



Protective Life Corporation
Financial Statements and Notes
September 30, 2025

PROTECTIVE LIFE CORPORATION
FINANCIAL STATEMENTS AND NOTES
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025

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PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Unaudited)

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2025	2024	2025	2024
	(Dollars In Millions)		(Dollars In Millions)	
Revenues				
Gross premiums and policy fees	\$ 1,266	\$ 1,117	\$ 3,754	\$ 3,371
Reinsurance ceded	(268)	(276)	(811)	(868)
Net premiums and policy fees	998	841	2,943	2,503
Net investment income	962	926	2,851	2,702
Net realized gains (losses)	(244)	60	(413)	20
Other income	219	175	573	510
Total revenues	1,935	2,002	5,954	5,735
Benefits and expenses				
Benefits and settlement expenses, net of reinsurance ceded: (three and nine months 2025 - \$272 and \$822; three and nine months 2024 - \$269 and \$790)	1,433	1,454	4,339	4,174
Amortization of deferred policy acquisition costs and value of business acquired	61	138	279	325
Other operating expenses, net of reinsurance ceded: (three and nine months 2025 - \$(78) and \$(74); three and nine months 2024 - \$56 and \$167)	420	282	1,106	860
Total benefits and expenses	1,914	1,874	5,724	5,359
Income before income tax	21	128	230	376
Income tax expense	1	25	35	72
Net income	<u>\$ 20</u>	<u>\$ 103</u>	<u>\$ 195</u>	<u>\$ 304</u>

See Notes to Consolidated Condensed Financial Statements

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

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2025	2024	2025	2024
	(Dollars In Millions)		(Dollars In Millions)	
Net income	\$ 20	\$ 103	\$ 195	\$ 304
Other comprehensive income (loss):				
Change in net unrealized gains (losses) on investments, net of income tax: (three and nine months 2025 - \$81 and \$156; three and nine months 2024 - \$402 and \$273)	306	1,513	585	1,027
Reclassification adjustment for investment amounts included in net income, net of income tax: (three and nine months 2025 - \$7 and \$12; three and nine months 2024 - \$— and \$3)	23	(2)	43	9
Change in net unrealized losses on fixed maturities with an allowance for credit losses, net of income tax: (three and nine months 2025 - \$(3) and \$(4); three and nine months 2024 - \$1 and \$3)	(12)	4	(16)	10
Change in accumulated gain (loss) - derivatives, net of income tax: (three and nine months 2025 - \$(2) and \$(5); three and nine months 2024 - \$(8) and \$(3))	(5)	(30)	(18)	(12)
Reclassification adjustment for derivative amounts included in net income, net of income tax: (three and nine months 2025 - \$— and \$(1); three and nine months 2024 - \$(1) and \$(4))	(1)	(5)	(3)	(13)
Total other comprehensive income	311	1,480	591	1,021
Total comprehensive income	<u>\$ 331</u>	<u>\$ 1,583</u>	<u>\$ 786</u>	<u>\$ 1,325</u>

PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS

	As of	
	September 30, 2025	December 31, 2024
	(Unaudited)	
	(Dollars In Millions)	
Assets		
Fixed maturities, at fair value (amortized cost: 2025 - \$66,158; 2024 - \$67,987; allowance for credit losses: 2025 - \$83; 2024 - \$67)	\$ 59,972	\$ 59,686
Equity securities, at fair value (cost: 2025 - \$815; 2024 - \$666)	738	582
Commercial mortgage loans, net of allowance for credit losses (2025 - \$87; 2024 - \$101)	12,676	12,510
Policy loans	1,411	1,444
Other long-term investments	3,881	3,663
Short-term investments	5,240	1,679
Total investments	83,918	79,564
Cash	512	353
Accrued investment income	747	740
Accounts and premiums receivable	301	365
Reinsurance receivables, net of allowance for credit losses (2025 - \$98; 2024 - \$104)	14,121	4,432
Deferred acquisition costs and value of business acquired	4,396	5,640
Goodwill	1,213	1,197
Other intangibles, net of accumulated amortization (2025 - \$650; 2024 - \$582)	868	971
Property and equipment, net of accumulated depreciation (2025 - \$123; 2024 - \$121)	192	201
Other assets	494	455
Deferred income taxes, net	310	382
Assets related to separate accounts:		
Variable annuity	13,489	12,543
Variable universal life	7,545	6,532
Reinsurance assumed	11,643	11,148
Total assets	\$ 139,749	\$ 124,523

See Notes to Consolidated Condensed Financial Statements

PROTECTIVE LIFE CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(continued)

	As of	
	September 30, 2025	December 31, 2024
	(Unaudited)	
	(Dollars In Millions)	
Liabilities		
Future policy benefits and claims	\$ 51,798	\$ 51,187
Unearned premiums	1,564	1,522
Total policy liabilities and accruals	53,362	52,709
Stable value product account balances	13,431	13,150
Annuity account balances	18,302	15,914
Other policyholders' funds	894	965
Other liabilities	13,298	4,924
Secured financing liabilities	990	393
Debt	1,840	1,895
Subordinated debt	606	606
Liabilities related to separate accounts:		
Variable annuity	13,489	12,543
Variable universal life	7,545	6,532
Reinsurance assumed	11,643	11,148
Total liabilities	135,400	120,779
Commitments and contingencies - Note 11		
Shareowner's equity		
Common Stock, 2025 and 2024 - \$0.01 par value; shares authorized: 5,000; shares issued: 1,000	—	—
Additional paid-in-capital	6,046	6,046
Retained earnings	2,490	2,476
Accumulated other comprehensive income (loss):		
Net unrealized losses on investments, net of income tax: (2025 - \$(1,107); 2024 - \$(1,272))	(4,156)	(4,784)
Net unrealized losses on investments with an allowance for credit losses, net of income tax: (2025 - \$(5); 2024 - \$—)	(18)	(2)
Accumulated loss - derivatives, net of income tax: (2025 - \$(6); 2024 - \$(1))	(24)	(3)
Postretirement benefits liability adjustment, net of income tax: (2025 - \$3; 2024 - \$3)	11	11
Total shareowner's equity	4,349	3,744
Total liabilities and shareowner's equity	\$ 139,749	\$ 124,523

See Notes to Consolidated Condensed Financial Statements

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

	<u>Common Stock</u>	<u>Additional Paid-In-Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Shareowner's Equity</u>
	(Dollars In Millions)				
Balance, June 30, 2025	\$ —	\$ 6,046	\$ 2,470	\$ (4,498)	\$ 4,018
Net income			20		20
Other comprehensive income				311	311
Comprehensive income					331
Balance, September 30, 2025	<u>\$ —</u>	<u>\$ 6,046</u>	<u>\$ 2,490</u>	<u>\$ (4,187)</u>	<u>\$ 4,349</u>

	<u>Common Stock</u>	<u>Additional Paid-In-Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Shareowner's Equity</u>
	(Dollars In Millions)				
Balance, December 31, 2024	\$ —	\$ 6,046	\$ 2,476	\$ (4,778)	\$ 3,744
Net income			195		195
Other comprehensive income				591	591
Comprehensive income					786
Dividend to parent			(181)		(181)
Balance, September 30, 2025	<u>\$ —</u>	<u>\$ 6,046</u>	<u>\$ 2,490</u>	<u>\$ (4,187)</u>	<u>\$ 4,349</u>

See Notes to Consolidated Condensed Financial Statements

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

	<u>Common Stock</u>	<u>Additional Paid-In-Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Shareowner's Equity</u>
	(Dollars In Millions)				
Balance, June 30, 2024	\$ —	\$ 5,804	\$ 2,288	\$ (5,036)	\$ 3,056
Net income			103		103
Other comprehensive income				1,480	1,480
Comprehensive income					1,583
Capital contributions		242			242
Balance September 30, 2024	<u>\$ —</u>	<u>\$ 6,046</u>	<u>\$ 2,391</u>	<u>\$ (3,556)</u>	<u>\$ 4,881</u>

	<u>Common Stock</u>	<u>Additional Paid-In-Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Shareowner's Equity</u>
	(Dollars In Millions)				
Balance, December 31, 2023	\$ —	\$ 5,804	\$ 2,087	\$ (4,577)	\$ 3,314
Net income			304		304
Other comprehensive income				1,021	1,021
Comprehensive income					1,325
Capital contributions		242			242
Balance, September 30, 2024	<u>\$ —</u>	<u>\$ 6,046</u>	<u>\$ 2,391</u>	<u>\$ (3,556)</u>	<u>\$ 4,881</u>

See Notes to Consolidated Condensed Financial Statements

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

	For The Nine Months Ended September 30,	
	2025	2024
	(Dollars In Millions)	
Cash flows from operating activities		
Net income	\$ 195	\$ 304
Adjustments to reconcile net income to net cash used in operating activities:		
Net realized losses (gains)	413	(20)
Amortization of deferred acquisition costs and value of business acquired	279	325
Capitalization of deferred acquisition costs	(504)	(572)
Interest credited to universal life and investment products	1,569	1,398
Trading securities purchases, sales, and maturities, net	(2,773)	201
Amortization of premiums and accretion of discounts on investments and commercial mortgage loans	76	136
Payment for reinsurance transaction	(124)	—
Change in:		
Policy fees assessed on universal life and investment products	(1,562)	(1,477)
Policy liabilities and other policyholders' funds of traditional life and health products	(1,509)	(777)
Derivatives, net	36	(98)
Other, net	(792)	(676)
Net cash used in operating activities	(4,696)	(1,256)
Cash flows from investing activities		
Maturities and principal reductions of available-for-sale securities and equity securities	4,683	3,971
Sales of available-for-sale securities and equity securities	13,360	7,639
Purchases of available-for-sale securities and equity securities	(14,374)	(12,774)
Commercial mortgage loans:		
New loan originations	(1,241)	(1,562)
Repayments	1,072	893
Change in policy loans, net	33	27
Change in other long-term investments, net	88	151
Change in short-term investments, net	(3,002)	(391)
Net unsettled security transactions	345	146
Purchase of property, equipment, and other intangibles	(11)	(22)
Net cash provided by (used in) investing activities	953	(1,922)
Cash flows from financing activities		
Borrowings under line of credit arrangement, debt, and subordinated debt	2,462	3,754
Principal payments on line of credit arrangement, debt, and subordinated debt	(2,515)	(3,804)
Change in secured financing liabilities	597	91
Dividends to shareowner	(181)	—
Capital contributions	—	242
Deposits to universal life and investment contracts	10,428	9,847
Withdrawals from universal life and investment contracts	(6,896)	(7,025)
Other financing activities, net	7	7
Net cash provided by financing activities	3,902	3,112
Change in cash	159	(66)
Cash at beginning of period	353	446
Cash at end of period	\$ 512	\$ 380

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 coverage in New York. The Company also maintains a separate segment devoted to the acquisition of insurance policies from other companies. Founded in 1907, Protective Life Insurance Company, a Nebraska domiciled life insurance company (“PLICO”), is the Company’s largest operating subsidiary.

On February 1, 2015, The Dai-ichi Life Insurance Company, Limited, a *kabushiki kaisha* organized under the laws of Japan (now known as Dai-ichi Life Holdings, Inc., “Dai-ichi Life”), acquired 100% of the Company’s outstanding shares of common stock through the merger of DL Investment (Delaware), Inc., a Delaware corporation and wholly owned subsidiary of Dai-ichi Life, with and into the Company, with the Company continuing as the surviving entity (the “Merger”). As a result of the Merger, the Company became a direct, wholly owned subsidiary of Dai-ichi Life. Effective January 1, 2023, the Company became a wholly owned subsidiary of Dai-ichi Life International Holding, LLC, a *godo kaisha* organized under the laws of Japan and subsidiary of Dai-ichi Life (“Dai-ichi Life International”), upon the transfer of all of the outstanding shares of the Company’s common stock from Dai-ichi Life to Dai-ichi Life International. Dai-ichi Life remains the ultimate controlling parent corporation of the Company.

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 nine months ended September 30, 2025, are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2025. 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.

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

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, 2024. There were no significant changes to the Company’s accounting policies during the nine months ended September 30, 2025.

Accounting Pronouncements Not Yet Adopted

Accounting Standards Update (“ASU” or “Update”) No. 2018-12 - Financial Services - Insurance (Topic 944): Targeted Improvements to Accounting for Long-Duration Contracts. The amendments in this Update are designed to make improvements to the existing recognition, measurement, presentation, and disclosure requirements for certain long-duration contracts issued by an insurance company. The new amendments require insurance entities to provide a more current measure of the liability for future policy benefits for traditional and limited-payment contracts by regularly refining the liability for actual past experience and updated future assumptions. This differs from current requirements where assumptions are locked-in at contract issuance for these contract types. In addition, the updated liability will be discounted using an upper-medium grade (low-credit-risk) fixed income instrument yield that reflects the characteristics of the liability which differs from currently used rates based on the invested assets supporting the liability. In addition, the amendments introduce new requirements to assess market-based insurance contract options and guarantees for Market Risk Benefits and measure them at fair value. This Update also requires insurance entities to amortize deferred acquisition costs on a constant-level basis over the expected life of the

contract. Finally, this Update requires new disclosures including liability rollforwards and information about significant inputs, judgments, assumptions, and methods used in the measurement. In November 2020, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2020-11 - Financial Services - Insurance (Topic 944); Effective Date and Early Application which deferred the effective date until the year ending December 31, 2025. The Company will apply the modified retrospective transition approach for the liability for future policy benefits, which requires that the impact of the changes in discount rate assumptions are to be recorded as adjustments to accumulated other comprehensive income (loss) as of the transition date, while all other impacts are recorded as an adjustment to retained earnings. The Company will apply the retrospective transition approach for Market Risk Benefits, under which remeasurement of market risk benefits are recorded as adjustments to retained earnings except for changes in fair value due to instrument-specific credit risk, which are recorded in accumulated other comprehensive income (loss). The Company is reviewing the transition impacts from the adoption of the new standard and conducting parallel testing of the systems and processes that will be used to report under the revised guidance. The Company currently estimates that the Update will result in an increase to shareowner’s equity due to a favorable change to accumulated other comprehensive income (“AOCI”) of \$600 to \$800 million and an immaterial impact to retained earnings as of the transition date of January 1, 2024.

3. RECENT TRANSACTIONS

Portfolio Holding, Inc.

On September 5, 2025, the Company entered into an agreement to acquire Portfolio Holding, Inc. (“Portfolio”) and its subsidiaries from Abry Partners, through the acquisition of Portfolio’s indirect corporate parent Turbo Topco, Inc. 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 transaction is subject to the receipt of regulatory approvals and the satisfaction of customary closing conditions. It is expected to close in the fourth quarter of 2025 or first quarter 2026.

Reinsurance Transaction with Resolution Re Ltd.

On March 6, 2025, the Company entered into a Master Transaction Agreement with Resolution Re Ltd. (“Resolution”), pursuant to which the Company agreed to cede a block of structured settlement annuities (the “SSA Business”) on a funds withheld basis and a closed block of secondary guarantee universal life insurance policies (the “SGUL Business”) on a modified coinsurance basis. The closing for the SSA Business and a portion of the SGUL Business (the “First Closing”) occurred on April 8, 2025. In connection with the First Closing, the Company recorded a net negative ceding commission of \$194 million (denoting a cash payment by the Company to the reinsurer).

The closing for the remainder of the reinsurance of the SGUL Business occurred on July 1, 2025, (the “Second Closing”). In connection with the Second Closing, the Company received a ceding commission of \$70 million. The SGUL business ceded as part of the Second Closing had been previously ceded to Golden Gate Captive Insurance Company (“Golden Gate”), a Vermont special purpose financial insurance company and wholly owned subsidiary of the Company. On July 1, 2025, this business was recaptured from Golden Gate, ceded to Magnolia Re, Inc. (“Magnolia Re”), a newly formed Vermont special purpose financial insurer and wholly owned subsidiary of PLICO, and retroceded by Magnolia Re to Resolution. See Note 10, *Debt and Other Obligations*, for additional information regarding the transaction with Magnolia Re.

The total impact from the First and Second Closings on the Company's consolidated condensed balance sheet is presented below:

	Total Impact At Closings
	(In Millions)
Assets	
Reinsurance receivables	\$ 8,200
Deferred acquisition costs and value of business acquired	(1,271)
Other assets	(15)
Total assets	\$ 6,914
Liabilities	
Other liabilities ⁽¹⁾	\$ 7,716
Shareowner's Equity	
Accumulated other comprehensive income	(926)
Total liabilities and shareowner's equity	\$ 6,790
(1) Funds withheld under reinsurance	
Net ceding commission paid	\$ 124

As of the date of the First and Second Closings, the invested assets supporting the business reinsured consisted primarily of public and private fixed maturities available-for-sale and commercial mortgage loans. As required by ASC 944, the Company recognized the net amount of assets withheld, amounts paid, and liabilities ceded as the cost of reinsurance (reported with other similar balances in *deferred acquisition costs and value of business acquired*) at each Closing. This amount will be amortized using assumptions consistent with those used in the measurement of the reinsured business and its related balances, and amortization will be reported as a component of *amortization of deferred policy acquisition costs and value of business acquired* in the Company's consolidated condensed statements of income.

ShelterPoint

On November 1, 2024, PLICO completed the acquisition of ShelterPoint Group, Inc. ("ShelterPoint"), a leading provider of paid family and medical leave, DBL, as well as medical gap insurance products, among others. ShelterPoint Group, Inc., a New York corporation, is the holding company of ShelterPoint Life Insurance Company, a New York corporation, and its wholly owned subsidiary ShelterPoint Insurance Company, a Florida corporation. The consideration paid at closing was approximately \$751 million, net of cash acquired, and is subject to post closing adjustments as defined in the purchase agreement. ShelterPoint is part of a newly formed reporting unit, Employee Benefits.

As of the purchase date, the Company recorded an estimate in the amount of \$24 million related to contingent consideration, which represents the Company's best estimate of the present value of future payments required if certain triggering events relating to the passing of disability benefits legislation occur. The final purchase price will be adjusted based on any changes from the estimated contingent consideration to the actual consideration paid. These amounts are accrued within *other liabilities* in the Company's consolidated condensed balance sheets, and changes in the liability for contingent consideration are recorded in net income.

The following table details the preliminary allocation of assets acquired and liabilities assumed from the ShelterPoint transaction as of the date of the closing. During the three-month period ended September 30, 2025, the Company received additional information related to the ShelterPoint trade name, which is included as a component of *Other intangibles* in the table below, and adjusted the purchase price allocations. This had the effect of reducing *other intangibles* by \$34 million and increasing *goodwill* by \$34 million. Additionally, updates were made to the calculation of current and deferred taxes during the period which resulted in a decrease to *deferred taxes* of \$9 million, an increase to *other liabilities* of \$1 million, and a decrease to *goodwill* of \$8 million.

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 November 1, 2024
	(Dollars In Millions)
Assets	
Fixed maturities	\$ 310
Equity securities	1
Short-term investments	125
Total investments	436
Cash	24
Accrued investment income	3
Accounts and premiums receivable	58
VOBA	16
Goodwill	230
Other intangibles	298
Property and equipment	5
Other assets	14
Total assets	1,084
Liabilities	
Future policy benefits and claims	\$ 116
Unearned premiums	93
Total policy liabilities and accruals	209
Other policyholders' funds	7
Other liabilities	38
Deferred taxes	62
Total liabilities	316
NET ASSETS ACQUIRED	\$ 768

The amount of revenue and income before income tax of ShelterPoint included in the consolidated condensed statements of income for the three and nine months ended September 30, 2025, amounted to \$140 million and \$398 million and \$17 million and \$23 million, respectively.

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)
Distribution relationships	\$ 270	17
Trade name	12	3
Technology	7	4
Insurance licenses	9	
Total intangible assets	<u>\$ 298</u>	

4. INVESTMENT OPERATIONS

Net realized gains (losses) are summarized as follows:

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2025	2024	2025	2024
	(Dollars In Millions)		(Dollars In Millions)	
Fixed maturities	\$ (21)	\$ (24)	\$ (39)	\$ (23)
Equity securities	9	24	(2)	32
Funds withheld portfolios	(36)	93	(115)	56
Change in net credit losses - fixed maturities	(9)	26	(16)	11
Commercial mortgage loans	5	—	(1)	(2)
Corporate-owned life insurance	29	8	41	45
Other investments	3	(2)	—	—
Net realized gains (losses) - investments	(20)	125	(132)	119
Net realized losses - derivatives ⁽¹⁾	(224)	(65)	(281)	(99)
Net realized gains (losses)	<u>\$ (244)</u>	<u>\$ 60</u>	<u>\$ (413)</u>	<u>\$ 20</u>

(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 September 30,		For The Nine Months Ended September 30,					
	2025	2024	2025	2024				
	(Dollars In Millions)		(Dollars In Millions)					
Securities in an unrealized gain position:								
Sales proceeds	\$	3,062	\$	2,875	\$	4,841	\$	3,036
Realized gains	\$	88	\$	112	\$	115	\$	114
Securities in an unrealized loss position:								
Sales proceeds	\$	2,571	\$	3,571	\$	5,327	\$	3,617
Realized losses	\$	(109)	\$	(136)	\$	(154)	\$	(137)

The Company recognized net realized gains (losses) of \$9 million and \$24 million on equity securities still held at the end of the period for the three months ended September 30, 2025 and 2024, respectively, and \$(2) million and \$32 million for the nine months ended September 30, 2025 and 2024. The Company recognized immaterial gains on disposals of equity securities for the three and nine months ended September 30, 2025. The Company recognized immaterial losses on disposals of equity securities for the three months ended September 30, 2024 and losses of \$1 million on disposals of equity securities for the nine months ended September 30, 2024.

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 September 30, 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Expected Credit Losses	Fair Value
(Dollars In Millions)					
Fixed maturities:					
Residential mortgage-backed securities	\$ 11,263	\$ 65	\$ (1,281)	\$ —	\$ 10,047
Commercial mortgage-backed securities	981	1	(66)	(3)	913
Other asset-backed securities	3,664	35	(11)	—	3,688
U.S. government-related securities	792	2	(129)	—	665
Other government-related securities	216	2	(15)	—	203
States, municipalities, and political subdivisions	2,220	1	(278)	—	1,943
Corporate securities	42,756	189	(4,558)	(80)	38,307
Redeemable preferred stocks	292	1	(61)	—	232
	62,184	296	(6,399)	(83)	55,998
Short-term investments	4,629	—	—	—	4,629
	<u>\$ 66,813</u>	<u>\$ 296</u>	<u>\$ (6,399)</u>	<u>\$ (83)</u>	<u>\$ 60,627</u>
As of December 31, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Expected Credit Losses	Fair Value
(Dollars In Millions)					
Fixed maturities:					
Residential mortgage-backed securities	\$ 10,367	\$ 20	\$ (1,523)	\$ —	\$ 8,864
Commercial mortgage-backed securities	1,652	1	(112)	(3)	1,538
Other asset-backed securities	3,313	40	(22)	—	3,331
U.S. government-related securities	863	—	(151)	—	712
Other government-related securities	244	—	(27)	—	217
States, municipalities, and political subdivisions	2,818	1	(382)	—	2,437
Corporate securities	46,596	81	(6,094)	(64)	40,519
Redeemable preferred stocks	307	1	(67)	—	241
	66,160	144	(8,378)	(67)	57,859
Short-term investments	1,627	—	—	—	1,627
	<u>\$ 67,787</u>	<u>\$ 144</u>	<u>\$ (8,378)</u>	<u>\$ (67)</u>	<u>\$ 59,486</u>

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 inure to the reinsurers and the Company recognizes ceded investment income as a component of *other operating expense*. See Note 9, *Reinsurance*, for additional disclosures on the FWH arrangements.

As of September 30, 2025, the amortized cost and fair value of AFS investments allocable to these arrangements was \$5.3 billion and \$4.7 billion, respectively. During the three and nine months ended September 30, 2025, the Company recognized net realized losses of \$83 million and \$205 million, respectively, attributable to disposals of AFS securities held pursuant to the FWH arrangements described above. As of December 31, 2024, there were no AFS investments allocable to these arrangements.

The Company holds certain investments pursuant to the FWH arrangements described above which are classified as trading securities. The fair value of fixed maturities and short-term investments classified as trading securities are as follows:

	As of	
	September 30, 2025	December 31, 2024
	(Dollars In Millions)	
Fixed maturities:		
Residential mortgage-backed securities	\$ 190	\$ 89
Commercial mortgage-backed securities	429	148
Other asset-backed securities	1,113	153
U.S. government-related securities	38	48
Other government-related securities	12	12
States, municipalities, and political subdivisions	145	144
Corporate securities	2,041	1,227
Redeemable preferred stocks	6	6
	3,974	1,827
Equity securities	170	7
Short-term investments	611	52
	<u>\$ 4,755</u>	<u>\$ 1,886</u>

The amortized cost and fair value of AFS fixed maturities as of September 30, 2025, 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	\$ 1,028	\$ 1,000
Due after one year through five years	7,130	7,063
Due after five years through ten years	10,726	10,285
Due after ten years	43,300	37,650
	<u>\$ 62,184</u>	<u>\$ 55,998</u>

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

	For The Three Months Ended September 30, 2025			For The Nine Months Ended September 30, 2025		
	Corporate Securities	CMBS	Total	Corporate Securities	CMBS	Total
	(Dollars In Millions)			(Dollars In Millions)		
Beginning Balance	\$ 71	\$ 3	\$ 74	\$ 64	\$ 3	\$ 67
Additions for securities for which an allowance was not previously recorded	7	—	7	12	3	15
Adjustments on previously recorded allowances due to change in expected cash flows	5	—	5	7	(1)	6
Reductions on previously recorded allowances due to disposal of security in the current period	(3)	—	(3)	(3)	(2)	(5)
Write-offs of previously recorded allowances due to intent or requirement to sell	—	—	—	—	—	—
Ending Balance	<u>\$ 80</u>	<u>\$ 3</u>	<u>\$ 83</u>	<u>\$ 80</u>	<u>\$ 3</u>	<u>\$ 83</u>

	For The Three Months Ended September 30, 2024			For The Nine Months Ended September 30, 2024		
	Corporate Securities	CMBS	Total	Corporate Securities	CMBS	Total
	(Dollars In Millions)			(Dollars In Millions)		
Beginning Balance	\$ 105	\$ 13	\$ 118	\$ 95	\$ 8	\$ 103
Additions for securities for which an allowance was not previously recorded	—	—	—	—	5	5
Adjustments on previously recorded allowances due to change in expected cash flows	1	—	1	11	—	11
Reductions on previously recorded allowances due to disposal of security in the current period	(27)	—	(27)	(27)	—	(27)
Write-offs of previously recorded allowances due to intent or requirement to sell	—	—	—	—	—	—
Ending Balance	<u>\$ 79</u>	<u>\$ 13</u>	<u>\$ 92</u>	<u>\$ 79</u>	<u>\$ 13</u>	<u>\$ 92</u>

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 September 30, 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	1,187	\$ (12)	\$ 4,541	\$ (1,269)	\$ 5,728	\$ (1,281)
Commercial mortgage-backed securities	8	(1)	806	(65)	814	(66)
Other asset-backed securities	312	—	141	(11)	453	(11)
U.S. government-related securities	51	—	424	(129)	475	(129)
Other government-related securities	—	—	161	(15)	161	(15)
States, municipalities, and political subdivisions	—	—	1,847	(278)	1,847	(278)
Corporate securities	922	(30)	29,583	(4,528)	30,505	(4,558)
Redeemable preferred stocks	—	—	191	(61)	191	(61)
	<u>\$ 2,480</u>	<u>\$ (43)</u>	<u>\$ 37,694</u>	<u>\$ (6,356)</u>	<u>\$ 40,174</u>	<u>\$ (6,399)</u>

Residential mortgage-backed securities ("RMBS") had gross unrealized losses greater than twelve months of \$1.3 billion as of September 30, 2025. 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.

Commercial mortgage-backed securities ("CMBS") had gross unrealized losses greater than twelve months of \$65 million as of September 30, 2025, excluding losses of \$3 million that were considered credit-related. 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 \$129 million as of September 30, 2025. These declines were related to changes in interest rates.

States, municipalities, and political subdivisions had gross unrealized losses greater than twelve months of \$278 million as of September 30, 2025. 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 issuers, the continued access of the issuers to capital markets, interest rate movement, and other pertinent information.

Corporate securities had gross unrealized losses greater than twelve months of \$4.5 billion as of September 30, 2025, excluding losses of \$80 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 issuers, the continued access of the issuers to capital markets, interest rate movement, and other pertinent information.

As of September 30, 2025, the Company had a total of 3,300 positions that were in an unrealized loss position, including 13 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, 2024:

	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	\$ 2,192	\$ (45)	\$ 4,735	\$ (1,478)	\$ 6,927	\$ (1,523)
Commercial mortgage-backed securities	132	(3)	1,285	(109)	1,417	(112)
Other asset-backed securities	193	(4)	245	(18)	438	(22)
U.S. government-related securities	88	(1)	489	(150)	577	(151)
Other government-related securities	101	(8)	111	(19)	212	(27)
States, municipalities, and political subdivisions	47	(1)	2,350	(381)	2,397	(382)
Corporate securities	7,953	(475)	29,584	(5,619)	37,537	(6,094)
Redeemable preferred stocks	10	—	200	(67)	210	(67)
	<u>\$ 10,716</u>	<u>\$ (537)</u>	<u>\$ 38,999</u>	<u>\$ (7,841)</u>	<u>\$ 49,715</u>	<u>\$ (8,378)</u>

As of September 30, 2025, the Company had securities in its AFS portfolio which were rated below investment grade of \$2.3 billion and had an amortized cost of \$2.5 billion. Included in the Company's trading portfolio, the Company held \$114 million of securities which were rated below investment grade. Within the Company's AFS and trading portfolios, the Company had securities which were below investment grade and were not publicly traded of \$1.5 billion and had an amortized cost of \$1.6 billion.

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 September 30,		For The Nine Months Ended September 30,	
	2025	2024	2025	2024
	(Dollars In Millions)		(Dollars In Millions)	
Fixed maturities	\$ 874	\$ 1,988	\$ 1,684	\$ 1,328

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 September 30, 2025:

	Measurement Category	Level 1	Level 2	Level 3	Total
(Dollars In Millions)					
Assets:					
Fixed maturities - AFS					
Residential mortgage-backed securities	4	\$ —	\$ 10,033	\$ 14	\$ 10,047
Commercial mortgage-backed securities	4	—	776	137	913
Other asset-backed securities	4	—	2,892	796	3,688
U.S. government-related securities	4	406	259	—	665
Other government-related securities	4	—	203	—	203
States, municipalities, and political subdivisions	4	—	1,943	—	1,943
Corporate securities	4	—	35,812	2,495	38,307
Redeemable preferred stocks	4	232	—	—	232
Total fixed maturities - AFS		638	51,918	3,442	55,998
Fixed maturities - trading					
Residential mortgage-backed securities	3	—	190	—	190
Commercial mortgage-backed securities	3	—	429	—	429
Other asset-backed securities	3	—	300	813	1,113
U.S. government-related securities	3	35	3	—	38
Other government-related securities	3	—	12	—	12
States, municipalities, and political subdivisions	3	—	145	—	145
Corporate securities	3	—	1,853	188	2,041
Redeemable preferred stocks	3	6	—	—	6
Total fixed maturities - trading		41	2,932	1,001	3,974
Total fixed maturities		679	54,850	4,443	59,972
Equity securities	3	303	39	396	738
Commercial mortgage loans	3	—	—	53	53
Other long-term investments ⁽¹⁾	3 & 4	25	1,201	668	1,894
Short-term investments	3	4,251	989	—	5,240
Total investments		5,258	57,079	5,560	67,897
Cash	3	512	—	—	512
Other assets	3	69	—	—	69
Assets related to separate accounts					
Variable annuity	3	13,489	—	—	13,489
Variable universal life	3	7,545	—	—	7,545
Total assets measured at fair value on a recurring basis		\$ 26,873	\$ 57,079	\$ 5,560	\$ 89,512
Liabilities:					
Annuity account balances ⁽²⁾	3	\$ —	\$ —	\$ 30	\$ 30
Other liabilities ⁽¹⁾	3 & 4	2	879	1,445	2,326
Total liabilities measured at fair value on a recurring basis		\$ 2	\$ 879	\$ 1,475	\$ 2,356

Measurement category 3 represents fair value through net income and 4 represents fair value through other comprehensive income.

(1) Includes certain freestanding and embedded derivatives.

(2) Represents liabilities 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, 2024:

	Measurement Category	Level 1	Level 2	Level 3	Total
(Dollars In Millions)					
Assets:					
Fixed maturities - AFS					
Residential mortgage-backed securities	4	\$ —	\$ 8,864	\$ —	\$ 8,864
Commercial mortgage-backed securities	4	—	1,405	133	1,538
Other asset-backed securities	4	—	2,652	679	3,331
U.S. government-related securities	4	417	295	—	712
Other government-related securities	4	—	217	—	217
States, municipalities, and political subdivisions	4	—	2,437	—	2,437
Corporate securities	4	—	38,309	2,210	40,519
Redeemable preferred stocks	4	241	—	—	241
Total fixed maturities - AFS		658	54,179	3,022	57,859
Fixed maturities - trading					
Residential mortgage-backed securities	3	—	89	—	89
Commercial mortgage-backed securities	3	—	148	—	148
Other asset-backed securities	3	—	76	77	153
U.S. government-related securities	3	44	4	—	48
Other government-related securities	3	—	12	—	12
States, municipalities, and political subdivisions	3	—	144	—	144
Corporate securities	3	—	1,219	8	1,227
Redeemable preferred stocks	3	6	—	—	6
Total fixed maturities - trading		50	1,692	85	1,827
Total fixed maturities		708	55,871	3,107	59,686
Equity securities	3	315	38	229	582
Other long-term investments ⁽¹⁾	3&4	17	894	679	1,590
Short-term investments	3	1,398	281	—	1,679
Total investments		2,438	57,084	4,015	63,537
Cash	3	353	—	—	353
Other assets	3	63	—	—	63
Assets related to separate accounts					
Variable annuity	3	12,543	—	—	12,543
Variable universal life	3	6,532	—	—	6,532
Total assets measured at fair value on a recurring basis		\$ 21,929	\$ 57,084	\$ 4,015	\$ 83,028
Liabilities:					
Annuity account balances ⁽²⁾	3	\$ —	\$ —	\$ 35	\$ 35
Other liabilities ⁽¹⁾	3&4	11	724	1,194	1,929
Total liabilities measured at fair value on a recurring basis		\$ 11	\$ 724	\$ 1,229	\$ 1,964

Measurement category 3 represents fair value through net income and 4 represents fair value through other comprehensive income.

(1) Includes certain freestanding and embedded derivatives.

(2) Represents liabilities 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, 2024.

Valuation of Level 3 Financial Instruments

The following tables present the valuation method for material fixed maturities and embedded derivative financial instruments included in Level 3, as well as the unobservable inputs used in the valuation of those financial instruments as of September 30, 2025 and December 31, 2024:

September 30, 2025	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
(Dollars In Millions)				
Assets:				
Residential mortgage-backed securities	\$ 14	Discounted cash flow	Spread over treasury	2.18% - 7.25% (2.78%)
Commercial mortgage-backed securities	137	Discounted cash flow	Spread over treasury	1.00% - 2.30% (1.90%)
Other asset-backed securities	150	Liquidation	Liquidation value	\$98.25 - \$100.00 (\$98.62)
		Discounted cash flow	Liquidity premium	-0.65% - -0.22% (-0.45%)
			Paydown rate	6.50% - 20.25% (9.44%)
Corporate securities	1,214	Discounted cash flow	Spread over treasury	0.57% - 5.80% (1.57%)
Embedded derivatives - GLWB ⁽²⁾	56	Actuarial cash flow model	Mortality	80% to 140% of 2012 IAM ALB Basic table + Protective COVID Adjustment
			Lapse	PL-RBA Predictive Model
			Utilization	PL-RBA Predictive Model
			Nonperformance risk	0.58% - 1.02%
			Risk margin	0.30%
Liabilities: ⁽¹⁾				
Embedded derivative - FIA ⁽²⁾	\$ 577	Actuarial cash flow model	Expenses	\$303.82 per policy
			Withdrawal rate	0.4% - 1.5% 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 COVID adjustment and Mortality Improvement adjustment on some products
			Lapse	0.5% - 50%, depending on duration/surrender charge period.
				Dynamically adjusted for WB moneyiness and projected market rates vs credited rates.
			Nonperformance risk	0.58% - 1.02%
			Risk margin	0.10%
Embedded derivative - IUL	59	Actuarial cash flow model	Mortality	Base Mortality: 50.4% - 107.7% of base table (90% of 2015 VBT Primary Tables adjusted for 8.5 years of 2023 SOA HMI) with adjustments for underwriting updates for recent issues depending on issue date
				Conversion Mortality: 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
			Nonperformance risk	0.58% - 1.02%

(1) Excludes modified coinsurance arrangements.

(2) Fair value is presented as a net asset.

December 31, 2024	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
(Dollars In Millions)				
Assets:				
Commercial mortgage-backed securities	\$ 133	Discounted cash flow	Spread over treasury	1.00% - 2.50% (2.05%)
Other asset-backed securities	319	Liquidation Discounted cash flow	Liquidation value	\$92.50 - \$100.00 (\$95.16)
			Liquidity premium	-0.47% - 1.72% (0.63%)
			Paydown rate	5.90% - 20.23% (13.36%)
			Spread over treasury	1.16% - 7.00% (1.98%)
Corporate securities	1,185	Discounted cash flow	Spread over treasury	0.47% - 5.50% (1.62%)
Embedded derivatives - GLWB ⁽²⁾	92	Actuarial cash flow model	Mortality	100% to 157% of 2012 IAM ALB Basic table + Protective specific COVID adjustment and Mortality Improvement adjustment
			Lapse	PL-RBA Predictive Model
			Utilization	PL-RBA Predictive Model
			Nonperformance risk	0.22% - 1.09%
			Risk margin	0.30%
Liabilities: ⁽¹⁾				
Embedded derivative - FIA ⁽²⁾	\$ 566	Actuarial cash flow model	Expenses	\$267.22 per policy
			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	99% to 149% of 2012 IAM ALB Basic table + Protective specific COVID adjustment and Mortality Improvement adjustment on some products
			Lapse	0.5% - 50%, depending on duration/surrender charge period. Dynamically adjusted for WB moneyness and projected market rates vs credited rates.
			Nonperformance risk	0.22% - 1.09%
			Risk margin	0.10%
Embedded derivative - IUL	48	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 AMI). 94% - 248% of duration 8 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, and level of funding, and face band
			Nonperformance risk	0.22% - 1.09%

(1) Excludes modified coinsurance arrangements.

(2) The fair value is presented as a net asset.

The charts above exclude Level 3 financial instruments that are valued using broker quotes and those for which book value approximates fair value as described below.

The Company has considered all reasonably available quantitative inputs as of September 30, 2025 and December 31, 2024, but the valuation techniques and inputs used by some brokers in pricing certain financial instruments are not shared with the Company. As of September 30, 2025 and December 31, 2024, \$3.2 billion and \$1.5 billion of financial instruments classified as Level 3, respectively, were valued by brokers. Of these securities, none were classified as residential mortgage-backed securities, \$1.5 billion and \$437 million were classified as other asset-backed securities, and \$1.5 billion and \$1.0 billion were classified as corporate securities, respectively. As of September 30, 2025 and December 31, 2024, \$218 million and \$12 million of equity securities, respectively, were included in Level 3.

In certain cases, the Company has determined that book value materially approximates fair value. As of September 30, 2025 and December 31, 2024, the Company held FHLB capital stock of \$178 million and \$217 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 September 30, 2025, 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 Operations related to Instruments still held at the Reporting Date
	Beginning Balance	Included in Operations	Included in Other Comprehensive Income	Included in Operations	Included in Other Comprehensive Income	Purchases	Sales	Issuances	Settlements	Transfers in/out of Level 3	Other	Ending Balance		
(Dollars In Millions)														
Assets:														
Fixed maturities														
AFS														
Residential mortgage-backed securities	\$ 17	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (3)	\$ —	\$ 14	\$ —	
Commercial mortgage-backed securities	133	—	4	—	—	—	—	—	—	—	—	137	—	
Other asset-backed securities	730	4	5	—	(2)	297	(239)	—	—	(1)	2	796	—	
Corporate securities	2,523	—	33	—	(3)	213	(272)	—	—	7	(6)	2,495	—	
Total fixed maturities - AFS	3,403	4	42	—	(5)	510	(511)	—	—	3	(4)	3,442	—	
Fixed maturities - trading														
Residential mortgage-backed securities	1	—	—	—	—	—	—	—	—	(1)	—	—	—	
Other asset-backed securities	360	—	3	—	—	509	(57)	—	—	—	(2)	813	—	
Corporate securities	80	—	—	—	—	108	—	—	—	—	—	188	—	
Total fixed maturities - trading	441	—	3	—	—	617	(57)	—	—	(1)	(2)	1,001	—	
Total fixed maturities	3,844	4	45	—	(5)	1,127	(568)	—	—	2	(6)	4,443	—	
Equity securities	209	—	—	—	—	195	(38)	—	—	—	30	396	—	
Commercial mortgage loans	25	—	—	—	—	28	—	—	—	—	—	53	—	
Other long-term investments ⁽¹⁾	680	34	—	(46)	—	—	—	—	—	—	—	668	(12)	
Total investments	4,758	38	45	(46)	(5)	1,350	(606)	—	—	2	24	5,560	(12)	
Total assets measured at fair value on a recurring basis	\$ 4,758	\$ 38	\$ 45	\$ (46)	\$ (5)	\$ 1,350	\$ (606)	\$ —	\$ —	\$ 2	\$ 24	\$ 5,560	\$ (12)	
Liabilities:														
Annuity account balances ⁽²⁾	\$ 33	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3	\$ —	\$ —	30	\$ —	
Other liabilities ⁽¹⁾	1,270	29	—	(204)	—	—	—	—	—	—	—	1,445	(175)	
Total liabilities measured at fair value on a recurring basis	\$ 1,303	\$ 29	\$ —	\$ (204)	\$ —	\$ —	\$ —	\$ —	\$ 3	\$ —	\$ —	\$ 1,475	\$ (175)	

(1) Represents certain freestanding and embedded derivatives.

(2) Represents liabilities related to fixed indexed annuities.

For the three months ended September 30, 2025, \$7 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 September 30, 2025, \$5 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 nine months ended September 30, 2025, 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 Operations related to Instruments still held at the Reporting Date	
	Beginning Balance	Included in Operations	Included in Other Comprehensive Income	Included in Operations	Included in Other Comprehensive Income	Purchases	Sales	Issuances	Settlements	Transfers in/out of Level 3	Other	Ending Balance		
(Dollars In Millions)														
Assets:														
Fixed maturities AFS														
Residential mortgage-backed securities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 17	\$ —	\$ —	\$ —	\$ (3)	\$ —	\$ 14	\$ —	
Commercial mortgage-backed securities	133	—	6	—	—	—	(2)	—	—	—	—	137	\$ —	
Other asset-backed securities	679	4	18	—	(13)	395	(288)	—	—	(1)	2	796	—	
Corporate securities	2,210	—	74	—	(10)	754	(577)	—	—	49	(5)	2,495	—	
Total fixed maturities - AFS	3,022	4	98	—	(23)	1,166	(867)	—	—	45	(3)	3,442	—	
Fixed maturities - trading														
Residential mortgage-backed securities	—	—	—	—	—	—	—	—	—	—	—	—	—	
Other asset-backed securities	77	—	4	—	—	779	(47)	—	—	—	—	813	—	
Corporate securities	8	—	2	—	(1)	185	(3)	—	—	(3)	—	188	—	
Total fixed maturities - trading	85	—	6	—	(1)	964	(50)	—	—	(3)	—	1,001	—	
Total fixed maturities	3,107	4	104	—	(24)	2,130	(917)	—	—	42	(3)	4,443	—	
Equity securities	229	—	—	—	—	235	(98)	—	—	—	30	396	—	
Commercial mortgage loans	—	—	—	—	—	53	—	—	—	—	—	53	—	
Other long-term investments ⁽¹⁾	679	130	—	(141)	—	—	—	—	—	—	—	668	(11)	
Total investments	4,015	134	104	(141)	(24)	2,418	(1,015)	—	—	42	27	5,560	(11)	
Total assets measured at fair value on a recurring basis	\$ 4,015	\$ 134	\$ 104	\$ (141)	\$ (24)	\$ 2,418	\$ (1,015)	\$ —	\$ —	\$ 42	\$ 27	\$ 5,560	\$ (11)	
Liabilities:														
Annuity account balances ⁽²⁾	\$ 35	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4	\$ —	\$ —	30	\$ —	
Other liabilities ⁽¹⁾	1,194	142	—	(393)	—	—	—	—	—	—	—	1,445	(251)	
Total liabilities measured at fair value on a recurring basis	\$ 1,229	\$ 143	\$ —	\$ (393)	\$ —	\$ —	\$ —	\$ —	\$ 4	\$ —	\$ —	\$ 1,475	\$ (251)	

(1) Represents certain freestanding and embedded derivatives.

(2) Represents liabilities related to fixed indexed annuities.

For the nine months ended September 30, 2025, \$61 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 nine months ended September 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.

The following table presents a reconciliation of the beginning and ending balances for fair value measurements for the three months ended September 30, 2024, 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 Operations related to Instruments still held at the Reporting Date	
	Beginning Balance	Included in Operations	Included in Other Comprehensive Income		Included in Operations	Included in Other Comprehensive Income								Transfers in/out of Level 3			Ending Balance	
	(Dollars In Millions)																	
Assets:																		
Fixed maturities AFS																		
Commercial mortgage-backed securities	\$ 134	\$ —	\$ 10		\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 143	\$ —
Other asset-backed securities	623	—	12		—	—	155	(168)	—	—	—	—	—	1	—	—	623	—
Corporate securities	1,784	—	68		(2)	(2)	633	(402)	—	—	—	—	54	—	—	—	2,133	—
Total fixed maturities - AFS	2,541	—	90		(2)	(2)	788	(571)	—	—	—	—	54	1	—	—	2,899	—
Fixed maturities - trading																		
Other asset-backed securities	68	—	—		—	—	8	(11)	—	—	—	—	—	—	—	—	65	—
Corporate securities	5	—	—		—	—	—	—	—	—	—	—	—	—	—	—	5	—
Total fixed maturities - trading	73	—	—		—	—	8	(11)	—	—	—	—	—	—	—	—	70	—
Total fixed maturities	2,614	—	90		(2)	(2)	796	(582)	—	—	—	—	54	1	—	—	2,969	—
Equity securities	230	—	—		—	—	20	(12)	—	—	—	—	—	—	—	—	238	—
Other long-term investments ⁽¹⁾	630	109	—		(166)	—	—	—	—	—	—	—	—	—	—	—	573	(57)
Total investments	3,474	109	90		(168)	(2)	816	(594)	—	—	—	—	54	1	—	—	3,780	(57)
Total assets measured at fair value on a recurring basis	\$ 3,474	\$ 109	\$ 90		\$ (168)	\$ (2)	\$ 816	\$ (594)	\$ —	\$ —	\$ —	\$ 54	\$ 1	\$ —	\$ —	\$ —	\$ 3,780	\$ (57)
Liabilities:																		
Annuity account balances ⁽²⁾	\$ 38	\$ —	\$ —		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 36	\$ —
Other liabilities ⁽¹⁾	1,235	67	—		(97)	—	—	—	—	—	—	—	—	—	—	—	1,265	(30)
Total liabilities measured at fair value on a recurring basis	\$ 1,273	\$ 67	\$ —		\$ (97)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,301	\$ (30)

(1) Represents certain freestanding and embedded derivatives.

(2) Represents liabilities related to fixed indexed annuities.

For the three months ended September 30, 2024, \$77 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 September 30, 2024, \$23 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 nine months ended September 30, 2024, 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 Operations related to Instruments still held at the Reporting Date
	Beginning Balance	Included in Operations	Included in Other Comprehensive Income	Included in Operations	Included in Other Comprehensive Income	Purchases	Sales	Issuances	Settlements	Transfers in/out of Level 3	Other	Ending Balance					
(Dollars In Millions)																	
Assets:																	
Fixed maturities AFS																	
Commercial mortgage-backed securities	\$ 140	\$ —	\$ 5	\$ —	\$ —	\$ —	\$ (2)	\$ —	\$ —	\$ —	\$ —	\$ 143	\$ —				
Other asset-backed securities	559	—	6	—	(3)	282	(224)	—	—	—	3	623	—				
Corporate securities	1,628	—	50	(2)	(4)	871	(526)	—	—	116	—	2,133	—				
Total fixed maturities - AFS	2,327	—	61	(2)	(7)	1,153	(752)	—	—	116	3	2,899	—				
Fixed maturities - trading																	
Other asset-backed securities	95	—	1	—	—	15	(46)	—	—	—	—	65	—				
Corporate securities	7	—	—	—	—	—	(2)	—	—	—	—	5	—				
Total fixed maturities - trading	102	—	1	—	—	15	(48)	—	—	—	—	70	—				
Total fixed maturities	2,429	—	62	(2)	(7)	1,168	(800)	—	—	116	3	2,969	—				
Equity securities	230	—	—	—	—	75	(67)	—	—	—	—	238	—				
Other long-term investments ⁽¹⁾	533	232	—	(192)	—	—	—	—	—	—	—	573	40				
Total investments	3,192	232	62	(194)	(7)	1,243	(867)	—	—	116	3	3,780	40				
Total assets measured at fair value on a recurring basis	\$ 3,192	\$ 232	\$ 62	\$ (194)	\$ (7)	\$ 1,243	\$ (867)	\$ —	\$ —	\$ 116	\$ 3	\$ 3,780	\$ 40				
Liabilities:																	
Annuity account balances ⁽²⁾	\$ 42	\$ —	\$ —	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ 7	\$ —	\$ —	\$ 36	\$ —				
Other liabilities ⁽¹⁾	1,231	164	—	(198)	—	—	—	—	—	—	—	1,265	(34)				
Total liabilities measured at fair value on a recurring basis	\$ 1,273	\$ 164	\$ —	\$ (199)	\$ —	\$ —	\$ —	\$ —	\$ 7	\$ —	\$ —	\$ 1,301	\$ (34)				

(1) Represents certain freestanding and embedded derivatives.

(2) Represents liabilities related to fixed indexed annuities.

For the nine months ended September 30, 2024, \$141 million 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 nine months ended September 30, 2024, \$25 million 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 reported in either *net realized gains (losses)* within the consolidated condensed statements of income or *other comprehensive income* within shareowner's equity based on the appropriate accounting treatment for the item.

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 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:

	Fair Value Level	As of			
		September 30, 2025		December 31, 2024	
		Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
		(Dollars In Millions)			
Assets:					
Commercial mortgage loans ⁽¹⁾	3	\$ 12,623	\$ 12,034	\$ 12,510	\$ 11,611
Policy loans	3	1,411	1,411	1,444	1,444
Other long-term investments ⁽²⁾	2 & 3	1,878	1,809	1,878	1,782
Liabilities:					
Stable value product account balances	3	\$ 13,431	\$ 13,493	\$ 13,150	\$ 12,983
Future policy benefits and claims ⁽³⁾	3	293	290	1,208	1,219
Other policyholders' funds ⁽⁴⁾	3	78	78	82	82
Debt:⁽⁵⁾					
Bank borrowings ⁽⁶⁾	3	\$ 600	\$ 600	\$ 600	\$ 600
Senior Notes	2	1,028	990	1,030	961
Subordinated debentures	2	496	472	496	467
Commercial paper	2	212	212	265	265
Subordinated funding obligations	3	110	90	110	84
Repurchase program borrowings	2	—	—	112	112
Securities lending	2	990	990	281	281

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 predominantly 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 \$816 million and \$779 million as of September 30, 2025 and December 31, 2024, respectively.

(3) Single premium immediate annuity and structured annuities 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 the Company's 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, 2024.

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 quarter-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 gains (losses)* during the period of change.

The following table sets forth net realized gains (losses) - derivatives financial instruments for the periods shown:

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2025	2024	2025	2024
	(Dollars In Millions)		(Dollars In Millions)	
Derivatives related to VA contracts:				
Interest rate forwards	\$ 14	\$ 73	\$ 39	\$ (11)
Interest rate futures	2	4	(6)	1
Equity futures	4	7	52	8
Currency futures	3	(10)	(16)	(2)
Equity options	(33)	(4)	(56)	(46)
Interest rate swaptions	—	—	(1)	—
Interest rate swaps	—	(2)	(2)	1
Total return swaps	(43)	(45)	(48)	(95)
Embedded derivative - GLWB	18	(11)	(28)	95
Total derivatives related to VA contracts	(35)	12	(66)	(49)
Derivatives related to FIA contracts:				
Embedded derivative	(22)	(29)	(59)	(63)
Equity futures	—	1	(2)	4
Equity options	33	16	59	51
Other derivatives	(6)	(3)	(11)	(10)
Total derivatives related to FIA contracts	5	(15)	(13)	(18)
Derivatives related to IUL contracts:				
Embedded derivative	(14)	(5)	(26)	(21)
Equity options	14	6	27	20
Total derivatives related to IUL contracts	—	1	1	(1)
Embedded derivative - FWH under reinsurance	(176)	(56)	(194)	(34)
Amortization of deferred loss	(13)	—	(13)	—
Other derivatives	(5)	(7)	4	3
Total net realized losses - derivatives	\$ (224)	\$ (65)	\$ (281)	\$ (99)

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 Accumulated Other Comprehensive Income (Loss) on Derivatives (Effective Portion)	Amount and Location of Gains (Losses) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss) (Effective Portion) Benefits and settlement expenses (Dollars In Millions)	Amount and Location of Gains (Losses) Recognized in Income (Loss) on Derivatives (Ineffective Portion) Net realized losses
For The Three Months Ended September 30, 2025			
Foreign currency swaps	\$ (7)	\$ 1	\$ —
Interest rate swaps	1	—	—
Total	<u>\$ (6)</u>	<u>\$ 1</u>	<u>\$ —</u>
For The Three Months Ended September 30, 2024			
Foreign currency swaps	\$ (18)	\$ 1	\$ —
Interest rate swaps	(20)	5	—
Total	<u>\$ (38)</u>	<u>\$ 6</u>	<u>\$ —</u>
For The Nine Months Ended September 30, 2025			
Foreign currency swaps	\$ (21)	\$ 2	\$ —
Interest rate swaps	(2)	1	—
Total	<u>\$ (23)</u>	<u>\$ 3</u>	<u>\$ —</u>
For The Nine Months Ended September 30, 2024			
Foreign currency swaps	\$ (21)	\$ 1	\$ —
Interest rate swaps	6	16	—
Total	<u>\$ (15)</u>	<u>\$ 17</u>	<u>\$ —</u>

Based on expected cash flows of the underlying hedged items, the Company expects to reclassify \$10.2 million out of accumulated other comprehensive income (loss) into *net realized gains (losses)* during the next twelve months.

The following table 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 as of the dates presented below:

	As of			
	September 30, 2025		December 31, 2024	
	Notional Amount	Fair Value	Notional Amount	Fair Value
(Dollars In Millions)				
Other long-term investments				
Cash flow hedges:				
Interest rate swaps	\$ 300	\$ 1	\$ 725	\$ 2
Foreign currency swaps	744	51	538	17
Derivatives not designated as hedging instruments:				
Interest rate forwards	1,164	28	29	—
Interest rate swaps	850	—	725	—
Total return swaps	237	1	716	6
Embedded derivative - FWH under reinsurance	1,920	163	1,973	224
Embedded derivative - GLWB	6,466	391	6,555	355
Embedded derivative - FIA	460	114	473	100
Interest rate futures	622	4	491	3
Equity futures	235	3	18	—
Currency futures	108	1	171	3
Interest rate floors	100	1	100	1
Equity options	10,648	1,133	8,635	878
Interest rate swaptions	2,400	3	130	1
	<u>\$ 26,254</u>	<u>\$ 1,894</u>	<u>\$ 21,279</u>	<u>\$ 1,590</u>
Other liabilities				
Cash flow hedges:				
Interest rate swaps	\$ 900	\$ 5	\$ 900	\$ 3
Foreign currency swaps	771	31	433	40
Derivatives not designated as hedging instruments:				
Interest rate forwards	407	10	1,506	71
Interest rate swaps	125	—	—	—
Total return swaps	497	3	—	—
Embedded derivative - FWH under reinsurance	9,315	217	1,152	93
Embedded derivative - GLWB	4,056	335	3,673	263
Embedded derivative - FIA	3,972	691	4,217	666
Embedded derivative - IUL	843	59	741	48
Interest rate futures	559	1	575	6
Equity futures	76	1	254	6
Currency futures	67	—	—	—
Interest rate swaptions	3,800	2	—	—
Equity options	7,879	828	7,002	609
Other	821	143	846	124
	<u>\$ 34,088</u>	<u>\$ 2,326</u>	<u>\$ 21,299</u>	<u>\$ 1,929</u>

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 10, *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 September 30, 2025 and December 31, 2024, there was \$77 million and \$41 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 September 30, 2025:

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheets	Net Amounts of Assets Presented in the Balance Sheets	Gross Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Collateral Received	
(Dollars In Millions)						
Offsetting of Assets						
Derivatives:						
Free-Standing derivatives	\$ 1,226	\$ —	\$ 1,226	\$ 850	\$ 239	\$ 137
Total derivatives, subject to a master netting arrangement or similar arrangement	1,226	—	1,226	850	239	137
Derivatives not subject to a master netting arrangement or similar arrangement						
Embedded derivative - FWH under reinsurance	163	—	163	—	—	163
Embedded derivative - GLWB	391	—	391	—	—	391
Embedded derivative - FIA	114	—	114	—	—	114
Total derivatives, not subject to a master netting arrangement or similar arrangement	668	—	668	—	—	668
Total derivatives	1,894	—	1,894	850	239	805
Total Assets	\$ 1,894	\$ —	\$ 1,894	\$ 850	\$ 239	\$ 805

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheets	Net Amounts of Liabilities Presented in the Balance Sheets	Gross Amounts Not Offset in the Balance Sheets		
				Financial Instruments	Collateral Posted	Net Amount
(Dollars In Millions)						
Offsetting of Liabilities						
Derivatives:						
Free-Standing derivatives	\$ 881	\$ —	\$ 881	\$ 850	\$ 30	\$ 1
Total derivatives, subject to a master netting arrangement or similar arrangement	881	—	881	850	30	1
Derivatives not subject to a master netting arrangement or similar arrangement						
Embedded derivative - FWH under reinsurance	217	—	217	—	—	217
Embedded derivative - GLWB	335	—	335	—	—	335
Embedded derivative - FIA	691	—	691	—	—	691
Embedded derivative - IUL	59	—	59	—	—	59
Other	143	—	143	—	—	143
Total derivatives, not subject to a master netting arrangement or similar arrangement	1,445	—	1,445	—	—	1,445
Total derivatives	2,326	—	2,326	850	30	1,446
Repurchase program borrowings ⁽¹⁾	—	—	—	—	—	—
Securities lending	990	—	990	—	—	990
Total Liabilities	\$ 3,316	\$ —	\$ 3,316	\$ 850	\$ 30	\$ 2,436

(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, 2024:

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Balance Sheets	Net Amounts of Assets Presented in the Balance Sheets	Gross Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Collateral Received	
(Dollars In Millions)						
Offsetting of Assets						
Derivatives:						
Free-Standing derivatives	\$ 911	\$ —	\$ 911	\$ 663	\$ 88	\$ 160
Total derivatives, subject to a master netting arrangement or similar arrangement	911	—	911	663	88	160
Derivatives not subject to a master netting arrangement or similar arrangement						
Embedded derivative - FWH under reinsurance	224	—	224	—	—	224
Embedded derivative - GLWB	355	—	355	—	—	355
Embedded derivative - FIA	100	—	100	—	—	100
Total derivatives, not subject to a master netting arrangement or similar arrangement	679	—	679	—	—	679
Total derivatives	1,590	—	1,590	663	88	839
Total Assets	\$ 1,590	\$ —	\$ 1,590	\$ 663	\$ 88	\$ 839
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Balance Sheets	Net Amounts of Liabilities Presented in the Balance Sheets	Gross Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Collateral Posted	
(Dollars In Millions)						
Offsetting of Liabilities						
Derivatives:						
Free-Standing derivatives	\$ 735	\$ —	\$ 735	\$ 663	\$ 68	\$ 4
Total derivatives, subject to a master netting arrangement or similar arrangement	735	—	735	663	68	4
Derivatives not subject to a master netting arrangement or similar arrangement						
Embedded derivative - FWH under reinsurance	93	—	93	—	—	93
Embedded derivative - GLWB	263	—	263	—	—	263
Embedded derivative - FIA	666	—	666	—	—	666
Embedded derivative - IUL	48	—	48	—	—	48
Other	124	—	124	—	—	124
Total derivatives, not subject to a master netting arrangement or similar arrangement	1,194	—	1,194	—	—	1,194
Total derivatives	1,929	—	1,929	663	68	1,198
Repurchase program borrowings ⁽¹⁾	112	—	112	—	—	112
Securities lending	281	—	281	—	—	281
Total Liabilities	\$ 2,322	\$ —	\$ 2,322	\$ 663	\$ 68	\$ 1,591

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

8. COMMERCIAL MORTGAGE LOANS

The Company invests a portion of its investment portfolio in commercial mortgage loans. As of September 30, 2025, the Company's commercial mortgage loan holdings were \$12.8 billion, or \$12.7 billion net of allowance for credit losses. As of December 31, 2024, the Company's commercial mortgage loan holdings were \$12.6 billion, or \$12.5 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 credit tenant 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 loans 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*.

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. As of September 30, 2025, commercial loans allocable to these arrangements that are held under the FVO had a fair value of \$53 million.

Certain of the commercial mortgage loans have call options that occur within the next 7 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. As of September 30, 2025, assuming the commercial mortgage loans are called at their next call dates, \$99 million of principal would become due for the remainder of 2025 and \$1.1 billion in 2026 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 participation interest in the cash flows from the underlying real estate. As of September 30, 2025 and December 31, 2024, \$1.4 billion and \$1.2 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 in *net investment income* as interest income. During the three and nine months ended September 30, 2025 and 2024, the Company recognized \$7 million and \$16 million, \$15 million and \$24 million of commercial mortgage loan participation interest income, respectively.

As of September 30, 2025, the Company had \$38 million, or \$32 million net of allowance for credit losses of commercial mortgage loans 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. As of September 30, 2025, the Company had ten commercial mortgage loans that were nonperforming, restructured or foreclosed and converted to real estate properties. The Company did not identify any commercial mortgage loans whose principal was permanently impaired during the three and nine months ended September 30, 2025 and 2024.

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 months ended September 30, 2025, there were no commercial mortgage loan modifications made to borrowers experiencing financial difficulty. During the nine months ended September 30, 2025, one commercial mortgage loan with an amortized cost of \$5 million was granted a payment forbearance extension with the borrower experiencing financial difficulties. During the twelve months ended September 30, 2025, two commercial mortgage loan modifications were made to borrowers experiencing financial difficulties for \$24 million, or \$21 million net of allowance for credit losses.

The amortized cost basis of those commercial mortgage loan receivables held at amortized cost by origination year, net of the allowance for credit losses, is as follows:

Term Loans Amortized Cost Basis by Origination Year							
	2025	2024	2023	2022	2021	Prior	Total
(Dollars In Millions)							
As of September 30, 2025							
Commercial mortgage loans:							
Performing	\$ 744	\$ 1,722	\$ 1,281	\$ 2,175	\$ 1,713	\$ 5,041	\$ 12,676
Non-performing	—	28	—	—	—	6	34
Amortized cost	744	1,750	1,281	2,175	1,713	5,047	12,710
Allowance for credit losses	(4)	(14)	(10)	(15)	(10)	(34)	(87)
Total commercial mortgage loans	<u>\$ 740</u>	<u>\$ 1,736</u>	<u>\$ 1,271</u>	<u>\$ 2,160</u>	<u>\$ 1,703</u>	<u>\$ 5,013</u>	<u>\$ 12,623</u>
Write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 16	\$ 16

Term Loans Amortized Cost Basis by Origination Year							
	2024	2023	2022	2021	2020	Prior	Total
(Dollars In Millions)							
As of December 31, 2024							
Commercial mortgage loans:							
Performing	\$ 1,609	\$ 1,183	\$ 2,221	\$ 1,857	\$ 1,033	\$ 4,653	\$ 12,556
Non-performing	—	—	—	1	13	41	55
Amortized cost	1,609	1,183	2,221	1,858	1,046	4,694	12,611
Allowance for credit losses	(9)	(9)	(17)	(13)	(11)	(42)	(101)
Total commercial mortgage loans	<u>\$ 1,600</u>	<u>\$ 1,174</u>	<u>\$ 2,204</u>	<u>\$ 1,845</u>	<u>\$ 1,035</u>	<u>\$ 4,652</u>	<u>\$ 12,510</u>
Write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 41	\$ 41

The following tables provide a comparative view of the key credit quality indicators of the Loan-to-Value and Debt Service Coverage Ratio (“DSCR”) for commercial mortgage loans held at amortized cost:

	As of September 30, 2025			As of December 31, 2024		
	Amortized Cost	% of Total	DSCR ⁽²⁾	Amortized Cost	% of Total	DSCR ⁽²⁾
	(Dollars In Millions)			(Dollars In Millions)		
Loan-to-Value⁽¹⁾						
Greater than 75%	\$ 99	1 %	1.38	\$ 110	1 %	1.38
50% - 75%	7,601	60 %	1.65	7,521	60 %	1.59
Less than 50%	5,010	39 %	2.05	4,980	39 %	2.14
Total commercial mortgage loans	<u>\$ 12,710</u>	<u>100 %</u>		<u>\$ 12,611</u>	<u>100 %</u>	

(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 September 30, 2025 and December 31, 2024 was 51% and 52%, 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 September 30, 2025 and December 31, 2024 was 1.80x and 1.81x, 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 indicated.

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2025	2024	2025	2024
	(Dollars In Millions)		(Dollars In Millions)	
Allowance for Funded Commercial Mortgage Loan Credit Losses				
Beginning balance	\$ 100	\$ 89	\$ 101	\$ 122
Write-offs	(9)	—	(16)	(36)
Recoveries	(1)	—	(3)	—
Provision	(3)	1	5	4
Ending balance	<u>\$ 87</u>	<u>\$ 90</u>	<u>\$ 87</u>	<u>\$ 90</u>
Allowance for Unfunded Commercial Mortgage Loan Commitments Credit Losses				
Beginning balance	\$ 4	\$ 6	\$ 4	\$ 6
Write-offs	—	—	—	—
Recoveries	—	—	—	—
Provision	—	(1)	—	(1)
Ending balance	<u>\$ 4</u>	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ 5</u>

As of September 30, 2025, the Company had nine commercial mortgage loans of \$33 million that were greater than 90 days delinquent. As of December 31, 2024, the Company had four commercial mortgage loans of \$31 million that were greater than 90 days delinquent.

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.

The Company limits accrued interest income on commercial mortgage loans to ninety days of interest. For commercial mortgage loans in nonaccrual status, interest income is recognized on a cash basis. As of September 30, 2025, the Company had nine commercial mortgage loans in nonaccrual status, and \$1.6 million of accrued interest was excluded from the amortized cost basis pursuant to the Company's nonaccrual policy. As of December 31, 2024, the Company had four commercial mortgage loans in nonaccrual status, and \$1 million of accrued interest was excluded from the amortized cost basis pursuant to the Company's nonaccrual policy.

9. REINSURANCE

Offsetting of Reinsurance Assets and Liabilities

Reinsurance assets and liabilities related to certain agreements with funds withheld at interest where no net risk is retained by the Company and where the right of offset exists are presented on a net basis. Reinsurance receivables were presented net of approximately \$1.7 billion and \$1.8 billion in reinsurance liabilities as of September 30, 2025 and December 31, 2024, 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 September 30, 2025 and December 31, 2024, the Reinsurance ACL was \$98 million and \$104 million, respectively. There were no write-offs or recoveries during the nine months ended September 30, 2025 and 2024.

The Company had total reinsurance receivables of \$14.1 billion as of September 30, 2025, which includes both ceded policy benefit reserves and receivables for claims. Receivables for claims represented 3% of total reinsurance receivables as of September 30, 2025. Receivables for claims are short-term in nature, and generally carry minimal credit risk. Of reinsurance receivables as of September 30, 2025, 97% were receivables from reinsurers rated by A.M. Best Company. Of the total rated by A.M. Best Company, 30% were rated A+ or better and 70% were rated A. 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. In that motion, the Receiver reiterated the causes of SRUS’s financial distress (listing Yearly Renewable Term underpricing as the primary cause) and indicated that SRUS is experiencing adverse mortality, attributable to factors such as COVID and lower lapse rates leading to worsened projected future losses. According to the Receiver, the 2022 Annual Financial Statement shows a negative capital and surplus, and implementing the Modified Plan of Rehabilitation (the “Modified Plan”) will not return SRUS to solvency for another 10 to 15 years, at the earliest. Given this longer timeframe and other uncertainties, the Receiver recommended that SRUS be liquidated. The Board of SRUS unanimously consented to liquidation.

The Delaware Court of Chancery (“Court”) entered an order granting the Receiver’s motion to convert the rehabilitation to a liquidation on July 18, 2023 (the “Liquidation Order”). Under the Liquidation Order, all active ceding company agreements were terminated at 11:59 p.m. Eastern Time on September 30, 2023. The Receiver filed a motion to approve procedures for claims on March 25, 2024, a motion to approve dispute resolution procedures on April 17, 2024, and a motion to approve final determination procedures on June 17, 2024. Various objections were filed in response to those motions, and the parties submitted supplemental briefing on the outstanding objections. A hearing with the Court was held on July 21, 2025, and a ruling is not expected until Q4 or later.

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 other comprehensive income "OCI"). 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 differ from their book value at treaty inception, this difference is amortized along with changes in the fair value of the embedded derivative in *net realized gains (losses)* 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 \$12 million and \$223 million as of September 30, 2025 and December 31, 2024, respectively.

There is a diverse pool of assets supporting the funds withheld arrangements with various reinsurers. The following summarizes the composition of the pool of assets:

	As of			
	September 30, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(Dollars In Millions)			
Fixed maturities - AFS ^(a)	\$ 4,731	\$ 4,731	\$ —	\$ —
Fixed maturities - trading	3,974	3,974	1,827	1,827
Equity securities	255	255	7	7
Commercial mortgage loans	641	603	—	—
Short-term investments	611	611	52	52
Funds withheld investment assets	\$ 10,212	\$ 10,174	\$ 1,886	\$ 1,886
Other ^(b)	108	108	19	19
Total	\$ 10,320	\$ 10,282	\$ 1,905	\$ 1,905

(a) The change in the net unrealized gains (losses) on AFS securities related to the funds withheld portfolios was \$120 million and \$117 million for the three and nine months ended September 30, 2025.

(b) 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:

	September 30,	
	2025	2024
	(Dollars In Millions)	
For the three months ended	\$ 126	\$ 22
For the nine months ended	247	69

10. DEBT AND OTHER OBLIGATIONS

Debt and Subordinated Debt

Debt and subordinated debt are summarized as follows:

	As of							
	September 30, 2025		December 31, 2024					
	Outstanding Principal	Carrying Amounts	Outstanding Principal	Carrying Amounts				
	(Dollars In Millions)							
Debt (year of issue):								
Credit Facility	\$	—	\$	—	\$	—	\$	—
Commercial paper		212		212		265		265
Term Loan Credit Agreement (2021), due 2026 ⁽¹⁾		600		600		600		600
8.45% Senior Notes (2009), due 2039		165		231		165		233
4.30% Senior Notes (2018), due 2028		400		398		400		398
3.40% Senior Notes (2019), due 2030		400		399		400		399
	\$	1,777	\$	1,840	\$	1,830	\$	1,895
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 September 30, 2025 and December 31, 2024 was 5.29% and 5.55%, respectively.

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 September 30, 2025.

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 September 30, 2025, the weighted-average interest rate was 4.45% on the \$212 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. As of September 30, 2025, the Company did not have a repurchase obligation and there were no securities pledged under the repurchase program. During the nine months ended September 30, 2025, the maximum balance outstanding at any one point in time related to these programs was \$327 million. The average daily balance was \$93 million (at an average borrowing rate of 447 basis points) during the nine months ended September 30, 2025. As of December 31, 2024, the fair value of securities pledged under the repurchase program was \$121 million and the repurchase obligation of \$112 million was included in the Company's consolidated condensed balance sheets (at an average borrowing rate of 451 basis points). During 2024, the maximum balance outstanding at any one point in time related to these programs was \$1.3 billion. The average daily balance was \$438 million (at an average borrowing rate of 541 basis points) during the year ended December 31, 2024.

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. As of September 30, 2025 and December 31, 2024, securities with a fair value of \$953 million and \$270 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 *short-term investments* with a corresponding liability recorded in *secured financing liabilities* to account for its obligation to return the collateral. As of September 30, 2025 and December 31, 2024, the fair value of the collateral related to this program was \$990 million and \$281 million, and the Company has an obligation to return collateral of \$990 million and \$281 million to the securities borrowers, respectively.

The following table provides the fair value of collateral pledged for repurchase agreements, grouped by asset class as of September 30, 2025 and December 31, 2024:

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

	Remaining Contractual Maturity of the Agreements				
	As of September 30, 2025				
	(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	\$ —	\$ —	\$ —	\$ —	\$ —
Total repurchase agreements and repurchase-to-maturity transactions	—	—	—	—	—
Securities lending transactions					
Corporate securities	914	—	—	—	914
Other government-related securities	39	—	—	—	39
Total securities lending transactions	953	—	—	—	953
Total securities	<u>\$ 953</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 953</u>

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

	Remaining Contractual Maturity of the Agreements				
	As of December 31, 2024				
	(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	\$ 121	\$ —	\$ —	\$ —	\$ 121
Total repurchase agreements and repurchase-to-maturity transactions	121	—	—	—	121
Securities lending transactions					
Corporate securities	268	—	—	—	268
Redeemable preferred stocks	2	—	—	—	2
Total securities lending transactions	270	—	—	—	270
Total securities	<u>\$ 391</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 391</u>

Golden Gate Captive Insurance Company

Golden Gate Captive Insurance Company, 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, in conjunction with the Second Closing, 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, *Recent Transactions*)) 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 the Company 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 are liable for any XOL payments required to be made. As of September 30, 2025, the XOL Asset backing the difference in statutory and economic reserve liabilities was \$1.9 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 September 30, 2025, the Magnolia Re XOL Asset backing the difference in statutory and economic reserve liabilities was \$1.1 billion.

11. COMMITMENTS AND CONTINGENCIES

Guarantees

The Company has entered into indemnity agreements with each of its current directors other than those that are employees of Dai-ichi 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.

Worth Johnson v. Protective Life Insurance Company, Case No. 2:18-CV-01290 (previously styled as *Advance Trust & Life Escrow Services, LTA, as Securities Intermediary of Life Partners Position Holder Trust v. Protective Life Insurance Company*), was filed as a putative class action on August 13, 2018 in the United States District Court for the Northern District of Alabama. Plaintiff sought to represent all owners of universal life and variable universal life policies issued or administered by PLICO or its predecessors that provide that cost of insurance rates are to be determined based on expectations of future mortality experience. Plaintiff's complaint alleged that PLICO breached those policies by failing to periodically adjust its cost of insurance ("COI") rates based on improved expectations of future mortality, and Plaintiff sought class certification, compensatory damages, pre-judgment and post-judgment interest, costs, and other unspecified relief. On March 1, 2024, the United States Court of Appeals for the Eleventh Circuit ("Eleventh Circuit") upheld in part the District Court's dismissal order and ruled in favor of PLICO on Plaintiff's primary claims – holding that PLICO has no continuing duty to periodically reassess and redetermine COI rates. The Eleventh Circuit remanded the case to the District Court for further proceedings on Plaintiff's alternative theory that PLICO breached the contract if it has in fact redetermined COI rates within the limitations period and did so without taking into account its expectations of future mortality. On March 22, 2024, Plaintiff filed a Petition for Panel Rehearing, which was denied on April 5, 2024. On October 27, 2025, PLICO settled this matter on an individual basis (not on a class basis) with Plaintiff Johnson, and pursuant to that settlement, the case will be dismissed with prejudice on or before November 14, 2025. As of September 30, 2025, PLICO has accrued for the net estimated cost of the impact of the settlement.

PLICO is currently defending three putative class actions in which the plaintiffs claim that defendants' alleged failure to comply with certain California statutes, which address contractual grace periods and lapse notice requirements for certain life insurance policies, requires that these policies remain in force: *Beverly Allen v. Protective Life Insurance Company*, Civil Action No. 1:20-cv-00530-JLT; *Janice Schmidt and Judy A. Vann-Eubanks v. Protective Life Insurance Company, et al.*, Civil Action No. 1:21cv-01784-SAB; and *Cristin Morneau, et al. v. Protective Life Insurance Company* (Civil Action No. 3:22-cv-01861-AHG). The plaintiffs seek unspecified monetary damages and injunctive relief. PLICO maintains various defenses to the merits of the plaintiffs' claims and to class certification. On October 24, 2025, the Federal District Court granted final approval to a class settlement in the *Morneau* matter. The *Morneau* settlement resolves the other two California class action matters, and all three actions will ultimately be dismissed with prejudice. As of September 30, 2025, PLICO has accrued for the net estimated cost of the impact of the settlement.

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 years to twenty-five years. Leases with an initial term of 12 months or less are not recorded on the consolidated condensed balance sheet. 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 will use 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 maturity securities and other investments. The Company had \$5.4 billion of such commitments as of September 30, 2025 and \$168 million of such commitments as of December 31, 2024.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables summarize the changes in the accumulated balances for each component of accumulated other comprehensive income (loss) (“AOCI”) as of and for the three and nine months ended September 30, 2025 and 2024.

Changes in Accumulated Other Comprehensive Income (Loss) by Component

	Unrealized Gains and Losses on Investments ⁽²⁾	Accumulated Gain and Loss on Derivatives	Minimum Pension Liability Adjustment	Total Accumulated Other Comprehensive Income (Loss)
(Dollars In Millions, Net of Tax)				
Balance, June 30, 2025	\$ (4,491)	\$ (18)	\$ 11	\$ (4,498)
Other comprehensive income (loss) before reclassifications	306	(5)	—	301
Other comprehensive loss on investments for change in net expected credit losses	(12)	—	—	(12)
Amounts reclassified from accumulated other comprehensive income (loss) ⁽¹⁾	23	(1)	—	22
Balance, September 30, 2025	<u>\$ (4,174)</u>	<u>\$ (24)</u>	<u>\$ 11</u>	<u>\$ (4,187)</u>
Balance, December 31, 2024	\$ (4,786)	\$ (3)	\$ 11	\$ (4,778)
Other comprehensive income (loss) before reclassifications	585	(18)	—	567
Other comprehensive loss on investments for change in net expected credit losses	(16)	—	—	(16)
Amounts reclassified from accumulated other comprehensive income (loss) ⁽¹⁾	43	(3)	—	40
Balance, September 30, 2025	<u>\$ (4,174)</u>	<u>\$ (24)</u>	<u>\$ 11</u>	<u>\$ (4,187)</u>

	Unrealized Gains and Losses on Investments ⁽²⁾	Accumulated Gain and Loss on Derivatives	Minimum Pension Liability Adjustment	Total Accumulated Other Comprehensive Income (Loss)
(Dollars In Millions, Net of Tax)				
Balance, June 30, 2024	\$ (5,040)	\$ 13	\$ (9)	(5,036)
Other comprehensive income (loss) before reclassifications	1,513	(30)	—	1,483
Other comprehensive gain on investments for change in net expected credit losses	4	—	—	4
Amounts reclassified from accumulated other comprehensive income (loss) ⁽¹⁾	(2)	(5)	—	(7)
Balance, September 30, 2024	<u>\$ (3,525)</u>	<u>\$ (22)</u>	<u>\$ (9)</u>	<u>(3,556)</u>
Balance, December 31, 2024	\$ (4,571)	\$ 3	\$ (9)	(4,577)
Other comprehensive income (loss) before reclassifications	1,027	(12)	—	1,015
Other comprehensive loss on investments for change in net expected credit losses	10	—	—	10
Amounts reclassified from accumulated other comprehensive income (loss) ⁽¹⁾	9	(13)	—	(4)
Balance, September 30, 2024	<u>\$ (3,525)</u>	<u>\$ (22)</u>	<u>\$ (9)</u>	<u>(3,556)</u>

(1) See Reclassifications Out of Accumulated Other Comprehensive Income (Loss) table below for details.

(2) As of September 30, 2025 and December 31, 2024, net unrealized losses reported in AOCI were offset by \$648 million and \$1.8 billion, 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 reclassifications amounts out of AOCI for the three and nine months ended September 30, 2025 and 2024.

Reclassification Out of Accumulated Other Comprehensive Income (Loss)

Affected Line Item in the Consolidated Condensed Financial Statements		For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
Gains/(losses) in net income:	Statements of Income	2025	2024	2025	2024
		(Dollars In Millions)		(Dollars In Millions)	
Derivative instruments	Benefits and settlement expenses, net of reinsurance ceded	\$ 1	\$ 6	\$ 4	\$ 17
	Income tax expense (benefit)	—	(1)	(1)	(4)
		<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ 13</u>
Unrealized gains and losses on AFS securities	Net realized gains (losses) - investments	\$ (21)	\$ (24)	\$ (39)	\$ (23)
	Net impairment losses recognized in earnings	(9)	26	(16)	11
	Income tax expense (benefit)	7	—	12	3
		<u>\$ (23)</u>	<u>\$ 2</u>	<u>\$ (43)</u>	<u>\$ (9)</u>

13. SUBSEQUENT EVENTS

The Company has evaluated the effects of events subsequent to September 30, 2025, and through November 13, 2025, the date the Company's financial statements are available to be issued. All accounting and disclosure requirements related to subsequent events are included in the Company's 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 September 30, 2025, the related consolidated condensed statements of income, comprehensive income, and shareowner's equity for the three-month and nine-month periods ended September 30, 2025 and 2024, and the related consolidated condensed statements of cash flows for the nine-month periods ended September 30, 2025 and 2024, 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
November 13, 2025