	208
Investment related losses	56	(37)
Total revenues	\$ 196	\$ 289
Benefits, Losses, and Expenses		
Benefits and losses	83	179
Change in market risk benefits	4	(63)
Amortization of deferred acquisition costs and value of business acquired	31	60
Gain on recapture	(301)	—
Insurance operating costs and other expenses	37	76
Interest expense	8	14
Total benefits, losses, and expenses	\$ (138)	\$ 266
Net income from continuing operations	\$ 334	\$ 23

Reinsurance

The Company and TL have several reinsurance agreements in place. The Company paid TL \$30 as part of the ongoing settlements associated with these reinsurance agreements. These agreements are expected to remain in effect for the foreseeable future. Refer to Note 6 for additional information.

Tax Sharing Agreement

The Company and TL participate in a tax sharing agreement, whereby the entities exchange cash settlements for tax related balances. Between the disposal date through December 31, 2025, the Company paid TL \$19. The tax sharing agreement is expected to continue for the foreseeable future.

Cash Management Agreement

In 2025, the Company and TL are parties to a cash management agreement, permitting the Company's subsidiary to borrow from and loan to TL. The cash management agreement is scheduled to terminate on December 31, 2029 and is automatically set to extend, unless certain notifications are initiated.

Refer to Note 16 - Related Party Transactions for additional information.

Administrative Servicing Agreement

The Company earns administrative fee revenue from the discontinued operation as an administrator of insurance contracts. These administration services are rendered evenly over time, satisfying the performance obligations in the contract. The revenues are variable in nature. There are fee-based amounts earned that are contingent upon net asset values of the underlying investment funds, which is subject to market volatility, as well as customer behavior in terms of paying additional premiums and transacting redemptions.

Refer to Note 19 — Revenue from Contracts with Customers for additional information.

Notes to Annual Financial Statements**3. 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	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Discontinued Operations	Fair Value
December 31, 2025							
Fixed maturities, AFS							
Asset-backed securities	\$ 97	\$ —	\$ —	\$ (4)	\$ 93	\$ —	\$ 93
Collateralized loan obligations	399	—	2	—	401	—	401
Commercial mortgage-backed securities	268	(1)	2	(15)	254	—	254
Corporate bonds	1,875	(1)	4	(307)	1,571	—	1,571
Foreign government and agencies	34	—	—	(1)	33	—	33
Municipal bonds	107	—	—	(19)	88	—	88
Residential mortgage-backed securities	78	—	—	(8)	70	—	70
U.S. Treasury bonds	539	—	—	(187)	352	—	352
Total fixed maturities, AFS	\$ 3,397	\$ (2)	\$ 8	\$ (541)	\$ 2,862	\$ —	\$ 2,862
Short-term investments, AFS	\$ 1	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 1
December 31, 2024							
Fixed maturities, AFS							
Asset-backed securities	\$ 467	\$ —	\$ 3	\$ (14)	\$ 456	\$ 353	\$ 103
Collateralized loan obligations	1,537	—	15	(3)	1,549	1,036	513
Commercial mortgage-backed securities	982	(1)	5	(106)	880	566	314
Corporate bonds	9,626	(2)	1	(1,673)	7,952	6,167	1,785
Foreign government and agencies	510	—	2	(50)	462	393	69
Municipal bonds	683	—	—	(144)	539	445	94
Residential mortgage-backed securities	380	(1)	2	(46)	335	244	91
U.S. Treasury bonds	1,347	—	—	(415)	932	577	355
Total fixed maturities, AFS	\$ 15,532	\$ (4)	\$ 28	\$ (2,451)	\$ 13,105	\$ 9,781	\$ 3,324
Short-term investments, AFS	\$ 62	\$ —	\$ —	\$ —	\$ 62	\$ 62	\$ —

Notes to Annual Financial Statements

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	\$ 89	\$ 86	\$ 398	\$ 393
Over one year through five years	381	369	2,072	1,960
Over five years through ten years	288	265	2,372	2,098
Over ten years	1,798	1,325	7,386	5,496
Structured securities ^[1]	842	818	3,366	3,220
Total	\$ 3,398	\$ 2,863	\$ 15,594	\$ 13,167
Discontinued operations	—	—	11,622	9,843
Total, less discontinued operations	\$ 3,398	\$ 2,863	\$ 3,972	\$ 3,324

^[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	\$ 8	\$ (1)	\$ 30	\$ (3)	\$ 38	\$ (4)
Collateralized loan obligations	75	—	—	—	75	—
Commercial mortgage-backed securities	47	(2)	169	(13)	216	(15)
Corporate bonds	69	(5)	1,347	(302)	1,416	(307)
Foreign government and agencies	—	—	30	(1)	30	(1)
Municipal bonds	2	(1)	85	(18)	87	(19)
Residential mortgage-backed securities	4	—	51	(8)	55	(8)
U.S. Treasury bonds	3	—	338	(187)	341	(187)
Total fixed maturities, available-for-sale	\$ 208	\$ (9)	\$ 2,050	\$ (532)	\$ 2,258	\$ (541)

December 31, 2024 ^[1]						
Fixed maturities, available-for-sale						
Asset-backed securities	\$ 64	\$ (3)	\$ 177	\$ (11)	\$ 241	\$ (14)
Collateralized loan obligations	203	(3)	—	—	203	(3)
Commercial mortgage-backed securities	55	(2)	709	(104)	764	(106)
Corporate bonds	497	(24)	6,916	(1,649)	7,413	(1,673)
Foreign government and agencies	185	(7)	190	(43)	375	(50)
Municipal bonds	2	—	533	(144)	535	(144)
Residential mortgage-backed securities	33	—	299	(46)	332	(46)
U.S. Treasury bonds	168	(3)	757	(412)	925	(415)
Total fixed maturities, available-for-sale	\$ 1,207	\$ (42)	\$ 9,581	\$ (2,409)	\$ 10,788	\$ (2,451)

^[1] Amounts include the effects associated with assets held for disposal.

Notes to Annual Financial Statements

As of December 31, 2025, AFS debt securities in an unrealized loss position consisted of 673 positions, due to 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 including those within assets of discontinued operations, were \$260 and \$2,009 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.

The following presents a rollforward of the ACL for AFS debt securities, by major security type:

	Collateralized Loan Obligations	Commercial Mortgage- Backed Securities	Corporate Bonds	Residential Mortgage- Backed Securities	Total
Balance at January 1, 2024	\$ 2	\$ 7	\$ 7	\$ —	\$ 16
Initial credit losses	—	4	1	1	6
Reduction for sales	—	(2)	—	—	(2)
Additional decreases	(2)	(8)	(6)	—	(16)
Balance at December 31, 2024	—	1	2	1	4
Discontinued operations	—	1	2	1	4
Balance at December 31, 2024, less discontinued operations ^[1]	—	—	—	—	—
Initial credit losses	—	1	1	—	2
Reduction for sales	—	—	—	—	—
Additional decreases	—	—	—	—	—
Balance at December 31, 2025 ^[1]	\$ —	\$ 1	\$ 1	\$ —	\$ 2

^[1] As of December 31, 2025 and 2024, the Company held no purchased credit deteriorated (PCD) AFS debt securities.

Notes to Annual Financial Statements**Net Investment Income**

Net investment income by asset class consists of the following:

	Year Ended December 31,	
	2025	2024
Fixed maturities	\$ 136	\$ 648
Equity securities	2	4
Mortgage loans	30	72
Policy loans	—	99
Investment funds	47	75
Funds withheld at interest and modified coinsurance ^[1]	210	—
Derivative assets	(41)	(28)
Short-term investments	32	74
Investment expenses	(6)	(28)
Total net investment income	410	916
Adjustment to short-term investments due to designation of TL as discontinued operations ^[2]	—	20
Less: discontinued operations ^[2]	—	(503)
Total net investment income of continuing operations	\$ 410	\$ 433

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

^[2] Refer to Note 2 - Discontinued Operations for additional details regarding activity associated with continuing involvement between the Company and TL.

Investment related gains (losses) by asset class consists of the following:

	Year Ended December 31,	
	2025 ^[1]	2024 ^[1]
Available-for-sale debt securities		
Gross gains on sales	\$ 1	\$ 7
Gross losses on sales	(16)	(206)
Net realized losses on other disposals	(4)	(21)
Investment related losses, net on available-for-sale debt securities	(19)	(220)
Provision for credit losses on fixed maturities, available-for-sale	(5)	9
Net recognized gains on fair value option fixed maturities	—	17
Net realized losses on equity securities	(2)	(1)
Net unrealized gains on equity securities still held at the end of the period	3	18
Provision for credit losses on mortgage loans	1	6
Net recognized gains on investment funds	—	30
Embedded derivatives (Note 4)	(13)	(78)
Freestanding derivatives (Note 4)	(65)	(449)
Remainder return on funds withheld and modified coinsurance assets	86	—
Fixed indexed annuities hedge program	52	92
Other, net	12	(22)
Investment related gains (losses)	50	(598)
Discontinued operations	—	367
Investment related gains (losses) of continuing operations	\$ 50	\$ (231)

Notes to Annual Financial Statements**Accrued Interest Receivable**

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

	December 31,	
	2025	2024 ^[1]
Available-for-sale debt securities	\$ 34	\$ 160
Mortgage loans	2	6

^[1] Amounts presented as of December 31, 2024 include discontinued operations. Amounts presented as of December 31, 2025 exclude discontinued operations.

Mortgage Loans

The following presents the Company's mortgage loans, by geographic location:

	December 31,			
	2025		2024	
	Amortized Cost	Percent of Total	Amortized Cost	Percent of Total ^[1]
East North Central	\$ 54	8.7 %	\$ 90	4.9 %
East South Central	14	2.3 %	29	1.6 %
Middle Atlantic	36	5.9 %	180	9.7 %
Mountain	70	11.2 %	163	8.8 %
New England	20	3.2 %	69	3.7 %
Pacific	176	28.4 %	378	20.4 %
South Atlantic	158	25.5 %	572	30.9 %
West North Central	5	0.8 %	42	2.3 %
West South Central	44	7.0 %	192	10.4 %
Other ^[2]	43	7.0 %	136	7.3 %
Total Mortgage Loans, including those within Assets Of Discontinued Operations	620	100.0 %	1,851	100.0 %
Mortgage loans of discontinued operations	—		(1,152)	
Total Mortgage Loans, Less Discontinued Operations	\$ 620	100.0 %	\$ 699	100.0 %

^[1] Percentages for the period reflect total mortgage loans, inclusive of those designated as assets held for sale.

^[2] Primarily represents loans collateralized by multiple properties in various regions.

Notes to Annual Financial Statements

The following presents the Company's mortgage loans, by property type:

	December 31,			
	2025		2024	
	Amortized Cost	Percent of Total	Amortized Cost	Percent of Total ^[1]
Industrial	\$ 285	46.0 %	\$ 571	30.8 %
Multifamily	106	17.1 %	518	28.0 %
Office	109	17.6 %	271	14.6 %
Retail	120	19.3 %	491	26.6 %
Total mortgage loans, including those within Assets Of Discontinued Operations	620	100.0 %	1,851	100.0 %
Mortgage loans of discontinued operations	—		(1,152)	
Total Mortgage Loans, Less Discontinued Operations	\$ 620	100.0 %	\$ 699	100.0 %

^[1] Percentages for the period reflect total mortgage loans, inclusive of those designated as assets held for sale.

Allowance for Credit Losses

Apart from an ACL recorded on individual mortgage loans where the borrower is experiencing financial difficulties, the Company records an ACL on the pool of mortgage loans based on lifetime expected credit losses. The Company utilizes a third-party forecasting model to estimate lifetime expected credit losses at a loan level under multiple economic scenarios. The scenarios use macroeconomic data provided by an internationally recognized economics firm that generates forecasts of varying economic factors such as GDP growth, unemployment and interest rates. The economic scenarios are projected over 10 years. The first two years to four years of the 10-year period assume a specific modeled economic scenario (including moderate upside, moderate recession and severe recession scenarios) and then revert to historical long-term assumptions over the remaining period. Using these economic scenarios, the forecasting model projects property-specific operating income and capitalization rates used to estimate the value of a future operating income stream. The operating income and the property valuations derived from capitalization rates are compared to loan payment and principal amounts to create debt service coverage ratios (DSCR) and LTVs over the forecasted period. The Company's process also considers qualitative factors. The model overlays historical data about mortgage loan performance based on DSCRs and LTVs and projects the probability of default, amount of loss given a default and resulting expected loss through maturity for each loan under each economic scenario. Economic scenarios are probability-weighted based on a statistical analysis of the forecasted economic factors and qualitative analysis. The Company records the change in the ACL on mortgage loans based on the weighted-average expected credit losses across the selected economic scenarios. When a borrower is experiencing financial difficulty, including when foreclosure is probable, the Company measures an ACL on individual mortgage loans. The ACL is established for any shortfall between the amortized cost of the loan and the fair value of the collateral, less costs to sell. Estimates of collectibility from an individual borrower require the use of significant management judgment and include the probability and timing of borrower default and loss severity estimates. In addition, cash flow projections may change based upon new information about the borrower's ability to pay and/or the value of underlying collateral, such as changes in projected property value estimates.

As of December 31, 2025 and 2024, the Company held no mortgage loans for which an ACL was established on an individual basis. As of December 31, 2025 and 2024, the Company held no held-for-sale or PCD mortgage loans.

TR RE, LTD.**Notes to Annual Financial Statements**

The following table presents a rollforward of the ACL for mortgage loans:

	Year Ended December 31,	
	2025	2024
Beginning balance	\$ 6	\$ 26
Provision for credit losses	(1)	(6)
Sales	—	(2)
Charge-offs	(1)	(2)
Discontinued operations	—	(10)
Ending balance	\$ 4	\$ 6

For the years ended December 31, 2025 and 2024, the change in the allowance was primarily attributable to changes in market conditions and an update in assumptions.

Loan Modifications

The Company may modify the terms of a loan when the borrower is experiencing financial difficulties, as a means to optimize recovery of amounts due on the loan. Modifications may involve temporary relief, such as payment forbearance for a short period time or may involve more substantive modifications such as interest rate relief or maturity extensions. Changes to loan terms, pursuant to a modification agreement, are factored into the analysis of the loan's expected credit losses, under the allowance model applicable to the loan.

During the year ended December 31, 2024, the Company granted modifications related to one commercial mortgage loan borrower experiencing financial difficulty. The borrower was granted a 3-year maturity extension with a continuation of the existing fixed interest rate, which was determined to be below-market.

As of December 31, 2024, the carrying value of the loan with modifications was approximately \$30, or 4.8% of the total carrying value of the Company's mortgage loan portfolio. As of December 31, 2025, the loan was considered performing as it was current on contractual payments.

Notes to Annual Financial Statements**Credit Quality Indicators**

As of December 31, 2025, the weighted-average LTV ratio at origination of the Company's mortgage loans held was 41.7%.

LTV compares the loan amount to the value of the underlying property collateralizing the loan with property values based on appraisals performed at origination and updated as necessary. Factors considered in estimating property values include, among other things, actual and expected property cash flows, geographic market data and the ratio of the property's net operating income to its value. DSCR compares a property's net operating income to the borrower's principal and interest payments which are updated no less than annually through reviews of underlying properties.

The following presents the LTV ratio and DSCR for mortgage loans, by origination year:

December 31, 2025													
	2025		2024		2023		2022		2021		Prior		Total
Amortized cost for loan-to-values:													
Greater than 80%	\$	—	\$	—	\$	—	\$	—	\$	5	\$	30	\$ 35
65% to 80%		—		—		17		19		38		87	161
Less than 65%		—		6		25		128		64		201	424
Total	\$	—	\$	6	\$	42	\$	147	\$	107	\$	318	\$ 620
Amortized cost for debt service coverage ratios:													
Greater than 1.50x	\$	—	\$	—	\$	—	\$	83	\$	81	\$	208	\$ 372
1.15x to 1.50x		—		6		—		61		20		38	125
0.95x to 1.15x		—		—		25		3		6		38	72
Less than 0.95x		—		—		17		—		—		34	51
Total	\$	—	\$	6	\$	42	\$	147	\$	107	\$	318	\$ 620
Average loan-to-value for debt service coverage ratios:													
Greater than 1.50x		— %		— %		— %		54.0 %		58.4 %		52.5 %	54.1 %
1.15x to 1.50x		— %		34.4 %		— %		46.9 %		60.5 %		62.4 %	53.2 %
0.95x to 1.15x		— %		— %		48.2 %		78.3 %		80.3 %		101.0 %	80.2 %
Less than 0.95x		— %		— %		71.3 %		— %		— %		44.5 %	53.6 %
Weighted average		— %		34.4 %		57.7 %		51.6 %		59.8 %		58.7 %	57.4 %

Notes to Annual Financial Statements

The following presents the LTV ratio and DSCR for mortgage loans, by origination year: (continued)

December 31, 2024 ^[1]									
	2024	2023	2022	2021	2020	Prior	Total		
Amortized cost for loan-to-values:									
Greater than 80%	\$ —	\$ —	\$ 54	\$ 15	\$ —	\$ 55	\$ 124		
65% to 80%	—	3	98	90	21	205	417		
Less than 65%	13	34	264	158	37	804	1,310		
Total	\$ 13	\$ 37	\$ 416	\$ 263	\$ 58	\$ 1,064	\$ 1,851		
Amortized cost for debt-service coverage ratios:									
Greater than 1.50x	\$ 5	\$ —	\$ 209	\$ 198	\$ 52	\$ 940	\$ 1,404		
1.15x to 1.50x	8	—	108	28	6	110	260		
0.95x to 1.15x	—	34	27	15	—	13	89		
Less than 0.95x	—	3	72	22	—	1	98		
Total	\$ 13	\$ 37	\$ 416	\$ 263	\$ 58	\$ 1,064	\$ 1,851		
Average loan-to-value for debt-service coverage ratios:									
Greater than 1.50x	13.1 %	— %	57.6 %	58.5 %	60.5 %	50.1 %	52.7 %		
1.15x to 1.50x	37.2 %	— %	47.7 %	62.4 %	62.6 %	72.6 %	59.9 %		
0.95x to 1.15x	— %	43.5 %	69.0 %	88.0 %	— %	68.3 %	62.4 %		
Less than 0.95x	— %	70.9 %	79.1 %	51.4 %	— %	— %	72.7 %		
Weighted average	27.4 %	45.9 %	59.5 %	60.0 %	60.7 %	52.7 %	55.2 %		

^[1] Amounts include the effects associated with assets held for disposal.

Past-due Mortgage Loans

Mortgage loans are considered past due if a payment of principal or interest is not received according to the contractual terms of the loan agreement, which typically includes a grace period.

As of December 31, 2025 and 2024, the Company held no past-due mortgage loans.

Notes to Annual Financial Statements**Repurchase Agreements and Other Collateral Transactions**

The Company enters into securities financing transactions as a way to earn additional income or manage liquidity, primarily through repurchase agreements.

Repurchase Agreements

From time to time, the Company enters into repurchase agreements to manage liquidity or to earn incremental income. A repurchase agreement is a transaction in which one party (transferor) agrees to sell securities to another party (transferee) in return for cash (or securities), with a simultaneous agreement to repurchase the same securities at a specified price at a later date. The maturity of these transactions is generally ninety days or less. Repurchase agreements include master netting provisions that provide both parties the right to offset claims and apply securities held by them with respect to their obligations in the event of a default. Although the Company has the contractual right to offset claims, the Company's current positions do not meet the specific conditions for net presentation.

Under repurchase agreements, the Company transfers collateral of U.S. government and government agency securities and receives cash. For repurchase agreements, the Company obtains cash in an amount equal to at least 95% of the fair value of the securities transferred. The agreements require additional collateral to be transferred under specified conditions and provide the counterparty the right to sell or re-pledge the securities transferred. The cash received from the repurchase program is typically invested in short-term investments or fixed maturities and is reported as an asset on the Company's balance sheets. The Company accounts for the repurchase agreements as collateralized borrowings. The securities transferred under repurchase agreements are included in fixed maturities, available-for-sale or short-term investments, and the obligation to repurchase those securities is recorded in other liabilities.

As noted above, the Company's current positions do not permit net presentation, however, the following presents the potential effect of rights of setoff associated with repurchase agreements:

	December 31,	
	2025	2024 ^[1]
Gross amounts recognized	\$ (121)	\$ (354)
Gross amounts not offset:		
Financial instruments ^[2]	107	391
Net amount	\$ (14)	\$ 37

^[1] Included within fixed maturities, available-for-sale and short-term investments.

^[2] Amounts include the effects associated with assets held for disposal.

Refer to Note 4—Derivative Instruments for the potential effect of rights of set-off associated with recognized derivative assets and liabilities.

Other Collateral Transactions

The Company is required by law to deposit securities with government agencies in certain states in which it conducts business. As of December 31, 2025 and 2024, the fair value of securities on deposit was \$9 and \$12, respectively, inclusive of the Company's discontinued operations.

Refer to Note 4—Derivative Instruments for disclosure of collateral in support of derivative transactions.

Notes to Annual Financial Statements**Variable Interest Entities**

As of December 31, 2025 and 2024, the Company did not hold any investment in a VIE. 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:

(in billions)	December 31,			
	2025		2024 ^[1]	
	Carrying Value	Maximum Exposure to Loss	Carrying Value	Maximum Exposure to Loss
Investment funds	\$ 0.5	\$ 0.9	\$ 1.3	\$ 1.8
Fixed maturities	0.9	1.1	3.7	4.0
Total non-consolidated investments	\$ 1.4	\$ 2.0	\$ 5.0	\$ 5.8

^[1] Amounts include the effects associated with assets held for disposal.

Equity Method Investments

For the years ended December 31, 2025 and 2024, aggregate NII from equity method investments exceeded 10% of the Company's pre-tax net income. Accordingly, the Company is disclosing summarized financial data in the following table which reflects the latest available financial information:

(in billions)	December 31,	
	2025	2024 ^[1]
Total assets	\$ 60.8	\$ 136.3
Total liabilities	7.1	12.8
Net income	5.4	10.8

^[1] Amounts include the effects associated with assets held for disposal.

The above aggregated summarized financial data does not represent the Company's proportionate share of the investment's assets or earnings.

Notes to Annual Financial Statements**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	\$ 253	5.4 %	\$ 218	4.5 %
Collateralized loan obligations	397	8.5 %	411	8.5 %
Commercial mortgage-backed securities	1	— %	159	3.3 %
Corporate bonds	2,826	60.6 %	3,006	62.4 %
Foreign government and agencies	240	5.1 %	279	5.8 %
Municipal bonds	164	3.5 %	210	4.4 %
Residential mortgage-backed securities	19	0.4 %	25	0.5 %
U.S. Treasury bonds	456	9.8 %	134	2.8 %
Total fixed maturities	4,356	93.3 %	4,442	92.2 %
Equity securities	3	0.1 %	3	0.1 %
Mortgage loans	5	0.1 %	—	— %
Policy loans	—	— %	—	— %
Short-term investments	—	— %	—	— %
Cash and cash equivalents	177	3.8 %	230	4.8 %
Other, net	122	2.7 %	140	2.9 %
Total	\$ 4,663	100.0 %	\$ 4,815	100.0 %

Approximately 99.1% and 100.0% 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, respectively.

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.

As of December 31, 2025, the Company does not hold any investment exposure 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.

4. Derivative Instruments

The Company utilizes a variety of OTC, OTC-cleared and exchange traded derivative instruments as a part of its overall risk management strategy, as well as to enter into replication transactions. Derivative instruments are used to manage risk associated with interest rate, equity market, credit spread, issuer default and currency exchange rate exposures or movements. Replication transactions are used as an economical means to synthetically replicate the characteristics and performance of assets that are permissible investments under the Company's investment policies.

Derivatives Designated and Qualifying as Hedging Instruments

Some of the Company's derivatives satisfy hedge accounting requirements, as outlined in Note 1—Basis of Presentation and Significant Accounting Policies. Typically, these hedging instruments include IRS and, to a lesser extent, foreign currency swaps where the terms or expected cash flows of the hedged item closely match the terms of the swap. IRS are typically used to manage interest rate duration of certain fixed maturity securities or liability contracts.

The hedge strategies by hedge accounting designation include:

Cash Flow Hedges

IRS are predominantly used to manage portfolio duration and better match cash receipts from assets with cash disbursements required to fund liabilities. These derivatives primarily convert interest receipts on floating-rate fixed maturity securities to fixed rates.

Derivatives Not Designated as Hedging Instruments

Derivative relationships that do not qualify for hedge accounting (non-qualifying strategies) primarily include the hedge program for the Company's VA products, as well as the hedging and replication strategies that utilize credit default swaps (CDS). In addition, hedges of interest rate, foreign currency and equity risk of certain fixed maturities, equities and liabilities that either do not qualify or we have elected to forego hedge accounting.

The non-qualifying strategies include:

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.

As of December 31, 2025 and 2024, there were no IRS in offsetting relationships.

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.

Variable Annuities Macro Hedge Program

The Company utilizes IRS, equity swaps, total return swaps (TRS), options, forwards, and futures to provide protection against the statutory tail scenario risk to the Company's statutory surplus arising from higher GMWB and GMDB claims, as well as lower VA fee revenue.

Notes to Annual Financial Statements**Product 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. The Company formerly offered, and subsequently fully reinsured, certain UL products with index-linked features that also constitute an embedded derivative.

Ceded Modified Coinsurance Reinsurance Contracts

The Company has invested assets supporting other policyholder funds and benefits payable reinsured under a modified coinsurance arrangement in connection with the sale of the Individual Life business, which was structured as a reinsurance transaction. As a result of this modified coinsurance arrangement, the Company has recorded an embedded derivative within funds withheld liabilities for the changes in fair value of investments held in trust which are subject to interest rate and credit risk.

Derivative Balance Sheet Classification

The following tables in this section exclude the following:

- Derivatives in the Company's separate accounts, where the associated gains and losses accrue directly to policyholders are not included in the table below.
- Investments that contain an embedded credit derivative for which the Company has elected the FVO.

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]	Net	Fair Value	
			Assets	Liabilities
December 31, 2025				
Designated and qualifying as hedges				
Cash flow hedges				
Interest rate swaps	\$ 125	\$ (11)	\$ —	\$ 11
Not designated as hedges				
Embedded derivatives				
Modified coinsurance ^{[2] [3]}	—	98	—	(98)
Funds withheld at interest	—	360	360	—
Fixed indexed annuities ^{[2] [3]}	—	(523)	—	523
Other ^{[2] [3]}	—	(4)	—	4
Total embedded derivatives	—	(69)	360	429
Freestanding derivatives ^[1]				
Variable annuities macro hedge program	2,455	2	—	(2)
Foreign currency swaps and forwards	18	—	—	—
Interest rate swaps, swaptions, and futures	200	(43)	—	43
Index-linked liability hedge program	169	—	—	—
Total freestanding derivatives	2,842	(41)	—	41
Total not designated as hedges	2,842	(110)	360	470
Total derivatives	\$ 2,967	\$ (121)	\$ 360	\$ 481

Notes to Annual Financial Statements

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: (continued)

	Notional Amount ^[4]	Net	Fair Value	
			Assets	Liabilities
December 31, 2024				
Designated and qualifying as hedges				
Cash flow hedges				
Interest rate swaps	\$ 250	\$ (32)	\$ —	\$ 32
Not designated as hedges				
Embedded derivatives				
Modified coinsurance ^{[2] [3]}	—	131	—	(131)
Fixed indexed annuities ^{[2] [3]}	—	(640)	—	640
Other ^{[2] [3]}	—	(5)	(9)	(4)
Total embedded derivatives	—	(514)	(9)	505
Freestanding derivatives ^[1]				
Variable annuities macro hedge program	15,599	(29)	79	108
Foreign currency swaps and forwards	69	10	10	—
Interest rate swaps, swaptions, and futures	1,087	(254)	—	254
Total freestanding derivatives	16,755	(273)	89	362
Total not designated as hedges	16,755	(787)	80	867
Total derivatives	\$ 17,005	\$ (819)	\$ 80	\$ 899
Discontinued operations	12,307	(679)	73	752
Total derivatives, less discontinued operations	\$ 4,698	\$ (140)	\$ 7	\$ 147

^[1] Represents the gross fair value of freestanding derivatives, excluding collateral, deferred premiums on pay-at-end options, and accrued income.

^[2] These derivatives are not held for risk management purposes. For certain assumed and ceded reinsurance agreements, the notional value is not indicative of the volume of activity. Refer to Note 5 —Fair Value Measurements and Note 6—Reinsurance for additional information regarding the activity which generated the value of the embedded derivatives.

^[3] Refer to Note 5—Fair Value Measurements for the balance sheet captions associated with the assets and liabilities of these embedded derivatives.

^[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.

Notes to Annual Financial Statements

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]	\$ 1	\$ (54)	\$ 279	\$ (405)
Gross amounts offset ^[2]	42	36	(45)	371
Net amount presented ^[3]	43	(18)	234	(34)
Gross amounts not offset:				
Cash collateral pledged (received) ^[2]	—	—	—	—
Net amount	43	(18)	234	(34)
Off-balance sheet securities collateral pledged (received) ^[4]	(1)	26	—	34
Net amount	\$ 42	\$ 8	\$ 234	\$ —
Discontinued operations	—	—	121	—
Total derivatives, less discontinued operations	\$ 42	\$ 8	\$ 113	\$ —

^[1] Represents the fair value of freestanding derivatives inclusive of accrued income and deferred premiums on pay-at-end options, 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 ^[1]	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Cash collateral ^[2]	\$ (3)	\$ 39	\$ (61)	\$ 356
Initial margin on exchange-traded derivatives ^[3]				
Cash collateral	—	—	—	35
Securities collateral	—	8	—	135

^[1] Amounts include the effects associated with assets held for disposal.

^[2] Represents variation margin on exchange-traded derivatives which are included within the offsetting of derivatives table above.

^[3] Excluded from the offsetting of derivatives table above.

Refer to Note 3 —Investments for the effect of rights of set-off associated with repurchase agreements.

Notes to Annual Financial Statements**Investment related gains (losses) on Derivatives****Derivatives Designated and Qualifying as Hedging Instruments****Cash Flow Hedges**

As of December 31, 2025, there were no before tax deferred net losses on derivative instruments expected to be reclassified from AOCI to earnings over the next twelve months. This expectation is based on the anticipated interest payments on hedged investments in fixed maturity securities that will occur over the next twelve months, at which time the Company will recognize the deferred net gains or losses as an adjustment to NII over the term of the investment cash flows.

For the years ended December 31, 2025 and 2024, the Company had no net reclassifications from AOCI to earnings resulting from the discontinuance of cash-flow hedges due to forecasted transactions that were no longer probable of occurring.

Refer to Note 17—Equity for details regarding amounts recorded in and reclassified from AOCI for cash flow hedges.

Non-Qualifying Derivatives

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		
Modified coinsurance	\$ 30	\$ 21
Fixed indexed annuities	(43)	(99)
Other	—	—
Total embedded derivatives	(13)	(78)
Less: discontinued operations	—	(9)
Total embedded derivatives, less discontinued operations	(13)	(87)
Freestanding derivatives		
Variable annuities macro hedge program	(29)	(388)
Foreign currency swaps and forwards	(1)	4
Interest rate swaps, swaptions, and futures	2	(71)
Credit derivatives	(37)	6
Total freestanding derivatives	(65)	(449)
Less: discontinued operations	—	315
Total freestanding derivatives, less discontinued operations	(65)	(134)
Total	\$ (78)	\$ (221)

Notes to Annual Financial Statements**5. 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.
- **Net Asset Value (NAV)** — Other invested assets within separate accounts are typically measured using NAV as a practical expedient in determining fair value and are not classified in the fair value hierarchy. The carrying value reflects the pro rata ownership percentage as indicated by NAV in the investment's financial statements, which may be adjusted if it is determined NAV is not calculated consistent with investment company fair value principles. The underlying investments may have significant unobservable inputs, which may include but are not limited to, comparable multiples and weighted average cost of capital rates applied in valuation models or a discounted cash flow model.

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	Discontinued Operations ^[1]	NAV / Netting ^[2]	Level 1	Level 2	Level 3 ^[1]
December 31, 2025						
Assets						
Fixed maturities, available-for-sale						
Asset-backed securities	\$ 93	\$ —	\$ —	\$ —	\$ 78	\$ 15
Collateralized loan obligations	401	—	—	—	401	—
Commercial mortgage-backed securities	254	—	—	—	247	7
Corporate bonds	1,571	—	—	—	1,334	237
Foreign government and agencies	33	—	—	—	33	—
Municipal bonds	88	—	—	—	88	—
Residential mortgage-backed securities	70	—	—	—	67	3
U.S. Treasury bonds	352	—	—	—	352	—
Total fixed maturities, available-for-sale	2,862	—	—	—	2,600	262
Fair value option fixed maturities	36	—	—	—	—	36
Equity securities	12	—	—	9	—	3
Investment funds	9	—	—	—	—	9

Notes to Annual Financial Statements

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

	Total	Discontinued Operations ^[1]	NAV / Netting ^[2]	Level 1	Level 2	Level 3 ^[1]
Funds withheld at interest:						
Fixed indexed annuities hedge program	135	—	—	—	—	135
Funds withheld at interest embedded derivative	360	—	—	—	—	360
Total funds withheld at interest	495	—	—	—	—	495
Other investments						
Freestanding derivatives ^[3]	43	—	42	—	1	—
Short-term investments						
Other	290	—	—	229	61	—
Total short-term investments	290	—	—	229	61	—
Reinsurance recoverables						
Ceded other embedded derivatives	(2)	—	—	—	—	(2)
Market risk benefits ceded to a related party	(292)	—	—	—	—	(292)
Other ceded market risk benefits	217	—	—	—	—	217
Total reinsurance recoverables	(77)	—	—	—	—	(77)
Market risk benefits	321	—	—	—	—	321
Separate account assets	26,079	—	—	26,079	—	—
Total assets	\$ 30,070	\$ —	\$ 42	\$ 26,317	\$ 2,662	\$ 1,049
Liabilities						
Other policyholder funds and benefits payable						
Fixed indexed annuities embedded derivatives	\$ 523	\$ —	\$ —	\$ —	\$ —	\$ 523
Other embedded derivatives	4	—	—	—	—	4
Total other policyholder funds and benefits payable	527	—	—	—	—	527
Market risk benefits	616	—	—	—	—	616
Funds withheld liability						
Modified coinsurance embedded derivative	(98)	—	—	—	—	(98)
Other liabilities						
Freestanding derivatives ^[3]	18	—	72	—	(54)	—
Total liabilities	\$ 1,063	\$ —	\$ 72	\$ —	(54)	\$ 1,045

Notes to Annual Financial Statements

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

	Total	Discontinued Operations ^[1]	NAV / Netting ^[2]	Level 1	Level 2	Level 3 ^[1]
December 31, 2024						
Assets						
Fixed maturities, available-for-sale						
Asset-backed securities	\$ 103	\$ (278)	\$ —	\$ —	\$ 366	\$ 15
Collateralized loan obligations	513	(1,031)	—	—	1,544	—
Commercial mortgage-backed securities	314	(545)	—	—	821	38
Corporate bonds	1,785	(5,540)	—	—	6,881	444
Foreign government and agencies	69	(341)	—	—	410	—
Municipal bonds	94	(444)	—	—	538	—
Residential mortgage-backed securities	91	(244)	—	—	335	—
U.S. Treasury bonds	355	(577)	—	—	932	—
Total fixed maturities, available-for-sale	3,324	(9,000)	—	—	11,827	497
Fair value option fixed maturities	—	—	—	—	—	—
Equity securities	57	(57)	—	9	101	4
Investment funds	—	—	—	—	—	—
Funds withheld at interest						
Fixed indexed annuities hedge program	132	—	—	—	—	132
Modified coinsurance embedded derivatives	312	—	—	—	—	312
Total funds withheld at interest	444	—	—	—	—	444
Other investments						
Freestanding derivatives ^[3]	113	(47)	145	5	(1)	11
Short-term investments						
Loans issued by related parties	375	—	—	—	—	375
Other	668	(140)	—	678	130	—
Total short-term investments	1,043	(140)	—	678	130	375
Reinsurance recoverables						
Ceded other embedded derivatives	(9)	—	—	—	—	(9)
Ceded market risk benefits	225	—	—	—	—	225
Total reinsurance recoverables	216	—	—	—	—	216
Market risk benefits	331	—	—	—	—	331
Separate account assets ^[4]	25,714	(65,766)	197	56,643	34,639	1
Total assets	\$ 31,242	\$ (75,010)	\$ 342	\$ 57,335	\$ 46,696	\$ 1,879

Notes to Annual Financial Statements

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

	Total	Discontinued Operations ^[1]	NAV / Netting ^[2]	Level 1	Level 2	Level 3 ^[1]
Liabilities						
Other policyholder funds and benefits payable						
Fixed indexed annuities embedded derivatives	\$ 480	\$ —	\$ —	\$ —	\$ —	\$ 480
Other embedded derivatives	(4)	—	—	—	—	(4)
Total other policyholder funds and benefits payable	476	—	—	—	—	476
 Market risk benefits	 611	 —	 —	 —	 —	 611
Funds withheld liability						
Modified coinsurance embedded derivative	(428)	—	—	—	—	(428)
Other liabilities						
Freestanding derivatives ^[3]	35	59	(360)	—	298	38
Total liabilities	\$ 694	\$ 59	\$ (360)	\$ —	\$ 298	\$ 697

^[1] Discontinued operations reflects the net impact of Level 1 and 2 assets and liabilities associated with assets and liabilities held for disposal. Level 3 assets and liabilities reflect assets and liabilities associated with assets and liabilities held for disposal.

^[2] 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.

^[3] "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 4 — Derivatives for additional information regarding offsetting of derivatives.

^[4] As of December 31, 2025 and 2024, there were no investment funds measured using NAV as a practical expedient that were subject to significant liquidation restrictions, nor any which allow any form of redemption.

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.

Notes to Annual Financial Statements

- 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 and ceded 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 on-the-run U.S. Treasuries, money market funds, exchange-traded equity securities, open-ended mutual 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.

Notes to Annual Financial Statements

Corporate Bonds

Includes private placement securities for which the Company has elected the fair value option.

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; credit spreads beyond the observable curve; and interest rates beyond the observable curve. Primary unobservable inputs specific to below investment grade privately placed securities and private bank loans include credit spreads for public securities of similar quality, maturity, and sector, adjusted for non-public nature.

Foreign Government and Agencies, Municipal Bonds, 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.

Primary unobservable inputs include credit spreads and interest rates beyond the observable curves.

Equity Securities

Primary observable inputs include quoted prices in markets that are not active.

Primary unobservable inputs include internal discounted cash flow models utilizing earnings multiples or other cash flow assumptions.

Investment Funds

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

Primary observable inputs include: yield, duration, and spread duration for public securities of similar quality, maturity, and sector, adjusted for the non-public nature.

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.

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Notes to Annual Financial Statements

Futures

Primary observable inputs include unadjusted quoted prices in active markets.

There are no primary unobservable inputs.

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.

Primary unobservable inputs include credit spreads for public securities of similar quality, maturity, and sector, adjusted for non-public nature.

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.

Separate Account Assets

Separate account assets include fixed maturities, equity securities (largely consisted of mutual funds), mortgage loans, short-term investments, and other invested assets (largely consisted of investment funds and freestanding derivatives) that are valued in the same manner, and using the same pricing sources and inputs, as those investments held by the Company.

Separate account assets classified as Level 3 primarily include subprime RMBS.

Notes to Annual Financial Statements

The following table summarizes the significant unobservable inputs for level 3 fixed maturities, investment funds, freestanding derivatives and 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					
Corporate bonds:					
\$ 237	Discounted cash flows	Spread	82bps to 619bps	148bps	Decrease
Fixed indexed annuities embedded derivatives:					
\$ 523	Option budget	Withdrawal rates [5]	0.0% to 15.9%	2.0%	Decrease
		Lapse rates [6]	0.3% to 48.0%	9.6%	Decrease
		Option budgets [7]	0.1% to 4.2%	2.0%	Increase
		Credit standing adjustment [8]	0.5% to 2.3%	1.3%	Decrease
December 31, 2024 [10]					
Asset-backed securities					
\$ 45	Discounted cash flows	Spread	550bps to 575bps	562bps	Decrease
Commercial mortgage-backed securities:					
\$ 59	Discounted cash flows	Spread [4]	677bps to 677bps	677bps	Decrease
Corporate bonds:					
\$ 1,057	Discounted cash flows	Spread	46bps to 502bps	162bps	Decrease
Short-term investments:					
\$ 62	Discounted cash flows	Spread	619bps to 1,067bps	694bps	Decrease
Fair value option fixed maturities and investment funds					
\$ 596	Discounted cash flows	Spread	(3)bps to 291bps	266bps	Decrease
Interest rate swaps and swaptions [9]:					
\$ 77	Option model	Interest rate volatility	75bps to 86bps	82bps	Increase
Equity options and forwards [9]:					
\$ (59)	Option model	Equity volatility	13.7% to 54.6 %	24.8%	Increase

Notes to Annual Financial Statements

The following table summarizes the significant unobservable inputs for level 3 fixed maturities, investment funds, freestanding derivatives and FIA embedded derivatives: (continued)

Fair Value [1]	Predominant Valuation Technique	Significant Unobservable Input	Range	Weighted Average [2]	Impact of Increase in Input on Fair Value [3]
Fixed indexed annuities embedded derivatives:					
\$ 640	Option budget	Withdrawal rates [5]	—% to 15.9%	1.8%	Decrease
		Lapse rates [6]	0.3% to 50.0%	10.4%	Decrease
		Option budgets [7]	0.1% to 3.8%	1.5%	Increase
		Credit standing adjustment [8]	0.6% to 2.6%	1.5%	Decrease

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

[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] Encompasses prepayment, default risk, and loss severity.

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

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

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

[8] Range represents Company credit spreads.

[9] Equity options and forwards included in the macro hedge program. Interest rate swaptions included in both the macro hedge program and interest rate derivative strategies.

[10] Amounts and percentages include the effects associated with assets and liabilities held for disposal.

Notes to Annual Financial Statements**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:

	Total Realized and Unrealized Gains (Losses) in			Net Purchases, Sales, and Settlements	Net Transfers	Discontinued Operations	Ending Balance
	Beginning Balance	Net Income (Loss)	Other Comprehensive Income (Loss) ^[2]				
Year Ended December 31, 2025							
Fixed maturities, available-for-sale:							
Asset-backed securities	\$ 15	\$ —	\$ (1)	\$ (1)	\$ 2	\$ —	\$ 15
Collateralized loan obligations	—	—	—	2	(2)	—	—
Commercial mortgage-backed securities	38	—	—	—	(31)	—	7
Corporate bonds	444	(5)	17	(197)	(22)	—	237
Residential mortgage-backed securities	—	—	—	3	—	—	3
Fair value option fixed maturities	—	—	—	35	1	—	36
Equity securities	4	—	—	—	(1)	—	3
Investment funds	—	—	—	9	—	—	9
Embedded derivatives ^[1] :							
Modified coinsurance	428	30	—	—	—	—	458
Fixed indexed annuities	(480)	(43)	—	4	(4)	—	(523)
Other	(5)	—	—	3	—	—	(2)
Freestanding derivatives ^[1] :							
Interest rate derivatives	2	—	—	—	(2)	—	—
Variable annuities macro hedge program	(29)	—	—	—	29	—	—
Short-term investments:							
Loans issued by related parties	375	—	—	—	(375)	—	—
Fixed indexed annuities hedge program	132	52	—	(49)	—	—	135
Ceded market risk benefits	225	(13)	—	—	(287)	—	(75)
Separate account assets	1	—	—	—	(1)	—	—

Notes to Annual Financial Statements

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: (continued)

	Total Realized and Unrealized Gains (Losses) in			Net			
	Beginning Balance	Net Income (Loss)	Other Comprehensive Income (Loss) ^[2]	Purchases, Sales, and Settlements	Net Transfers	Discontinued Operations	Ending Balance
Year Ended December 31, 2024							
Fixed maturities, available-for-sale:							
Asset-backed securities	\$ 50	\$ —	\$ —	\$ (27)	\$ 67	\$ (75)	\$ 15
Collateralized loan obligations	119	—	—	5	(119)	(5)	—
Commercial mortgage-backed securities	6	1	2	—	50	(21)	38
Corporate bonds	1,491	(18)	2	(274)	(130)	(627)	444
Foreign government and agencies	—	—	(2)	19	35	(52)	—
Municipal bonds	—	—	—	(1)	2	(1)	—
Residential mortgage-backed securities	33	—	—	—	(33)	—	—
Fair value option fixed maturities	225	3	—	93	5	(326)	—
Equity securities	23	1	—	—	—	(20)	4
Investment funds	238	9	—	11	12	(270)	—
Embedded derivatives ^[1] :							
Modified coinsurance	—	21	—	—	110	297	428
Fixed indexed annuities	(541)	(99)	—	67	(67)	160	(480)
Other	—	—	—	(5)	—	—	(5)
Freestanding derivatives ^[1] :							
Interest rate derivatives	(10)	(18)	—	—	(1)	31	2
Variable annuities macro hedge program	82	(256)	—	223	(31)	(47)	(29)
Short-term investments							
Loans issued by related parties	625	—	—	(150)	—	(100)	375
Other	28	—	—	62	(28)	(62)	—
Fixed indexed annuities hedge program	193	92	—	(109)	—	(44)	132
Ceded market risk benefits	400	(88)	—	—	—	(87)	225
Separate account assets	48	(1)	—	(38)	(8)	—	1

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

^[2] Recorded in unrealized gains on available-for-sale securities without an allowance for credit losses.

Notes to Annual Financial Statements

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 (Losses) ^[2]	Other ^[3]	Net Income
Year Ended December 31, 2025				
Fixed maturities, available-for-sale:				
Corporate bonds	(3)	(2)	—	(5)
Embedded derivatives:				
Modified coinsurance	—	30	—	30
Fixed indexed annuities	—	(43)	—	(43)
Fixed indexed annuities hedge program	—	52	—	52
Ceded market risk benefits	—	—	(13)	(13)
Year Ended December 31, 2024 ^[4]				
Fixed maturities, available-for-sale:				
Commercial mortgage-backed securities	\$ (2)	\$ 3	\$ —	\$ 1
Corporate bonds	(12)	(6)	—	(18)
Fair value option fixed maturities	—	3	—	3
Equity securities	—	1	—	1
Investment funds	—	9	—	9
Embedded derivatives:				
Fixed indexed annuities	—	21	—	21
Other	—	(99)	—	(99)
Freestanding derivatives:				
Interest rate derivatives	—	(18)	—	(18)
Variable annuities macro hedge program	—	(256)	—	(256)
Fixed indexed annuities hedge program	—	92	—	92
Ceded market risk benefits	—	—	(88)	(88)
Separate account assets ^[1]	—	(1)	—	(1)

^[1] The realized and unrealized gains or losses included in net income for separate account assets are offset by an equal amount for separate account liabilities, which results in a net zero impact on net income for the Company.

^[2] Includes both market and non-market impacts in deriving realized and unrealized gains or losses.

^[3] Other represents change in MRBs for ceded MRBs.

^[4] Period ended December 31, 2024 includes amounts related to the Company's discontinued operations.

Notes to Annual Financial Statements

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

	Purchases	Settlements	Sales	Net	Transfers in	Transfers out	Net
Year Ended December 31, 2025							
Fixed maturities, available-for-sale:							
Asset-backed securities	\$ 2	\$ (3)	\$ —	(1)	\$ 6	\$ (4)	2
Collateralized loan obligations	2	—	—	2	—	(2)	(2)
Commercial mortgage-backed securities	—	—	—	—	—	(31)	(31)
Corporate bonds	—	(123)	(74)	(197)	6	(28)	(22)
Municipal bonds	—	—	—	—	1	(1)	—
Residential mortgage-backed securities	3	—	—	3	—	—	—
Fair value option fixed maturities	35	—	—	35	1	—	1
Equity securities	—	—	—	—	—	(1)	(1)
Investment funds	9	\$ —	\$ —	9	—	—	—
Embedded derivatives:							
Fixed indexed annuities	57	(53)	—	4	(57)	53	(4)
Other	—	3	—	3	—	—	—
Freestanding derivatives:							
Interest rate derivatives	—	—	—	—	—	(2)	(2)
Variable annuities macro hedge program	—	—	—	—	—	29	29
Short-term investments:							
Loans issued by related parties	—	—	—	—	—	(375)	(375)
Fixed indexed annuities hedge program	84	(132)	(1)	(49)	—	—	—
Ceded market risk benefits	—	—	—	—	(287)	—	(287)
Separate account assets	—	—	—	—	(1)	—	(1)

Notes to Annual Financial Statements

The following presents the gross components of net purchases, sales, and settlements, and net transfers shown in the table above: (continued)

	Purchases	Settlements	Sales	Net	Transfers in	Transfers out	Net
Year Ended December 31, 2024 ^[1]							
Fixed maturities, available-for-sale:							
Asset-backed securities	\$ 61	\$ (35)	\$ (53)	\$ (27)	\$ 67	\$ —	\$ 67
Collateralized loan obligations	5	—	—	5	—	(119)	(119)
Commercial mortgage-backed securities	—	—	—	—	51	(1)	50
Corporate bonds	15	(193)	(96)	(274)	27	(157)	(130)
Foreign government and agencies	28	—	(9)	19	35	—	35
Municipal bonds	—	(1)	—	(1)	7	(5)	2
Residential mortgage-backed securities	—	—	—	—	—	(33)	(33)
Fair value option fixed maturities	110	—	(17)	93	6	(1)	5
Equity securities	1	—	(1)	—	—	—	—
Investment funds	26	—	(15)	11	13	(1)	12
Embedded derivatives:							
Modified coinsurance	—	—	—	—	110	—	110
Fixed indexed annuities	116	(49)	—	67	(116)	49	(67)
Other	—	(5)	—	(5)	—	—	—
Freestanding derivatives:							
Interest rate derivatives	—	—	—	—	(1)	—	(1)
Variable annuities macro hedge program	112	28	83	223	(31)	—	(31)
Short-term investments:							
Loans issued by related parties	575	(725)	—	(150)	—	—	—
Other	62	—	—	62	—	(28)	(28)
Fixed indexed annuities hedge program	124	(233)	—	(109)	—	—	—
Separate account assets	17	—	(55)	(38)	1	(9)	(8)

^[1] Amounts for December 31, 2024 include amounts related to the Company's discontinued operations.

Notes to Annual Financial Statements

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 or losses for the period included in net income (loss) and OCI:

	Year Ended December 31,			
	2025		2024 ^[2]	
	Net Income (Loss)	Other Comprehensive Income (Loss) ^[1]	Net Income (Loss)	Other Comprehensive Income (Loss) ^[1]
Fixed maturities, available-for-sale:				
Asset-backed securities	\$ —	\$ (2)	\$ —	\$ (1)
Commercial mortgage-backed securities	—	—	—	2
Corporate bonds	—	—	—	(4)
Foreign government and agencies	—	—	—	(2)
Fair value option fixed maturities	—	—	3	—
Investment funds	—	—	4	—
Freestanding derivatives:				
Interest rate derivatives	—	—	(18)	—
Variable annuities macro hedge program	—	—	(196)	—
Fixed indexed annuities hedge program	3	—	92	—
Ceded market risk benefits	(13)	—	(88)	—
Separate account assets	—	—	(1)	—

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

^[2] Amounts for the period ended December 31, 2024 include the impacts of the Company's discontinued operations.

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

	Fair Value Hierarchy Level	December 31,			
		2025		2024 ^[1]	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets					
Policy loans	Level 2	\$ 102	\$ 102	\$ 1,571	\$ 1,571
Mortgage loans	Level 3	616	566	1,835	1,654
Other investments	Level 2	—	—	100	100
Liabilities					
Other policyholder funds and benefits payable ^[2]	Level 3	\$ 5,136	\$ 4,545	\$ 9,224	\$ 7,658
Long-term debt ^[2]	Level 3	216	201	242	218
Funds withheld liability	Level 2	880	880	1,172	1,172

^[1] Amounts include the effects associated with assets and liabilities held for disposal.

^[2] This amount includes contracts accounted for as investment contracts and excludes insurance contracts, such as our group accident and health, UL, COLI, and certain FIA and VA contracts with death or other additional benefits.

^[3] Refer to Note 13 - Debt for a description of the Company's debt balances.

Notes to Annual Financial Statements**6. Reinsurance**

The following summarizes premiums, policy charges and fee income, and benefits and losses by direct, assumed and ceded insurance types, in the statements of operations:

	Year Ended December 31,	
	2025	2024
Premiums, policy charges and fee income ^[1]		
Direct	\$ 1,406	\$ 2,206
Reinsurance assumed	130	405
Reinsurance ceded	(1,248)	(1,517)
Total premiums, policy charges and fee income ^[1]	288	1,094
Adjustments due to designation of TL as discontinued operations ^[2]	—	54
Less: discontinued operations	—	(615)
Total premiums, policy charges and fee income of continuing operations	\$ 288	\$ 533
Benefits and losses ^[1]		
Direct	\$ 1,722	\$ 4,951
Reinsurance assumed	291	340
Reinsurance ceded	(1,708)	(4,355)
Benefits and losses ^[1]	305	936
Adjustments due to designation of TL as discontinued operations ^[2]	—	(53)
Less: discontinued operations	—	(463)
Total benefits and losses of continuing operations	\$ 305	\$ 420

^[1] Amounts presented for the year ended December 31, 2024 include discontinued operations. Amounts presented for the year ended December 31, 2025 exclude discontinued operations.

^[2] Refer to Note 2 - Discontinued Operations for additional details regarding activity associated with continuing involvement between the Company and TL.

Notes to Annual Financial Statements

Assumed Reinsurance

Recapture of Legacy Affiliated Reinsurance Agreement

In 2021, the Company entered into an affiliated reinsurance agreement with TL and TLA. The Company generally ceded 50% of reserves related to variable and payout annuity blocks, with 100% of certain variable annuity guarantees and certain structured settlement contracts ceded at a lesser quota share percentage. All but the Company's terminal funding block was ceded on a modified coinsurance basis, with the terminal funding block ceded on a coinsurance with funds withheld basis.

In 2025, the Company recorded a gain of \$301 for the recaptured business.

Ceded Reinsurance

TL Variable and Payout Annuities

In 2025, the Company reinsured its variable annuities and certain payout annuities to TL.

The following table summarizes the impacts of the reinsurance transaction at inception:

Assets transferred	\$	202
Cash transferred		1,142
Less:		
Ceding commission		(294)
Insurance reserves and VOBA ceded		(1,004)
Net loss on reinsurance ^[1]	\$	46

^[1] Recorded as deferred acquisition costs.

Over-collateralized / Coinsurance Trusts

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

	December 31,	
	2025	2024 ^[1]
Prudential Financial, Inc.		
Fixed maturities	\$ 561	\$ 724
Short-term investments	24	24
Cash	31	31
Total	\$ 616	\$ 779

^[1] Amounts include the impact of the Company's discontinued operations.

Notes to Annual Financial Statements

The following summarizes our reinsurance recoverables, by counterparty:

	December 31,	
	2025	2024
Prudential Financial, Inc.	\$ 12,540	\$ 14,648
Massachusetts Mutual Life Insurance Company	—	5,349
Commonwealth Annuity and Life Insurance Company	2,054	5,661
Talcott Resolution Life Insurance Company	1,060	—
Other reinsurers	223	1,244
Gross reinsurance recoverables including discontinued operations	15,877	26,902
Less: allowance for credit losses	(3)	(8)
Reinsurance recoverables, net including discontinued operations	\$ 15,874	\$ 26,894
Adjustments due to designation of TL as discontinued operations ^[1]	—	5,278
Less: discontinued operations	—	(17,340)
Total reinsurance recoverables, net	\$ 15,874	\$ 14,832

^[1] Refer to Note 2 - Discontinued Operations for additional details regarding balances associated with continuing involvement between the Company and TL.

Allowance for Credit Losses

The Company closely monitors the financial condition, ratings and current market information of all its counterparty reinsurers and records an ACL considering the credit quality of the reinsurer, the invested assets in trust, and the period over which the recoverable balances are expected to be collected. Counterparty risk is assessed on a pooled basis in cases of shared risk characteristics, and separately for individual reinsurers when it is more relevant. The Company evaluates historical events, current conditions, and reasonable and supportable forecasts in developing its ACL estimate. Where its contracts permit, the Company secures future claim obligations with various forms of collateral, including irrevocable letters of credit, secured trusts and funds held accounts. The ACL is estimated using a probability of default and loss given default model applied to the amount of reinsurance recoverables, net of collateral, exposed to loss. The probability of default factor is assigned based on each reinsurer's credit rating. The Company reassesses and updates credit ratings on an annual basis. The probability of default factors encompasses historical industry defaults for liabilities with similar durations to the reinsured liabilities as estimated through multiple economic cycles. The loss given default factors are based on a study of historical recovery rates for general creditors of corporations through multiple economic cycles.

Notes to Annual Financial Statements

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

The following presents a rollforward of DAC associated with FIA and VOBA associated with VA:

	Deferred Acquisition Costs		Value of Business Acquired	Total
	Variable Annuities	Fixed Indexed Annuities	Variable Annuities	
Balance at January 1, 2024 including discontinued operations	\$ —	\$ 81	\$ 262	\$ 343
Additions	—	37	—	37
Amortization	—	(9)	(33)	(42)
Adjustments due to designation of TL as discontinued operations ^[1]	—	473	—	473
Less: discontinued operations	—	(32)	(66)	(98)
Balance at December 31, 2024	—	550	163	713
Additions	45	62	—	107
Amortization	(4)	(64)	(11)	(79)
Impact of reinsurance	—	—	(152)	(152)
Balance at December 31, 2025	\$ 41	\$ 548	\$ —	\$ 589

^[1] Refer to Note 2 - Discontinued Operations for additional details regarding balances associated with continuing involvement between the Company and TL.

The following presents a rollforward of negative VOBA, by product:

	Fixed Annuities ^[1]	Universal Life and Other ^[1]	Total ^[1]	Life-Contingent Payout Annuities ^[2]
Balance at January 1, 2024 including discontinued operations	\$ 662	\$ 134	\$ 796	\$ 2,512
Amortization	(124)	(24)	(148)	(127)
Less: discontinued operations	(432)	(110)	(542)	(1,270)
Balance at December 31, 2024	106	—	106	1,115
Amortization	(12)	—	(12)	(52)
Balance at December 31, 2025	\$ 94	\$ —	\$ 94	\$ 1,063

^[1] Recorded in other policyholder funds and benefits payable on the balance sheets.

^[2] Recorded in reserve for future policy benefits on the balance sheets.

The following presents a rollforward of URR, by product, as well as FIA MRB adjustments, which are included in other policyholder funds and benefits payable on the balance sheets:

	Unearned Revenue Reserves			FIA MRB Adjustments
	Variable Annuities	Fixed Indexed Annuities	Total	
Balance at January 1, 2024 including discontinued operations	\$ 42	\$ 508	\$ 550	\$ 697
Amortization	(4)	(56)	(60)	(60)
Less: discontinued operations	(38)	(452)	(490)	(637)
Balance at December 31, 2024	—	—	—	—
Amortization	—	—	—	—
Balance at December 31, 2025	\$ —	\$ —	\$ —	\$ —

Notes to Annual Financial Statements**8. Goodwill and Other Intangible Assets**

The carrying amount of goodwill was \$58 and \$135 as of December 31, 2025 and 2024, respectively. There were no additions or impairments recorded for the years ended December 31, 2025 and 2024. As a result of the Company's disposal of TL, \$97 of goodwill was considered a part of the Company's assets of discontinued operations.

The following presents the Company's amortizing other intangible assets, by major asset class:

	December 31,					
	2025			2024		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Administrative servicing rights	\$ 278	\$ (39)	\$ 239	\$ 278	\$ (30)	\$ 248
Total	\$ 278	\$ (39)	\$ 239	\$ 278	\$ (30)	\$ 248

There were no additions or impairments recorded for the years ended December 31, 2025 and 2024.

For the years ended December 31, 2025 and 2024, total amortization expense for other intangible assets recorded within insurance operating costs and other expenses on the statements of operations was \$9 and \$15, respectively. The total amortization expense for the year ended December 31, 2024 included the impact of the Company's discontinued operations.

As of December 31, 2025, total amortization expense for other intangible assets is expected to be as follows for each of the next five years:

2026	\$	9
2027		9
2028		9
2029		9
2030		9

Notes to Annual Financial Statements

9. Separate Accounts

The following table presents the aggregate fair value of assets supporting separate accounts, by major investment category:

	December 31,	
	2025	2024
Fixed maturities	\$ —	\$ 28,743
Equity securities (including mutual funds)	25,721	57,602
Cash and cash equivalents	349	2,184
Short-term investments	—	945
Investment receivables, net ^[1]	9	1,755
Other invested assets ^[2]	—	251
Separate account assets, including assets of discontinued operations	\$ 26,079	\$ 91,480
Separate account assets of discontinued operations	—	(65,766)
Separate account assets, less discontinued operations	\$ 26,079	\$ 25,714

^[1] Includes trade receivables on investment sales executed in the ordinary course of business where the carrying amount approximates fair value, net of investment income due and accrued.

^[2] Primarily relates to investments in hedge funds.

The following table presents a rollforward of separate account liabilities, by product:

	Variable Annuities	Corporate- Owned Life Insurance	Other ^[1]	Total
Balance at January 1, 2024, including liabilities of discontinued operations	\$ 27,019	\$ 40,427	\$ 22,068	\$ 89,514
Premiums and deposits	256	326	1,285	1,867
Policy charges	(435)	(696)	(330)	(1,461)
Surrenders and other benefits	(3,783)	(404)	(3,565)	(7,752)
Investment performance	4,060	1,519	3,360	8,939
Net transfers from (to) general account	(4)	355	36	387
Sale of consolidated subsidiary to parent	(14)	—	—	(14)
Balance at December 31, 2024, including liabilities of discontinued operations	27,099	41,527	22,854	91,480
Separate account liabilities of discontinued operations	(8,428)	(41,527)	(15,811)	(65,766)
Balance at December 31, 2024, less discontinued operations	\$ 18,671	\$ —	\$ 7,043	\$ 25,714
Premiums and deposits	173	2	128	303
Policy charges	(290)	(2)	(223)	(515)
Surrenders and other benefits	(2,596)	(2)	(344)	(2,942)
Investment performance	2,509	10	1,031	3,550
Net transfers from (to) general account	(64)	66	(33)	(31)
Balance at December 31, 2025	\$ 18,403	\$ 74	\$ 7,602	\$ 26,079
Cash surrender value ^[2]:				
December 31, 2024	\$ 26,951	\$ 38,434	\$ 22,843	\$ 88,228
December 31, 2025	18,371	74	7,601	26,046

^[1] Represents separate account liabilities that are fully reinsured to third parties on a modified coinsurance basis.

^[2] Cash surrender value (CSV) represents the amount of the contractholders' account balance distributable at the balance sheet date, less certain surrender charges.

Notes to Annual Financial Statements**10. Reserves for Future Policy Benefits**

The following table summarizes the reserves for future policy benefits:

	December 31,	
	2025	2024
Life-contingent payout annuities ^[1]	\$ 5,013	\$ 4,975
Additional liabilities for other insurance benefits	7,070	6,644
Deferred profit liability	18	10
Negative VOBA (Note 7)	1,063	1,115
Other reserves ^[2]	591	660
Total	\$ 13,755	\$ 13,404

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

^[2] Represents reserves for fully reinsured traditional life insurance of \$0.6 billion and \$0.7 billion as of December 31, 2025 and 2024, respectively, as well as COLI, other UL products, and short-duration contracts, which are all excluded from the tables below.

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 for the Company's payout reserves. In 2024, inclusive of the Company's discontinued operations, there were significant updates for favorable mortality for certain reserves, as a result of the Company's assumption update. These updates resulted in lower reserves, which were offset by a deferred profit liability.

Notes to Annual Financial Statements

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	2024 ^[4]
Beginning balance	\$ 3,502	\$ 3,753
Beginning balance at original discount rate	4,736	4,723
Effect of actual variances from expected experience due to mortality	(7)	3
Effect of changes in cash flow assumptions	6	125
Adjusted beginning balance at original discount rate	4,735	4,851
Issuances ^[1]	73	86
Interest accrual ^[2]	106	88
Benefit payments	(291)	(289)
Ending balance at original discount rate	4,623	4,736
Cumulative effect of changes in discount rate assumptions	(1,099)	(1,234)
Ending balance	3,524	3,502
Other business ^[3]	1,489	1,473
Adjusted ending balance	5,013	4,975
Less: reinsurance recoverables	(1,285)	(946)
Adjusted ending balance, net of reinsurance	\$ 3,728	\$ 4,029

^[1] Issuances are recorded within premiums.

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

^[3] Represents structured settlements assigned to a subsidiary where an annuity had been purchased from TL to make benefit payments.

^[4] The LFPB rollforward for the year ended December 31, 2024 has been revised to exclude the impact of discontinued operations.

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

	Year Ended December 31,	
	2025	2024
Life-contingent payout annuities	\$ 73	\$ 86
Reconciling items ^[1]	(39)	19
Total premiums including discontinued operations	34	105
Less: discontinued operations	—	(29)
Total premiums	\$ 34	\$ 76

^[1] Reconciling items represent premiums related to fully reinsured traditional life insurance and other lines of business, net of reinsured amounts.

The following presents supplemental disclosures related to the LFPBs for life-contingent payout annuities, inclusive of the Company's discontinued operations:

	December 31,	
	2025	2024
Undiscounted expected future benefits and expenses	\$ 8,588	\$ 18,430
Weighted-average duration of the liability (in years)	12.0	11.2
Weighted-average interest accretion rate	2.4 %	2.1 %
Weighted-average discount rate	5.5 %	5.6 %

Notes to Annual Financial Statements**11. Other Policyholder Funds and Benefits Payable**

Other policyholder funds and benefits payable consists of the following:

	December 31,	
	2025	2024 ^[5]
Policyholder account balances ^[1]	\$ 11,752	\$ 12,608
Negative VOBA (Note 7)	94	106
Embedded derivatives (Note 5)	527	476
Other reserves ^[2]	(531)	(524)
Other policyholder funds and benefits payable	\$ 11,842	\$ 12,666

^[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:

	Variable Annuities	Fixed Annuities	Fixed Indexed Annuities	Non-Life Contingent Payout Annuities	Universal Life and Other	Total
Balance at January 1, 2024 including discontinued operations	\$ 2,470	\$ 2,256	\$ 6,586	\$ 2,261	\$ 1,989	\$ 15,562
Deposits	2	—	394	212	—	608
Policy charges	(1)	—	(10)	—	(21)	(32)
Surrenders and other benefits	(439)	(501)	(1,088)	(325)	(53)	(2,406)
Transfers from (to) separate accounts	(3)	—	—	5	42	44
Interest credited	71	62	233	31	101	498
Other	(3)	(5)	(7)	6	2	(7)
Balance at December 31, 2024 including discontinued operations	2,097	1,812	6,108	2,190	2,060	14,267
Adjustments due to designation of TL as discontinued operations ^[1]	—	—	4,586	872	—	5,458
Less: discontinued operations	(1,153)	(1,720)	(6,111)	(1,221)	(2,060)	(12,265)
Balance at December 31, 2024	944	92	4,583	1,841	—	7,460
Other business ^[2]	—	523	—	—	4,625	5,148
Adjusted balance	\$ 944	\$ 615	\$ 4,583	\$ 1,841	\$ 4,625	\$ 12,608

Notes to Annual Financial Statements

The following presents a rollforward of PABs, by product: (continued)

	Variable Annuities	Fixed Annuities	Fixed Indexed Annuities	Non-Life Contingent Payout Annuities	Universal Life and Other	Total
Balance at January 1, 2025	\$ 944	\$ 92	\$ 4,583	\$ 1,841	\$ —	\$ 7,460
Deposits	1	—	228	142	—	371
Policy charges	—	—	(6)	—	—	(6)
Surrenders and other benefits	(137)	(11)	(746)	(237)	—	(1,131)
Transfers from (to) separate accounts	1	—	—	—	—	1
Interest credited	27	3	129	20	—	179
Other	—	—	3	2	—	5
Balance at December 31, 2025	836	84	4,191	1,768	—	6,879
Other business ^[2]	—	531	—	—	4,342	4,873
Adjusted balance	\$ 836	\$ 615	\$ 4,191	\$ 1,768	\$ 4,342	\$ 11,752

^[1] Refer to Note 2 - Discontinued Operations for additional details regarding balances associated with continuing involvement between the Company and TL.

^[2] Represents the account value of blocks that were fully reinsured prior to 2024 whose activity is not included in the table above. PABs associated with the Company's discontinued operations are presented separately above.

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

	Variable Annuities	Fixed Annuities	Fixed Indexed Annuities	Non-Life Contingent Payout Annuities	Universal Life and Other	Total
December 31, 2025						
Weighted-average crediting rate	3.2 %	3.9 %	3.1 %	1.1 %	— %	2.6 %
Net amount at risk ^[2]	N/A (Note 12) \$	—	N/A (Note 12) \$	— \$	— \$	—
Cash surrender value ^[3]	835	83	4,093	—	—	5,011
December 31, 2024 ^[1]						
Weighted-average crediting rate	3.1 %	3.0 %	3.8 %	1.4 %	5.0 %	3.4 %
Net amount at risk ^[2]	N/A (Note 12) \$	—	N/A (Note 12) \$	— \$	887 \$	887
Cash surrender value ^[3]	2,095	1,802	5,968	—	550	10,415

^[1] Includes amounts associated with PAB's of discontinued operations.

^[2] NAR is generally defined as the current guarantee amount in excess of the current account balance at the balance sheet date.

^[3] CSV represents the amount of the contractholder's account balance distributable at the balance sheet date, less certain surrender charges and market value adjustments.

Notes to Annual Financial Statements

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 Rates	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						
Variable Annuities	Less than 2.0%	\$ 8	\$ 29	\$ 9	\$ —	\$ 46
	2.0% - 4.0%	784	4	2	—	790
	Greater than 4.0%	—	—	—	—	—
	Total	792	33	11	—	836
Fixed Annuities	Less than 2.0%	1	—	—	—	1
	2.0% - 4.0%	80	3	—	—	83
	Greater than 4.0%	—	—	—	—	—
	Total	81	3	—	—	84
Fixed Indexed Annuities	Less than 2.0%	70	1	57	613	741
	2.0% - 4.0%	323	1	6	—	330
	Greater than 4.0%	—	—	—	—	—
	Total	393	2	63	613	1,071
December 31, 2024 ^[1]						
Variable Annuities	Less than 2.0%	\$ —	\$ 37	\$ 43	\$ —	\$ 80
	2.0% - 4.0%	1,813	201	3	—	2,017
	Greater than 4.0%	—	—	—	—	—
	Total	1,813	238	46	—	2,097
Fixed Annuities	Less than 2.0%	\$ 3	\$ 1	\$ 1	\$ 4	\$ 9
	2.0% - 4.0%	1,374	163	252	9	1,798
	Greater than 4.0%	5	—	—	—	5
	Total	1,382	164	253	13	1,812
Fixed Indexed Annuities	Less than 2.0%	\$ 111	\$ —	\$ 87	\$ 691	\$ 889
	2.0% - 4.0%	485	1	8	—	494
	Greater than 4.0%	—	—	—	—	—
	Total	596	1	95	691	1,383
Universal Life and Other	Less than 2.0%	\$ —	\$ —	\$ —	\$ —	\$ —
	2.0% - 4.0%	849	—	—	—	849
	Greater than 4.0%	1,211	—	—	—	1,211
	Total	2,060	—	—	—	2,060

^[1] Prior year account values include amounts within PABs of discontinued operations.

12. Market Risk Benefits

The following table presents a reconciliation of the gross MRB by product and balance sheet position:

	December 31,					
	2025			2024		
	Variable Annuities	Fixed Indexed Annuities	Total	Variable Annuities	Fixed Indexed Annuities	Total
Asset, including discontinued operations	\$ 318	\$ 3	\$ 321	\$ 737	\$ 5	\$ 742
Liability, including discontinued operations	242	374	616	402	472	874
Net, including discontinued operations	\$ (76)	\$ 371	\$ 295	(335)	467	132
Discontinued operations: ^[1]						
Asset — discontinued operations	—	—	—	(410)	(5)	(415)
Liability — discontinued operations	—	—	—	(144)	(472)	(616)
Net — discontinued operations ^[1]	—	—	—	266	(467)	(201)
Other adjustment due to designation of TL as discontinued operations: ^[1]						
Asset adjustment	—	—	—	—	4	4
Liability adjustment	—	—	—	—	353	353
Net adjustments	—	—	—	—	349	349
Asset	318	3	321	327	4	331
Liability	242	374	616	258	353	611
Net	(76)	371	295	(69)	349	280
Less: ceded market risk benefits ^[2]	(75)	—	(75)	225	—	225
Balance, net of reinsurance	\$ (151)	\$ 371	\$ 220	\$ 156	\$ 349	\$ 505

^[1] Net of amounts assumed by the Company from the discontinued operation. See Note 2 - Discontinued Operations for additional discussion of continuing involvement between the Company and TL.

^[2] Refer to Note 4 — Fair Value Measurements for a rollforward of the Company's ceded MRBs.

Notes to Annual Financial Statements

The following table presents a rollforward of the net MRBs, by product:

	Variable Annuities	Fixed Indexed Annuities	Total
	\$	\$	\$
Balance at January 1, 2024	(47)	543	496
Balance at January 1, 2024, before effect of changes in the instrument-specific credit risk	(39)	532	493
Interest accrual	(14)	30	16
Attributed fees collected	287	6	293
Benefit payments	(76)	(60)	(136)
Effect of changes in interest rates	(207)	(63)	(270)
Effect of changes in equity markets	(302)	13	(289)
Effect of changes in equity index volatility	(9)	1	(8)
Actual policyholder behavior different from expected behavior	(12)	13	1
Effect of changes in future expected policyholder behavior	24	(30)	(6)
Effect of changes in other future expected assumptions	11	6	17
Other	—	2	2
Balance at December 31, 2024, before effect of changes in the instrument-specific credit risk	(337)	450	113
Cumulative effect of changes in the instrument-specific credit risk	2	17	19
Balance at December 31, 2024, including discontinued operations	(335)	467	132
Less: discontinued operations, net of other adjustment	266	(118)	148
Balance at December 31, 2024	(69)	349	280
Balance at January 1, 2025	(69)	349	280
Balance at January 1, 2025, before effect of changes in the instrument-specific credit risk	(67)	337	270
Interest accrual	(3)	18	15
Attributed fees collected	133	4	137
Benefit payments	(49)	(44)	(93)
Effect of changes in interest rates	23	8	31
Effect of changes in equity markets	(132)	10	(122)
Effect of changes in equity index volatility	18	1	19
Actual policyholder behavior different from expected behavior	11	9	20
Effect of changes in future expected policyholder behavior	(5)	7	2
Effect of changes in other future expected assumptions	(6)	—	(6)
Balance at December 31, 2025, before effect of changes in the instrument-specific credit risk	(77)	350	273
Cumulative effect of changes in the instrument-specific credit risk	1	21	22
Balance at December 31, 2025	(76)	371	295

Notes to Annual Financial Statements

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

	Variable Annuities		Fixed Indexed Annuities		Total
As of December 31, 2024 ^[2]					
Net amount at risk ^[1]	\$	472	\$	765	\$ 1,237
Weighted average attained age of contractholders (in years)		75.0		73.4	74.1
As of December 31, 2025					
Net amount at risk ^[1]	\$	246	\$	558	\$ 804
Weighted average attained age of contractholders (in years)		77.0		74.0	74.5

^[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 VA NAR is based on total account balances and includes both policyholder account balances and separate account balances, and represents the death benefit portion of the contract, as contracts with a withdrawal benefit also contain a death benefit. The FIA NAR represents the withdrawal portion of the contract. The total represents the combined NAR of VA and FIA.

The Company's MRBs primarily relate to VA contracts with GMDB, GMIB, and GMWB guarantee features and FIA contracts with GLWB features and two-tier annuitization benefits. 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 VA and 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.

Variable Annuities

The Company's VA contracts include variable insurance contracts both entered into directly between the Company and an individual policyholder or assumed through reinsurance with other insurers, including assumed separate account products. Products provide a current or future income stream based on the value of the individual's contract at annuitization and can include a variety of guaranteed minimum death and withdrawal benefits.

The Company's VA contracts sold to individuals mostly provide GMDBs during the accumulation period that is generally equal to the greater of (a) the contract value at death or (b) premium payments less any prior withdrawals and may include adjustments that increase the benefit, such as for maximum anniversary value. In addition, some of the VA contracts provide a GMWB, whereby if the account value is reduced to a specified level through a combination of market declines and withdrawals, the contractholder is entitled to a guaranteed remaining balance, which is generally equal to premiums less withdrawals. Some of the VA contracts provide a GMIB, whereby the contractholder can annuitize a benefit base that may be greater than the account value as a result of ratchet and/or roll-up guarantees. Policyholders with a GMWB or GMIB also have a GMDB. These benefits are not additive as policyholders that have a product with two guarantees can receive, at most, the greater of the GMDB and GMWB or GMIB.

Notes to Annual Financial Statements**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 ^[1]
December 31, 2025					
Variable annuities (net of reinsurance):					
\$ (151)	Discounted cash flows	Withdrawal utilization ^[2]	—% to 24.0%	9.5%	Increase
		Withdrawal rates ^[3]	—% to 8.0%	4.4%	Increase
		Lapse rates ^[4]	—% to 80.0%	6.0%	Decrease
		Market volatility ^[5]	11.9% to 27.2%	20.9%	Increase
		Nonperformance risk ^[6]	0.5% to 2.3%	1.4%	Decrease
		Mortality rate ^[7]	<0.1% to 62.5%	1.8%	Decrease
Fixed indexed annuities:					
\$ 371	Discounted cash flows	Withdrawal utilization ^[2]	—% to 34.7%	3.3%	Increase
		Withdrawal rates ^[3]	2.3% to 8.3%	4.7%	Increase
		Lapse rates ^[4]	0.3% to 48.0%	7.4%	Decrease
		Market volatility ^[5]	0.5% to 17.7%	9.9%	Increase
		Nonperformance risk ^[6]	0.5% to 2.3%	1.4%	Decrease
		Mortality rate ^[7]	<0.1% to 40.0%	6.3%	Decrease
		Option budgets ^[8]	—% to 3.9%	2.5%	Increase

Notes to Annual Financial Statements

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

The following table summarizes the unobservable inputs for (WAB), net of reinsurance balances (continued)					
Fair Value	Predominant Valuation Technique	Significant Unobservable Input	Range	Weighted Average	Impact of Increase in Input on Fair Value ^[1]
As of December 31, 2024 ^[9]					
Variable annuities (net of reinsurance):					
\$ (647)	Discounted cash flows	Withdrawal utilization ^[2]	—% to 35.0%	17.8%	Increase
		Withdrawal rates ^[3]	—% to 8.0%	4.7%	Increase
		Lapse rates ^[4]	—% to 80.0%	6.8%	Decrease
		Market volatility ^[5]	13.4% to 26.9%	20.3%	Increase
		Nonperformance risk ^[6]	0.6% to 2.6%	1.5%	Decrease
		Mortality rate ^[7]	<0.1% to 62.5%	1.8%	Decrease
Fixed indexed annuities:					
\$ 467	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]	1.6% to 50.0%	8.0%	Decrease
		Market volatility ^[5]	4.5% to 21.6%	11.3%	Increase
		Nonperformance risk ^[6]	0.6% to 2.6%	1.5%	Decrease
		Mortality rate ^[7]	<0.1% to 40.0%	5.2%	Decrease
		Option budgets ^[8]	—% to 3.8%	2.0%	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.

^[9] Unobservable fair value inputs as of December 31, 2024 includes the unobservable inputs of the Company's discontinued operations.

Notes to Annual Financial Statements**13. Debt**

Debt is carried at the outstanding principal, plus fair value adjustment.

The following presents the components of outstanding debt:

	Maturity Date	Year Ended December 31, 2025	December 31,	
		Interest Rate	2025	2024
Long-term debt				
TASC note payable	July 25, 2028	5.96%	197	215
Plus: fair value adjustment			19	27
Total long-term debt			\$ 216	\$ 242
Total			\$ 216	\$ 242

The following presents the combined aggregate amount of maturities for each of the next five years and thereafter:

2026	\$	18
2027		19
2028		160
2029		—
2030		—

The following presents the components of interest expense:

	Year Ended December 31,	
	2025	2024 ^[1]
Interest expense on debt	\$ 12	\$ 30
Less: amortization of fair value adjustment	(8)	(8)
Interest expense	\$ 4	\$ 22

^[1] Interest expense on debt for the year ended December 31, 2024 has been revised to exclude the impact of discontinued operations.

Outstanding Notes**TASC Note Payable**

On August 21, 2018, TASC issued a note payable in the amount of \$300, which is secured by future administrative servicing rights receivables. As a result of purchase accounting, the Company adjusted the note payable to fair value. The resulting fair value adjustment is being amortized over the remaining life of the note using the effective-interest method. The note bears a fixed interest rate, with quarterly interest and principal payments. Principal payments are contingent upon the available cash balance subject to a series of contractual prioritized payments.

As of December 31, 2025 and 2024, the Company was in full compliance with the terms of the note's covenants.

Collateralized Advances

The Company is a member of the Federal Home Loan Bank of Boston (FHLB). Membership allows the Company access to collateralized advances, which may be used to support various spread-based business and enhance liquidity management. FHLB membership requires the Company to own member stock and advances require the purchase of activity stock. The amount of advances that can be taken are dependent on the asset types pledged to secure the advances. The pledge limit is recalculated annually based on statutory admitted assets and capital and surplus. The Company would need to seek the prior approval of the Connecticut Department of Insurance in order to exceed these limits.

The Company had no borrowings from the FHLB as of December 31, 2025 and 2024, and there were no advances outstanding. As of December 31, 2025 and 2024, collateral pledged by the Company to the FHLB was \$91 and \$388, respectively. The December 31, 2024 amount includes the impact of the Company's discontinued operations.

Notes to Annual Financial Statements**14. Income Taxes**

The Company is a tax resident in Bermuda and its subsidiaries are tax residents in the U.S. Prior to 2023, the U.S. was the only jurisdiction in which tax had a material effect on the Company or its subsidiaries.

The Company has elected to be treated as a U.S. domestic insurance company for U.S. federal tax purposes under Section 953(d) of the U.S. Internal Revenue Code and is therefore also subject to income taxation in the U.S.

On December 27, 2023, 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 multinational enterprise (MNE) group beginning January 1, 2025. The Company expects to be an in-scope MNE group, such that the Company's constituent Bermuda entities will be subject to the 15% CIT beginning January 1, 2025.

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 21% and 15% have been used for the U.S. and Bermuda, respectively.

Income tax expense consists of the following:

	Year Ended December 31,	
	2025	2024
Current	\$ 10	\$ 9
Deferred	98	(21)
Total	\$ 108	\$ (12)
Bermuda	44	(22)
U.S. Federal	64	10
U.S. State	—	—
Total	\$ 108	\$ (12)

Income tax expense was calculated based on the following income before income taxes by jurisdiction:

	Year Ended December 31,	
	2025	
Bermuda	\$	814
U.S.		(393)
Total	\$	421

The Company paid \$19 in U.S. Federal taxes in 2025.

As of December 31, 2025 and 2024, significant reconciling items consisted of the difference between the Bermuda and U.S. statutory tax rates, dividends received deduction, foreign related investments, and foreign net operating loss (NOL) carryforward.

Deferred tax represents the tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities. Significant temporary differences are attributable to VOBA and reserves, net unrealized losses on investments, tax basis deferred policy acquisition costs, deferred reinsurance gain, NOL carryovers, and investment related items.

The statute of limitations on the examination of U.S. federal tax returns is closed through the 2021 tax year, with the exception of NOL carrybacks utilized in open tax years. Management believes that an adequate provision has been made on the financial statements for any potential adjustments that may result from tax examinations and other tax-related matters for all open tax years.

Uncertain Tax Positions

As of December 31, 2025 and 2024, the Company had no reserves for uncertain tax positions.

Notes to Annual Financial Statements

Interest and Penalties

For the years ended December 31, 2025 and 2024, the Company recognized no interest expense.

As of December 31, 2025 and 2024, the Company had no interest payable.

The Company does not believe it would be subject to any penalties in any open tax years and, therefore, has not recorded any accrual for penalties.

Valuation Allowance

The Company believes it is more likely than not that all DTA will be fully realized. In assessing the need for a valuation allowance, management considered future taxable temporary difference reversals, future taxable income exclusive of reversing temporary differences and carryovers, taxable income in open carryback years, the impact of tax elections and other tax planning strategies. From time to time, tax planning strategies could include holding a portion of debt securities with market value losses until recovery, making investments which have specific tax characteristics and business considerations such as asset-liability matching.

U.S. Net Operating Loss Carryover

As of December 31, 2025 and 2024, net deferred income taxes included U.S. NOLs of \$178 and \$310, respectively, inclusive of the Company's discontinued operations. The U.S. NOLs were generated in 2018 and subsequent years and are attributable to the Company's U.S. subsidiaries. The losses do not expire, but their utilization in any carryforward year is limited to 80% of taxable income in that year.

Given the Company's expected future earnings, the Company believes sufficient taxable income will be generated in the future to utilize its 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.

Bermuda Net Operating Loss Carryover

As of December 31, 2025 and 2024, net deferred income taxes included the expected tax benefit related to Bermuda NOLs of \$19 and \$22, respectively. The Bermuda NOLs were recorded due to the 2023 enactment of the CIT and reflect the revised estimated carryforward of \$145 as of January 1, 2025 (the effective date of the CIT). The Bermuda NOL utilization in any carryforward year is limited to 80% of taxable income in that year and the NOLs have no expiration date.

Given the Company's expected future earnings of the in-scope Bermuda constituent entities, the Company believes sufficient taxable income from the Company and the Company's Bermuda subsidiaries 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.

U.S. Foreign Tax Credit (FTC) Carryover

As of December 31, 2025 and 2024 net deferred income taxes included the expected tax benefit attributable to U.S. FTC carryovers of \$14 and \$25, respectively, inclusive of the Company's discontinued operations. The Company's FTC carryovers are set to expire between 2029 and 2035.

The Company believes sufficient taxable income will be generated after the application of any available NOL to fully use the FTC carryover prior to expiration. Although the Company believes that there will be sufficient future taxable income to fully recover the remainder of the FTC carryover, the Company's estimate of the likely realization may change over time.

Corporate Alternative Minimum Tax (CAMT)

The Inflation Reduction Act of 2022 introduced a 15% CAMT among other tax provisions. The provisions had an effective date beginning after December 31, 2022. Generally, the CAMT imposes a minimum tax on the adjusted financial statement income (AFSI) of certain corporations with average annual AFSI over a three-year period in excess of \$1 billion.

The Company has determined that it is not an applicable corporation and therefore its U.S. taxpayer subsidiaries are not subject to CAMT for the years ended December 31, 2025 and 2024.

Since enactment of the CAMT, the U.S. Treasury Department and Internal Revenue Service continue to issue guidance to the public. The Company will continue to evaluate the guidance and assess its impact, if any in future years.

Global Minimum Corporate Tax Rate

On October 8, 2021, the Organization for Economic Cooperation and Development (OECD) announced that members of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (the Inclusive Framework) agreed to a two-pillar solution to address the tax challenges associated with the digitalization of the economy. On December 20, 2021, the OECD released the Pillar Two model rules, which define the global minimum tax and call for the taxation of large corporations at a minimum rate of 15%. The OECD has since issued commentary and additional administrative guidance related to the Inclusive Framework agreement.

Certain jurisdictions in which the Company's affiliates operate have enacted Pillar Two legislation that became effective on January 1, 2024. While the Company and its subsidiaries are in scope of the enacted legislation, Pillar Two did not have a material impact on the Company's current year financial results. We will continue to monitor regulatory developments to access potential impacts on our financial statements as additional guidance is released.

15. 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 is 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.

On August 15, 2023, Talcott Resolution Life Insurance Company and Talcott Resolution Life and Annuity Insurance Company (collectively, Talcott Resolution) were named as defendants in a putative class action lawsuit in the United States District Court for the District of Massachusetts. The case is captioned as follows: *Casey v. Talcott Resolution Life Insurance Company and Talcott Resolution Life and Annuity Insurance Company, et al.* The lawsuit relates to data security events involving the MOVEit file transfer system (MOVEit Cybersecurity Incident). The MOVEit file transfer system is software used by a broad range of companies to move sensitive electronic data. PBI Research Services (PBI), a former third-party service provider for Talcott Resolution, used the MOVEit file transfer system in the performance of its services. PBI used the software on behalf of Talcott Resolution to, among other things, search various databases to identify the deaths of insured persons and annuitants under life insurance policies and annuity contracts, respectively, as required by applicable law.

Plaintiff seeks to represent various classes and subclasses of Talcott Resolution insurance policy and annuity contract holders whose data allegedly was accessed or potentially accessed in connection with the MOVEit Cybersecurity Incident. Plaintiff alleges that Talcott Resolution breached a purported duty to safeguard their sensitive data from unauthorized access. The complaint asserts claims for, among other things, negligence, negligence per se, breach of contract, unjust enrichment, and violations of various consumer protection statutes, and the Plaintiffs seek declaratory and injunctive relief, compensatory and punitive damages, restitution, attorneys' fees and costs, and other relief. On October 4, 2023, the Joint Panel on Multidistrict Litigation issued an order consolidating all actions relating to the MOVEit Cybersecurity Incident before a single federal judge in the United States District Court for the District of Massachusetts. We intend to vigorously defend the action.

Notes to Annual Financial Statements

The Company is or may become involved in other kinds of legal actions, some of which assert claims for substantial amounts. Such actions have alleged, for example, bad faith in the handling of insurance claims and improper sales practices in connection with the sale of insurance and investment products. Some of these actions also seek punitive damages. Management expects that the ultimate liability, if any, with respect to such lawsuits, after consideration of provisions made for estimated losses, will not be material to the financial condition of the Company. Nonetheless, given the large or indeterminate amounts sought in certain of these actions, and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on the Company's financial condition, results of operations or cash flows in particular quarterly or annual periods.

Lease Commitments

The Company is a party to an office lease agreement with an original term of August 1, 2014 to April 30, 2021. During 2016, the Company became a party, as lessee, to a sublease to expand the original office space for the period June 1, 2016 to June 30, 2021. During 2019, the Company exercised the right to renew the sublease agreement, which extended the term to June 30, 2026. Effective with the October 1, 2021 acquisition, the Company became a party, as lessor, to sublease the original office space to the seller. The Company does not charge rent to the sublessee but is reimbursed for its proportionate share of operating costs associated with the subleased asset.

The following presents the Company's minimum required payments on operating leases as of December 31, 2025:

2026	\$	1
Total undiscounted lease payments	\$	1

Management Services Commitments

The Company has an unconditional purchase obligation with a third party which provides certain management and oversight services with respect to the performance by the Company's subsidiary, TASC, in its duties relating to the administration of certain of TL's insurance contracts and associated receivables.

The Company incurred servicing fees of \$7 during the years ended December 31, 2025 and 2024.

The following presents the contractual payments for this agreement over the next five years:

2026	\$	6
2027		5
2028		5
2029		5
2030		5

Contingent Commitments

As of December 31, 2025, the Company had outstanding commitments to make certain investments, primarily capital contributions to investment funds, totaling \$0.6 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 \$6 and \$37, respectively, and the aggregate fair value of collateral posted for these derivatives was \$2 and \$41, respectively. Amounts for the period ended December 31, 2024 included the impacts of the Company's discontinued operations.

Notes to Annual Financial Statements

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.

Guaranty Fund and Other Insurance-Related Assessments

In the U.S., insurers licensed to transact certain classes of insurance are required to become members of a guaranty fund. In most states, in the event of the insolvency of an insurer writing any such class of insurance in the state, members of the funds are assessed to pay certain claims of the insolvent insurer. A particular state's fund assesses its members based on their respective written premiums in the state for the classes of insurance in which the insolvent insurer was engaged. Assessments are generally limited for any year to one or two percent of premiums written per year depending on the state. Liabilities for guaranty funds and other insurance-related assessments are accrued when an assessment is probable, when it can be reasonably estimated, and when the event obligating the Company to pay an imposed or probable assessment has occurred. Liabilities for guaranty funds and other insurance-related assessments are not discounted and are included as part of other liabilities on the balance sheets.

16. Related Party Transactions

Parent Company Transactions

As of December 31, 2025 and 2024, the Company had no direct employees as it is managed by TLI, the Company's indirect parent, pursuant to an Intercompany Services and Cost Allocation Agreement between the Company, TLI and other Company related parties.

Cash Management Agreement

The Company and its subsidiaries have entered into a cash management agreement, permitting the Company and its subsidiaries to borrow from and loan to their related parties. As of December 31, 2025, the Company's related parties borrowed \$150 from the Company. During 2025, the Company received \$400 in net proceeds associated with related party activity. Additionally, as of December 31, 2025, the Company borrowed \$300 from affiliates.

Sixth Street

The Company has entered into the following arrangements with Sixth Street, a related party of our owners:

- **Investment Management Services Agreement**

As of December 31, 2025 and 2024, 4.8% (\$445) and 8.0% (\$1,623), respectively, of the Company's assets in the general account were managed by Sixth Street. Investment assets of December 31, 2024 were inclusive of the Company's discontinued operations. The Company recorded expenses related to these arrangements of \$3 and \$6 for the years ended December 31, 2025 and 2024, inclusive of the Company's discontinued operations, respectively. As of December 31, 2025 and 2024, amounts payable under the above agreement was \$1 and \$2, respectively. For the 2024 period, amounts payable related to these arrangements were inclusive of the Company's discontinued operations.

- **Investments**

Included in the above Sixth Street managed assets are \$57 and \$213, as of December 31, 2025 and 2024, respectively, of investments that are issued and controlled by Sixth Street affiliates. For the 2024 period, Sixth Street managed assets were inclusive of the Company's discontinued operations. The Company was not determined to be the primary beneficiary for these investments. As of December 31, 2025, outstanding commitments for these investments were \$44.

17. Equity

Common Stock and Dividends

All of the Company's common stock is owned by TLI. No common stock transactions occurred for the years ended December 31, 2025 and 2024. Refer to the statements of changes in stockholder's equity and statements of cash flows for details regarding dividends declared and/or paid by the Company for the years ended December 31, 2025 and 2024.

Notes to Annual Financial Statements**Accumulated Other Comprehensive Loss**

The following provides changes in AOCI:

	Year Ended December 31,	
	2025	2024
Unrealized losses on available-for-sale securities without an allowance for credit losses:		
Beginning balance	\$ (1,918)	\$ (1,952)
Other comprehensive income (loss) before reclassifications and taxes	349	(196)
Reclassification adjustments ^[1]	3	239
Income tax benefit	(74)	(9)
Other comprehensive income	278	34
Distributions of consolidated subsidiaries to parent	1,218	—
Ending balance	(422)	(1,918)
Unrealized losses on cash flow hedges:		
Beginning balance	(25)	(23)
Other comprehensive income (loss) before taxes	10	(3)
Income tax expense (benefit)	(2)	1
Other comprehensive income (loss)	8	(2)
Distributions of consolidated subsidiaries to parent	9	—
Ending balance	(8)	(25)
Remeasurement gains on reserves for future policy benefits related to discount rates:		
Beginning balance	1,540	1,227
Other comprehensive income (loss) before taxes	(187)	395
Income tax expense (benefit)	39	(82)
Other comprehensive income (loss)	(148)	313
Distributions of consolidated subsidiaries to parent	(804)	—
Ending balance	588	1,540
Change in market risk benefits related to credit risk:		
Beginning balance	(16)	(3)
Other comprehensive loss before taxes	(17)	(16)
Income tax expense	4	3
Other comprehensive loss	(13)	(13)
Distributions of consolidated subsidiaries to parent	12	—
Ending balance	(17)	(16)
Accumulated other comprehensive income (loss):		
Beginning balance	(419)	(751)
Other comprehensive income before reclassifications and taxes	155	180
Reclassification adjustments ^[1]	3	239
Income tax benefit	(33)	(87)
Total other comprehensive income	125	332
Distributions of consolidated subsidiaries to parent	435	—
Ending balance	\$ 141	\$ (419)

^[1] Recorded in investment related losses, net in the statements of operations.

18. Statutory Results

The Company's insurance and reinsurance operations are subject to insurance and/or reinsurance laws and regulations in the jurisdictions in which they operate including Bermuda and the U.S. These regulations include certain restrictions on the amount of dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the insurance regulatory authorities.

Bermuda

TR Re 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 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. 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).

TR Re 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. The Companies also received permission from the BMA 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.

The following presents the effect of the permitted practice to the statutory financial statements:

	December 31, 2025
Change to capital and surplus due to permitted practice	\$ (468)
Change to statutory net income due to permitted practice	(2)

TR RE, LTD.

Notes to Annual Financial Statements

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 and 2024 all of TR Re'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 TR Re 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.

As of December 31, 2025, the value of in-force of TASC administration fees on COLI/BOLI business, net of liability for securitized fees, as recorded in the Bermuda EBS was \$466.

The following table shows TR Re's estimated SFS and EBS capital and surplus, and net income (loss):

	Year Ended December 31,			
	2025		2024 ^[1]	
	SFS	EBS	SFS	EBS
Capital and surplus	\$ 418	\$ 1,419	\$ 3,023	\$ 2,926
Net income (loss)	\$ 119	N/A	\$ 222	N/A

^[1] Amounts include the effects associated with assets held for disposal.

As of December 31, 2025 and 2024, TR Re 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 for the Company and the dividends paid and/or declared:

	Year Ended December 31,			
	2025		2024	
Dividends paid ^[1]	\$	1,121	\$	650
Dividends declared but not paid		—		—
Total dividends	\$	1,121	\$	650
Maximum amount which requires prior notification	\$	756	\$	934
Maximum amount which does not require prior approval		181		268

^[1] Amount includes the non-cash impact of corporate restructuring during 2025.

Notes to Annual Financial Statements**U.S.**

The Company and its domestic insurance subsidiaries prepare their statutory financial statements in conformity with statutory accounting practices prescribed or permitted by the applicable state insurance department which vary materially from US GAAP. Prescribed statutory accounting practices include publications of the NAIC, as well as state laws, regulations and general administrative rules. The differences between statutory financial statements and financial statements prepared in accordance with US GAAP vary between U.S. and foreign jurisdictions. The principal differences are that statutory financial statements:

- Do not reflect DAC and VOBA costs;
- Limit deferred income taxes;
- Predominately use interest rate and mortality assumptions prescribed by the NAIC for life benefit reserves;
- Generally carry bonds at amortized cost;
- Require that ceding commissions paid on reinsurance transactions be expensed in the period incurred; *and*
- Upon satisfying the requirements for reinsurance credit, establish certain assets and reduce certain liabilities for the impact of associated reinsurance.

Combined statutory net income and capital for the Company's U.S. insurance subsidiaries are as follows:

	December 31,	
	2025	2024
Statutory capital ^[1]	\$ 750	\$ 1,740
Combined statutory net income ^[1]	\$ (138)	\$ 273

^[1] Statutory accounting practices do not consolidate the net income or loss of subsidiaries that report under US GAAP. The combined statutory net income above represents the total net income of the Company and its other insurance subsidiaries, with certain adjustments for transactions between the Company's insurance subsidiaries, such as dividend income. The 2024 period includes the impact relating to the Company's discontinued operations.

The Company relies on a practice prescribed by Connecticut state law which allows the Company to receive a reinsurance reserve credit for reinsurance treaties that provide for a limited right of unilateral cancellation by the reinsurer.

The following presents the effect of the prescribed practice to the U.S. statutory financial statements:

	December 31,	
	2025	2024 ^[1]
Change to capital and surplus due to prescribed practice	\$ 20	\$ 26

^[1] The 2024 period includes the impact relating to the Company's discontinued operations.

Restrictions on Dividends

The payment of dividends by Connecticut-domiciled insurers is limited under the insurance holding company laws of Connecticut. These laws require notice to and approval by the State of Connecticut Insurance Department (CID) for the declaration or payment of any dividend, which, together with other dividends or distributions made within the preceding twelve months, exceeds the greater of (i) 10% of the insurer's policyholder surplus as of December 31st of the preceding year or (ii) net income (or net gain from operations, if such company is a life insurance company) for the twelve-month period ending on the thirty-first day of December last preceding, in each case determined under statutory insurance accounting principles. Approval is also required for any dividend which exceeds the insurer's earned surplus or certain other thresholds as calculated under applicable state insurance law.

In addition to statutory limitations on paying dividends, the Company also takes other items into consideration when determining dividends from subsidiaries. These considerations include, but are not limited to, expected earnings and capitalization of the subsidiary, regulatory capital requirements and liquidity requirements of the individual operating company.

Notes to Annual Financial Statements

The following presents the dividend limits and transactions for the Company's primary U.S. insurance subsidiaries:

	Year Ended December 31,		
	2025	2024	
	TLA	TL ^[1]	TLA
Dividends paid	\$ —	\$ —	\$ 275
Dividends declared but not paid	—	—	—
Total dividends	\$ —	\$ —	\$ 275
Other distributions paid with permission from the CID	—	571	—
Stock dividends of subsidiaries made with permission from the CID	9	—	—
Maximum permitted without prior approval	171	571	428

^[1] In 2025, TL was determined to be a discontinued operation, therefore, is not presented above for the 2025 period. TL issued a dividend to TR Re in the first quarter of 2025, prior to being designated as the Company's discontinued operations.

For the year ending December 31, 2026, the dividend limitation for the Company's U.S. insurance subsidiaries is \$75.

Regulatory Capital Requirements

The Company's U.S. insurance companies' states of domicile impose RBC requirements. The requirements provide a means of measuring the minimum amount of statutory capital appropriate for an insurance company to support its overall business operations based on its size and risk profile. Regulatory compliance is determined by a ratio of a company's total adjusted capital (TAC) to its authorized control level RBC (ACL RBC). Companies below specific trigger points or ratios are classified within certain levels, each of which requires specified corrective action. The minimum level of TAC before corrective action commences (Company Action Level) is two times the ACL RBC. The adequacy of a company's capital is determined by the ratio of a company's TAC to its Company Action Level, known as the RBC ratio. The Company and all its operating insurance subsidiaries had RBC ratios in excess of the minimum levels required by the applicable insurance regulations. The RBC ratios for the Company and its principal life insurance operating subsidiaries were all in excess of 300% of their Company Action Levels as of December 31, 2025 and 2024, respectively. The reporting of RBC ratios is not intended for the purpose of ranking any insurance company, or for use in connection with any marketing, advertising or promotional activities.

19. Revenue from Contracts with Customers

The Company's administration and distribution services fees were \$47 and \$48 (both excluding discontinued operations), for the years ended December 31, 2025 and 2024, respectively.

Revenue earned from contracts with related party customers under the administrative servicing agreement discussed in Note 2 were as follows:

	Year Ended December 31,	
	2025	2024
Mortality and expense fees as a percentage of account value	\$ 44.9	\$ 44.4
Investment management fees as a percentage of account value	5.9	5.7
Policy loan and administration fees	3.3	3.2
General account administration fees as a percentage of account value	0.5	0.5
Administrative fee revenue	\$ 54.6	\$ 53.8

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Notes to Annual Financial Statements

20. Subsequent Events

The Company has evaluated subsequent events through April 1, 2026, the date the financial statements were issued.

In January 2026, the Company issued a funding agreement totaling \$250.

On February 27, 2026, the Company declared a dividend to TLI for \$275. Additionally, TLI repaid \$225 to the Company associated with a previously issued cash management agreement borrowing. The Company paid \$50 to TLI on March 30, 2026 (the net of the two transactions).

On March 31, 2026, the Company issued a funding agreement totaling \$400.