Protective

Part of Daiichi Life Group

Protective Life Corporation
Financial Statements and Notes
June 30, 2026

PROTECTIVE LIFE CORPORATION
FINANCIAL STATEMENTS AND NOTES
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026

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PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Unaudited)

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2026	2025	2026	2025
	(Dollars In Millions)		(Dollars In Millions)	
Revenues				
Gross premiums and policy fees	$ 1,380	$ 1,245	$ 2,811	$ 2,488
Reinsurance ceded	(411)	(285)	(843)	(543)
Net premiums and policy fees	969	960	1,968	1,945
Net investment income	1,013	958	1,991	1,890
Net realized losses	(247)	(179)	(181)	(139)
Other income	182	151	368	354
Total revenues	1,917	1,890	4,146	4,050
Benefits and expenses				
Benefits and settlement expenses, net of reinsurance ceded: (three and six months 2026 - $427 and $846; three and six months 2025 - $267 and $424)	1,338	1,354	2,670	2,870
Amortization of deferred policy acquisition costs and value of business acquired	127	115	250	243
Policyholder liability remeasurement (gains) losses	(24)	(11)	(25)	(13)
Market risk benefits remeasurement (gains) losses	(120)	(87)	(9)	103
Other operating expenses, net of reinsurance ceded: (three and six months 2026 - $(91) and $(162); three and six months 2025 - $(41) and $5)	462	386	916	688
Total benefits and expenses	1,783	1,757	3,802	3,891
Income before income tax	134	133	344	159
Income tax expense	24	24	63	23
Net income	$ 110	$ 109	$ 281	$ 136

Prior period amounts recast for the implementation of ASU 2018-12.

See Notes to Consolidated Condensed Financial Statements

PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2026	2025	2026	2025
	(Dollars In Millions)		(Dollars In Millions)	
Net income	$ 110	$ 109	$ 281	$ 136
Other comprehensive income (loss):				
Change in net unrealized gains (losses) on investments, net of income tax: (three and six months 2026 - $87 and $(68); three and six months 2025 - $(44) and $82)	329	(164)	(254)	310
Change in net unrealized gains (losses) on fixed maturities with an allowance for credit losses, net of income tax: (three and six months 2026 - $3 and $(6); three and six months 2025 - $1 and $(1))	10	2	(22)	(4)
Change in accumulated gains (losses) —derivatives, net of income tax: (three and six months 2026 - $5 and $3; three and six months 2025 - $- and $(3))	19	(1)	9	(15)
Change in current discount rate - liability for future policy benefits, net of income tax: (three and six months 2026 - $(13) and $15; three and six months 2025 - $(9) and $(31))	(48)	(33)	53	(118)
Change in instrument-specific credit risk - market risk benefits, net of income tax: (three and six months 2026 - $(9) and $1; three and six months 2025 - $(4) and $(2))	(33)	(11)	3	(6)
Total other comprehensive income (loss)	277	(207)	(211)	167
Total comprehensive income (loss)	$ 387	$ (98)	$ 70	$ 303

Prior period amounts recast for the implementation of ASU 2018-12.

See Notes to Consolidated Condensed Financial Statements

PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS

	As of	
	June 30, 2026	December 31, 2025
	(Unaudited)	
	(Dollars In Millions)	
Assets		
Fixed maturities, at fair value (amortized cost: 2026 - $68,594; 2025 - $68,320; allowance for credit losses: 2026 - $103; 2025 - $92)	$ 61,923	$ 62,044
Equity securities, at fair value (cost: 2026 - $1,014; 2025 - $865)	935	785
Commercial mortgage loans, net of allowance for credit losses (2026 - $84; 2025 - $84)	12,829	12,756
Policy loans	1,392	1,407
Other long-term investments	3,351	3,368
Short-term investments	2,162	4,334
Total investments	82,592	84,694
Cash	1,185	580
Accrued investment income	744	752
Accounts and premiums receivable	468	339
Reinsurance receivables, net of allowance for credit losses (2026 - $115; 2025 - $112)	17,374	14,204
Deferred policy acquisition costs and value of business acquired	5,409	5,134
Goodwill	2,067	1,213
Other intangibles, net of accumulated amortization (2026 - $736; 2025 - $672)	1,287	848
Property and equipment, net of accumulated depreciation (2026 - $130; 2025 - $123)	186	189
Other assets	462	463
Deferred income taxes, net	163	74
Market risk benefit assets	599	546
Assets related to separate accounts	35,799	33,017
Total assets	$ 148,335	$ 142,053

See Notes to Consolidated Condensed Financial Statements

PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(continued)

	As of	
	June 30, 2026	December 31, 2025
	(Unaudited)	
	(Dollars In Millions)	
Liabilities		
Future policy benefits and claims	$ 24,777	$ 25,037
Unearned premiums	3,633	1,514
Total policy liabilities and accruals	28,410	26,551
Stable value product account balances	13,227	13,787
Policyholder account balances	45,677	44,112
Market risk benefit liabilities	754	712
Other policyholders’ funds	808	862
Cost of reinsurance	845	873
Reinsurance liabilities	8,612	8,574
Other liabilities	4,756	3,961
Secured financing liabilities	1,323	920
Debt	2,289	2,666
Subordinated debt	606	606
Liabilities related to separate accounts	35,799	33,017
Total liabilities	143,106	136,641
Commitments and contingencies—Note 16		
Shareowner’s equity		
Common Stock, 2026 and 2025 - $0.01 par value; shares authorized: 5,000; shares issued: 1,000	—	—
Additional paid-in-capital	6,046	6,046
Retained earnings	2,617	2,589
Accumulated other comprehensive loss	(3,434)	(3,223)
Total shareowner’s equity	5,229	5,412
Total liabilities and shareowner’s equity	$ 148,335	$ 142,053

See Notes to Consolidated Condensed Financial Statements

PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF SHAREOWNER'S EQUITY
(Unaudited)

	Common Stock	Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareowner's Equity
			(Dollars In Millions)		
Balance, March 31,2026	$ —	$ 6,046	$ 2,507	$ (3,711)	$ 4,842
Net income			110		110
Other comprehensive income				277	277
Comprehensive income					387
Balance, June 30, 2026	$ —	$ 6,046	$ 2,617	$ (3,434)	$ 5,229

	Common Stock	Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareowner's Equity
Balance, December 31, 2025	$ —	$ 6,046	$ 2,589	$ (3,223)	$ 5,412
Net income			281		281
Other comprehensive loss				(211)	(211)
Comprehensive income					70
Dividend to parent			(253)		(253)
Balance, June 30, 2026	$ —	$ 6,046	$ 2,617	$ (3,434)	$ 5,229

Prior period amounts recast for the implementation of ASU 2018-12.

See Notes to Consolidated Condensed Financial Statements

PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF SHAREOWNER'S EQUITY
(Unaudited)
(continued)

	Common Stock	Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareowner's Equity
Balance, March 31,2025	$ —	$ 6,046	$ 2,489	$ (3,499)	$ 5,036
Net income			109		109
Other comprehensive loss				(207)	(207)
Comprehensive loss					(98)
Balance, June 30, 2025	$ —	$ 6,046	$ 2,598	$ (3,706)	$ 4,938

	Common Stock	Additional Paid-In-Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareowner's Equity
Balance, December 31, 2024	$ —	$ 6,046	$ 2,643	$ (3,873)	$ 4,816
Net income			136		136
Other comprehensive income				167	167
Comprehensive income					303
Dividend to parent			(181)		(181)
Balance, June 30, 2025	$ —	$ 6,046	$ 2,598	$ (3,706)	$ 4,938

Prior period amounts recast for the implementation of ASU 2018-12.

PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For The Six Months Ended June 30, 2026	For The Six Months Ended June 30, 2025
	(Dollars In Millions)	
Cash flows from operating activities		
Net income	$ 281	$ 136
Adjustments to reconcile net income to net cash used in operating activities:		
Net realized losses	181	139
Interest credited to universal life and investment products	1,159	1,036
Trading securities purchases, sales, and maturities, net	(317)	(1,231)
Amortization of premiums and accretion of discounts on investments and commercial mortgage loans	58	53
Payment for reinsurance transaction	—	(194)
Change in:		
Policy fees assessed on universal life and investment products	(988)	(995)
Future policy liabilities, policyholder account balances and other policyholders' funds	(806)	(1,050)
Reinsurance receivable	(1,301)	34
Derivatives, net	(202)	90
Market risk benefits, net	(8)	103
Deferred acquisition costs and value of business acquired	(172)	(73)
Cost of reinsurance	(28)	(323)
Other, net	247	(228)
Net cash used in operating activities	$ (1,896)	$ (2,503)

Prior period amounts recast for the implementation of ASU 2018-12.

PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(continued)

	For The Six Months Ended June 30,	
	2026	2025
	(Dollars In Millions)	
Cash flows from investing activities		
Maturities and principal reductions of investments, available-for-sale	2,285	3,221
Sale of investments, available-for-sale	7,306	6,261
Cost of investments acquired, available-for-sale	(9,696)	(9,084)
Commercial mortgage loans:		
New loan originations	(879)	(812)
Repayments	809	629
Change in policy loans, net	16	19
Change in other long-term investments, net	22	70
Change in short-term investments, net	2,108	(126)
Net unsettled security transactions	162	150
Purchase of property, equipment, and intangibles	(6)	(8)
Payment for business acquisition, net of cash acquired	(905)	—
Net cash provided by investing activities	1,222	320
Cash flows from financing activities		
Borrowings under line of credit arrangements, debt, and subordinated debt	878	1,869
Principal payments on line of credit arrangement, debt, and subordinated debt	(1,258)	(1,745)
Change in secured financing liabilities	403	553
Dividends to parent	(253)	(181)
Deposits to universal life and investment contracts	7,523	6,653
Withdrawals from universal life and investment contracts	(6,018)	(4,695)
Other financing activities, net	4	4
Net cash provided by financing activities	1,279	2,458
Change in cash	605	275
Cash at beginning of period	580	353
Cash at end of period	$ 1,185	$ 628

Prior period amounts recast for the implementation of ASU 2018-12.

See Notes to Consolidated Condensed Financial Statements

PROTECTIVE LIFE CORPORATION
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

Basis of Presentation

Protective Life Corporation, a Delaware Corporation (the "Company") is a holding company with subsidiaries that provide financial services through the production, distribution, and administration of insurance and investment products. The Company principally markets individual life insurance, guaranteed investment contracts, guaranteed funding agreements, fixed and variable annuities, extended service contracts, and paid family and medical leave throughout the United States and disability benefits law coverage ("DBL") and paid family leave in New York. Founded in 1907, Protective Life Insurance Company, a Nebraska domiciled life insurance company, ("PLICO") is the Company's largest operating subsidiary. The Company is a wholly owned subsidiary of Daiichi Life International Holdings LLC ("Daiichi Life International"), a *godo kaisha* organized under the laws of Japan and subsidiary of Daiichi Life Group, Inc. ("Daiichi Life").

These consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for the interim periods presented herein. In the opinion of management, the accompanying consolidated condensed financial statements reflect all adjustments (consisting only of normal recurring items) necessary for a fair presentation of the results for the interim periods presented. Operating results for the three and six months ended June 30, 2026, are not necessarily indicative of the results of operations that may be expected for the year ended December 31, 2026. The year-end consolidated condensed financial data included herein was derived from audited financial statements but this report does not include all disclosures required by GAAP.

Certain reclassifications have been made in the previously reported financial statements and accompanying notes to make the prior period amounts comparable to those of the current period. Such reclassifications had no effect on previously reported net income or shareowner's equity.

The operating results of companies in the insurance industry have historically been subject to significant fluctuations due to changing competition, economic conditions, interest rates, investment performance, insurance ratings, claims, persistency, and other factors.

The consolidated condensed financial statements in this report include the accounts of Protective Life Corporation and its wholly owned subsidiaries and affiliate companies in which the Company holds a majority voting or economic interest. Intercompany balances and transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

These financial statements reflect the Company's adoption of Accounting Standards Update ("ASU" or "Update") No. 2018-12 - Financial Services - Insurance (Topic 944), *Targeted Improvements to the Accounting for Long-Duration Contracts* ("LDTI"). Details of the Company's adoption are included in Note 2 in the Company's consolidated financial statements for the year ended December 31, 2025.

For a full description of the Company's significant accounting policies, refer to Note 2 in the Company's consolidated financial statements for the year ended December 31, 2025. There were no significant changes to the Company's accounting policies during the six months ended June 30, 2026.

3. RECENT TRANSACTIONS

Obsidian Insurance Holdings, Inc.

On April 28, 2026, the Company, through PLICO, entered into an agreement to acquire Obsidian Insurance Holdings, Inc. ("Obsidian") and its affiliates. Obsidian is a leading property, casualty, and specialty insurance platform and operates as an insurance holding company with both admitted and non-admitted carrier subsidiaries. These subsidiaries issue policies underwritten by managing general agents, managing general underwriters, and program managers. Through its platform, Obsidian sources, underwrites, and manages a diversified portfolio of property, casualty, and specialty insurance programs and reinsures the majority of its business with select reinsurers. The transaction is subject to receipt of regulatory approvals and the satisfaction of customary closing conditions and is expected to close in the fourth quarter of 2026 or the first quarter of 2027.

Portfolio Holding, Inc.

On January 1, 2026, the Company completed the acquisition of Portfolio Holding, Inc. ("Portfolio") and its subsidiaries. Portfolio is a leading provider for reinsurance management services and finance and insurance products for dealers nationwide. Portfolio offers dealer participation programs that help dealers build long-term wealth through reinsurance structures, enabling them to retain underwriting profits and investment income. Portfolio serves millions of in-force customers through vehicle service contracts, guaranteed asset protection ("GAP") coverage and a broad range of ancillary products. The consideration paid at closing was approximately $1.0 billion and is subject to post closing adjustments as defined in the purchase agreement. As a result of certain post-closing adjustments, the total net consideration was subsequently reduced to approximately $993 million.

As of the purchase date, the Company recorded an estimated $22 million of contingent consideration, representing its best estimate of the present value of future payments that may be required upon the achievement of specified revenue-based triggering events. The contingent consideration is accrued within *other liabilities* in the Company's consolidated condensed balance sheets.

The following table details the preliminary allocation of assets acquired and liabilities assumed from the Portfolio transaction as of the date of the closing. The Company has not completed the process of determining the fair value of assets acquired and liabilities assumed, but will do so in the twelve-month measurement period subsequent to the date of closing. These estimates are provisional and subject to adjustment. Any adjustments to these fair value estimates will be reflected, retroactively, as of the date of the acquisition.

	Fair Value as of January 1, 2026
	(Dollars In Millions)
ASSETS	
Total investments	$ 76
Cash	88
Accounts and premiums receivable	140
Reinsurance receivable	1,869
VOBA	103
Goodwill	854
Other intangibles	500
Other assets	74
Total assets	3,704
LIABILITIES	
Future policy benefits and claims	$ 85
Unearned premiums	1,976
Total policy liabilities and accruals	2,061
Reinsurance liabilities	162
Other liabilities	488
Total liabilities	2,711
NET ASSETS ACQUIRED	$ 993

The amount of revenue and income before income tax of Portfolio included in the consolidated condensed statements of income for the three months ended June 30, 2026, amounted to $51 million and $1 million, respectively, and for the six months ended June 30, 2026, amounted to $108 million and $1 million, respectively.

The Company incurred approximately $3 million of non-recurring costs associated with the transaction during the six months ended June 30, 2026.

Intangible assets recognized by the Company included the following (excluding goodwill):

	Estimated Fair Value on Acquisition Date	Estimated Useful Life
	(Dollars In Millions)	(in Years)
Dealer relationships	$ 355	14
Agent relationships	110	14
Technology	25	7
Trade name	10	4
Total intangible assets	$ 500	

4. INVESTMENT OPERATIONS

Net realized gains (losses) are summarized as follows (recast for the adoption of LDTI):

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2026	2025	2026	2025
	(Dollars In Millions)		(Dollars In Millions)	
Fixed maturities	$ (1)	$ (19)	$ (15)	$ (18)
Equity securities	7	(5)	7	(11)
Funds withheld portfolios	14	(99)	(86)	(79)
Change in net credit losses - fixed maturities	(10)	2	(19)	(7)
Commercial mortgage loans	—	(3)	(1)	(6)
Corporate-owned life insurance	42	24	37	12
Other investments	—	(2)	—	(3)
Net realized gains (losses) - investments	52	(102)	(77)	(112)
Net realized losses - derivatives (1)	(299)	(77)	(104)	(27)
Net realized losses	$ (247)	$ (179)	$ (181)	$ (139)

(1) See Note 6, *Derivative Financial Instruments*

The chart below summarizes the sales proceeds and gains (losses) realized on securities classified as available-for-sale (“AFS”).

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2026	2025	2026	2025
	(Dollars In Millions)		(Dollars In Millions)	
Securities in an unrealized gain position:				
Sales proceeds	$ 155	$ 1,732	$ 3,559	$ 1,779
Realized gains	$ 1	$ 26	$ 76	$ 27
Securities in an unrealized loss position:				
Sales proceeds	$ 125	$ 2,671	$ 2,204	$ 2,757
Realized losses	$ (2)	$ (45)	$ (91)	$ (45)

The Company recognized net realized gains (losses) on equity securities still held at the end of the period of $7 million and $5 million for the three and six months ended June 30, 2026, respectively, and $(5) million and $(11) million for the three and six months ended June 30, 2025, respectively. The Company recognized immaterial gains on disposals of equity securities for the three months ended June 30, 2026, and recognized gains of $2 million for the six months ended June 30, 2026. The Company recognized immaterial gains on disposals of equity securities for the three and six months ended June 30, 2025.

The amortized cost, gross unrealized gains, gross unrealized losses, allowance for expected credit losses, and fair value of the Company's investments classified as AFS are as follows:

As of June 30, 2026	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Expected Credit Losses	Fair Value
			(Dollars In Millions)		
Fixed maturities:					
Residential mortgage-backed securities	$ 13,373	$ 18	$ (1,279)	$ —	$ 12,112
Commercial mortgage-backed securities	674	—	(60)	(9)	605
Other asset-backed securities	4,823	23	(22)	—	4,824
U.S. government-related securities	750	—	(127)	—	623
Other government-related securities	235	1	(19)	—	217
States, municipals, and political subdivisions	1,835	1	(256)	—	1,580
Corporate securities	41,975	89	(4,854)	(94)	37,116
Redeemable preferred stocks	292	1	(84)	—	209
	63,957	133	(6,701)	(103)	57,286
Short-term investments	1,922	—	—	—	1,922
	$ 65,879	$ 133	$ (6,701)	$ (103)	$ 59,208
As of December 31, 2025					
Fixed maturities:					
Residential mortgage-backed securities	$ 12,668	$ 63	$ (1,218)	$ —	$ 11,513
Commercial mortgage-backed securities	931	1	(65)	(3)	864
Other asset-backed securities	3,956	36	(11)	—	3,981
U.S. government-related securities	774	2	(126)	—	650
Other government-related securities	216	1	(16)	—	201
States, municipals, and political subdivisions	2,122	1	(272)	—	1,851
Corporate securities	43,106	172	(4,684)	(89)	38,505
Redeemable preferred stocks	292	1	(70)	—	223
	64,065	277	(6,462)	(92)	57,788
Short-term investments	4,030	—	—	—	4,030
	$ 68,095	$ 277	$ (6,462)	$ (92)	$ 61,818

The Company holds certain investments pursuant to funds withheld ("FWH") arrangements under coinsurance or modified coinsurance reinsurance agreements. These investments are not available to settle any policyholder obligations other than those specifically covered by their respective reinsurance agreement and are not available to settle obligations to general creditors of the Company. Net investment income on assets held under FWH arrangements inures to the reinsurers and the Company recognizes ceded investment income as a component of *other operating expense*.

As of June 30, 2026, the amortized cost and fair value of AFS investments allocable to these arrangements was $4.5 billion and $3.9 billion, respectively. As of December 31, 2025, the amortized cost and fair value of AFS investments allocable to these arrangements was $5.0 billion and $4.4 billion, respectively. For the three and six months ended June 30, 2026, the Company recognized gross realized gains of $1 million and $3 million and gross realized losses of $37 million and $75 million, respectively, on disposals of AFS securities held pursuant to the FWH arrangements described above. For the three and six months ended June 30, 2025, gross realized gains were $9 million and gross realized losses were $130 million. See Note 14, *Reinsurance* for additional information about assets held under FWH arrangements.

The fair value of fixed maturities classified as trading securities is as follows:

	As of	
	June 30, 2026	December 31, 2025
	(Dollars In Millions)	
Fixed maturities:		
Residential mortgage-backed securities	$ 158	$ 182
Commercial mortgage-backed securities	381	415
Other asset-backed securities	1,557	1,404
U.S. government-related securities	31	35
Other government-related securities	14	14
States, municipals, and political subdivisions	124	136
Corporate securities	2,371	2,069
Redeemable preferred stocks	1	1
	$ 4,637	$ 4,256

The amortized cost and fair value of AFS fixed maturities as of June 30, 2026, by expected maturity, are shown below. Expected maturities of securities without a single maturity date are allocated based on estimated rates of prepayment that may differ from actual rates of prepayment.

	Available-For-Sale	
	Amortized Cost	Fair Value
	(Dollars In Millions)	
Due in one year or less	$ 1,421	$ 1,397
Due after one year through five years	8,750	8,537
Due after five years through ten years	9,420	8,956
Due after ten years	44,366	38,396
	$ 63,957	$ 57,286

The following chart is a rollforward of the allowance for expected credit losses on fixed maturities classified as AFS:

	For The Three Months Ended June 30, 2026			For The Six Months Ended June 30, 2026		
	Corporate Securities	CMBS	Total	Corporate Securities	CMBS	Total
	(Dollars In Millions)			(Dollars In Millions)		
Beginning Balance	$ 99	$ 3	$ 102	$ 89	$ 3	$ 92
Additions for securities for which an allowance was not previously recorded	—	5	5	15	5	20
Adjustments on previously recorded allowances due to change in expected cash flows	5	1	6	8	1	9
Reductions on previously recorded allowances due to disposal of security in the current period	(10)	—	(10)	(18)	—	(18)
Write-offs of previously recorded allowances due to intent or requirement to sell	—	—	—	—	—	—
Ending Balance	$ 94	$ 9	$ 103	$ 94	$ 9	$ 103

	For The Three Months Ended June 30, 2025			For The Six Months Ended June 30, 2025		
	Corporate Securities	CMBS	Total	Corporate Securities	CMBS	Total
	(Dollars In Millions)			(Dollars In Millions)		
Beginning Balance	$ 71	$ 5	$ 76	$ 64	$ 3	$ 67
Additions for securities for which an allowance was not previously recorded	—	—	—	5	3	8
Adjustments on previously recorded allowances due to change in expected cash flows	—	—	—	2	(1)	1
Reductions on previously recorded allowances due to disposal of security in the current period	—	(2)	(2)	—	(2)	(2)
Write-offs of previously recorded allowances due to intent or requirement to sell	—	—	—	—	—	—
Ending Balance	$ 71	$ 3	$ 74	$ 71	$ 3	$ 74

The following table includes the gross unrealized losses and fair value of the Company's AFS fixed maturities, for which an allowance for credit losses has not been recorded aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of June 30, 2026:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(Dollars In Millions)					
Residential mortgage-backed securities	$ 3,791	$ (34)	$ 5,142	$ (1,245)	$ 8,933	$ (1,279)
Commercial mortgage-backed securities	14	—	537	(60)	551	(60)
Other asset-backed securities	353	(2)	299	(20)	652	(22)
U.S. government-related securities	151	(1)	402	(126)	553	(127)
Other government-related securities	54	(1)	138	(18)	192	(19)
States, municipals, and political subdivisions	10	(2)	1,537	(254)	1,547	(256)
Corporate securities	5,420	(143)	27,220	(4,711)	32,640	(4,854)
Redeemable preferred stocks	—	—	178	(84)	178	(84)
	$ 9,793	$ (183)	$ 35,453	$ (6,518)	$ 45,246	$ (6,701)

Residential mortgage-backed securities ("RMBS") had gross unrealized losses greater than twelve months of $1.2 billion as of June 30, 2026. Factors such as credit enhancements within the deal structures, the average lives of the securities, and the performance of the underlying collateral support the recoverability of these investments.

U.S. government-related securities had gross unrealized losses greater than twelve months of $126 million as of June 30, 2026. These declines were related to changes in interest rates.

States, municipals, and political subdivisions securities had gross unrealized losses greater than twelve months of $254 million as of June 30, 2026. These losses are deemed temporary due to positive factors supporting the recoverability of the respective instruments. Positive factors considered include credit ratings, the financial health of the issuer, the continued access of the issuer to capital markets, interest rate movement, and other pertinent information.

Corporate securities had gross unrealized losses greater than twelve months of $4.7 billion as of June 30, 2026, excluding losses of $94 million that were considered credit-related. These losses are deemed temporary due to positive factors supporting the recoverability of the respective investments. Positive factors considered include credit ratings, the financial health of the issuer, the continued access of the issuer to capital markets, interest rate movement, and other pertinent information.

As of June 30, 2026, the Company had a total of 3,490 positions that were in an unrealized loss position, including 17 positions for which an allowance for credit losses was established. For unrealized losses for which an allowance for credit losses was not established, the Company does not consider these unrealized loss positions to be credit-related. This is based on the aggregate factors discussed previously and because the Company has the ability and intent to hold these investments until the fair values recover. The Company does not intend to sell or expect to be required to sell the securities before recovering the Company's amortized cost of the securities.

The following table includes the gross unrealized losses and fair value of the Company's AFS fixed maturities, for which an allowance for credit losses has not been recorded aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position as of December 31, 2025:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(Dollars In Millions)					
Residential mortgage-backed securities	$ 722	$ (1)	$ 5,130	$ (1,217)	$ 5,852	$ (1,218)
Commercial mortgage-backed securities	—	—	740	(65)	740	(65)
Other asset-backed securities	292	(1)	142	(10)	434	(11)
U.S. government-related securities	—	—	426	(126)	426	(126)
Other government-related securities	—	—	160	(16)	160	(16)
States, municipals, and political subdivisions	—	—	1,764	(272)	1,764	(272)
Corporate securities	2,042	(70)	28,969	(4,614)	31,011	(4,684)
Redeemable preferred stocks	—	—	182	(70)	182	(70)
	$ 3,056	$ (72)	$ 37,513	$ (6,390)	$ 40,569	$ (6,462)

As of June 30, 2026, the Company held securities in its AFS portfolio with a fair value of $2.2 billion and amortized cost of $2.6 billion which were rated below investment grade. In addition, $107 million of securities held in the Company's trading portfolio as of June 30, 2026, were rated below investment grade. Of the securities rated below investment grade in the Company's AFS and trading portfolios, the Company held securities with a fair value of $1.2 billion and an amortized cost of $1.4 billion that were not publicly traded.

The change in unrealized gains (losses), net of the allowance for expected credit losses and income taxes on fixed maturities classified as AFS is summarized as follows:

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2026	2025	2026	2025
	(Dollars In Millions)		(Dollars In Millions)	
Fixed maturities	$ 371	$ 292	$ (303)	$ 810

The Company invests in certain structured products issued by Variable Interest Entities ("VIEs"). The Company is not the primary beneficiary of the VIEs. In certain cases, the Company has contributed assets to these in return for beneficial interests in such transferred assets. As of June 30, 2026, the fair value of beneficial interests in structured products that include assets previously contributed by the Company totaled approximately $474 million. As of December 31, 2025, approximately $41 million of beneficial interests in structured products issued by VIEs were held. The beneficial interests are measured at fair value, classified as Level 3, or at net asset value as a practical expedient. The Company's maximum exposure to loss is limited to the carrying amount of the retained interests. The Company recognized gains of $1 million in connection with transfers of investments, primarily bank loans, to VIEs for the six months ended June 30, 2026. These transfers qualified as sales under ASC 860. No transfers occurred during the three months ended June 30, 2026.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company determined the fair value of its financial instruments based on the fair value hierarchy established in FASB guidance referenced in the Fair Value Measurements and Disclosures Topic which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company has adopted the provisions from the FASB guidance that is referenced in the Fair Value Measurements and Disclosures Topic for non-financial assets and liabilities (such as property and equipment, goodwill, and other intangible assets) that are required to be measured at fair value on a periodic basis. The effect on the Company's periodic fair value measurements for non-financial assets and liabilities was not material.

The Company has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded at fair value on the consolidated condensed balance sheets are categorized as follows:

- **Level 1:** Unadjusted quoted prices for identical assets or liabilities in an active market.
- **Level 2:** Quoted prices in markets that are not active or significant inputs that are observable either directly or indirectly. Level 2 inputs include the following:

  a) Quoted prices for similar assets or liabilities in active markets;

  b) Quoted prices for identical or similar assets or liabilities in non-active markets;

  c) Inputs other than quoted market prices that are observable; and

  d) Inputs that are derived principally from or corroborated by observable market data through correlation or other means.
- **Level 3:** Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. They reflect management's own estimates about the assumptions a market participant would use in pricing the asset or liability.

The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of June 30, 2026:

	Level 1	Level 2	Level 3	Total
	(Dollars In Millions)			
Assets:				
Fixed maturities - AFS				
Residential mortgage-backed securities	$ —	$ 12,098	$ 14	$ 12,112
Commercial mortgage-backed securities	—	454	151	605
Other asset-backed securities	—	3,201	1,623	4,824
U.S. government-related securities	377	246	—	623
Other government-related securities	—	217	—	217
States, municipals, and political subdivisions	—	1,580	—	1,580
Corporate securities	—	34,452	2,664	37,116
Redeemable preferred stocks	209	—	—	209
Total fixed maturities - AFS	586	52,248	4,452	57,286
Fixed maturities - trading				
Residential mortgage-backed securities	—	158	—	158
Commercial mortgage-backed securities	—	381	—	381
Other asset-backed securities	—	280	1,277	1,557
U.S. government-related securities	28	3	—	31
Other government-related securities	—	14	—	14
States, municipals, and political subdivisions	—	124	—	124
Corporate securities	—	2,040	331	2,371
Redeemable preferred stocks	1	—	—	1
Total fixed maturities - trading	29	3,000	1,608	4,637
Total fixed maturities	615	55,248	6,060	61,923
Equity securities	320	24	289	633
Commercial mortgage loans	—	—	267	267
Other long-term investments(1)	44	1,023	303	1,370
Short-term investments	1,260	902	—	2,162
Total investments	2,239	57,197	6,919	66,355
Cash	1,185	—	—	1,185
Other assets	76	—	—	76
Market risk benefit assets	—	—	599	599
Assets related to separate accounts	33,701	—	—	33,701
Total assets measured at fair value on a recurring basis	$ 37,201	$ 57,197	$ 7,518	$ 101,916
Liabilities:				
Policyholder account balances(2)	$ —	$ —	$ 28	$ 28
Other liabilities(1)	7	744	1,023	1,774
Market risk benefit liabilities	—	—	754	754
Total liabilities measured at fair value on a recurring basis	$ 7	$ 744	$ 1,805	$ 2,556

(1) Includes certain freestanding and embedded derivatives.

(2) Represents liability related to fixed indexed annuities.

The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
	(Dollars In Millions)			
Assets:				
Fixed maturities - AFS				
Residential mortgage-backed securities	$ —	$ 11,499	$ 14	$ 11,513
Commercial mortgage-backed securities	—	729	135	864
Other asset-backed securities	—	2,963	1,018	3,981
U.S. government-related securities	391	259	—	650
Other government-related securities	—	201	—	201
States, municipals, and political subdivisions	—	1,851	—	1,851
Corporate securities	—	35,808	2,697	38,505
Redeemable preferred stocks	223	—	—	223
Total fixed maturities - AFS	614	53,310	3,864	57,788
Fixed maturities - trading				
Residential mortgage-backed securities	—	182	—	182
Commercial mortgage-backed securities	—	415	—	415
Other asset-backed securities	—	296	1,108	1,404
U.S. government-related securities	32	3	—	35
Other government-related securities	—	14	—	14
States, municipals, and political subdivisions	—	136	—	136
Corporate securities	—	1,836	233	2,069
Redeemable preferred stocks	1	—	—	1
Total fixed maturities - trading	33	2,882	1,341	4,256
Total fixed maturities	647	56,192	5,205	62,044
Equity securities	295	37	337	669
Commercial mortgage loans	—	—	75	75
Other long-term investments(1)	34	1,098	282	1,414
Short-term investments	3,414	920	—	4,334
Total investments	4,390	58,247	5,899	68,536
Cash	580	—	—	580
Other assets	70	—	—	70
Market risk benefit assets	—	—	546	546
Assets related to separate accounts	30,843	—	—	30,843
Total assets measured at fair value on a recurring basis	$ 35,883	$ 58,247	$ 6,445	$ 100,575
Liabilities:				
Policyholder account balances(2)	$ —	$ —	$ 29	$ 29
Other liabilities(1)	5	764	1,056	1,825
Market risk benefit liabilities	—	—	712	712
Total liabilities measured at fair value on a recurring basis	$ 5	$ 764	$ 1,797	$ 2,566

(1) Includes certain freestanding and embedded derivatives.

(2) Represents liability related to fixed indexed annuities.

Determination of Fair Values

The valuation methodologies used to determine the fair values of assets and liabilities reflect market participant assumptions and are based on the application of the fair value hierarchy that prioritizes observable market inputs over unobservable inputs. The Company determines the fair values of certain financial assets and financial liabilities based on quoted market prices, where available. The Company also determines certain fair values based on future cash flows discounted at the appropriate current market rate. Fair values reflect adjustments for counterparty credit quality, the Company’s credit standing, liquidity, and where appropriate, risk margins on unobservable parameters.

For a full description of the Company’s fair value calculations and accounting policies, refer to Note 5 in the Company’s consolidated financial statements for the year ended December 31, 2025.

Valuation of Level 3 Financial Instruments

The following table presents the valuation method for material financial instruments included in Level 3 as well as the unobservable inputs used in the valuation of those financial instruments:

June 30, 2026	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
(Dollars In Millions)				
Assets:				
RMBS	$ 14	Discounted cash flow	Spread over treasury	2.27% -7.00% (2.27%)
CMBS	151	Discounted cash flow	Spread over treasury	1.00% - 2.10% (1.81%)
Other ABS	151	Liquidation	Liquidation value	$99.25 - $99.99 ($99.41)
		Discounted cash flow	Liquidity premium	-0.47% - 1.40% (0.12%)
			Paydown rate	11.25% - 17.65% (12.62%)
Corporate securities	1,143	Discounted cash flow	Spread over treasury	0.40% - 3.55% (1.45%)
Market risk benefit assets	599	Actuarial cash flow model	Mortality(2)	66% - 134% of 2012 IAM ALB Basic table + Protective specific COVID adjustment and Mortality Improvement adjustment
			Lapse(3)	0% - 36.78%, depending on duration/surrender charge period. Dynamically adjusted for WB moneyness and projected market rates vs credited rates.
			Utilization(4)	80% - 93%, depending on qualified/non-qualified status and types of WB riders
			Withdrawal(5)	0.4% - 4.9% prior to age 73 or elected WB if greater, greater of RMD and elected WB for ages 73+
			Non-performance risk adjustment(6)	0.53% - 1.12%
			Long-term equity volatility(7)	13.0% - 29.4%
			Risk margin	0.30%
Liabilities:(1)				
MRB liabilities	$ 754	Actuarial cash flow model		Unobservable inputs and ranges are the same as those used in the measurement of market risk benefit assets
Embedded derivative —FIA	554	Actuarial cash flow model	Withdrawal rate	0.4% - 2.4% prior to age 73, RMD for ages 73+ or WB withdrawal rate. Assume underutilized RMD for non-WB policies ages 73-86
			Mortality	98 - 140% of 2012 IAM ALB Basic table + Protective specific COVID adjustment and Mortality Improvement adjustment on some products
			Lapse	0.2% - 50%, depending on duration/surrender charge period. Dynamically adjusted for WB moneyness and projected market rates vs credited rates.
			Non-performance risk	0.53% - 1.12%
			Risk margin	0.10%
Embedded derivative —IUL	62	Actuarial cash flow model	Mortality	50.4% - 107.7% of base table (90% of 2015 VBT Primary Tables adjusted for 5.5 years of 2023 SOA HMI) with adjustments for underwriting updates for recent issues depending on issue date . 80% - 207% of duration 5 point in scale 2015 VBT Primary Tables, depending on type of business
			Lapse	0.08% - 29.03%, depending on issue age and duration, smoking class, level of funding, and face band
			Non-performance risk	0.53% - 1.12%
			Risk margin	0.10%

*See chart below for footnote descriptions

The chart above excludes Level 3 financial instruments that are valued using broker quotes and those for which book value approximates fair value.

The following table presents the valuation method for material financial instruments included in Level 3 as well as the unobservable inputs used in the valuation of those financial instruments:

December 31, 2025	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
(Dollars In Millions)				
Assets:				
RMBS	$ 14	Discounted cash flow	Spread over treasury	2.63% - 7.25% (2.82%)
CMBS	135	Discounted cash flow	Spread over treasury	1.00% - 2.30% (1.90%)
Other ABS	150	Liquidation	Liquidation value	$98.25 - $100.00 ($98.62)
		Discounted cash flow	Liquidity premium	-0.47% - 1.40% (0.44%)
			Paydown rate	6.50% - 18.94% (9.16%)
Corporate securities	1,200	Discounted cash flow	Spread over treasury	0.50% - 3.60% (1.51%)
MRB assets	546	Actuarial cash flow model	Mortality(2)	100% - 141% of 2012 IAM ALB Basic table + Protective specific COVID adjustment and Mortality Improvement adjustment
			Lapse(3)	0% - 37.26%, depending on duration/surrender charge period. Dynamically adjusted for WB moneyness and projected market rates vs credited rates.
			Utilization(4)	80% - 93%, depending on qualified/non-qualified status and types of WB riders
			Withdrawal(5)	0.4% - 4.9% prior to age 73 or elected WB if greater, greater of RMD and elected WB for ages 73+
			Non-performance risk adjustment(6)	0.57% - 1.04%
			Long-term equity volatility(7)	13.1% - 28.4%
			Risk margin	0.30%
Liabilities:(1)				
MRB liabilities	$ 712	Actuarial cash flow model		Unobservable inputs and ranges are the same as those used in the measurement of market risk benefit assets
Embedded derivative —FIA	573	Actuarial cash flow model	Withdrawal rate	0.4% - 2.4% prior to age 73, RMD for ages 73+ or WB withdrawal rate. Assume underutilized RMD for non-WB policies ages 73-86
			Mortality	98% to 140% of 2012 IAM ALB Basic table + Protective specific COVID adjustment and Mortality Improvement adjustment on some products
			Lapse	0.2% - 50%, depending on duration/surrender charge period. Dynamically adjusted for WB moneyness and projected market rates vs credited rates.
			Non-performance risk	0.57% - 1.04%
			Risk margin	0.10%
Embedded derivative - IUL	57	Actuarial cash flow model	Mortality	50.4% - 107.7% of base table (90% of 2015 VBT Primary Tables adjusted for 5.5 years of 2023 SOA HMI) with adjustments for underwriting updates for recent issues depending on issue date . 80% - 207% of duration 5 point in scale 2015 VBT Primary Tables, depending on type of business
			Lapse	0.08% - 29.03%, depending on issue age and duration, smoking class, level of funding, and face band
			Non-performance risk	0.57% - 1.04%
			Risk margin	0.10%

(1) Excludes modified coinsurance arrangements.
(2) Mortality rates vary by attained age, tax qualification status, guaranteed benefit election, and duration. The range displayed reflects ages from the minimum issue age for the benefit through age 95, which corresponds to the typical maturity age. A mortality improvement assumption is also applied.
(3) Base lapse rates vary by contract-level factors, such as product type, surrender charge schedule and guaranteed benefits election. Lapse rates are further adjusted based on the degree to which a guaranteed benefit is in-the-money, with lower lapse applying when benefits are more in-the-money. Lapse rates are also adjusted to reflect lower lapse expectations when guaranteed benefits are utilized.
(4) The utilization rate represents the expected percentage of contracts that will utilize the benefit through annuitization (GMIB) or commencement of withdrawals (GMWB). Utilization may vary by benefit type, attained age, duration, tax qualification status, benefit provision, and degree to which the guaranteed benefit is in-the-money.
(5) The withdrawal rate represents the percentage of annual withdrawal assumed relative to the maximum allowable withdrawal amount under the free partial withdrawal provision or the GMWB, as applicable. Free partial withdrawal rates vary based on the product type, duration, and guaranteed minimum accumulation benefit (“GMAB”) election. Withdrawal rates on contracts with a GMWB vary based on attained age, tax qualification status, GMWB type and GMWB benefit provisions.
(6) Non-performance risk adjustment is applied as a spread over the risk-free rate to determine the rate used to discount the related cash flows and varies by projection year.
(7) Long-term equity volatility represents the equity volatility beyond the period for which observable equity volatilities are available.

The chart above excludes Level 3 financial instruments that are valued using broker quotes and those for which book value approximates fair value.

The Company has considered all reasonably available quantitative inputs and broker information in determining the fair values of its financial instruments as of June 30, 2026 and December 31, 2025. As of June 30, 2026 and December 31, 2025, $4.7 billion and $4.0 billion of financial instruments classified as Level 3, respectively, were valued by brokers. Of these securities, $2.7 billion and $2.0 billion were classified as other asset-backed securities, and $1.9 billion and $1.7 billion, respectively, were classified as corporate securities. In addition, $83 million and $170 million, respectively, were classified as equity securities.

In certain cases, the Company has determined that book value materially approximates fair value. As of June 30, 2026 and December 31, 2025, the Company held FHLB capital stock, which is included in equity securities, of $206 million and $167 million, respectively, for which book value approximates fair value.

The following table presents a reconciliation of the beginning and ending balances for fair value measurements for the three months ended June 30, 2026, for which the Company has used significant unobservable inputs (Level 3):

		Total Realized and Unrealized Gains		Total Realized and Unrealized Losses									Total Gains (losses) included in Net income related to Instruments still held at the Reporting Date
	Beginning Balance	Included in Net Income	Included in OCI	Included in Net Income	Included in OCI	Purchases	Sales	Issuances	Settlements	Transfers in/out of Level 3	Other	Ending Balance	
	(Dollars In Millions)												
Assets:													
Fixed maturities AFS													
RMBS	$ 798	$ —	$ —	$ —	$ (11)	$ —	$ (29)	$ —	$ —	$ (744)	$ —	$ 14	$ —
CMBS	133	—	—	—	—	18	(1)	—	—	—	1	151	—
Other ABS	1,447	—	3	—	(3)	255	(72)	—	—	(7)	—	1,623	—
Corporate securities	2,640	—	11	—	(11)	268	(245)	—	—		1	2,664	—
Total fixed maturities— AFS	5,018	—	14	—	(25)	541	(347)	—	—	(751)	2	4,452	—
Fixed maturities—trading													
Other ABS	1,246	—	2	—	(3)	105	(73)	—	—	—	—	1,277	—
Corporate securities	260	—	1	—	(2)	72	—	—	—	—	—	331	—
Total fixed maturities—trading	1,506	—	3	—	(5)	177	(73)	—	—	—	—	1,608	—
Total fixed maturities	6,524	—	17	—	(30)	718	(420)	—	—	(751)	2	6,060	—
Equity securities	245	—	11	—	(3)	89	(52)	—	—	—	(1)	289	—
Commercial mortgage loans	202	1	—	—	—	74	(10)	—	—	—	—	267	—
Other long-term investments[1]	336	14	—	(47)	—	—	—	—	—	—	—	303	(33)
Total investments	7,307	15	28	(47)	(33)	881	(482)	—	—	(751)	1	6,919	(33)
Total assets measured at fair value on a recurring basis[3]	$ 7,307	$ 15	$ 28	$ (47)	$ (33)	$ 881	$ (482)	$ —	$ —	$ (751)	$ 1	$ 6,919	$ (33)
Liabilities:													
Policyholder account balances[2]	$ 29	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1	$ —	$ —	$ 28	$ —
Other liabilities[1]	916	6	—	(113)	—	—	—	—	—	—	—	1,023	(107)
Total liabilities measured at fair value on a recurring basis[3]	$ 945	$ 6	$ —	$ (113)	$ —	$ —	$ —	$ —	$ 1	$ —	$ —	$ 1,051	$ (107)

(1) Represents certain freestanding and embedded derivatives.
(2) Represents liabilities related to fixed indexed annuities.
(3) Excludes MRB assets of $599 million and MRB liabilities of $754 million as of June 30, 2026. See Note 12, *Market Risk Benefits* for additional information and a rollforward of MRB balances.

For the three months ended June 30, 2026, no securities were transferred into Level 3 from Level 2.

For the three months ended June 30, 2026, $751 million of securities were transferred into Level 2 from Level 3. These transfers were related to changes in the observability of external information used in determining fair value, such as external ratings or credit spreads.

The following table presents a reconciliation of the beginning and ending balances for fair value measurements for the six months ended June 30, 2026, for which the Company has used significant unobservable inputs (Level 3):

		Total Realized and Unrealized Gains		Total Realized and Unrealized Losses									
	Beginning Balance	Included in Net Income	Included in OCI	Included in Net Income	Included in OCI	Purchases	Sales	Issuances	Settlements	Transfers in/out of Level 3	Other	Ending Balance	Total Gains (losses) included in Net income related to Instruments still held at the Reporting Date
						(Dollars In Millions)							
Assets:													
Fixed maturities AFS													
RMBS	$ 14	$ —	$ —	$ —	$ —	$ 744	$ —	$ —	$ —	$ (744)	$ —	$ 14	$ —
CMBS	135	—	—	—	(1)	18	(1)	—	—	—	—	151	—
Other ABS	1,018	—	2	—	(17)	872	(246)	—	—	(7)	1	1,623	—
Corporate securities	2,697	—	18	(8)	(29)	615	(645)	—	—	14	2	2,664	—
Total fixed maturities— AFS	3,864	—	20	(8)	(47)	2,249	(892)	—	—	(737)	3	4,452	—
Fixed maturities—trading													
Other ABS	1,108	—	1	—	(7)	322	(147)	—	—	1	(1)	1,277	—
Corporate securities	233	—	1	—	(3)	99	—	—	—	—	1	331	—
Total fixed maturities—trading	1,341	—	2	—	(10)	421	(147)	—	—	1	—	1,608	—
Total fixed maturities	5,205	—	22	(8)	(57)	2,670	(1,039)	—	—	(736)	3	6,060	—
Equity securities	337	—	7	—	(2)	185	(170)	—	—	(68)	—	289	—
Commercial mortgage loans	75	3	—	—	—	199	(10)	—	—	—	—	267	—
Other long-term investments(1)	282	73	—	(52)	—	—	—	—	—	—	—	303	21
Total investments	5,899	76	29	(60)	(59)	3,054	(1,219)	—	—	(804)	3	6,919	21
Total assets measured at fair value on a recurring basis(3)	$ 5,899	$ 76	$ 29	$ (60)	$ (59)	$ 3,054	$ (1,219)	$ —	$ —	$ (804)	$ 3	$ 6,919	$ 21
Liabilities:													
Policyholder account balances(2)	$ 29	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ 2	$ —	$ —	$ 28	$ —
Other liabilities(1)	1,056	161	—	(128)	—	—	—	—	—	—	—	1,023	33
Total liabilities measured at fair value on a recurring basis(3)	$ 1,085	$ 162	$ —	$ (128)	$ —	$ —	$ —	$ —	$ 2	$ —	$ —	$ 1,051	$ 33

(1) Represents certain freestanding and embedded derivatives.
(2) Represents liabilities related to fixed indexed annuities.
(3) Excludes MRB assets of $599 million and MRB liabilities of $754 million as of June 30, 2026. See Note 12, *Market Risk Benefits* for additional information and a rollforward of MRB balances.

For the six months ended June 30, 2026, $15 million of securities were transferred into Level 3 from Level 2. These transfers were related to changes in the observability of external information used in determining fair value, such as external ratings or credit spreads.

For the six months ended June 30, 2026, $68 million of securities were transferred out of Level 3 as these securities are now measured using net asset value (“NAV”) as a practical expedient.

For the six months ended June 30, 2026, $751 million of securities were transferred into Level 2 from Level 3. These transfers were related to changes in the observability of external information used in determining fair value, such as external ratings or credit spreads.

The following table presents a reconciliation of the beginning and ending balances for fair value measurements for the three months ended June 30, 2025, for which the Company has used significant unobservable inputs (Level 3) (recast for the adoption of LDTI):

		Total Realized and Unrealized Gains		Total Realized and Unrealized Losses									
	Beginning Balance	Included in Net Income	Included in OCI	Included in Net Income	Included in OCI	Purchases	Sales	Issuances	Settlements	Transfers in/out of Level 3	Other	Ending Balance	Total Gains (losses) included in Net Income related to Instruments still held at the Reporting Date
						(Dollars In Millions)							
Assets:													
Fixed maturities AFS													
RMBS	$ 15	$ —	$ —	$ —	$ —	$ 2	$ —	$ —	$ —	$ —	$ —	$ 17	$ —
CMBS	136	—	—	—	(2)	—	(1)	—	—	—	—	133	$ —
Other ABS	664	—	11	—	(1)	78	(22)	—	—	—	—	730	—
Corporate securities	2,390	—	17	—	(9)	282	(199)	—	—	42	—	2,523	—
Total fixed maturities— AFS	3,205	—	28	—	(12)	362	(222)	—	—	42	—	3,403	—
Fixed maturities—trading													
Residential mortgage-backed securities	—	—	—	—	—	1	—	—	—	—	—	1	—
Other ABS	73	—	1	—	—	291	(5)	—	—	—	—	360	—
Corporate securities	5	—	1	—	(1)	78	(3)	—	—	—	—	80	—
Total fixed maturities—trading	78	—	2	—	(1)	370	(8)	—	—	—	—	441	—
Total fixed maturities	3,283	—	30	—	(13)	732	(230)	—	—	42	—	3,844	—
Equity securities	225	—	—	—	—	10	(26)	—	—	—	—	209	—
Commercial mortgage loans	—	—	—	—	—	25	—	—	—	—	—	25	—
Other long-term investments(1)	303	12	—	(12)	—	—	—	—	—	—	—	303	—
Total investments	3,811	12	30	(12)	(13)	767	(256)	—	—	42	—	4,381	—
Total assets measured at fair value on a recurring basis(3)	$ 3,811	$ 12	$ 30	$ (12)	$ (13)	$ 767	$ (256)	$ —	$ —	$ 42	$ —	$ 4,381	$ —
Liabilities:													
Policyholder account balances(2)	$ 34	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1	$ —	$ —	$ 33	$ —
Other liabilities(1)	870	5	—	(82)	—	—	—	—	—	—	—	947	(77)
Total liabilities measured at fair value on a recurring basis(3)	$ 904	$ 5	$ —	$ (82)	$ —	$ —	$ —	$ —	$ 1	$ —	$ —	$ 980	$ (77)

(1) Represents certain freestanding and embedded derivatives.
(2) Represents liabilities related to fixed indexed annuities.
(3) Excludes MRB assets of $545 million and MRB liabilities of $683 million as of June 30, 2025.

For the three months ended June 30, 2025, $58 million of securities were transferred into Level 3 from Level 2. These transfers were related to changes in the observability of external information used in determining fair value, such as external ratings or credit spreads.

For the three months ended June 30, 2025, $16 million of securities were transferred into Level 2 from Level 3. These transfers were related to changes in the observability of external information used in determining fair value, such as external ratings or credit spreads.

The following table presents a reconciliation of the beginning and ending balances for fair value measurements for the six months ended June 30, 2025, for which the Company has used significant unobservable inputs (Level 3) (recast for the adoption of LDTI):

		Total Realized and Unrealized Gains		Total Realized and Unrealized Losses									
	Beginning Balance	Included in Net Income	Included in OCI	Included in Net Income	Included in OCI	Purchases	Sales	Issuances	Settlements	Transfers in/out of Level 3	Other	Ending Balance	Total Gains (losses) included in Net Income related to Instruments still held at the Reporting Date
	(Dollars In Millions)												
Assets:													
Fixed maturities AFS													
RMBS	$ —	$ —	$ —	$ —	$ —	$ 17	$ —	$ —	$ —	$ —	$ —	$ 17	$ —
CMBS	133	—	1	—	—	—	(1)	—	—	—	—	133	$ —
Other ABS	679	—	13	—	(11)	98	(49)	—	—	—	—	730	—
Corporate securities	2,210	—	41	—	(8)	542	(304)	—	—	42	—	2,523	—
Total fixed maturities— AFS	3,022	—	55	—	(19)	657	(354)	—	—	42	—	3,403	—
Fixed maturities—trading													
RMBS	—	—	—	—	—	1	—	—	—	—	—	1	—
Other ABS	77	—	1	—	—	291	(9)	—	—	—	—	360	—
Corporate securities	8	—	2	—	(1)	78	(3)	—	—	(4)	—	80	—
Total fixed maturities—trading	85	—	3	—	(1)	370	(12)	—	—	(4)	—	441	—
Total fixed maturities	3,107	—	58	—	(20)	1,027	(366)	—	—	38	—	3,844	—
Equity securities	229	—	—	—	—	40	(60)	—	—	—	—	209	—
Commercial mortgage loans	—	—	—	—	—	25	—	—	—	—	—	25	—
Other long-term investments(1)	324	11	—	(32)	—	—	—	—	—	—	—	303	(21)
Total investments	3,660	11	58	(32)	(20)	1,092	(426)	—	—	38	—	4,381	(21)
Total assets measured at fair value on a recurring basis(3)	$ 3,660	$ 11	$ 58	$ (32)	$ (20)	$ 1,092	$ (426)	$ —	$ —	$ 38	$ —	$ 4,381	$ (21)
Liabilities:													
Policyholder account balances(2)	$ 35	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ 1	$ —	$ —	$ 33	$ —
Other liabilities(1)	931	67	—	(83)	—	—	—	—	—	—	—	947	(16)
Total liabilities measured at fair value on a recurring basis(3)	$ 966	$ 68	$ —	$ (83)	$ —	$ —	$ —	$ —	$ 1	$ —	$ —	$ 980	$ (16)

(1) Represents certain freestanding and embedded derivatives.
(2) Represents liabilities related to fixed indexed annuities.
(3) Excludes MRB assets of $545 million and MRB liabilities of $683 million as of June 30, 2025.

For the six months ended June 30, 2025, $58 million securities were transferred into Level 3 from Level 2. These transfers were related to changes in the observability of external information used in determining fair value, such as external ratings or credit spreads.

For the six months ended June 30, 2025, $19 million of securities were transferred into Level 2 from Level 3. These transfers were related to changes in the observability of external information used in determining fair value, such as external ratings or credit spreads.

Total realized and unrealized gains (losses) on Level 3 assets and liabilities are primarily reported in either *net realized losses* within the consolidated condensed statements of income or AOCI within shareowner's equity in the consolidated condensed balance sheet based on the appropriate accounting treatment for the item.

As of June 30, 2026 and December 31, 2025, the Company held $302 million and $116 million, respectively, of investments in private funds for which fair value was measured using NAV as a practical expedient. These investments are excluded from the Level 1, Level 2, and Level 3 fair value measurements reported above.

Purchases, sales, issuances, and settlements, net, represent the activity that occurred during the period that results in a change of the asset or liability but does not represent changes in fair value for the instruments held at the beginning of the period. Such activity primarily relates to purchases and sales of fixed maturities and issuances and settlements of fixed indexed annuities.

The Company reviews the fair value hierarchy classifications each reporting period. Changes in the observability of the valuation attributes may result in a reclassification of certain financial assets or liabilities. Such reclassifications are reported as transfers in and out of Level 3 at the beginning fair value for the reporting period in which the changes occur. The asset transfers in the tables above primarily related to positions moved from Level 2 to Level 3 as the Company determined that certain inputs were unobservable.

The amount of total gains (losses) for assets and liabilities still held as of the reporting date primarily represents changes in fair value of trading securities and certain derivatives that exist as of the reporting date and the change in fair value of fixed indexed annuities.

Estimated Fair Value of Financial Instruments

The carrying amounts and estimated fair values of the Company's financial instruments that are not reported at fair value as of the periods shown below are as follows:

		As of			
		June 30, 2026		December 31, 2025	
	Fair Value Level	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
		(Dollars In Millions)			
Assets:					
Commercial mortgage loans(1)	3	$ 12,562	$ 12,033	$ 12,681	$ 12,144
Policy loans	3	1,392	1,392	1,407	1,407
Other long-term investments(2)	2 & 3	1,851	1,773	1,834	1,765
Liabilities:					
Stable value product account balances	3	$ 13,227	$ 13,132	$ 13,787	$ 13,869
Policyholder account balances(3)	3	311	313	300	299
Other policyholders' funds(4)	3	74	74	77	77
Debt:(5)					
Bank borrowings(6)	3	$ —	$ —	$ 400	$ 400
Senior Notes	2	2,214	2,158	2,216	2,204
Subordinated debentures	2	496	491	496	472
Commercial paper	2	75	75	50	50
Subordinated funding obligations	3	110	87	110	90
Repurchase program borrowings	2	421	421	—	—
Securities lending	2	902	902	920	920

Except as noted below, fair values were estimated using quoted market prices.

(1) The carrying amount is net of allowance for credit losses.
(2) Other long-term investments is comprised of a modco receivable and the cash surrender value of the Company's COLI policy. The modco receivable is related to invested assets such as fixed maturities and structured securities, which are legally owned by the ceding company, the fair value of which is predominately measured at Level 2. The fair value is determined in a manner consistent with other similar invested assets held by the Company. The fair value of the cash surrender value of the Company's COLI policy is measured at Level 3. COLI investments had a carrying and fair value of $873 million and $839 million as of June 30, 2026 and December 31, 2025, respectively.
(3) Single premium immediate annuity without life contingencies.
(4) Supplementary contracts without life contingencies.
(5) Excludes immaterial capital lease obligations.
(6) Includes the Term Loan Credit Agreement.

6. DERIVATIVE FINANCIAL INSTRUMENTS

Types of Derivative Instruments and Derivative Strategies

The Company utilizes a risk management strategy that incorporates the use of derivative financial instruments to reduce exposure to certain risks, including but not limited to, interest rate risk, currency exchange risk, volatility risk, and equity market risk. These strategies are developed through the Company's analysis of data from financial simulation models and other internal and industry sources, and are then incorporated into the Company's risk management program.

Derivative instruments expose the Company to credit and market risk and could result in material changes from period to period. The Company attempts to minimize its credit risk in connection with its overall asset/liability management programs and risk management strategies. In addition, all derivative programs are monitored by our risk management department.

For a full description of the Company's derivative accounting policies, refer to Note 6 in the Company's consolidated financial statements for the year ended December 31, 2025.

Derivative Instruments Designated and Qualifying as Hedging Instruments

Cash-Flow Hedges

- To hedge fixed rate notes denominated in foreign currencies, the Company entered into fixed-to-fixed foreign currency swaps. These swaps hedge the foreign currency exchange risk associated with the notes. The cash flows received on the swaps are identical to the cash flows paid on the corresponding notes.

- To hedge floating rate funding agreements and a floating rate term loan, the Company entered into interest rate swaps to exchange the floating rates on the funding agreements and term loan for fixed rates. These swaps hedge the interest rate risk associated with the funding agreements and term loan. The cash flows received on the swaps are identical to the cash flow variability paid on the funding agreements and term loan.

- To hedge bond investments denominated in foreign currencies, the Company entered into fixed-to-fixed foreign currency swaps. These swaps hedge the foreign currency exchange risk associated with the bond income. For each hedging relationship, the swap and the bond investments have closely matching terms, and so are tested quantitatively for hedge effectiveness both prospectively and retrospectively no less frequently than quarterly. The Company has performed and documented the initial prospective effectiveness assessment for each hedging relationship and concluded that each relationship was highly effective at inception. Additionally, the Company performed and documented quantitative prospective and retrospective hedge effectiveness testing for the current year-end, and concluded that each hedging relationship is highly effective.

Derivative Instruments Not Designated and Not Qualifying as Hedging Instruments

The Company uses various other derivative instruments for risk management purposes that do not qualify for hedge accounting treatment. Changes in the fair value of these derivatives are recognized in *net realized losses* during the period of change.

The following table sets forth realized gains and losses for the periods shown (recast for the adoption of LDTI):

Net realized (losses)—derivative financial instruments

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2026	2025	2026	2025
	(Dollars In Millions)		(Dollars In Millions)	
Derivatives related to VA contracts:				
Interest rate forwards	$ (3)	$ (18)	$ (21)	$ 25
Interest rate futures	2	(7)	2	(8)
Equity futures	2	52	3	48
Currency futures	2	(12)	6	(19)
Equity options	(84)	(37)	(61)	(23)
Interest rate swaptions	—	—	—	(1)
Interest rate swaps	1	(1)	2	(2)
Total return swaps	(115)	(35)	(93)	(5)
Total derivatives related to VA contracts	(195)	(58)	(162)	15
Derivatives related to FIA contracts:				
Embedded derivative	(37)	(36)	(19)	(37)
Equity futures	1	(1)	1	(2)
Equity options	45	45	28	26
Other derivatives	(9)	(9)	(6)	(5)
Total derivatives related to FIA contracts	—	(1)	4	(18)
Derivatives related to IUL contracts:				
Embedded derivative	(25)	(24)	(17)	(12)
Equity options	25	25	17	13
Total derivatives related to IUL contracts	—	1	—	1
Embedded derivative - FWH under reinsurance	(80)	(23)	95	(33)
Other derivatives	(24)	4	(41)	8
Total net realized losses	$ (299)	$ (77)	$ (104)	$ (27)

The following table presents the components of the gain or loss on derivatives that qualify as a cash flow hedging relationship.

Gain (Loss) on Derivatives in Cash Flow Hedging Relationship

	Amount of Gains (Losses) Deferred in AOCI on Derivatives	Amount and Location of Gains (Losses) Reclassified from AOCI into Income (Loss)	Amount and Location of Gains (Losses) Recognized in Income (Loss) on Derivatives
	(Effective Portion)	(Effective Portion)	(Ineffective Portion)
		Benefits and settlement expenses	Net realized losses
		(Dollars In Millions)	
For The Three Months Ended June 30, 2026			
Foreign currency swaps	$ 26	$ 2	$ —
Interest rate swaps	—	—	—
Total	$ 26	$ 2	$ —
For The Three Months Ended June 30, 2025			
Foreign currency swaps	$ —	$ 1	$ —
Interest rate swaps	—	—	—
Total	$ —	$ 1	$ —
For The Six Months Ended June 30, 2026			
Foreign currency swaps	$ 14	$ 3	$ —
Interest rate swaps	—	(1)	—
Total	$ 14	$ 2	$ —
For The Six Months Ended June 30, 2025			
Foreign currency swaps	$ (14)	$ 1	$ —
Interest rate swaps	(2)	2	—
Total	$ (16)	$ 3	$ —

Based on expected cash flows of the underlying hedged items, the Company expects to reclassify deferred gains (losses) totaling $3 million out of AOCI into *net realized losses* during the next twelve months.

The table below presents information about the nature and accounting treatment of the Company's primary derivative financial instruments and the location in and effect on the consolidated condensed financial statements for the periods presented below:

	As of			
	June 30, 2026		December 31, 2025	
	Notional Amount	Fair Value	Notional Amount	Fair Value
	(Dollars In Millions)			
Other long-term investments				
Cash flow hedges:				
Interest rate swaps	$ —	$ —	$ 300	$ —
Foreign currency swaps	772	49	1,286	59
Derivatives not designated as hedging instruments:				
Interest rate forwards	425	3	1,125	23
Interest rate swaps	825	—	1,000	—
Total return swaps	—	—	382	2
Embedded derivative - FWH under reinsurance	3,785	178	1,852	166
Embedded derivative - FIA	467	125	458	116
Interest rate futures	281	5	554	2
Equity futures	88	1	113	2
Currency futures	248	3	37	—
Interest rate floors	100	—	100	1
Equity options	9,888	1,006	9,154	1,041
Interest rate swaptions	1,800	—	2,400	2
	$ 18,679	$ 1,370	$ 18,761	$ 1,414
Other liabilities				
Cash flow hedges:				
Interest rate swaps	$ —	$ —	$ 300	$ —
Foreign currency swaps	769	26	256	30
Derivatives not designated as hedging instruments:				
Interest rate forwards	1,353	26	512	9
Interest rate swaps	900	—	425	—
Total return swaps	838	4	440	—
Embedded derivative - FWH under reinsurance	7,048	128	8,984	166
Embedded derivative - FIA	3,703	679	3,881	689
Embedded derivative - IUL	943	62	877	57
Interest rate futures	826	2	684	3
Equity futures	202	5	193	1
Currency futures	—	—	181	1
Interest rate swaptions	2,850	11	3,800	2
Equity options	6,881	677	7,055	723
Other	821	154	815	144
	$ 27,134	$ 1,774	$ 28,403	$ 1,825

7. OFFSETTING OF ASSETS AND LIABILITIES

Certain of the Company's derivative instruments are subject to enforceable master netting arrangements that provide for the net settlement of all derivative contracts between the Company and a counterparty in the event of default or upon the occurrence of certain termination events. Collateral support agreements associated with each master netting arrangement provide that the Company will receive or pledge financial collateral in the event either minimum thresholds, or in certain cases ratings levels, have been reached. Additionally, certain of the Company's repurchase agreements provide for net settlement on termination of the agreement. Refer to Note 15, *Debt and Other Obligations* for details of the Company's repurchase agreement programs.

Collateral received includes both cash and non-cash collateral. Cash collateral received by the Company is recorded on the consolidated condensed balance sheets as *cash*, with a corresponding amount recorded in *other liabilities* to represent the Company's obligation to return the collateral. Non-cash collateral received by the Company is not recognized on the consolidated condensed balance sheets unless the Company exercises its right to sell or re-pledge the underlying asset. As of June 30, 2026 and December 31, 2025, there was $65 million and $93 million, respectively, fair value of non-cash collateral received.

The tables below present the derivative instruments by assets and liabilities for the Company as of June 30, 2026:

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Collateral Posted	
			(Dollars In Millions)			
Offsetting of Derivative Assets						
Derivatives:						
Free-Standing derivatives	$ 1,067	$ —	$ 1,067	$ 717	$ 232	$ 118
Total derivatives, subject to a master netting arrangement or similar arrangement	1,067	—	1,067	717	232	118
Derivatives not subject to a master netting arrangement or similar arrangement						
Embedded derivative - FWH under reinsurance	178	—	178	—	—	178
Embedded derivative - FIA	125	—	125	—	—	125
Total derivatives, not subject to a master netting arrangement or similar arrangement	303	—	303	—	—	303
Total derivatives	1,370	—	1,370	717	232	421
Total Assets	$ 1,370	$ —	$ 1,370	$ 717	$ 232	$ 421

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Collateral Posted	
			(Dollars In Millions)			
Offsetting of Derivative Liabilities						
Derivatives:						
Free-Standing derivatives	$ 751	$ —	$ 751	$ 717	$ 29	$ 5
Total derivatives, subject to a master netting arrangement or similar arrangement	751	—	751	717	29	5
Derivatives not subject to a master netting arrangement or similar arrangement						
Embedded derivative - FWH under reinsurance	128	—	128	—	—	128
Embedded derivative - FIA	679	—	679	—	—	679
Embedded derivative - IUL	62	—	62	—	—	62
Other	154	—	154	—	—	154
Total derivatives, not subject to a master netting arrangement or similar arrangement	1,023	—	1,023	—	—	1,023
Total derivatives	1,774	—	1,774	717	29	1,028
Repurchase program borrowings(1)	421	—	421	—	—	421
Securities lending	902	—	902	—	—	902
Total Liabilities	$ 3,097	$ —	$ 3,097	$ 717	$ 29	$ 2,351

(1) Borrowings under repurchase agreements are for a term less than 90 days.

The tables below present the derivative instruments by assets and liabilities for the Company as of December 31, 2025:

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheet	Net Amounts of Assets Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		
				Financial Instruments	Collateral Posted	Net Amount
	(Dollars In Millions)					
Offsetting of Derivative Assets						
Derivatives:						
Free-Standing derivatives	$ 1,132	$ —	$ 1,132	$ 741	$ 271	$ 120
Total derivatives, subject to a master netting arrangement or similar arrangement	1,132	—	1,132	741	271	120
Derivatives not subject to a master netting arrangement or similar arrangement						
Embedded derivative - FWH under reinsurance	166	—	166	—	—	166
Embedded derivative - FIA	116	—	116	—	—	116
Total derivatives, not subject to a master netting arrangement or similar arrangement	282	—	282	—	—	282
Total derivatives	1,414	—	1,414	741	271	402
Total Assets	$ 1,414	$ —	$ 1,414	$ 741	$ 271	$ 402

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheet	Net Amounts of Liabilities Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		
				Financial Instruments	Collateral Posted	Net Amount
	(Dollars In Millions)					
Offsetting of Derivative Liabilities						
Derivatives:						
Free-Standing derivatives	$ 769	$ —	$ 769	$ 741	$ 28	$ —
Total derivatives, subject to a master netting arrangement or similar arrangement	769	—	769	741	28	—
Derivatives not subject to a master netting arrangement or similar arrangement						
Embedded derivative - FWH under reinsurance	166	—	166	—	—	166
Embedded derivative - FIA	689	—	689	—	—	689
Embedded derivative - IUL	57	—	57	—	—	57
Other	144	—	144	—	—	144
Total derivatives, not subject to a master netting arrangement or similar arrangement	1,056	—	1,056	—	—	1,056
Total derivatives	1,825	—	1,825	741	28	1,056
Securities lending	920	—	920	—	—	920
Total Liabilities	$ 2,745	$ —	$ 2,745	$ 741	$ 28	$ 1,976

8. COMMERCIAL MORTGAGE LOANS

The Company invests a portion of its investment portfolio in commercial mortgage loans. As of June 30, 2026, the Company's commercial mortgage loan holdings were $12.9 billion, or $12.8 billion net of allowance for credit losses. As of December 31, 2025, the Company's commercial mortgage loan holdings were $12.8 billion, or $12.8 billion net of allowance for credit losses. The Company specializes in making commercial mortgage loans on credit-oriented commercial properties. The Company's underwriting procedures relative to its commercial mortgage loan portfolio are based, in the Company's view, on a conservative and disciplined approach. The Company concentrates on a small number of commercial real estate asset types associated with the necessities of life (grocery anchored and credit tenant retail, industrial, multi-family, senior living, and medical office). The Company believes that these asset types tend to weather economic downturns better than other commercial asset classes in which it has chosen not to participate. The Company believes this disciplined approach has helped to maintain a relatively low delinquency and foreclosure rate throughout its history. The majority of the Company's commercial mortgage loan portfolio was underwritten by the Company. From time to time, the Company may acquire commercial mortgage loans in conjunction with an acquisition.

The Company's commercial mortgage loans are stated at unpaid principal balance, adjusted for any unamortized premium or discount, and net of the allowance for credit losses, except for certain commercial mortgage loans for which the Company has elected the fair value option ("FVO"). Interest income is accrued on the principal amount of the commercial mortgage loan based on the commercial mortgage loan's contractual interest rate. Amortization of premiums and discounts is recorded using the effective yield method. Interest income, amortization of premiums and discounts and prepayment fees are reported in *net investment income*.

Certain of the commercial mortgage loans have call options that occur within the next 6 years. However, if interest rates were to significantly increase, the Company may be unable to exercise the call options on its existing commercial mortgage loans commensurate with the significantly increased market rates. Assuming the commercial mortgage loans are called at their next call dates, $142 million would become due for the remainder of 2026, and $1.0 billion in 2027 through 2031.

The Company offers a type of commercial mortgage loan under which the Company will permit a loan-to-value ratio of up to 85% in exchange for a participating interest in the cash flows from the underlying real estate. As of June 30, 2026 and December 31, 2025, $1.5 billion and $1.4 billion, respectively, of the Company's total commercial mortgage loans principal balance have this participation feature. Cash flows received as a result of this participation feature are recorded as interest income in *net investment income*. During the three and six months ended June 30, 2026 and 2025, the Company recognized $7 million and $13 million and $5 million and $9 million of participation commercial mortgage loan income, respectively.

As of June 30, 2026, the Company had eleven commercial mortgage loans with a combined value of $60 million, or $51 million net of allowance for credit losses, that were nonperforming, restructured, or foreclosed and converted to real estate properties. The Company does not expect these investments to adversely affect its liquidity or ability to maintain proper matching of assets and liabilities. The Company did not identify any commercial mortgage loans whose principal was permanently impaired during the three and six months ended June 30, 2026 and 2025.

The Company closely monitors the performance of the commercial mortgage loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The Company may grant loan modifications to borrowers experiencing financial difficulties. These loan modifications may be in the form of principal forgiveness, interest rate reduction, other-than-insignificant payment delay, term extension or some combination thereof. During the three and six months ended June 30, 2026, two commercial mortgage loans, with a combined principal value of $30 million and $30 million, respectively, were modified for borrowers experiencing financial difficulties.

The amortized cost basis of the Company's commercial mortgage loan receivables by origination year, net of the allowance for credit losses is as follows:

	Term Loans Amortized Cost Basis by Origination Year						
	2026	2025	2024	2023	2022	Prior	Total
	(Dollars In Millions)						
As of June 30, 2026							
Commercial mortgage loans:							
Performing	$ 493	$ 1,144	$ 1,630	$ 1,301	$ 2,046	$ 6,002	$ 12,616
Non-performing	—	—	28	—	—	2	30
Amortized cost	493	1,144	1,658	1,301	2,046	6,004	12,646
Allowance for credit losses	(2)	(7)	(18)	(10)	(14)	(33)	(84)
Total commercial mortgage loans	$ 491	$ 1,137	$ 1,640	$ 1,291	$ 2,032	$ 5,971	$ 12,562
Write-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Term Loans Amortized Cost Basis by Origination Year						
	2025	2024	2023	2022	2021	Prior	Total
	(Dollars In Millions)						
As of December 31, 2025							
Commercial mortgage loans:							
Performing	$ 1,072	$ 1,713	$ 1,324	$ 2,134	$ 1,652	$ 4,842	$ 12,737
Non-performing	—	28	—	—	—	—	28
Amortized cost	1,072	1,741	1,324	2,134	1,652	4,842	12,765
Allowance for credit losses	(6)	(16)	(11)	(13)	(9)	(29)	(84)
Total commercial mortgage loans	$ 1,066	$ 1,725	$ 1,313	$ 2,121	$ 1,643	$ 4,813	$ 12,681
Write-offs	$ —	$ —	$ —	$ —	$ —	$ 19	$ 19

The following tables provide a comparative view of the key credit quality indicators of the Loan-to-Value and Debt Service Coverage Ratio:

	As of June 30, 2026			As of December 31, 2025		
	Amortized Cost	% of Total	DSCR(2)	Amortized Cost	% of total	DSCR(2)
	(Dollars In Millions)					
Loan-to-value:(1)						
Greater than 75%	$ 92	1 %	1.30	$ 92	1 %	1.30
50% - 75%	7,323	58 %	1.64	7,473	58 %	1.64
Less than 50%	5,231	41 %	1.94	5,200	41 %	2.04
Total commercial mortgage loans	$ 12,646	100 %		$ 12,765	100 %	

(1) The loan-to-value ratio compares the current unpaid principal of the loan to the estimated fair value of the underlying property collateralizing the loan. Our weighted average loan-to-value ratio for June 30, 2026 and December 31, 2025 was 51% and 51%, respectively.

(2) The debt service coverage ratio compares a property's net operating income to its debt service payments, including principal and interest. Our weighted average debt service coverage ratio for June 30, 2026 and December 31, 2025 was 1.76x and 1.79x, respectively.

The following provides a summary of the rollforward of the allowance for credit losses for funded commercial mortgage loans and unfunded commercial mortgage loan commitments for the periods included.

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2026	2025	2026	2025
	(Dollars In Millions)		(Dollars In Millions)	
Allowance for Funded Commercial Mortgage Loan Credit Losses				
Beginning balance	$ 84	$ 100	$ 84	$ 101
Write-offs	—	(4)	—	(7)
Recoveries	—	(1)	—	(2)
Provision	—	5	—	8
Ending balance	$ 84	$ 100	$ 84	$ 100
Allowance for Unfunded Commercial Mortgage Loan Commitments Credit Losses				
Beginning balance	$ 5	$ 5	$ 4	$ 4
Write-offs	—	—	—	—
Recoveries	—	—	—	—
Provision	(1)	(1)	—	—
Ending balance	$ 4	$ 4	$ 4	$ 4

The Company's commercial mortgage loan portfolio consists of commercial mortgage loans that are collateralized by real estate. Due to the collateralized nature of the commercial mortgage loans, any assessment of impairment and ultimate loss given a default on the commercial mortgage loans is based upon a consideration of the estimated fair value of the real estate.

As of June 30, 2026, the Company had nine commercial mortgage loans of $30 million that were over 90 days delinquent. As of December 31, 2025, the Company had eight commercial mortgage loans of $28 million that were over 90 days delinquent.

The Company limits accrued interest income on commercial mortgage loans to ninety days of interest. For loans in nonaccrual status, interest income is recognized on a cash basis. As of June 30, 2026, the Company had nine commercial mortgage loans in nonaccrual status, and $3 million of accrued interest was excluded from the amortized cost basis pursuant to the Company's nonaccrual policy. As of December 31, 2025, the Company had eight commercial mortgage loans in nonaccrual status, and $2 million of accrued interest was excluded from the amortized cost basis pursuant to the Company's nonaccrual policy.

The Company holds certain commercial mortgage loans pursuant to FWH arrangements under coinsurance or modified coinsurance reinsurance agreements. The Company has elected to measure these assets under the FVO pursuant to ASC 825. Commercial loans allocable to these arrangements that are held under the FVO had a fair value of $267 million as of June 30, 2026 and $75 million as of December 31, 2025.

9. DEFERRED POLICY ACQUISITION COSTS AND VALUE OF BUSINESS ACQUIRED

For a full description of the Company's DAC and VOBA accounting policies, refer to Note 9 in the Company's consolidated financial statements for the year ended December 31, 2025.

Deferred Policy Acquisition Costs

The following tables show a rollforward for the lines of business that contain material DAC balances, along with a reconciliation to the Company's total DAC balance:

For The Six Months Ended June 30, 2026	Traditional Life	Universal Life	Fixed Annuity	Variable Annuity	Total
			(Dollars In Millions)		
Balance, beginning of period	$ 916	$ 1,789	$ 396	$ 209	$ 3,310
Capitalizations	83	81	42	23	229
Amortization	(32)	(49)	(25)	(11)	(117)
Balance, end of period	$ 967	$ 1,821	$ 413	$ 221	$ 3,422
Investment contracts					24
Other[1]					488
Total DAC balance					$ 3,934

For The Year Ended December 31, 2025	Traditional Life	Universal Life	Fixed Annuity	Variable Annuity	Total
			(Dollars In Millions)		
Balance, beginning of period	$ 809	$ 1,695	$ 364	$ 186	$ 3,054
Capitalizations	165	188	81	42	476
Amortization	(58)	(94)	(49)	(19)	(220)
Balance, end of period	$ 916	$ 1,789	$ 396	$ 209	$ 3,310
Investment contracts					25
Other[1]					358
Total DAC balance					$ 3,693

(1) Includes DAC balances primarily related to accident & health ("A&H"), employee benefits, asset protection, and other insignificant short-duration contracts.

Value of Business Acquired

The following tables show a rollforward for the lines of business that contain material VOBA balances, along with a reconciliation to the Company's total VOBA balance:

For The Six Months Ended June 30, 2026	Traditional Life	Universal Life	Fixed Annuity	Variable Annuity	Total
			(Dollars In Millions)		
Balance, beginning of period	$ 332	$ 514	$ 13	$ 517	$ 1,376
Amortization	(28)	(4)	5	(29)	(56)
Balance, end of period	$ 304	$ 510	$ 18	$ 488	$ 1,320
Investment contracts					14
Other(1)					141
Total VOBA balance					$ 1,475

For The Year Ended December 31, 2025	Traditional Life	Universal Life	Fixed Annuity	Variable Annuity	Total
			(Dollars In Millions)		
Balance, beginning of period	$ 397	$ 520	$ 1	$ 578	$ 1,496
Amortization	(65)	(6)	12	(61)	(120)
Balance, end of period	$ 332	$ 514	$ 13	$ 517	$ 1,376
Investment contracts					15
Other(1)					50
Total VOBA balance					$ 1,441

(1) Includes VOBA balances primarily related to accident & health, employee benefits, asset protection, and other insignificant short-duration contracts.

Based on the balance recorded as of June 30, 2026, the expected amortization of VOBA for the next five years is as follows:

Years	Expected Amortization
	(Dollars In Millions)
Remainder of 2026	$ 66
2027	126
2028	121
2029	111
2030	104

The following table shows the reconciliation of DAC and VOBA balances to the DAC and VOBA asset in the consolidated condensed balance sheets:

	As of June 30, 2026	As of December 31, 2025
	(Dollars In Millions)	
DAC	$ 3,934	$ 3,693
VOBA	1,475	1,441
Total DAC and VOBA balance	$ 5,409	$ 5,134

Internal Replacement Transactions

Contract modifications or replacements are reviewed to determine if these internal replacement transactions result in a substantially changed contract. If so, existing DAC, VOBA, and other similar balances are written off through income and any new costs associated with the modified or replacement contract are deferred. If a contract is determined to be substantially unchanged as a result of an internal replacement transaction, existing DAC, VOBA, and other similar balances are carried over to the new contract and acquisition costs associated with the modified contract are expensed as incurred.

10. FUTURE POLICY BENEFITS AND CLAIMS

For a full description of the Company’s future policy benefits and claims accounting policies, refer to Note 11 in the Company’s consolidated financial statements for the year ended December 31, 2025.

Future policy benefits and claims includes liabilities for future benefits under traditional life, limited-payment, health, and property and casualty products, the additional insurance liability for universal life-type contracts, unearned revenue liabilities (“URL”), deferred profit liabilities, and liabilities for reported and unreported claims.

The following table summarizes the components of *future policy benefits and claims* for the period indicated and reconciles the totals to the amounts reported on the consolidated condensed balance sheets.

	As of	
	June 30, 2026	December 31, 2025
	(Dollars In Millions)	
Liability for future policy benefits	$ 10,151	$ 10,516
Additional insurance liability	6,914	6,829
Unearned revenue liability	1,069	1,017
Deferred profit liability	363	350
Participating contracts[(1)]	4,607	4,706
Other[(2)]	1,673	1,619
Future policy benefits and claims	$ 24,777	$ 25,037

(1) Includes certain whole life contracts which include policyholder dividends and other participating features.

(2) Includes reported and unreported claims as well as liabilities associated with universal life riders, A&H, employee benefits, asset protection, and other insignificant short-duration contracts.

Rollforward of the Liability for Future Policy Benefits

The balance of and changes in the liability for future policy benefits (“LFPB”) as of and for the periods indicated consist of the two tables presented below: “Present Value of Expected Net Premiums” rollforward and “Present Value of Expected Liability for Future Policy Benefits” rollforward.

	Present Value of Expected Net Premiums			
	For The Six Months Ended June 30, 2026		For The Year Ended December 31, 2025	
	Traditional Life	Fixed Annuity	Traditional Life	Fixed Annuity
	(Dollars in Millions)			
Balance, Beginning of Period	$ 7,571	$ —	$ 7,458	$ —
Effect of cumulative changes in discount rate assumptions, BOP	827	—	1,079	—
Balance at original discount rate, BOP	8,398	—	8,537	—
Effect of changes in cash flow assumptions	(7)	—	(15)	—
Effect of actual variances from expected experience and other activity	(77)	—	(80)	(1)
Adjusted balance, BOP	8,314	—	8,442	(1)
Issuances	279	13	588	32
Net premiums/considerations collected	(458)	(13)	(963)	(31)
Interest accrual	167	—	331	—
Balance at original discount rate, EOP	8,302	—	8,398	—
Effect of cumulative changes in discount rate assumptions, EOP	(885)	—	(827)	—
Balance, End of Period	$ 7,417	$ —	$ 7,571	$ —

	Present Value of Expected Liability for Future Policy Benefits			
	For The Six Months Ended June 30, 2026		For The Year Ended December 31, 2025	
	Traditional Life	Fixed Annuity	Traditional Life	Fixed Annuity
	(Dollars in Millions)			
Balance, Beginning of Period	$ 13,886	$ 4,191	$ 13,799	$ 4,225
Effect of cumulative changes in discount rate assumptions, BOP	1,882	669	2,304	753
Balance at original discount rate, BOP	15,768	4,860	16,103	4,978
Effect of changes in cash flow assumptions	(19)	(5)	(11)	132
Effect of actual variances from expected experience and other activity	(74)	(17)	(96)	(6)
Adjusted balance for variances from expectation, BOP	15,675	4,838	15,996	5,104
Issuances	277	15	586	37
Benefit payments(1)	(708)	(222)	(1,425)	(461)
Interest accrual	306	88	611	180
Balance at original discount rate, EOP	15,550	4,719	15,768	4,860
Effect of changes in discount rate assumptions	(1,999)	(711)	(1,882)	(669)
Balance, End of Period	$ 13,551	$ 4,008	$ 13,886	$ 4,191
Liability for future policy benefits, before flooring adjustments	$ 6,134	$ 4,008	$ 6,315	$ 4,191
Flooring adjustments	9	—	10	—
Adjusted liability for future policy benefits	$ 6,143	$ 4,008	$ 6,325	$ 4,191
Less: Reinsurance receivables	(970)	(1,329)	(1,022)	(1,376)
Liability for future policy benefits, net of reinsurance	$ 5,173	$ 2,679	$ 5,303	$ 2,815

(1) This line item was renamed to more clearly reflect the nature of the rollforward component. The change did not affect the amounts included.

The following table provides supplemental information related to the balances of and changes in the LFPB included in the disaggregated tables above, on a gross (direct and assumed) basis, as of and for the period indicated:

	As of			
	June 30, 2026		December 31, 2025	
	Traditional Life	Fixed Annuity	Traditional Life	Fixed Annuity
	(Dollars In Millions)			
Expected undiscounted future benefit payments	$ 25,690	$ 7,583	$ 25,855	$ 7,816
Expected discounted future gross premiums (at current discount rate)	$ 12,707	$ —	$ 12,930	$ —
Expected undiscounted future gross premiums	$ 21,954	$ —	$ 21,978	$ —

Revenue and Interest Expense

The following tables present gross premiums and interest expense related to the LFPB as well as related revenue and interest expense not presented in the above supplemental tables.

	For The Six Months Ended June 30, 2026		For The Year Ended December 31, 2025	
	Traditional Life	**Fixed Annuity**	**Traditional Life**	**Fixed Annuity**
	(Dollars In Millions)		(Dollars In Millions)	
Gross Premiums	$ 780	$ 15	$ 1,623	$ 35
Interest Expense	139	88	280	180
Total	$ 919	$ 103	$ 1,903	$ 215

The following table presents the weighted-average interest rates and weighted-average duration of the liability.

	For The Six Months Ended June 30, 2026		For The Year Ended December 31, 2025	
	Traditional Life	**Fixed Annuity**	**Traditional Life**	**Fixed Annuity**
Interest accretion rate	3.83 %	3.75 %	3.78 %	3.74 %
Current discount rate	5.34 %	5.52 %	4.88 %	5.32 %
Weighted-average duration of the LFPB (years)	9.00	8.17	9.11	8.24

Rollforward of Additional Insurance Liability

The following table shows a rollforward of the Additional Insurance Liability balances for universal life products for the periods indicated.

	For The Six Months Ended June 30, 2026	For The Year Ended December 31, 2025
	(Dollars In Millions)	
Balance, Beginning of Period	$ 6,829	$ 6,252
Effect of cumulative changes in shadow adjustments, BOP	922	1,289
Beginning balance excluding shadow	7,751	7,541
Effect of changes in cash flow assumptions	1	(5)
Effect of actual variances from expected experience and other activity(1)	27	43
Adjusted balance, BOP	7,779	7,579
Interest accrual	152	299
Net assessments collected	498	972
Benefits paid	(592)	(1,113)
Other adjustments	—	14
Ending balance excluding shadow	7,837	7,751
Effect of cumulative changes in shadow adjustments, EOP	(923)	(922)
Balance, End of Period	$ 6,914	$ 6,829
Less: Reinsurance receivables	(4,113)	(4,068)
Balance, end of period, net of reinsurance	$ 2,801	$ 2,761

(1) Actual experience differed from expected due primarily to realized losses on the portfolios associated with reinsured products, with mortality experience a smaller contributor.

The following tables present gross assessments and interest expense for the Additional Insurance Liability as well as the weighted-average interest rates and weighted-average duration of the liability.

	For The Six Months Ended June 30, 2026	For The Year Ended December 31, 2025
	(Dollars In Millions)	
Universal Life		
Gross Assessments	$ 591	$ 1,148
Interest Expense	$ 152	$ 299
Universal Life		
Weighted Average Interest Accretion Rate	4.1 %	4.1 %
Weighted-average duration of additional insurance liability (years)	16.69	17.03

Rollforward of URL

	For The Six Months Ended June 30, 2026			For The Year Ended December 31, 2025		
	Universal Life	Variable Annuity	Total	Universal Life	Variable Annuity	Total
Balance, beginning of period	$ 914	$ 103	$ 1,017	$ 801	$ 101	$ 902
Deferrals	85	6	91	172	12	184
Revenue recognized	(33)	(6)	(39)	(59)	(10)	(69)
Balance, end of period	$ 966	$ 103	$ 1,069	$ 914	$ 103	$ 1,017

11. POLICYHOLDER ACCOUNT BALANCES AND OTHER POLICYHOLDERS' FUNDS

Policyholder account balances consists of the fixed account value of universal life insurance, the fixed account value of deferred annuities, the host contract value of indexed annuities, and reserves associated with other annuities without life contingencies. *Other policyholders' funds* consists of immediate benefit accounts and supplementary contracts without life contingencies.

The balances of and changes in *policyholder account balances* as of and for the periods ended are as follows:

	For The Six Months Ended June 30, 2026			
	Universal Life	Fixed Annuity	Variable Annuity	Total
	(Dollars in Millions)			
Balance, beginning of period	$ 23,798	$ 18,887	$ 1,427	$ 44,112
Premiums and deposits	1,814	2,584	793	5,191
Policy charges	(955)	(33)	(1)	(989)
Surrenders and withdrawals	(698)	(749)	(1,019)	(2,466)
Benefit payments	(293)	(157)	(202)	(652)
Net transfers from (to) separate account	(719)	—	342	(377)
Interest credited	457	379	26	862
Other	2	(6)	—	(4)
Total policyholder account balance	$ 23,406	$ 20,905	$ 1,366	$ 45,677
Net amount at risk[1]	$ 293,235			
Cash surrender value	$ 24,136	$ 19,779	$ 1,362	
Weighted-average crediting rate	3.96 %	4.44 %	3.89 %	

(1) Net amount at risk is defined as the current guaranteed benefit amount in excess of current account balance. For contracts with multiple benefit features, the highest net amount at risk for each contract is included. See Note 12, *Market Risk Benefits,* for Net Amount at Risk for Fixed and Variable Annuity contracts.

	For The Year Ended December 31, 2025			
	Universal Life	Fixed Annuity	Variable Annuity	Total
	(Dollars In Millions)			
Balance, beginning of period	$ 23,715	$ 15,370	$ 1,549	$ 40,634
Premiums and deposits	2,815	4,845	1,439	9,099
Policy charges	(1,924)	(64)	(1)	(1,989)
Surrenders and withdrawals	(874)	(1,580)	(1,991)	(4,445)
Benefit payments	(543)	(259)	(375)	(1,177)
Net transfers from (to) separate account	(328)	—	752	424
Interest credited	928	591	54	1,573
Other	9	(16)	—	(7)
Total policyholder account balance	$ 23,798	$ 18,887	$ 1,427	$ 44,112
Net amount at risk[1]	$ 298,663			
Cash surrender value	$ 24,459	$ 17,991	$ 1,423	
Weighted-average crediting rate	3.94 %	4.32 %	3.93 %	

(1) Net amount at risk is defined as the current guaranteed benefit amount in excess of current account balance. For contracts with multiple benefit features, the highest net amount at risk for each contract is included. See Note 12, *Market Risk Benefits,* for Net Amount at Risk for Fixed and Variable Annuity contracts.

The balances of fixed account values by range of guaranteed minimum crediting rates and the related range of difference, in basis points ("bps"), between rates being credited to policyholders and the respective guaranteed minimums are as follows:

As of June 30, 2026

Range of Guaranteed Minimum Crediting Rate	At Guaranteed Minimum	1 Basis Point-50 Basis Points Above	51 Basis Points-150 Basis Points Above	Greater Than 150 Basis Points Above	Total
			(Dollars in Millions)		
Universal Life					
0.00%-0.99%	$ —	$ —	$ —	$ 32	$ 32
1.00%-1.99%	2	1	4	749	756
2.00%-2.99%	2	40	4,020	3,803	7,865
3.00%-3.99%	1,411	1,903	713	—	4,027
Greater than 3.99%	8,293	1,028	394	80	9,795
Total	$ 9,708	$ 2,972	$ 5,131	$ 4,664	$ 22,475
Fixed Annuity					
0.00%-0.99%	$ 10	$ —	$ 19	$ 88	$ 117
1.00%-1.99%	434	1,200	668	217	2,519
2.00%-2.99%	746	1,063	84	7,979	9,872
3.00%-3.99%	821	35	141	2,695	3,692
Greater than 3.99%	273	—	—	—	273
Total	$ 2,284	$ 2,298	$ 912	$ 10,979	$ 16,473
Variable Annuity					
0.00%-0.99%	$ —	$ —	$ —	$ —	$ —
1.00%-1.99%	5	3	—	2	10
2.00%-2.99%	4	9	3	27	43
3.00%-3.99%	400	118	325	24	867
Greater than 3.99%	359	87	—	—	446
Total	$ 768	$ 217	$ 328	$ 53	$ 1,366

As of December 31, 2025 Range of Guaranteed Minimum Crediting Rate	At Guaranteed Minimum	1 Basis Point-50 Basis Points Above	51 Basis Points-150 Basis Points Above	Greater Than 150 Basis Points Above	Total
			(Dollars in Millions)		
Universal Life					
0.00%-0.99%	$ —	$ —	$ —	$ 32	$ 32
1.00%-1.99%	4	—	3	795	802
2.00%-2.99%	2	41	4,242	3,500	7,785
3.00%-3.99%	1,513	2,077	604	1	4,195
Greater than 3.99%	8,741	1,082	209	97	10,129
Total	$ 10,260	$ 3,200	$ 5,058	$ 4,425	$ 22,943
Fixed Annuity					
0.00%-0.99%	$ 11	$ —	$ 27	$ 105	$ 143
1.00%-1.99%	407	1,337	732	290	2,766
2.00%-2.99%	774	790	79	5,998	7,641
3.00%-3.99%	873	36	85	2,398	3,392
Greater than 3.99%	284	—	—	—	284
Total	$ 2,349	$ 2,163	$ 923	$ 8,791	$ 14,226
Variable Annuity					
0.00%-0.99%	$ —	$ —	$ —	$ —	$ —
1.00%-1.99%	5	3	—	2	10
2.00%-2.99%	4	10	2	—	16
3.00%-3.99%	413	128	332	66	939
Greater than 3.99%	378	84	—	—	462
Total	$ 800	$ 225	$ 334	$ 68	$ 1,427

12. MARKET RISK BENEFITS

For a full description of the Company's market risk benefits accounting policies, refer to Note 13 in the Company's consolidated financial statements for the year ended December 31, 2025.

See Note 5, *Fair Value of Financial Instruments* for key inputs and assumptions used in the measurement of the fair value of MRBs.

The following table shows a rollforward of net MRB balances for fixed and variable annuity products.

	For The Six Months Ended June 30, 2026		
	Fixed Annuity	Variable Annuity	Total
		(Dollars In Millions)	
Balance, Beginning of Period	$ 376	$ (210)	$ 166
Effect of cumulative changes in the instrument-specific credit risk, BOP	(15)	(11)	(26)
Balance before effect of changes in the instrument-specific credit risk, BOP	361	(221)	140
Issuances	18	1	19
Interest accrual and time decay	8	7	15
Attributed fees collected	27	88	115
Benefit payments	—	(3)	(3)
Effect of changes in interest rates	6	(49)	(43)
Effect of changes in equity markets and capital markets cross effects	(4)	(143)	(147)
Effect of changes in equity index volatility	3	7	10
Actual policyholder behavior different from expected behavior	20	4	24
Effect of change in future expected assumptions	2	(2)	—
Other	(2)	3	1
Balance before effect of changes in instrument-specific credit risk, EOP	439	(308)	131
Effect of cumulative changes in the instrument-specific credit risk, EOP	16	8	24
Balance, End of Period	$ 455	$ (300)	$ 155
Reinsured market risk benefit, end of period	—	—	—
Balance net of reinsurance, end of period	$ 455	$ (300)	$ 155

	For The Year Ended December 31, 2025		
	Fixed Annuity	Variable Annuity	Total
		(Dollars In Millions)	
Balance, Beginning of Period	$ 274	$ (247)	$ 27
Effect of cumulative changes in the instrument-specific credit risk, BOP	(12)	(8)	(20)
Balance before effect of changes in the instrument-specific credit risk, BOP	262	(255)	7
Issuances	20	2	22
Interest accrual and time decay	13	20	33
Attributed fees collected	52	171	223
Benefit payments	—	(7)	(7)
Effect of changes in interest rates	(57)	12	(45)
Effect of changes in equity markets and capital markets cross effects	(13)	(164)	(177)
Effect of changes in equity index volatility	(6)	2	(4)
Actual policyholder behavior different from expected behavior	45	8	53
Effect of change in future expected assumptions	45	(8)	37
Other	—	(2)	(2)
Balance before effect of changes in instrument-specific credit risk, EOP	361	(221)	140
Effect of cumulative changes in the instrument-specific credit risk, EOP	15	11	26
Balance, End of Period	$ 376	$ (210)	$ 166
Reinsured market risk benefit, end of period	—	1	1
Balance net of reinsurance, end of period	$ 376	$ (209)	$ 167

The following table presents accompanying information to the rollforward table above.

	As of			
	June 30, 2026		December 31, 2025	
	Fixed Annuity	Variable Annuity	Fixed Annuity	Variable Annuity
	(Dollars In Millions)		(Dollars In Millions)	
Net amount at risk(1)	$ 1,043	$ 2,519	$ 940	$ 2,565
Weighted-average attained age of contractholders (years)	70	74	70	73

(1) Net amount at risk is defined as the current guaranteed benefit amount in excess of current account balance. For contracts with multiple benefit features, the highest net amount at risk for each contract is included.

In 2026, no change was made to the explicit margin. In 2025, the explicit margin was increased which led to an increased MRB liability for fixed annuities.

The tables below reconcile the MRB by amounts in an asset position and liability position to the MRB amounts on the balance sheets:

	As of June 30, 2026		
	Asset	Liability	Net (Asset)/ Liability
	(Dollars in Millions)		
Fixed Annuity	$ 7	$ 462	$ 455
Variable Annuity	592	292	(300)
Total	$ 599	$ 754	$ 155

	As of December 31, 2025		
	Asset	Liability	Net (Asset)/ Liability
	(Dollars in Millions)		
Fixed Annuity	$ 9	$ 385	$ 376
Variable Annuity	537	327	(210)
Total	$ 546	$ 712	$ 166

13. SEPARATE ACCOUNTS

For a full description of the Company’s separate accounts accounting policies, refer to Note 14 in the Company’s consolidated financial statements for the year ended December 31, 2025.

Separate Accounts Assets

The aggregate fair value of assets, by major investment asset category, supporting separate accounts is as follows:

	As of					
	June 30, 2026			December 31, 2025		
	Universal Life	Variable Annuity	Total	Universal Life	Variable Annuity	Total
	(Dollars in Millions)					
Equity Funds	$ 9,630	$ 13,691	$ 23,321	$ 8,343	$ 12,641	$ 20,984
Bond Funds	6,305	3,816	10,121	5,783	3,760	9,543
Money Market Funds	1,500	855	2,355	1,402	838	2,240
Other	—	2	2	63	187	250
Total	$ 17,435	$ 18,364	$ 35,799	$ 15,591	$ 17,426	$ 33,017

For the three and six months ended June 30, 2026 and 2025, there were no transfers of assets, other than cash, from the general account to a separate account; therefore, no gains or losses were recorded.

Separate Account Liabilities

The balances of and changes in separate account liabilities as of and for the periods ended are as follows:

	For The Six Months Ended June 30, 2026		
	Universal Life	Variable Annuity	Total
		(Dollars in Millions)	
Balance, Beginning of Period	$ 15,591	$ 17,426	$ 33,017
Premiums and deposits	983	666	1,649
Policy charges	(140)	(160)	(300)
Surrenders and withdrawals	(229)	(860)	(1,089)
Benefit payments	(58)	(202)	(260)
Investment performance	916	1,394	2,310
Net transfers from (to) general account	372	100	472
Other	—	—	—
Balance, End of Period	$ 17,435	$ 18,364	$ 35,799
Other	—	—	—
Total separate account liabilities	$ 17,435	$ 18,364	$ 35,799
Cash surrender value	$ 16,885	$ 18,196	

	For The Year Ended December 31, 2025		
	Universal Life	Variable Annuity	Total
		(Dollars in Millions)	
Balance, Beginning of Period	$ 13,869	$ 16,354	$ 30,223
Premiums and deposits	758	1,153	1,911
Policy charges	(271)	(304)	(575)
Surrenders and withdrawals	(315)	(1,661)	(1,976)
Benefit payments	(96)	(365)	(461)
Investment performance	1,511	2,024	3,535
Net transfers from (to) general account	134	225	359
Other	1	—	1
Balance, End of Period	$ 15,591	$ 17,426	$ 33,017
Other	—	—	—
Total separate account liabilities	$ 15,591	$ 17,426	$ 33,017
Cash surrender value	$ 15,319	$ 17,278	

14. REINSURANCE

Reinsurance assets and liabilities related to agreements with funds withheld at interest where no net risk is retained by the Company are presented on a net basis. Reinsurance receivables were presented net of approximately $1.6 billion and $1.7 billion in reinsurance liabilities as of June 30, 2026 and December 31, 2025, respectively.

Allowance for Credit Losses – Reinsurance Receivables

The Company establishes an allowance for current expected credit losses related to amounts receivable from reinsurers (the "Reinsurance ACL"). Changes in the Reinsurance ACL are recognized as a component of *benefits and settlement expenses*. The Reinsurance ACL is remeasured on a quarterly basis using an internally developed probability of default ("PD") and loss given default ("LGD") model. Key inputs to the calculation are a conditional probability of insurer liquidation by issuer credit rating and exposure at default derived from a runoff projection of ceded reserves by reinsurer to forecast future loss amounts. Management's position is that the rate of return implicit in the financial asset (i.e. the ceded reserves) is associated with the discount rate used to value the underlying insurance reserves; that is, the rate of return on the asset portfolio(s) supporting the reserves. For reinsurance receivable exposures that do not share similar risk characteristics with other receivables, including those associated with counterparties that have experienced significant credit deterioration, the Company measures the allowance for credit losses individually, based on facts and circumstances associated with the specific reinsurer or transaction.

As of June 30, 2026 and December 31, 2025, the Reinsurance ACL was $115 million and $112 million, respectively. The Company had $2 million of write-offs during the six months ended June 30, 2026. There were no write-offs or recoveries during the six months ended June 30, 2025.

The Company had total reinsurance receivables of $17.4 billion as of June 30, 2026, which includes both ceded reserve liabilities and receivables for claims. Receivables for claims represented 2% of total reinsurance receivables as of June 30, 2026. The Company monitors the concentration of credit risk the Company has with any reinsurer, as well as the financial condition of its reinsurers, on an ongoing basis. Certain of the Company's reinsurance receivables are supported by letters of credit, funds held or trust agreements.

Scottish Re Liquidation

Certain of the Company's subsidiaries have ceded business to Scottish Re (U.S.), Inc. ("SRUS"), which was placed in rehabilitation on March 6, 2019 by the State of Delaware. Under the rehabilitation order, the Insurance Commissioner of the State of Delaware was appointed the receiver of SRUS (the "Receiver") and provided with authority to conduct and continue the business of SRUS in the interest of its cedents, creditors, and stockholder.

On July 13, 2023, the Receiver filed a motion to convert the rehabilitation of SRUS into a liquidation, which was granted by the Delaware Court of Chancery ("Court") on July 18, 2023. Under the order entered by the court ("Liquidation Order"), all active ceding company agreements were terminated at 11:59 p.m. Eastern Time on September 30, 2023.

The proof of claim procedures were approved on December 22, 2025. The bar date for cedent reinsurance claims (claims for amounts owed based on circumstances occurring on or before September 30, 2023) was June 23, 2026, and the bar date for all other claims is June 23, 2027.

The Company continues to monitor SRUS and the actions of the Receiver through discussions with legal counsel and review of publicly available information. An allowance for credit losses related to SRUS is included in the overall reinsurance allowance for credit losses. As of the date of these financial statements, management does not believe that the ultimate outcome of the liquidation process will have a material impact on the Company's financial position or results of operations. The Company will reassess this opinion as it learns more about the liquidation process the Receiver intends to pursue and its financial impact on the Company's position.

Funds Withheld Portfolios

The Company holds certain assets pursuant to funds withheld arrangements in connection with reinsurance agreements with various reinsurers. The reinsurance transactions may take the form of modified coinsurance ("modco") or coinsurance with funds withheld ("funds withheld"). In modco and funds withheld arrangements, the investments supporting the reinsurance agreements, and which reflect the majority of the consideration that would be paid to the reinsurer for entering into the transaction, are withheld by, and therefore continue to reside on the balance sheet of, the ceding company thereby creating an obligation for the ceding company to pay the reinsurer at a later date. Additionally, as the Company maintains ownership of these investments, the Company maintains its existing accounting for these assets (e.g., the changes in fair value of available-for-sale securities are recognized within AOCI). The Company has established funds withheld payables to the reinsurers while simultaneously establishing reinsurance assets representing reserves for the insurance coverage that the reinsurers have assumed. Ceded investment income on funds withheld under reinsurance, as well as other ceded operating expenses, are reported in *other operating expenses* in the Company's consolidated condensed statements of income.

Certain funds withheld arrangements give rise to an embedded derivative under ASC 815, which was valued at zero at treaty inception. If the fair value of assets withheld under the reinsurance agreements differs from their book value at treaty inception, this difference is amortized in a manner consistent with the amortization of the *cost of reinsurance* in the Company's consolidated condensed statements of income. The fair value of the embedded derivative related to the funds withheld payable was a net asset of $123 million and $64 million as of June 30, 2026 and December 31, 2025, respectively.

The following summarizes the composition of the pool of assets supporting funds withheld arrangements with various reinsurers:

	As of			
	June 30, 2026		December 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(Dollars In Millions)			
Fixed maturities - AFS [1]	$ 3,895	$ 3,895	$ 4,406	$ 4,406
Fixed maturities - trading	4,638	4,638	4,256	4,256
Equity securities	271	271	289	289
Commercial mortgage loans	788	752	649	613
Short-term investments	240	240	303	303
Funds withheld investment assets	$ 9,832	$ 9,796	$ 9,903	$ 9,867
Other[2]	100	100	105	105
Total	$ 9,932	$ 9,896	$ 10,008	$ 9,972

(1) The change in the net unrealized gains (losses) on AFS securities related to the funds withheld portfolios was $50 million and $(35) million for the three and six months ended June 30, 2026.

(2) Primarily comprised of accrued investment income

Investment income recognized on assets held under the funds withheld arrangements is ceded to reinsurers through increased operating expenses in the Company's consolidated condensed statements of income as follows:

	June 30,	
	2026	2025
	(Dollars In Millions)	
For the three months ended	$ 129	$ 100
For the six months ended	258	121

15. DEBT AND OTHER OBLIGATIONS

Debt and Subordinated Debt Securities

Debt and subordinated debt securities are summarized as follows:

	As of			
	June 30, 2026		December 31, 2025	
	Outstanding Principal	Carrying Amounts	Outstanding Principal	Carrying Amounts
	(Dollars In Millions)			
Debt (year of issue):				
Credit Facility	$ —	$ —	$ —	$ —
Commercial Paper	75	75	50	50
Term Loan Credit Agreement (2021), due 2026(1)	—	—	400	400
8.45% Senior Notes (2009), due 2039	165	228	165	230
4.30% Senior Notes (2018), due 2028	400	399	400	399
3.40% Senior Notes (2019), due 2030	400	399	400	399
4.70% Senior Notes (2025), due 2031	600	594	600	594
5.35% Senior Notes (2025), due 2035	600	594	600	594
	$ 2,240	$ 2,289	$ 2,615	$ 2,666
Subordinated debt (year of issue):				
5.35% Subordinated Debentures (2017), due 2052	$ 500	$ 496	$ 500	$ 496
3.55% Subordinated Funding Obligations (2018), due 2038	55	55	55	55
3.55% Subordinated Funding Obligations (2018), due 2038	55	55	55	55
	$ 610	$ 606	$ 610	$ 606

(1) The Term Loan Credit Agreement pays interest at the Adjusted Term SOFR Rate plus 85 bps. The rate as of December 31, 2025 was 4.92%.

In November 2025, the Company made a repayment of $200 million of its Term Loan Credit Agreement issued in 2021. In January 2026, the Company paid the remaining $400 million of its Term Loan Credit Agreement.

Under a revolving line of credit arrangement (the “Credit Facility”), the Company has the ability to borrow on an unsecured basis up to an aggregated principal amount of $1.5 billion. The Company also has the right in certain circumstances to request that the commitment under the Credit Facility be increased up to a maximum principal amount of $2.0 billion. Balances outstanding under the Credit Facility accrue interest at a rate equal to, at the option of the Company, (i) Adjusted Term SOFR Rate plus a spread based on the ratings of the Company’s Senior Debt, or (ii) the sum of (A) a rate equal to the highest of (x) the Administrative Agent’s Prime Rate, (y) 0.50% above the Federal Funds Rate, or (z) the one-month Adjusted Term SOFR Rate plus 1.00% and (B) a spread based on the ratings of the Company’s Senior Debt subject to adjustments based upon the achievement of certain environmental, social and governance metrics (“ESG Metrics”) by the Company. The Credit Facility also provides for a facility fee at a rate that varies with the ratings of the Company’s Senior Debt, subject to adjustments based upon the achievement of certain ESG Metrics by the Company. The facility fee is calculated based on the aggregate amount of commitments under the Credit Facility, whether used or unused. The maturity date of current borrowings under the Credit Facility is April 5, 2027, subject to certain extension options available to the Company. The Company is not aware of any non-compliance with the financial debt covenants of the Credit Facility as of June 30, 2026.

The Company maintains a commercial paper program under which the Company may issue unsecured commercial paper notes (“CP Notes”) from time to time in an aggregate amount not to exceed $750 million outstanding at any time. The maturities of CP Notes can vary, but may not exceed 397 days from the date of issuance. CP Notes rank equal in right of payment with all of the Company’s other unsecured and unsubordinated indebtedness. The Company intends to maintain available commitments under the Credit Facility in an amount at least equal to the amount of CP Notes outstanding at any time. The CP Notes are sold under customary terms in the commercial paper market and may be issued at a discount from par or, alternatively, may be sold at par and bear interest at rates dictated by market conditions at the time of issuance. Commercial paper is used by the Company as a continuing source of short-term financing for general corporate purposes. As of June 30, 2026, the weighted-average interest rate was 4.05% on the $75 million of outstanding CP Notes.

Secured Financing Transactions

Repurchase Program Borrowings

While the Company anticipates that the cash flows of its operating subsidiaries will be sufficient to meet its investment commitments and operating cash needs in a normal credit market environment, the Company recognizes that investment commitments scheduled to be funded may, from time to time, exceed the funds then available. Therefore, the Company has established repurchase agreement programs for certain of its insurance subsidiaries to provide liquidity when needed. The Company expects that the rate received on its investments will equal or exceed its borrowing rate. Under this program, the Company may, from time to time, sell an investment security at a specific price and agree to repurchase that security at another specified price at a later date. These borrowings are typically for a term less than 90 days. The market value of securities to be repurchased is monitored and collateral levels are adjusted where appropriate to protect the counterparty against credit exposure. Cash received is invested in fixed maturity securities, and the agreements provide for net settlement in the event of default or on termination of the agreements. Securities sold under such transactions may be sold or re-pledged by the transferee, with the exception of FHLB securities. As of June 30, 2026, the fair value of securities pledged under the repurchase program was $451 million and the repurchase obligation of $421 million was included in the Company's consolidated condensed balance sheets (at an average borrowing rate of 378 basis points). During the six months ended June 30, 2026, the maximum balance outstanding at any one point in time related to these programs was $911 million. The average daily balance was $202 million (at an average borrowing rate of 377 basis points) during the six months ended June 30, 2026. As of December 31, 2025, the Company did not have a repurchase obligation and there were no securities pledged under the repurchase program. During the year ended December 31, 2025, the maximum balance outstanding at any one point in time related to these programs was $722 million. The average daily balance was $118 million (at an average borrowing rate of 448 basis points) during the year ended December 31, 2025.

Securities Lending

The Company participates in securities lending, primarily as an investment yield enhancement, whereby securities that are held as investments are loaned out to third parties for short periods of time. The Company requires collateral at least equal to 102% of the fair value of the loaned securities to be separately maintained. The loaned securities' fair value is monitored on a daily basis and collateral is adjusted accordingly. The Company maintains ownership of the securities at all times and is entitled to receive from the borrower any payments for interest received on such securities during the loan term. Securities lending transactions are accounted for as secured borrowings. Securities loaned under such transactions may be sold or re-pledged by the transferee. As of June 30, 2026 and December 31, 2025, securities with a fair value of $865 million and $885 million, respectively, were loaned under this program. As collateral for the loaned securities, the Company receives cash, which is primarily reinvested in short-term repurchase agreements, which are also collateralized by U.S. Government or U.S. Government Agency securities, and government money market funds. These investments are recorded in s*hort-term investments* with a corresponding liability recorded in *secured financing liabilities* to account for its obligation to return the collateral. As of June 30, 2026 and December 31, 2025, the fair value of the collateral related to this program was $902 million and $920 million, respectively, and the Company has an obligation to return $902 million and $920 million, respectively, of collateral to the securities borrowers.

The following table provides the fair value of collateral pledged for repurchase agreements, grouped by asset class:

Repurchase Agreements, Securities Lending Transactions, and Repurchase-to-Maturity Transactions Accounted for as Secured Borrowings

	Remaining Contractual Maturity of the Agreements				
	As of June 30, 2026				
	(Dollars In Millions)				
	Overnight and Continuous	Up to 30 days	30 - 90 days	Greater Than 90 days	Total
Repurchase agreements and repurchase-to-maturity transactions					
U.S. Treasury and agency securities	$ 451	$ —	$ —	$ —	$ 451
Total repurchase agreements and repurchase-to-maturity transactions	451	—	—	—	451
Securities lending transactions					
Corporate securities	$ 857	$ —	$ —	$ —	$ 857
Other government-related securities	8	—	—	—	8
Total securities lending transactions	865	—	—	—	865
Total securities	$ 1,316	$ —	$ —	$ —	$ 1,316

	Remaining Contractual Maturity of the Agreements				
	As of December 31, 2025				
	(Dollars In Millions)				
	Overnight and Continuous	Up to 30 days	30 - 90 days	Greater Than 90 days	Total
Securities lending transactions					
Corporate securities	$ 843	$ —	$ —	$ —	$ 843
Other government-related securities	40	—	—	—	40
Equity securities	2	—	—	—	2
Total securities lending transactions	885	—	—	—	885
Total securities	$ 885	$ —	$ —	$ —	$ 885

Golden Gate Captive Insurance Company

Golden Gate Captive Insurance Company (“Golden Gate”) is a Vermont special purpose financial insurance company and wholly owned subsidiary of the Company. On October 1, 2020, Golden Gate entered into a transaction with a term of 20 years, that may be extended to a maximum of 25 years, that finances up to $5 billion of “XXX” and “AXXX” reserves related to the term life insurance business and universal life insurance with secondary guarantee business that is reinsured to Golden Gate by PLICO and West Coast Life Insurance Company (“WCL”), an indirect wholly owned subsidiary of the Company and a direct wholly owned subsidiary of PLICO, pursuant to an Excess of Loss Reinsurance Agreement (the “XOL Agreement”) with Hannover Life Reassurance Company of America (Bermuda) Ltd., The Canada Life Assurance Company (Barbados Branch) and RGA Reinsurance Company (Barbados) Ltd. (collectively, the “Retrocessionaires”). On July 1, 2025, the SGUL Business reinsured to Golden Gate (the “Financed SGUL Business”, which is a subset of the SGUL Business in scope of the reinsurance transaction with Resolution, as discussed in Note 3 in the Company’s consolidated financial statements for the year ended December 31, 2025) was recaptured by PLICO (on its own account and as successor in interest to WCL, which merged with and into PLICO as of July 1, 2025), and the XOL Agreement was terminated pursuant to its terms. Concurrently, on July 1, 2025, Golden Gate entered into a new Excess of Loss Reinsurance Agreement with Hannover Life Reassurance Company of America (Bermuda) Ltd., (“Hannover”) with a term of nine years, that may be extended under defined circumstances up to a maximum of 15 years, to finance up to $2.2 billion of “XXX” reserves related to the term life insurance business that is reinsured to Golden Gate under the 2020 PLICO-Golden Gate and 2020 WCL-Golden Gate Agreements (the “2025 XOL Agreement”).

The transaction is “non-recourse” to the Company and PLICO, meaning that neither of these companies is liable for any XOL payments required to be made. As of June 30, 2026, the XOL Asset backing the difference in statutory and economic reserve liabilities was $1.8 billion.

Magnolia Re

Magnolia Re is a Vermont special purpose financial insurer that commenced business during 2025 and is a wholly owned subsidiary of PLICO. On July 1, 2025, and in connection with the reinsurance transaction with Resolution, Magnolia Re entered into an Excess of Loss Reinsurance Agreement with New Re Ltd., which is a wholly owned subsidiary of the Munich Re Group, with a term of 20 years to finance up to $1.55 billion of “AXXX” reserves related to the Financed SGUL Business (the “2025 Magnolia Re XOL Agreement”). The 2025 Magnolia Re XOL Agreement is “non-recourse” to the Company and PLICO. As of June 30, 2026, the Magnolia Re XOL Asset backing the difference in statutory and economic reserve liabilities was $1.2 billion.

16. COMMITMENTS AND CONTINGENCIES

Guarantees

The Company has entered into indemnity agreements with each of its current directors other than those that are employees of Daiichi Life that provide, among other things and subject to certain limitations, a contractual right to indemnification to the fullest extent permissible under the law. The Company has agreements with certain of its officers providing up to $10 million in indemnification. These obligations are in addition to the customary obligation to indemnify officers and directors contained in the Company’s governance documents.

Under the insurance guaranty fund laws in most states, insurance companies doing business therein can be assessed up to prescribed limits for policyholder losses incurred by insolvent companies. From time to time, companies may be asked to contribute amounts beyond prescribed limits. It is possible that the Company could be assessed with respect to product lines not offered by the Company. In addition, legislation may be introduced in various states with respect to guaranty fund assessment laws related to insurance products, including long term care insurance and other specialty products, that increases the cost of future assessments or alters future premium tax offsets received in connection with guaranty fund assessments. The Company cannot predict the amount, nature or timing of any future assessments or legislation, any of which could have a material and adverse impact on the Company’s financial condition or results of operations.

Litigation and Regulatory Matters

A number of judgments have been returned against insurers, broker-dealers, and other providers of financial services involving, among other things, sales, underwriting practices, product design, product disclosure, administration, denial or delay of benefits, benefit payment methods, charging excessive or impermissible fees, recommending unsuitable products to customers, breaching fiduciary or other duties to customers, refund or claims practices, alleged agent misconduct, failure to properly supervise representatives, relationships with agents or persons with whom the insurer does business, payment of sales and other contingent commissions, and other matters. Often these lawsuits have resulted in the award of substantial judgments that are disproportionate to the actual damages, including material amounts of punitive and non-economic compensatory damages. In some states, juries, judges, and arbitrators have substantial discretion in awarding punitive and non-economic compensatory damages which creates the potential for unpredictable material adverse judgments or awards in any given legal proceeding. Arbitration awards are subject to very limited appellate review. In addition, in some legal proceedings, companies have made material settlement payments. In some instances, substantial judgments may be the result of a party’s perceived ability to satisfy such judgments as opposed to the facts and circumstances regarding the claims made.

At any given time, a number of financial, market conduct, or other examinations or audits of the Company’s subsidiaries, as well as other insurance companies from whom the Company’s subsidiaries have coinsured blocks of life insurance and annuity policies, may be ongoing. It is possible that any examination or audit may result in payments of fines and penalties, payments to customers, or both, as well as changes in systems or procedures, or restrictions on business activities, any of which could have a material adverse effect on the Company’s business, financial condition and results of operations. The Company monitors these matters for any developments that may make a loss contingency associated with any such audit or exam reasonably estimable.

The Company and its subsidiaries, like other insurance companies, in the ordinary course of business, is involved in legal proceedings. The Company cannot predict the outcome of any legal proceeding, nor can it provide an estimate of the possible loss, or range of loss, that may result from such legal proceeding. Unless otherwise specifically disclosed herein, the Company does not expect the ultimate liability from any such legal proceeding, if any, will be material to its financial condition.

The Company establishes liabilities for litigation and regulatory actions when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. For matters where a loss is believed to be reasonably possible, but not probable, no liability is established. For such matters, the Company may provide an estimate of the possible loss or range of loss or a statement that such an estimate cannot be made. The Company reviews relevant information with respect to litigation and regulatory matters on a quarterly and annual basis and updates its established liabilities, disclosures and estimates of reasonably possible losses or range of loss based on such reviews.

Leases and Commercial Mortgage Loan Commitments

The Company leases administrative and marketing office space as well as various office equipment. Most leases have terms ranging from two to twenty-five years. Leases with an initial term of 12 months or less are not recorded on the consolidated condensed balance sheets. The Company accounts for lease components separately from non-lease components (e.g., common area maintenance). Certain of the Company's lease agreements include options to renew at the Company's discretion. Management has concluded that the Company is not reasonably certain to elect any of these renewal options. The Company uses the interest rates received on its funding agreement backed notes as the collateralized discount rate when calculating the present value of remaining lease payments when the rate implicit in the lease is unavailable.

Commitments to Purchase Investments

The Company periodically enters into commitments to purchase investments in fixed income securities and other investments. The amounts of such commitments, excluding outstanding commercial mortgage loan commitments, were $2.8 billion and $2.9 billion as of June 30, 2026 and December 31, 2025, respectively.

17. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables summarize the changes in the accumulated balances for each component of AOCI for the three and six months ended June 30, 2026 and 2025 (recast for the adoption of LDTI).

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2026	2025	2026	2025
	(Dollars In Millions, Net of Tax)		(Dollars In Millions, Net of Tax)	
Balance, beginning of period	$ (3,711)	$ (3,499)	$ (3,223)	$ (3,873)
Other comprehensive income (loss):				
Changes in OCI before reclassifications(2)	320	(274)	(320)	181
Changes in net unrealized losses on fixed maturities with an allowance for credit losses	10	2	(22)	(4)
Change in current discount rate - liability for future policy benefits	(48)	(33)	53	(118)
Change in instrument-specific credit risk - market risk benefits	(33)	(11)	3	(6)
Other comprehensive income (loss) before reclassifications	249	(316)	(286)	53
Reclassifications from AOCI(1)	28	109	75	114
Other comprehensive income (loss)	277	(207)	(211)	167
Balance, end of period	$ (3,434)	$ (3,706)	$ (3,434)	$ (3,706)

(1) See Reclassification table below for details.
(2) As of June 30, 2026 and December 31, 2025, net unrealized losses reported in AOCI were offset by $333 million and $307 million, respectively, due to the impact those net unrealized losses would have had on certain of the Company's insurance assets and liabilities if the net unrealized losses had been recognized in net income.

The following tables summarize the reclassification amounts out of AOCI (recast for the adoption of LDTI).

AOCI components	For The Three Months Ended June 30,		For The Six Months Ended June 30,		Affected Line Item in the Consolidated Statements of Income
	2026	2025	2026	2025	
	(Dollars In Millions)		(Dollars In Millions)		
Derivative instruments	$ 2	$ 1	$ 2	$ 2	Benefits and settlement expenses, net of reinsurance ceded(1)
Unrealized gains and losses on AFS securities	(38)	(140)	(87)	(139)	Net realized gains (losses)
Other impaired securities	—	1	(11)	(8)	Net realized gains (losses)
	(36)	(138)	(96)	(145)	
Income tax benefit	8	29	21	31	
Reclassifications, net of income tax	$ (28)	$ (109)	$ (75)	$ (114)	

(1) See Note 6, *Derivative Financial Instruments* for additional information

18. SUBSEQUENT EVENTS

The Company has evaluated the effects of events subsequent to June 30, 2026, and through August 13, 2026, the date at which our consolidated condensed financial statements were available to be issued. All accounting and disclosure requirements related to subsequent events are included in our consolidated condensed financial statements.

KPMG LLP
Suite 1800
420 20th Street North
Birmingham, AL 35203-3207

Independent Auditors' Review Report

The Board of Directors
Protective Life Corporation:

Results of Review of Consolidated Condensed Interim Financial Information

We have reviewed the accompanying consolidated condensed balance sheet of Protective Life Corporation (the Company) as of June 30, 2026, the related consolidated condensed statements of income, comprehensive income (loss), and shareowner's equity for the three-month and six-month periods ended June 30, 2026 and 2025, and the related consolidated condensed statements of cash flows for the six-month periods ended June 30, 2026 and 2025, and the related notes (collectively referred to as the consolidated condensed interim financial information).

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated condensed interim financial information for it to be in accordance with U.S. generally accepted accounting principles.

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of consolidated condensed interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of consolidated condensed interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. 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 reviews. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Responsibilities of Management for the Consolidated Condensed Interim Financial Information

Management is responsible for the preparation and fair presentation of the consolidated condensed interim financial information in accordance with U.S. generally accepted accounting principles and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated condensed interim financial information that is free from material misstatement, whether due to fraud or error.

KPMG LLP

Birmingham, Alabama
August 13, 2026