
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File Number 001-31792

CNO Financial Group, Inc.

Delaware

75-3108137

State of Incorporation

IRS Employer Identification No.

11299 Illinois Street

Carmel, Indiana 46032

(317) 817-6100

Address of principal executive offices

Telephone

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	CNO	New York Stock Exchange
Rights to purchase Series F Junior Participating Preferred Stock		New York Stock Exchange
5.125% Subordinated Debentures due 2060	CNOpa	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

Shares of common stock outstanding as of April 23, 2024: 108,259,664

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Page

Item 1.	Financial Statements (unaudited)	
	<u>Consolidated Balance Sheet as of March 31, 2024 and December 31, 2023</u>	<u>3</u>
	<u>Consolidated Statement of Operations for the three months ended March 31, 2024 and 2023</u>	<u>5</u>
	<u>Consolidated Statement of Comprehensive Income for the three months ended March 31, 2024 and 2023</u>	<u>6</u>
	<u>Consolidated Statement of Shareholders' Equity for the three months ended March 31, 2024 and 2023</u>	<u>7</u>
	<u>Consolidated Statement of Cash Flows for the three months ended March 31, 2024 and 2023</u>	<u>8</u>
	<u>Notes to Consolidated Financial Statements</u>	<u>9</u>
Item 2.	<u>Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations</u>	<u>65</u>
	<u>Cautionary Statement Regarding Forward-Looking Statements</u>	<u>65</u>
	<u>Overview</u>	<u>67</u>
	<u>Critical Accounting Estimates</u>	<u>70</u>
	<u>Results of Operations</u>	<u>71</u>
	<u>Liquidity and Capital Resources</u>	<u>82</u>
	<u>Investments</u>	<u>88</u>
	<u>Investments in Variable Interest Entities</u>	<u>95</u>
	<u>New Accounting Standards</u>	<u>98</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>98</u>
Item 4.	<u>Controls and Procedures</u>	<u>98</u>

PART II - OTHER INFORMATION

Item 1.	<u>Legal Proceedings</u>	<u>99</u>
Item 1A.	<u>Risk Factors</u>	<u>99</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>99</u>
Item 5.	<u>Other Information</u>	<u>100</u>
Item 6.	<u>Exhibits</u>	<u>101</u>

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEET

(Dollars in millions)

(unaudited)

ASSETS

	March 31, 2024	December 31, 2023
Investments:		
Fixed maturities, available for sale, at fair value (net of allowance for credit losses: March 31, 2024 - \$39.0 and December 31, 2023 - \$42.9; amortized cost: March 31, 2024 - \$23,950.8 and December 31, 2023 - \$23,699.2)	\$ 21,648.1	\$ 21,506.2
Equity securities at fair value	118.4	96.9
Mortgage loans (net of allowance for credit losses: March 31, 2024 - \$16.6 and December 31, 2023 - \$15.4)	2,087.1	2,064.1
Policy loans	130.3	128.5
Trading securities	222.8	222.7
Investments held by variable interest entities (net of allowance for credit losses: March 31, 2024 - \$4.3 and December 31, 2023 - \$3.1; amortized cost: March 31, 2024 - \$547.2 and December 31, 2023 - \$787.6)	533.4	768.6
Other invested assets	1,471.3	1,353.4
Total investments	26,211.4	26,140.4
Cash and cash equivalents - unrestricted	566.3	774.5
Cash and cash equivalents held by variable interest entities	83.5	114.5
Accrued investment income	252.0	251.5
Present value of future profits	175.5	180.7
Deferred acquisition costs	1,992.3	1,944.4
Reinsurance receivables (net of allowance for credit losses: March 31, 2024 - \$3.0 and December 31, 2023 - \$3.0)	3,969.0	4,040.7
Market risk benefit asset	84.1	75.4
Income tax assets, net	886.1	936.2
Assets held in separate accounts	3.3	3.1
Other assets	716.2	641.1
Total assets	<u>\$ 34,939.7</u>	<u>\$ 35,102.5</u>

(continued on next page)

The accompanying notes are an integral part
of the consolidated financial statements.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET, continued
(Dollars in millions)
(unaudited)

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 2024	December 31, 2023
Liabilities:		
Liabilities for insurance products:		
Policyholder account balances	\$ 15,736.7	\$ 15,667.8
Future policy benefits	11,736.5	11,928.2
Market risk benefit liability	3.8	7.4
Liability for life insurance policy claims	65.1	62.1
Unearned and advanced premiums	226.0	218.9
Liabilities related to separate accounts	3.3	3.1
Other liabilities	905.0	848.8
Investment borrowings	2,189.1	2,189.3
Borrowings related to variable interest entities	565.5	820.8
Notes payable – direct corporate obligations	1,141.0	1,140.5
Total liabilities	<u>32,572.0</u>	<u>32,886.9</u>
Commitments and Contingencies		
Shareholders' equity:		
Common stock (\$0.01 par value, 8,000,000,000 shares authorized, shares issued and outstanding: March 31, 2024 – 108,568,594; December 31, 2023 – 109,357,540)	1.1	1.1
Additional paid-in capital	1,851.2	1,891.5
Accumulated other comprehensive loss	(1,480.3)	(1,576.8)
Retained earnings	1,995.7	1,899.8
Total shareholders' equity	<u>2,367.7</u>	<u>2,215.6</u>
Total liabilities and shareholders' equity	<u>\$ 34,939.7</u>	<u>\$ 35,102.5</u>

The accompanying notes are an integral part
of the consolidated financial statements.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(Dollars in millions, except per share data)
(unaudited)

	Three months ended March 31,	
	2024	2023
Revenues:		
Insurance policy income	\$ 628.4	\$ 625.5
Net investment income:		
General account assets	301.9	292.2
Policyholder and other special-purpose portfolios	167.3	50.8
Investment gains (losses):		
Realized investment losses	(10.0)	(14.6)
Other investment gains	17.8	—
Total investment gains (losses)	7.8	(14.6)
Fee revenue and other income	51.1	52.1
Total revenues	1,156.5	1,006.0
Benefits and expenses:		
Insurance policy benefits	631.4	609.7
Liability for future policy benefits remeasurement (gain) loss	(6.4)	.6
Change in fair value of market risk benefits	(13.7)	14.8
Interest expense	60.2	54.7
Amortization of deferred acquisition costs and present value of future profits	60.5	55.5
Other operating costs and expenses	278.3	271.7
Total benefits and expenses	1,010.3	1,007.0
Income (loss) before income taxes	146.2	(1.0)
Income tax expense (benefit) on period income (loss)	33.9	(.2)
Net income (loss)	\$ 112.3	\$ (.8)
Earnings per common share:		
Basic:		
Weighted average shares outstanding	108,964,000	114,545,000
Net income (loss)	\$ 1.03	\$ (.01)
Diluted:		
Weighted average shares outstanding	110,845,000	114,545,000
Net income (loss)	\$ 1.01	\$ (.01)

The accompanying notes are an integral part
of the consolidated financial statements.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Dollars in millions)
(unaudited)

	Three months ended	
	March 31,	
	2024	2023
Net income (loss)	\$ 112.3	\$ (.8)
Other comprehensive income (loss), before tax:		
Unrealized gains (losses) on investments	(114.6)	626.1
Adjustment to discount rate for liability for future policy benefits	231.7	(263.3)
Adjustment to instrument-specific credit risk for market risk benefits	(1.4)	.9
Reclassification adjustments:		
For net realized investment losses included in net income (loss)	7.3	10.9
Other comprehensive income before tax	123.0	374.6
Income tax expense related to items of accumulated other comprehensive income	(26.5)	(81.7)
Other comprehensive income, net of tax	96.5	292.9
Comprehensive income	<u>\$ 208.8</u>	<u>\$ 292.1</u>

The accompanying notes are an integral part
of the consolidated financial statements.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Dollars in millions, shares in thousands)
(unaudited)

	Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total
	Shares	Amount				
Balance, December 31, 2022	114,343	\$ 1.1	\$ 2,033.8	\$ (1,957.3)	\$ 1,691.2	\$ 1,768.8
Net loss	—	—	—	—	(.8)	(.8)
Other comprehensive income, net of tax	—	—	—	292.9	—	292.9
Common stock repurchased	(633)	—	(15.1)	—	—	(15.1)
Dividends on common stock	—	—	—	—	(16.4)	(16.4)
Employee benefit plans, net of shares used to pay tax withholdings	1,195	—	2.4	—	—	2.4
Balance, March 31, 2023	<u>114,905</u>	<u>\$ 1.1</u>	<u>\$ 2,021.1</u>	<u>\$ (1,664.4)</u>	<u>\$ 1,674.0</u>	<u>\$ 2,031.8</u>
Balance, December 31, 2023	109,358	\$ 1.1	\$ 1,891.5	\$ (1,576.8)	\$ 1,899.8	\$ 2,215.6
Net income	—	—	—	—	112.3	112.3
Other comprehensive income, net of tax	—	—	—	96.5	—	96.5
Common stock repurchased	(1,483)	—	(40.0)	—	—	(40.0)
Dividends on common stock	—	—	—	—	(16.4)	(16.4)
Employee benefit plans, net of shares used to pay tax withholdings	694	—	(.3)	—	—	(.3)
Balance, March 31, 2024	<u>108,569</u>	<u>\$ 1.1</u>	<u>\$ 1,851.2</u>	<u>\$ (1,480.3)</u>	<u>\$ 1,995.7</u>	<u>\$ 2,367.7</u>

The accompanying notes are an integral part
of the consolidated financial statements.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in millions)
(unaudited)

	Three months ended March 31,	
	2024	2023
Cash flows from operating activities:		
Insurance policy income	\$ 582.1	\$ 582.2
Net investment income	334.4	315.0
Fee revenue and other income	53.6	50.4
Insurance policy benefits	(408.0)	(410.9)
Interest expense	(50.4)	(38.6)
Deferrable policy acquisition costs	(103.2)	(89.8)
Other operating costs	(303.8)	(320.2)
Income taxes	(10.1)	(6.2)
Net cash from operating activities	94.6	81.9
Cash flows from investing activities:		
Sales of investments	671.0	486.5
Maturities and redemptions of investments	368.3	276.8
Purchases of investments	(1,064.7)	(1,147.7)
Net sales (purchases) of trading securities	4.3	(8.4)
Other	(2.5)	(13.9)
Net cash used by investing activities	(23.6)	(406.7)
Cash flows from financing activities:		
Issuance of common stock	2.8	8.1
Payments to repurchase common stock	(58.8)	(25.8)
Common stock dividends paid	(17.3)	(17.1)
Payments on financing arrangements	(3.5)	—
Amounts received for deposit products	523.9	498.3
Withdrawals from deposit products	(505.5)	(422.1)
Issuance of investment borrowings:		
Federal Home Loan Bank	222.0	620.5
Payments on investment borrowings:		
Federal Home Loan Bank	(222.1)	(420.4)
Related to variable interest entities	(251.7)	(39.5)
Net cash provided (used) by financing activities	(310.2)	202.0
Net decrease in cash and cash equivalents	(239.2)	(122.8)
Cash and cash equivalents - unrestricted and held by variable interest entities, beginning of period	889.0	644.9
Cash and cash equivalents - unrestricted and held by variable interest entities, end of period	\$ 649.8	\$ 522.1

The accompanying notes are an integral part
of the consolidated financial statements.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

BUSINESS AND BASIS OF PRESENTATION

CNO Financial Group, Inc., a Delaware corporation ("CNO"), is a holding company for a group of insurance companies that develop, market and administer health insurance, annuity, individual life insurance and other insurance products. The terms "CNO Financial Group, Inc.", "CNO", the "Company", "we", "us", and "our" as used in these financial statements refer to CNO and its subsidiaries. Such terms, when used to describe insurance business and products, refer to the insurance business and products of CNO's insurance subsidiaries.

We focus on serving middle-income pre-retiree and retired Americans, which we believe are attractive, underserved, high growth markets. We sell our products through exclusive agents, independent producers (some of whom sell one or more of our product lines exclusively) and direct marketing.

Our unaudited consolidated financial statements reflect normal recurring adjustments that, in the opinion of management, are necessary for a fair statement of our financial position, results of operations and cash flows for the periods presented. As permitted by rules and regulations of the Securities and Exchange Commission (the "SEC") applicable to quarterly reports on Form 10-Q, we have condensed or omitted certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Results for interim periods are not necessarily indicative of the results that may be expected for a full year.

The December 31, 2023 consolidated balance sheet data was derived from the audited consolidated financial statements included in our 2023 Annual Report on Form 10-K. Accordingly, these interim consolidated financial statements should be read together with the consolidated financial statements included in our 2023 Annual Report on Form 10-K.

When we prepare financial statements in conformity with GAAP, we are required to make estimates and assumptions that significantly affect reported amounts of various assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods. For example, we use significant estimates and assumptions to calculate values for deferred acquisition costs, the present value of future profits, fair value measurements of certain investments (including derivatives), allowance for credit losses and other-than-temporary impairments of investments, assets and liabilities related to income taxes, liabilities for insurance products, liabilities related to litigation and guaranty fund assessment accruals. If our future experience differs from these estimates and assumptions, our financial statements could be materially affected.

The accompanying financial statements are unaudited and include the accounts of the Company and its subsidiaries. Our consolidated financial statements exclude transactions between us and our consolidated affiliates, or among our consolidated affiliates.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

RECENTLY ISSUED ACCOUNTING STANDARDS

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 is intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. Such requirements include: (i) disclosures on significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss on an annual and interim basis; (ii) disclosures of an amount for other segment items by reportable segment and a description of its composition on an annual and interim basis (the other segment items category is the difference between segment revenues less the segment expenses disclosed pursuant to the new guidance); (iii) providing all annual disclosures on a reportable segment's profit or loss and assets currently required by FASB ASC Topic 280, Segment Reporting in interim periods; and (iv) specifying the title and position of the CODM and an explanation of how the CODM uses the reported measures to assess segment performance and make decisions about allocating resources. ASU 2023-07 is effective for annual periods beginning January 1, 2024 and interim periods beginning January 1, 2025, to be applied on a retrospective basis (with early adoption permitted). The adoption of ASU 2023-07 will expand our disclosures but will not have an impact on our financial position or results of operations.

In December 2023, the FASB issued Accounting Standards Update 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 is intended to improve the effectiveness of income tax disclosures by requiring, among other things, the disclosure on an annual basis of: (i) specific categories in the rate reconciliation; and (ii) additional information for reconciling items that meet a quantitative threshold. In addition, ASU 2023-09 requires disclosure (on an annual basis) of the following information about income taxes paid: (i) the amount of income taxes paid (net of refunds received) disaggregated by federal (national), state, and foreign taxes; and (ii) the amount of income taxes paid (net of refunds received) disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received). ASU 2023-09 is effective for annual periods beginning January 1, 2025, to be applied prospectively with an option for retrospective application (with early adoption permitted). The adoption of ASU 2023-09 will modify our disclosures but will not have an impact on our financial position or results of operations.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

INVESTMENTS

We classify our *fixed maturity securities* into one of two categories: (i) "available for sale" (which we carry at estimated fair value with any unrealized gain or loss, net of tax and related adjustments, recorded as a component of shareholders' equity); or (ii) "trading" (which we carry at estimated fair value with changes in such value recognized as either net investment income (classified as investment income from policyholder and other special-purpose portfolios) or investment gains (losses)).

Trading securities include: (i) investments purchased with the intent of selling in the near term to generate income; and (ii) certain fixed maturity securities containing embedded derivatives for which we have elected the fair value option. The change in fair value of the income generating investments is recognized in income from policyholder and other special-purpose portfolios (a component of net investment income). The change in fair value of securities with embedded derivatives is recognized in other investment gains (losses).

We review our available for sale fixed maturity securities with unrealized losses to determine whether such impairments are the result of credit losses. We analyze various factors to make such determinations including, but not limited to: (i) actions taken by rating agencies; (ii) default by the issuer; (iii) the significance of the decline; (iv) an assessment of our intent to sell the security before recovering the security's amortized cost; (v) an economic analysis of the issuer's industry; and (vi) the financial strength, liquidity, and recoverability of the issuer. We perform a security by security review each quarter to evaluate whether a credit loss has occurred.

In determining the credit loss component, we discount the estimated cash flows on a security by security basis. We consider the impact of macroeconomic conditions on inputs used to measure the amount of credit loss. For most structured securities, cash flow estimates are based on bond-specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity, prepayment speeds and structural support, including overcollateralization, excess spread, subordination and guarantees. For corporate bonds, cash flow estimates are derived by considering asset type, rating, time to maturity, and applying an expected loss rate.

If a portion of the decline is due to credit-related factors, we separate the credit loss component of the impairment from the amount related to all other factors. The credit loss component is recorded as an allowance and reported in other investment gains (losses) (limited to the difference between estimated fair value and amortized cost). The impairment related to all other factors (non-credit factors) is reported in accumulated other comprehensive income (loss) along with unrealized gains (losses) related to fixed maturity investments, available for sale, net of tax and related adjustments. The allowance is adjusted for any additional credit losses and subsequent recoveries. When recognizing an allowance associated with a credit loss, the cost basis is not adjusted. When we determine a security is uncollectable, the remaining amortized cost will be written off.

If we intend to sell an impaired fixed maturity security, available for sale, or identify an impaired fixed maturity security, available for sale, for which it is more likely than not we will be required to sell before anticipated recovery, the difference between the fair value and the amortized cost is included in other investment gains (losses) and the fair value becomes the new amortized cost. The new cost basis is not adjusted for any subsequent recoveries in fair value.

The Company reports accrued investment income separately from fixed maturities, available for sale, and has elected not to measure an allowance for credit losses for accrued investment income. Accrued investment income is written off through net investment income at the time the issuer of the bond defaults or is expected to default on payments.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

At March 31, 2024, the amortized cost, gross unrealized gains, gross unrealized losses, allowance for credit losses and estimated fair value of fixed maturities, available for sale, were as follows (dollars in millions):

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Allowance for credit losses	Estimated fair value
Corporate securities	\$ 13,132.7	\$ 50.5	\$ (1,506.6)	\$ (37.7)	\$ 11,638.9
United States Treasury securities and obligations of United States government corporations and agencies	232.8	—	(18.4)	—	214.4
States and political subdivisions	3,054.5	26.4	(376.9)	(.6)	2,703.4
Foreign governments	94.8	.6	(12.5)	(.6)	82.3
Asset-backed securities	1,546.1	3.3	(95.4)	(.1)	1,453.9
Agency residential mortgage-backed securities	683.3	6.7	(2.3)	—	687.7
Non-agency residential mortgage-backed securities	1,670.4	33.6	(144.2)	—	1,559.8
Collateralized loan obligations	1,151.0	4.6	(10.0)	—	1,145.6
Commercial mortgage-backed securities	2,385.2	1.8	(224.9)	—	2,162.1
Total fixed maturities, available for sale	<u>\$ 23,950.8</u>	<u>\$ 127.5</u>	<u>\$ (2,391.2)</u>	<u>\$ (39.0)</u>	<u>\$ 21,648.1</u>

At December 31, 2023, the amortized cost, gross unrealized gains, gross unrealized losses, allowance for credit losses and estimated fair value of fixed maturities, available for sale, were as follows (dollars in millions):

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Allowance for credit losses	Estimated fair value
Corporate securities	\$ 13,186.9	\$ 74.7	\$ (1,382.4)	\$ (41.7)	\$ 11,837.5
United States Treasury securities and obligations of United States government corporations and agencies	207.6	.1	(13.3)	—	194.4
States and political subdivisions	2,896.8	31.3	(360.7)	(.7)	2,566.7
Foreign governments	92.7	1.2	(10.4)	(.4)	83.1
Asset-backed securities	1,476.2	4.1	(107.8)	(.1)	1,372.4
Agency residential mortgage-backed securities	639.0	9.5	(.5)	—	648.0
Non-agency residential mortgage-backed securities	1,670.1	35.8	(152.7)	—	1,553.2
Collateralized loan obligations	1,042.5	3.3	(13.0)	—	1,032.8
Commercial mortgage-backed securities	2,487.4	.7	(270.0)	—	2,218.1
Total fixed maturities, available for sale	<u>\$ 23,699.2</u>	<u>\$ 160.7</u>	<u>\$ (2,310.8)</u>	<u>\$ (42.9)</u>	<u>\$ 21,506.2</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

The following table sets forth the amortized cost and estimated fair value of fixed maturities, available for sale, at March 31, 2024, by contractual maturity. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties. Structured securities (such as asset-backed securities, agency residential mortgage-backed securities, non-agency residential mortgage-backed securities, collateralized loan obligations and commercial mortgage-backed securities, collectively referred to as "structured securities") frequently include provisions for periodic principal payments and permit periodic unscheduled payments.

	Amortized cost	Estimated fair value
	(Dollars in millions)	
Due in one year or less	\$ 324.8	\$ 314.6
Due after one year through five years	2,278.8	2,175.7
Due after five years through ten years	1,529.8	1,450.2
Due after ten years	12,381.4	10,698.5
Subtotal	16,514.8	14,639.0
Structured securities	7,436.0	7,009.1
Total fixed maturities, available for sale	<u>\$ 23,950.8</u>	<u>\$ 21,648.1</u>

Gross Unrealized Investment Losses

Our investment strategy is to maximize, over a sustained period and within acceptable parameters of quality and risk, investment income and total investment return through active strategic asset allocation and investment management. Accordingly, we may sell securities at a gain or a loss to enhance the projected total return of the portfolio as market opportunities change, to reflect changing perceptions of risk, or to better match certain characteristics of our investment portfolio with the corresponding characteristics of our insurance liabilities.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

The following table summarizes the gross unrealized losses and fair values of our investments with unrealized losses for which an allowance for credit losses has not been recorded, aggregated by investment category and length of time that such securities have been in a continuous unrealized loss position, at March 31, 2024 (dollars in millions):

Description of securities	Less than 12 months		12 months or greater		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate securities	\$ 508.6	\$ (7.4)	\$ 5,339.7	\$ (719.3)	\$ 5,848.3	\$ (726.7)
United States Treasury securities and obligations of United States government corporations and agencies	72.9	(3.3)	119.0	(15.1)	191.9	(18.4)
States and political subdivisions	272.4	(4.0)	959.2	(166.4)	1,231.6	(170.4)
Foreign governments	12.0	(.5)	18.2	(1.1)	30.2	(1.6)
Asset-backed securities	110.5	(.8)	1,064.1	(93.7)	1,174.6	(94.5)
Agency residential mortgage-backed securities	249.8	(1.9)	11.5	(.4)	261.3	(2.3)
Non-agency residential mortgage-backed securities	117.7	(.9)	1,064.4	(143.3)	1,182.1	(144.2)
Collateralized loan obligations	233.1	(1.9)	334.2	(8.1)	567.3	(10.0)
Commercial mortgage-backed securities	96.3	(.6)	1,851.1	(224.3)	1,947.4	(224.9)
Total fixed maturities, available for sale	<u>\$ 1,673.3</u>	<u>\$ (21.3)</u>	<u>\$ 10,761.4</u>	<u>\$ (1,371.7)</u>	<u>\$ 12,434.7</u>	<u>\$ (1,393.0)</u>

The following table summarizes the gross unrealized losses and fair values of our investments with unrealized losses for which an allowance for credit losses has not been recorded, aggregated by investment category and length of time that such securities have been in a continuous unrealized loss position, at December 31, 2023 (dollars in millions):

Description of securities	Less than 12 months		12 months or greater		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate securities	\$ 332.0	\$ (5.3)	\$ 5,199.0	\$ (640.6)	\$ 5,531.0	\$ (645.9)
United States Treasury securities and obligations of United States government corporations and agencies	126.7	(10.2)	34.5	(3.1)	161.2	(13.3)
States and political subdivisions	236.9	(3.8)	990.0	(181.2)	1,226.9	(185.0)
Foreign governments	6.2	—	21.1	(2.3)	27.3	(2.3)
Asset-backed securities	46.9	(.8)	1,066.8	(106.0)	1,113.7	(106.8)
Agency residential mortgage-backed securities	73.4	(.4)	7.1	(.1)	80.5	(.5)
Non-agency residential mortgage-backed securities	69.0	(1.3)	1,062.9	(151.4)	1,131.9	(152.7)
Collateralized loan obligations	75.0	(.3)	590.9	(12.7)	665.9	(13.0)
Commercial mortgage-backed securities	203.8	(2.4)	1,914.1	(267.6)	2,117.9	(270.0)
Total fixed maturities, available for sale	<u>\$ 1,169.9</u>	<u>\$ (24.5)</u>	<u>\$ 10,886.4</u>	<u>\$ (1,365.0)</u>	<u>\$ 12,056.3</u>	<u>\$ (1,389.5)</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

Based on management's current assessment of investments with unrealized losses at March 31, 2024, the Company believes the issuers of the securities will continue to meet their obligations. While we do not have the intent to sell securities with unrealized losses and it is not more likely than not that we will be required to sell securities with unrealized losses prior to their anticipated recovery, our intent on an individual security may change, based upon market or other unforeseen developments. In such instances, if a loss is recognized from a sale subsequent to a balance sheet date due to these unexpected developments, the loss is recognized in the period in which we had the intent to sell the security before its anticipated recovery.

The following table summarizes changes in the allowance for credit losses related to fixed maturities, available for sale, for the three months ended March 31, 2024 (dollars in millions):

	Corporate securities	States and political subdivisions	Foreign governments	Asset- backed securities	Total
Allowance at December 31, 2023	\$ 41.7	\$.7	\$.4	\$.1	\$ 42.9
Additions for securities for which credit losses were not previously recorded	2.2	(.1)	.1	—	2.2
Additions (reductions) for securities where an allowance was previously recorded	(6.1)	—	.1	—	(6.0)
Reduction for securities sold during the period	(.1)	—	—	—	(.1)
Allowance at March 31, 2024	<u>\$ 37.7</u>	<u>\$.6</u>	<u>\$.6</u>	<u>\$.1</u>	<u>\$ 39.0</u>

The following table summarizes changes in the allowance for credit losses related to fixed maturities, available for sale, for the three months ended March 31, 2023 (dollars in millions):

	Corporate securities	States and political subdivisions	Foreign governments	Asset- backed securities	Total
Allowance at December 31, 2022	\$ 54.4	\$.9	\$.4	\$.3	\$ 56.0
Additions for securities for which credit losses were not previously recorded	3.0	—	—	—	3.0
Additions (reductions) for securities where an allowance was previously recorded	.5	(.1)	.1	.3	.8
Reduction for securities sold during the period	(.7)	—	—	—	(.7)
Allowance at March 31, 2023	<u>\$ 57.2</u>	<u>\$.8</u>	<u>\$.5</u>	<u>\$.6</u>	<u>\$ 59.1</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

Mortgage Loans

Mortgage loans are carried at amortized unpaid balance, net of allowance for estimated credit losses. Interest income is accrued on the principal amount of the loan based on the loan's contractual interest rate. Payment terms specified for mortgage loans may include a prepayment penalty for unscheduled payoff of the investment. Prepayment penalties are recognized as investment income when received.

The allowance for estimated credit losses is measured using a loss-rate method on an individual asset basis. Inputs used include asset-specific characteristics, current economic conditions, historical loss information and reasonable and supportable forecasts about future economic conditions.

The mortgage loan balance was comprised of commercial and residential mortgage loans. At March 31, 2024, we held commercial mortgage loan investments with an amortized cost and fair value of \$1,461.7 million and \$1,290.5 million, respectively. At March 31, 2024, there was one commercial mortgage loan with an amortized cost of \$17.3 million that was noncurrent. There were no commercial mortgage loans in foreclosure.

At March 31, 2024, we held residential mortgage loan investments with an amortized cost and fair value of \$642.0 million and \$640.3 million, respectively. At March 31, 2024, there were seventeen residential mortgage loans that were noncurrent with an amortized cost of \$9.4 million (of which, eleven loans with an amortized cost of \$4.2 million were in foreclosure).

The following table provides the amortized cost by year of origination and estimated fair value of our outstanding commercial mortgage loans and the underlying collateral as of March 31, 2024 (dollars in millions):

Loan-to-value ratio (a)	2024	2023	2022	2021	2020	Prior	Total amortized cost	Estimated fair value	
								Mortgage loans	Collateral
Less than 60%	\$ 12.8	\$ 160.7	\$ 160.8	\$ 96.2	\$ 33.2	\$ 525.5	\$ 989.2	\$ 877.8	\$ 3,675.3
60% to less than 70%	—	126.9	47.4	29.2	5.5	18.6	227.6	208.3	348.7
70% to less than 80%	—	19.3	54.7	24.9	—	49.7	148.6	127.2	201.0
80% to less than 90%	—	—	47.8	—	—	48.5	96.3	77.2	113.8
Total	\$ 12.8	\$ 306.9	\$ 310.7	\$ 150.3	\$ 38.7	\$ 642.3	\$ 1,461.7	\$ 1,290.5	\$ 4,338.8

(a) Loan-to-value ratios are calculated as the ratio of: (i) the amortized cost of the commercial mortgage loans; to (ii) the estimated fair value of the underlying collateral.

The following table summarizes changes in the allowance for credit losses related to mortgage loans for the three months ended March 31, 2024 and 2023 (dollars in millions):

	Three months ended March 31,	
	2024	2023
Allowance at the beginning of the period	\$ 15.4	\$ 8.0
Current period provision for expected credit losses	1.2	.4
Allowance at the end of the period	\$ 16.6	\$ 8.4

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

Total Investment Gains (Losses)

The following table sets forth the total investment gains (losses) for the periods indicated (dollars in millions):

	Three months ended	
	March 31,	
	2024	2023
Realized investment gains (losses):		
Gross realized gains on sales of fixed maturities, available for sale	\$ 2.1	\$ 7.3
Gross realized losses on sales of fixed maturities, available for sale	(5.9)	(14.4)
Equity securities, net	—	(.2)
Other, net	(6.2)	(7.3)
Total realized investment losses	(10.0)	(14.6)
Change in allowance for credit losses (a)	1.5	(1.5)
Change in fair value of equity securities (b)	.9	.4
Other changes in fair value (c)	11.6	1.1
Gain on liquidation of variable interest entity	3.8	—
Other investment gains	17.8	—
Total investment gains (losses)	\$ 7.8	\$ (14.6)

- (a) Changes in the allowance for credit losses includes \$(1.2) million and \$2.0 million in the three months ended March 31, 2024 and 2023, respectively, related to investments held by variable interest entities ("VIEs").
- (b) Changes in the estimated fair value of equity securities (that are still held as of the end of the respective periods) were \$1.0 million and \$0.3 million for the three months ended March 31, 2024 and 2023, respectively.
- (c) Changes in the estimated fair value of trading securities that we have elected the fair value option (that are still held as of the end of the respective periods) were \$4.8 million and \$(2.5) million in the three months ended March 31, 2024 and 2023, respectively.

During the first three months of 2024, we recognized net investment gains of \$7.8 million, which were comprised of: (i) \$10.0 million of net losses from the sales of investments; (ii) \$0.9 million of gains related to equity securities, including the change in fair value; (iii) \$11.3 million of gains related to certain other invested assets and fixed maturity investments with embedded derivatives, including the change in fair value; (iv) the increase in fair value of embedded derivatives related to a modified coinsurance agreement of \$0.3 million; (v) \$3.8 million of gains related to the liquidation of a VIE; and (vi) a decrease in the allowance for credit losses of \$1.5 million.

During the first three months of 2023, we recognized net investment losses of \$14.6 million, which were comprised of: (i) \$14.4 million of net losses from the sales of investments; (ii) \$0.2 million of gains related to equity securities, including the change in fair value; (iii) the decrease in fair value of certain other invested assets and fixed maturity investments with embedded derivatives of \$0.3 million; (iv) the increase in fair value of embedded derivatives related to a modified coinsurance agreement of \$1.4 million; and (v) an increase in the allowance for credit losses of \$1.5 million.

Our fixed maturity investments are generally purchased in the context of various long-term strategies, including funding insurance liabilities, so we do not generally seek to generate short-term realized gains through the purchase and sale of such securities. In certain circumstances, including those in which securities are selling at prices which exceed our view of their underlying economic value, or when it is possible to reinvest the proceeds to better meet our long-term asset-liability objectives, we may sell certain securities.

At March 31, 2024, there were no fixed maturity investments in default.

During the first three months of 2024, the \$5.9 million of gross realized losses on sales of \$197.1 million of fixed maturity securities, available for sale, included: (i) \$3.5 million related to various corporate securities; (ii) \$1.1 million related

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

to commercial mortgage-backed securities; and (iii) \$1.3 million related to various other investments. Securities are generally sold at a loss following unforeseen issuer-specific events or conditions or shifts in perceived relative values. These reasons include but are not limited to: (i) changes in the investment environment; (ii) expectation that the market value could deteriorate; (iii) our desire to reduce our exposure to an asset class, an issuer or an industry; (iv) prospective or actual changes in credit quality; (v) better match certain characteristics of our investment portfolio with the corresponding characteristics of our insurance liabilities; or (vi) changes in expected portfolio cash flows.

During the first three months of 2023, the \$14.4 million of gross realized losses on sales of \$288.5 million of fixed maturity securities, available for sale, included: (i) \$11.1 million related to various corporate securities; (ii) \$2.2 million related to commercial mortgage-backed securities; and (iii) \$1.1 million related to various other investments.

Future events may occur, or additional information may become available, which may necessitate future realized losses in our portfolio. Significant losses could have a material adverse effect on our consolidated financial statements in future periods.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

LIABILITIES FOR INSURANCE PRODUCTS

The liability for future policy benefits is determined based on numerous assumptions. The most significant assumptions for our life and annuity business are mortality and lapse/withdrawal rates which are based on our experience and, in cases of limited experience, industry experience. Mortality and lapse/withdrawal rates also take into consideration future expectations in policyholder behavior that may vary from past experience. For our health business, mortality rates, lapse rates, morbidity assumptions and future rate increases are based on our experience and, in cases of limited experience, industry experience. Such assumptions also consider future expectations in policyholder behavior that may vary from past experience.

In the first three months of 2024, we reviewed the actual mortality, lapse, and morbidity experience and determined that no changes to assumptions for future cash flows were necessary. This is consistent with the impact in the "Effect of actual variances from expected experience" line items in the tables below, which indicate our actual experience did not deviate significantly from our expectations.

The following tables summarize balances and changes in the liability for future policy benefits for traditional and limited-payment contracts for the three months ended March 31, 2024 (dollars in millions):

	Three months ended March 31, 2024				
	Supplemental health	Medicare supplement	Long-term care	Traditional life	Other annuities
Present value of expected net premiums ("PVENP"), beginning of period	\$ 2,718.2	\$ 3,009.2	\$ 1,055.6	\$ 2,279.6	\$ —
Effect of changes in discount rate assumptions, beginning of period	86.8	99.1	(7.6)	67.6	—
Beginning PVENP at original discount rate	2,805.0	3,108.3	1,048.0	2,347.2	—
Effect of changes in cash flow assumptions	—	—	—	—	—
Effect of actual variances from expected experience	(15.2)	(39.0)	(7.9)	(21.2)	—
Adjusted beginning of period PVENP	2,789.8	3,069.3	1,040.1	2,326.0	—
Issuances	66.0	134.2	46.9	108.2	.9
Interest accrual	30.7	32.2	12.9	24.3	—
Net premiums collected	(86.9)	(114.4)	(39.5)	(99.9)	(.9)
Ending PVENP at original discount rate	2,799.6	3,121.3	1,060.4	2,358.6	—
Effect of changes in discount rate assumptions, end of period	(139.1)	(145.5)	(11.5)	(102.0)	—
PVENP, end of period	<u>\$ 2,660.5</u>	<u>\$ 2,975.8</u>	<u>\$ 1,048.9</u>	<u>\$ 2,256.6</u>	<u>\$ —</u>
Present value of expected future policy benefits ("PVEFPB"), beginning of period	\$ 6,023.3	\$ 3,236.6	\$ 4,364.6	\$ 4,694.7	\$ 308.9
Effect of changes in discount rate assumptions, beginning of period	229.8	108.3	(132.8)	170.9	3.0
Beginning PVEFPB at original discount rate	6,253.1	3,344.9	4,231.8	4,865.6	311.9
Effect of changes in cash flow assumptions	—	—	—	—	—
Effect of actual variances from expected experience	(17.7)	(39.1)	(12.1)	(22.0)	.8
Adjusted beginning of period PVEFPB	6,235.4	3,305.8	4,219.7	4,843.6	312.7
Issuances	66.0	134.2	47.0	108.2	.9
Interest accrual	72.6	34.9	56.7	52.8	3.6
Benefit payments	(105.6)	(117.8)	(74.2)	(120.7)	(8.2)
Ending PVEFPB at original discount rate	6,268.4	3,357.1	4,249.2	4,883.9	309.0
Effect of changes in discount rate assumptions, end of period	(371.4)	(158.4)	25.5	(263.8)	(10.1)
PVEFPB, end of period	<u>\$ 5,897.0</u>	<u>\$ 3,198.7</u>	<u>\$ 4,274.7</u>	<u>\$ 4,620.1</u>	<u>\$ 298.9</u>
Net liability for future policy benefits	\$ 3,236.5	\$ 222.9	\$ 3,225.8	\$ 2,363.5	\$ 298.9
Flooring impact	—	.8	—	—	—
Adjusted net liability for future policy benefits	3,236.5	223.7	3,225.8	2,363.5	298.9
Related reinsurance recoverable	(1.5)	—	(360.8)	(187.3)	—
Net liability for future policy benefits, net of reinsurance recoverable	<u>\$ 3,235.0</u>	<u>\$ 223.7</u>	<u>\$ 2,865.0</u>	<u>\$ 2,176.2</u>	<u>\$ 298.9</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

The following tables summarize balances and changes in the liability for future policy benefits for traditional and limited-payment contracts for the three months ended March 31, 2023 (dollars in millions):

	Three months ended March 31, 2023				
	Supplemental health	Medicare supplement	Long-term care	Traditional life	Other annuities
PVENP, beginning of period	\$ 2,781.3	\$ 2,800.6	\$ 1,034.1	\$ 2,175.0	\$ —
Effect of changes in discount rate assumptions, beginning of period	188.4	196.4	23.2	137.1	—
Beginning PVENP at original discount rate	2,969.7	2,997.0	1,057.3	2,312.1	—
Effect of changes in cash flow assumptions	—	—	—	—	—
Effect of actual variances from expected experience	(17.2)	27.0	(3.4)	(14.1)	—
Adjusted beginning of period PVENP	2,952.5	3,024.0	1,053.9	2,298.0	—
Issuances	63.7	101.6	15.7	108.3	1.1
Interest accrual	32.0	30.5	12.3	23.0	—
Net premiums collected	(90.3)	(113.4)	(40.6)	(101.4)	(1.1)
Ending PVENP at original discount rate	2,957.9	3,042.7	1,041.3	2,327.9	—
Effect of changes in discount rate assumptions, end of period	(120.4)	(139.2)	(4.6)	(92.5)	—
PVENP, end of period	<u>\$ 2,837.5</u>	<u>\$ 2,903.5</u>	<u>\$ 1,036.7</u>	<u>\$ 2,235.4</u>	<u>\$ —</u>
PVEFPB, beginning of period	\$ 5,886.8	\$ 3,033.1	\$ 4,158.1	\$ 4,417.9	\$ 310.9
Effect of changes in discount rate assumptions, beginning of period	483.3	212.0	28.5	336.6	15.4
Beginning PVEFPB at original discount rate	6,370.1	3,245.1	4,186.6	4,754.5	326.3
Effect of changes in cash flow assumptions	—	—	—	—	—
Effect of actual variances from expected experience	(20.5)	32.2	(6.3)	(15.2)	.7
Adjusted beginning of period PVEFPB	6,349.6	3,277.3	4,180.3	4,739.3	327.0
Issuances	63.7	101.6	15.7	108.3	1.1
Interest accrual	73.8	33.2	55.5	51.0	3.7
Benefit payments	(99.5)	(125.6)	(71.3)	(115.0)	(8.6)
Ending PVEFPB at original discount rate	6,387.6	3,286.5	4,180.2	4,783.6	323.2
Effect of changes in discount rate assumptions, end of period	(306.8)	(150.0)	86.4	(223.0)	(6.9)
PVEFPB, end of period	<u>\$ 6,080.8</u>	<u>\$ 3,136.5</u>	<u>\$ 4,266.6</u>	<u>\$ 4,560.6</u>	<u>\$ 316.3</u>
Net liability for future policy benefits	\$ 3,243.3	\$ 233.0	\$ 3,229.9	\$ 2,325.2	\$ 316.3
Flooring impact	—	.4	—	—	—
Adjusted net liability for future policy benefits	3,243.3	233.4	3,229.9	2,325.2	316.3
Related reinsurance recoverable	(2.4)	—	(357.5)	(201.1)	—
Net liability for future policy benefits, net of reinsurance recoverable	<u>\$ 3,240.9</u>	<u>\$ 233.4</u>	<u>\$ 2,872.4</u>	<u>\$ 2,124.1</u>	<u>\$ 316.3</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

The following table reconciles the net liability for future policy benefits to the amount presented in the consolidated balance sheet (dollars in millions):

	March 31, 2024	March 31, 2023
Balances included in the future policy benefits rollforwards:		
Supplemental health	\$ 3,236.5	\$ 3,243.3
Medicare supplement	223.7	233.4
Long-term care	3,225.8	3,229.9
Traditional life	2,363.5	2,325.2
Other annuities	298.9	316.3
Reserves excluded from rollforward (a)	2,488.1	2,593.3
Deferred profit liability	64.7	57.7
Amount of reserves above (below) policyholder account balances (b)	(195.7)	(410.5)
Future loss reserves (c)	31.0	34.7
Future policy benefits	<u>\$ 11,736.5</u>	<u>\$ 11,623.3</u>

- (a) Primarily comprised of blocks of business that are 100% ceded.
- (b) Such amount represents the difference between: (i) the total insurance liabilities for our fixed indexed annuities (including the host contract and the related embedded derivative); and (ii) the policyholder account balances for these products. The accounting requirement to bifurcate the embedded derivative and value it at the current estimated fair value results in this amount.
- (c) In certain instances for interest-sensitive products, the total insurance liabilities for a particular line of business may not be deficient in the aggregate to trigger loss recognition, but the pattern of earnings may be such that profits are expected to be recognized in earlier years followed by losses in later years. In these situations, accounting standards require that an additional liability (the "future loss reserve") be recognized by an amount necessary to sufficiently offset the losses that would be recognized in later years.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

Many of our fixed indexed annuity products include a guaranteed living withdrawal benefit ("GLWB") that is considered a market risk benefit ("MRB"). The calculation of MRBs includes market assumptions (interest rate, equity returns, volatility and dividend yields) and nonmarket assumptions (mortality rates, surrender and withdrawal rates, GLWB utilization and spreads). Market assumptions are updated quarterly to reflect current market conditions. During the first three months of 2024, we reviewed the nonmarket assumptions used to calculate MRBs and determined that such assumptions were appropriate.

The following table presents the balance of and changes in MRBs associated with our fixed indexed annuities (dollars in millions):

	Three months ended March 31,	
	2024	2023
Net liability (asset), beginning of period	\$ (68.0)	\$ (54.0)
Effect of changes in the instrument-specific credit risk, beginning of period	4.8	12.2
Balance, beginning of period, before effect of changes in the instrument-specific credit risk	(63.2)	(41.8)
Issuances	(.1)	.1
Interest accrual	5.1	5.2
Attributed fees collected	—	—
Benefit payments	—	—
Effect of changes in interest rates	(13.7)	12.3
Effect of changes in equity markets	(5.0)	5.3
Effect of changes in equity index volatility	(1.2)	(7.4)
Actual policyholder behavior different from expected behavior	1.9	.6
Effect of changes in future expected policyholder behavior - other	—	—
Effect of changes in future expected policyholder behavior - risk margin	—	—
Effect of changes in assumptions	(.8)	(1.4)
Net liability (asset), end of period, before effect of changes in the instrument-specific credit risk	(77.0)	(27.1)
Effect of changes in the instrument-specific credit risk, end of period	(3.3)	(13.1)
Net liability (asset), end of period	(80.3)	(40.2)
Reinsurance recoverable, end of period	—	—
Net liability (asset), end of period, net of reinsurance	\$ (80.3)	\$ (40.2)
Balance reported as an asset	\$ 84.1	\$ 57.8
Balance reported as a liability	3.8	17.6
Net liability (asset)	\$ (80.3)	\$ (40.2)
Net amount at risk	\$ 46.2	\$ 58.9
Weighted average attained age of contract holders	69	68

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

The following table summarizes the amount of revenue and interest related to traditional and limited-payment contracts recognized in the consolidated statement of operations (dollars in millions):

	Gross premiums (a)		Interest accretion (b)	
	Three months ended		Three months ended	
	March 31,		March 31,	
	2024	2023	2024	2023
Other annuities	\$ 1.0	\$ 1.3	\$ 3.6	\$ 3.7
Supplemental health	175.2	179.4	41.9	41.8
Medicare supplement	156.8	159.2	2.7	2.7
Long-term care	85.0	82.7	43.8	43.2
Traditional life	178.9	178.8	28.5	28.0
Total	<u>\$ 596.9</u>	<u>\$ 601.4</u>	<u>\$ 120.5</u>	<u>\$ 119.4</u>

(a) Such amounts are included in insurance policy income in the consolidated statement of operations.

(b) Such amounts are included in insurance policy benefits in the consolidated statement of operations.

The following table provides the amount of undiscounted and discounted expected gross premiums and expected future benefits and expenses for traditional and limited-payment contracts (dollars in millions):

	March 31, 2024		March 31, 2023	
	Undiscounted	Discounted (a)	Undiscounted	Discounted (a)
Other annuity				
Expected future gross premiums	\$ —	\$ —	\$ —	\$ —
Expected future benefits and expenses	370.6	298.9	396.9	316.3
Supplemental health				
Expected future gross premiums	8,932.2	5,527.6	8,964.4	5,605.7
Expected future benefits and expenses	10,812.6	5,897.0	11,040.9	6,080.8
Medicare supplement				
Expected future gross premiums	5,744.3	4,024.7	5,645.2	4,031.9
Expected future benefits and expenses	4,601.3	3,198.7	4,417.8	3,136.5
Long-term care				
Expected future gross premiums	3,330.8	2,340.7	2,954.3	2,152.7
Expected future benefits and expenses	7,724.0	4,274.7	7,445.7	4,266.6
Traditional life				
Expected future gross premiums	5,642.0	4,048.0	5,435.0	3,953.3
Expected future benefits and expenses	7,574.2	4,620.1	7,382.8	4,560.6

(a) Calculated at the discount rates at period end.

Loss expense as a result of net premium ratio capping was not material in both the three months ended March 31, 2024 and 2023.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(unaudited)

The following table provides the weighted average durations (under locked-in rates) of the liability for future policy benefits in years:

	March 31, 2024	March 31, 2023
Other annuity	9.6	9.7
Supplemental health	11.3	11.8
Medicare supplement	6.4	6.1
Long-term care	10.6	10.5
Traditional life	10.4	10.1

The following table provides the weighted average interest rates for the liability for future policy benefits:

	March 31, 2024	March 31, 2023
Other annuities		
Interest accretion rate	4.82 %	4.76 %
Current discount rate	5.37 %	5.17 %
Supplemental health		
Interest accretion rate	5.00 %	5.04 %
Current discount rate	5.35 %	5.14 %
Medicare supplement		
Interest accretion rate	4.31 %	4.26 %
Current discount rate	5.24 %	4.94 %
Long-term care		
Interest accretion rate	5.67 %	5.67 %
Current discount rate	5.39 %	5.18 %
Traditional life		
Interest accretion rate	4.77 %	4.77 %
Current discount rate	5.37 %	5.15 %

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(unaudited)

Policyholder account balances represent the contract value that has accrued to the benefit of the policyholder as of the balance sheet date. It includes the accumulated account deposits, plus interest credited, less policyholder withdrawals and, if applicable, charges assessed. This balance also includes liabilities for the funding agreement-backed notes ("FABN").

Total liabilities for insurance products related to our fixed indexed annuities are comprised of: (i) the liability related to the host contract; and (ii) the fair market value of the embedded derivatives as summarized below (dollars in millions):

	March 31, 2024	December 31, 2023
Fixed indexed annuity insurance liabilities:		
Host contract liability	\$ 8,601.8	\$ 8,487.0
Embedded derivatives at fair value	1,426.8	1,376.7
Total fixed indexed annuity insurance liabilities	<u>\$ 10,028.6</u>	<u>\$ 9,863.7</u>

For presentation in the consolidated balance sheet, the total fixed indexed annuity insurance liability balance is bifurcated between: (i) policyholder account balances (which is the total of all current balances accruing to the policyholder under the terms and conditions of the policies assuming the contracts will continue in force); and (ii) the difference between the total fixed indexed annuity insurance liabilities summarized above and the policyholder account balances, which is classified as future policy benefits. These classifications are summarized below (dollars in millions):

	March 31, 2024	December 31, 2023
Policyholder account balances	\$ 10,247.1	\$ 10,138.6
Future policy benefits	(218.5)	(274.9)
Total fixed indexed annuity insurance liabilities	<u>\$ 10,028.6</u>	<u>\$ 9,863.7</u>

When the total policyholder account balance exceeds the total fixed indexed annuity insurance liabilities, a negative future policy benefit balance will occur.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(unaudited)

The following tables present the balances of and changes in the liability for policyholder account balances (dollars in millions):

	Three months ended March 31, 2024					
	Fixed indexed annuities	Fixed interest annuities	Other annuities	Interest-sensitive life (b)	Funding agreements	Other (a)
Balance, beginning of period excluding contracts 100% ceded	\$ 9,999.2	\$ 1,636.4	\$ 113.1	\$ 1,255.2	\$ 1,411.0	\$ 381.0
Issuances (funds collected from new business)	345.4	45.1	—	9.7	—	—
Premiums received (premiums collected from inforce business)	.5	1.0	5.7	52.4	—	65.7
Policy charges	(6.5)	(.3)	—	(48.2)	—	—
Surrenders and withdrawals	(232.2)	(52.8)	(8.7)	(8.1)	(9.9)	(74.5)
Benefit payments	(74.4)	(30.2)	(1.4)	(5.4)	—	—
Interest credited	68.9	11.4	.5	15.2	7.2	.7
Other	11.8	—	(.1)	(.1)	—	—
Balance, end of period excluding contracts 100% ceded	10,112.7	1,610.6	109.1	1,270.7	1,408.3	372.9
Balance, end of period for contracts 100% ceded	134.4	579.3	25.5	102.9	—	10.3
Balance, end of period	<u>\$ 10,247.1</u>	<u>\$ 2,189.9</u>	<u>\$ 134.6</u>	<u>\$ 1,373.6</u>	<u>\$ 1,408.3</u>	<u>\$ 383.2</u>
Balance, end of period, reinsurance ceded	(134.4)	(579.3)	(25.5)	(121.0)	—	(24.0)
Balance, end of period, net of reinsurance	<u>\$ 10,112.7</u>	<u>\$ 1,610.6</u>	<u>\$ 109.1</u>	<u>\$ 1,252.6</u>	<u>\$ 1,408.3</u>	<u>\$ 359.2</u>
Weighted average crediting rate	1.9 %	2.8 %	2.4 %	4.3 %	2.0 %	0.8 %
Cash surrender value, net of reinsurance	<u>\$ 9,434.2</u>	<u>\$ 1,582.1</u>	<u>\$ 109.1</u>	<u>\$ 1,027.7</u>	<u>\$ —</u>	<u>\$ 359.2</u>

(a) Predominantly consists of retained asset accounts associated with our traditional life and supplemental health blocks.

(b) The amount of insurance policy benefit expense resulting from death claims that we would incur in excess of the policyholder account balance (net amount at risk) for interest-sensitive life contracts was \$28,672.9 million at the balance sheet date.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(unaudited)

	Three months ended March 31, 2023					
	Fixed indexed annuities	Fixed interest annuities	Other annuities	Interest- sensitive life (b)	Funding agreements	Other (a)
Balance, beginning of period excluding contracts 100% ceded	\$ 9,490.4	\$ 1,663.1	\$ 127.1	\$ 1,209.6	\$ 1,410.8	\$ 395.5
Issuances (funds collected from new business)	323.3	45.3	—	9.5	—	—
Premiums received (premiums collected from inforce business)	.4	.7	7.5	50.3	—	63.0
Policy charges	(4.0)	(.2)	—	(46.1)	—	—
Surrenders and withdrawals	(178.2)	(43.3)	(10.5)	(8.2)	(9.9)	(72.6)
Benefit payments	(59.2)	(27.7)	(1.7)	(6.0)	—	—
Interest credited	6.1	11.3	.6	8.1	7.2	.7
Other	5.5	.1	(.2)	—	—	—
Balance, end of period excluding contracts 100% ceded	9,584.3	1,649.3	122.8	1,217.2	1,408.1	386.6
Balance, end of period for contracts 100% ceded	154.4	632.6	26.3	110.7	—	10.6
Balance, end of period	<u>\$ 9,738.7</u>	<u>\$ 2,281.9</u>	<u>\$ 149.1</u>	<u>\$ 1,327.9</u>	<u>\$ 1,408.1</u>	<u>\$ 397.2</u>
Balance, end of period, reinsurance ceded	(154.4)	(632.6)	(26.3)	(130.5)	—	(24.8)
Balance, end of period, net of reinsurance	<u>\$ 9,584.3</u>	<u>\$ 1,649.3</u>	<u>\$ 122.8</u>	<u>\$ 1,197.4</u>	<u>\$ 1,408.1</u>	<u>\$ 372.4</u>
Weighted average crediting rate	1.6 %	2.7 %	1.9 %	3.1 %	2.0 %	0.6 %
Cash surrender value, net of reinsurance	<u>\$ 8,932.4</u>	<u>\$ 1,631.5</u>	<u>\$ 122.8</u>	<u>\$ 977.1</u>	<u>\$ —</u>	<u>\$ 372.4</u>

(a) Predominantly consists of retained asset accounts associated with our traditional life and supplemental health blocks.

(b) The amount of insurance policy benefit expense resulting from death claims that we would incur in excess of the policyholder account balance (net amount at risk) for interest-sensitive life contracts was \$26,865.3 million at the balance sheet date.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(unaudited)

The following table reconciles the liability for policyholder account balances to the amount presented in the consolidated balance sheet (dollars in millions):

	March 31, 2024	March 31, 2023
Amounts included in the liability for policyholder account balances rollforwards:		
Fixed indexed annuities	\$ 10,247.1	\$ 9,738.7
Fixed interest annuities	2,189.9	2,281.9
Other annuities	134.6	149.1
Interest-sensitive life	1,373.6	1,327.9
Funding agreements	1,408.3	1,408.1
Other	383.2	397.2
Total	<u>\$ 15,736.7</u>	<u>\$ 15,302.9</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(unaudited)

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

Range of guaranteed minimum crediting rates (a)	March 31, 2024				
	At guaranteed minimum	1-50 basis points above	51-150 basis points above	Greater than 150 basis points above	Total
Fixed interest annuities					
0.00%-2.99%	\$ 105.2	\$ 211.9	\$ 233.0	\$ 100.9	\$ 651.0
3.00%-4.99%	1,380.6	49.6	15.9	5.2	1,451.3
5.00% and greater	87.6	—	—	—	87.6
Subtotal	1,573.4	261.5	248.9	106.1	2,189.9
Other annuities					
0.00%-2.99%	31.6	24.1	—	—	55.7
3.00%-4.99%	44.4	—	—	—	44.4
5.00% and greater	34.5	—	—	—	34.5
Subtotal	110.5	24.1	—	—	134.6
Interest-sensitive life					
0.00%-2.99%	17.6	—	5.4	667.2	690.2
3.00%-4.99%	444.2	49.7	167.1	.5	661.5
5.00% and greater	21.4	.5	—	—	21.9
Subtotal	483.2	50.2	172.5	667.7	1,373.6
Other					
0.00%-2.99%	17.1	343.0	—	—	360.1
3.00%-4.99%	22.9	—	—	—	22.9
5.00% and greater	.2	—	—	—	.2
Subtotal	40.2	343.0	—	—	383.2
Total					
0.00%-2.99%	171.5	579.0	238.4	768.1	1,757.0
3.00%-4.99%	1,892.1	99.3	183.0	5.7	2,180.1
5.00% and greater	143.7	.5	—	—	144.2
Total policyholder account balances, excluding fixed indexed annuities	\$ 2,207.3	\$ 678.8	\$ 421.4	\$ 773.8	4,081.3
Fixed indexed annuity account balances					10,247.1
Funding agreements					1,408.3
Total policyholder account balances					\$ 15,736.7

(a) Excludes the account balances related to: (i) fixed indexed annuity contracts which do not have a minimum crediting rate since returns are based on an index; and (ii) funding agreements which have a fixed crediting rate.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(unaudited)

	March 31, 2023				
Range of guaranteed minimum crediting rates (a)	At guaranteed minimum	1-50 basis points above	51-150 basis points above	Greater than 150 basis points above	Total
Fixed interest annuities					
0.00%-2.99%	\$ 144.9	\$ 291.7	\$ 78.3	\$ 76.9	\$ 591.8
3.00%-4.99%	1,572.0	27.7	.1	—	1,599.8
5.00% and greater	90.3	—	—	—	90.3
Subtotal	1,807.2	319.4	78.4	76.9	2,281.9
Other annuities					
0.00%-2.99%	43.6	29.5	—	—	73.1
3.00%-4.99%	65.3	—	—	—	65.3
5.00% and greater	10.7	—	—	—	10.7
Subtotal	119.6	29.5	—	—	149.1
Interest-sensitive life					
0.00%-2.99%	66.5	225.8	226.3	125.0	643.6
3.00%-4.99%	461.5	51.7	148.4	.3	661.9
5.00% and greater	21.9	.5	—	—	22.4
Subtotal	549.9	278.0	374.7	125.3	1,327.9
Other					
0.00%-2.99%	17.8	355.4	—	—	373.2
3.00%-4.99%	23.6	—	—	—	23.6
5.00% and greater	.4	—	—	—	.4
Subtotal	41.8	355.4	—	—	397.2
Total					
0.00%-2.99%	272.8	902.4	304.6	201.9	1,681.7
3.00%-4.99%	2,122.4	79.4	148.5	.3	2,350.6
5.00% and greater	123.3	.5	—	—	123.8
Total policyholder account balances, excluding fixed indexed annuities	\$ 2,518.5	\$ 982.3	\$ 453.1	\$ 202.2	4,156.1
Fixed indexed annuity account balances					9,738.7
Funding agreements					1,408.1
Total policyholder account balances					\$ 15,302.9

(a) Excludes the account balances related to: (i) fixed indexed annuity contracts which do not have a minimum crediting rate since returns are based on an index; and (ii) funding agreements which have a fixed crediting rate.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

DEFERRED ACQUISITION COSTS, PRESENT VALUE OF FUTURE PROFITS AND SALES INDUCEMENTS

Changes in deferred acquisition costs were as follows (dollars in millions):

Three months ended March 31, 2024									
	Fixed indexed annuities	Fixed interest annuities	Supplemental health	Medicare supplement	Long-term care	Interest-sensitive life	Traditional life	Funding agreements	Total
Beginning of period	\$ 407.6	\$ 27.0	\$ 408.0	\$ 157.5	\$ 140.3	\$ 234.5	\$ 471.9	\$ 4.5	\$ 1,851.3
Capitalizations	22.3	3.0	15.0	6.3	5.2	9.3	29.5	—	90.6
Amortization expense	(13.4)	(1.1)	(8.4)	(6.7)	(3.7)	(3.8)	(14.3)	(.4)	(51.8)
End of period	<u>\$ 416.5</u>	<u>\$ 28.9</u>	<u>\$ 414.6</u>	<u>\$ 157.1</u>	<u>\$ 141.8</u>	<u>\$ 240.0</u>	<u>\$ 487.1</u>	<u>\$ 4.1</u>	<u>\$ 1,890.1</u>

Three months ended March 31, 2023									
	Fixed indexed annuities	Fixed interest annuities	Supplemental health	Medicare supplement	Long-term care	Interest-sensitive life	Traditional life	Funding agreements	Total
Beginning of period	\$ 365.6	\$ 19.6	\$ 378.8	\$ 161.2	\$ 137.9	\$ 212.2	\$ 409.1	\$ 6.0	\$ 1,690.4
Capitalizations	21.6	2.5	14.4	5.8	3.4	8.3	28.2	—	84.2
Amortization expense	(11.1)	(.9)	(7.6)	(7.2)	(3.8)	(3.5)	(12.2)	(.3)	(46.6)
End of period	<u>\$ 376.1</u>	<u>\$ 21.2</u>	<u>\$ 385.6</u>	<u>\$ 159.8</u>	<u>\$ 137.5</u>	<u>\$ 217.0</u>	<u>\$ 425.1</u>	<u>\$ 5.7</u>	<u>\$ 1,728.0</u>

Changes in the present value of future profits were as follows (dollars in millions):

Three months ended March 31, 2024							
	Supplemental health	Medicare supplement	Long-term care	Traditional life	Fixed indexed annuities	Fixed interest annuities	Total
Beginning of period	\$ 141.0	\$ 20.6	\$ 5.2	\$ 12.9	\$.7	\$.3	\$ 180.7
Amortization expense	(3.1)	(1.4)	(.2)	(.4)	(.1)	—	(5.2)
End of period	<u>\$ 137.9</u>	<u>\$ 19.2</u>	<u>\$ 5.0</u>	<u>\$ 12.5</u>	<u>\$.6</u>	<u>\$.3</u>	<u>\$ 175.5</u>

Three months ended March 31, 2023							
	Supplemental health	Medicare supplement	Long-term care	Traditional life	Fixed indexed annuities	Fixed interest annuities	Total
Beginning of period	\$ 154.0	\$ 27.5	\$ 6.2	\$ 14.8	\$.8	\$.4	\$ 203.7
Amortization expense	(3.3)	(1.9)	(.3)	(.5)	(.1)	—	(6.1)
End of period	<u>\$ 150.7</u>	<u>\$ 25.6</u>	<u>\$ 5.9</u>	<u>\$ 14.3</u>	<u>\$.7</u>	<u>\$.4</u>	<u>\$ 197.6</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

Changes in sales inducements were as follows (dollars in millions):

	Three months ended March 31, 2024		
	Fixed indexed annuities	Fixed interest annuities	Total
Beginning of period	\$ 88.5	\$ 4.6	\$ 93.1
Capitalizations	12.3	.3	12.6
Amortization expense	(3.3)	(.2)	(3.5)
End of period	<u>\$ 97.5</u>	<u>\$ 4.7</u>	<u>\$ 102.2</u>

	Three months ended March 31, 2023		
	Fixed indexed annuities	Fixed interest annuities	Total
Beginning of period	\$ 76.0	\$ 4.5	\$ 80.5
Capitalizations	5.4	.2	5.6
Amortization expense	(2.6)	(.2)	(2.8)
End of period	<u>\$ 78.8</u>	<u>\$ 4.5</u>	<u>\$ 83.3</u>

EARNINGS PER SHARE

A reconciliation of net income (loss) and shares used to calculate basic and diluted earnings per share is as follows (dollars in millions and shares in thousands):

	Three months ended March 31,	
	2024	2023
Net income (loss) for basic and diluted earnings per share	<u>\$ 112.3</u>	<u>\$ (.8)</u>
Shares:		
Weighted average shares outstanding for basic earnings per share	108,964	114,545
Effect of dilutive securities on weighted average shares:		
Amounts related to employee benefit plans	<u>1,881</u>	<u>—</u>
Weighted average shares outstanding for diluted earnings per share	<u>110,845</u>	<u>114,545</u>

In the three months ended March 31, 2023, the equivalent of 2,182 thousand common shares (related to shares issuable pursuant to employee benefit plans) were not included in the diluted weighted average shares outstanding because their inclusion would have been anti-dilutive due to the net loss recognized by the Company in such period.

Basic earnings per common share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Restricted shares (including our performance units) are not included in basic earnings per share until vested. Diluted earnings per share reflect the potential dilution that could occur if outstanding stock options were exercised and restricted stock was vested. The dilution from options and restricted shares is calculated using the treasury stock method. Under this method, we assume the proceeds from the exercise of the options (or the unrecognized compensation expense with respect to restricted stock and performance units) will be used to purchase shares of our common stock at the average market price during the period, reducing the dilutive effect of the exercise of the options (or the vesting of the restricted stock and performance units).

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

BUSINESS SEGMENTS

We view our operations as three insurance product lines (annuity, health and life) and the investment and fee income segments. Our segments are aligned based on their common characteristics, comparability of profit margins and the way management makes operating decisions and assesses the performance of the business.

Our insurance product line segments (annuity, health and life) include marketing, underwriting and administration of the policies our insurance subsidiaries sell. The business written in each of the three product categories through all of our insurance subsidiaries is aggregated allowing management and investors to assess the performance of each product category. When analyzing profitability of these segments, we use insurance product margin as the measure of profitability, which is: (i) insurance policy income; and (ii) net investment income allocated to the insurance product lines; less (i) insurance policy benefits and interest credited to policyholders; and (ii) amortization of deferred acquisition costs and present value of future profits, non-deferred commissions and advertising expense. Net investment income is allocated to the product lines using the book yield of investments backing the block of business, which is applied to the average net insurance liabilities for the block in each period. Net insurance liabilities for the purpose of allocating investment income to product lines are equal to: (i) policyholder account balances for annuity products; (ii) total reserves before the fair value adjustments reflected in accumulated other comprehensive income (loss), if applicable, for all other products; less (iii) amounts related to reinsured business; (iv) deferred acquisition costs; (v) the present value of future profits; and (vi) the value of unexpired options credited to insurance liabilities.

Income from insurance products is the sum of the insurance product margins of the annuity, health and life product lines, less expenses allocated to the insurance lines. It excludes the income from our fee income business, investment income not allocated to product lines, net expenses not allocated to product lines (primarily holding company expenses) and income taxes. Management believes insurance product margin and income from insurance products help provide a better understanding of the business and a more meaningful analysis of the results of our insurance product lines.

We market our products through the Consumer and Worksite Divisions that reflect the customers served by the Company. The Consumer and Worksite Divisions are primarily focused on marketing insurance products, several types of which are sold in both divisions and underwritten in the same manner.

The Consumer Division serves individual consumers, engaging with them on the phone, virtually, online, face-to-face with agents, or through a combination of sales channels. This structure unifies consumer capabilities into a single division and integrates the strength of our agent sales forces with one of the largest direct-to-consumer insurance businesses with proven experience in advertising, web/digital and call center support.

The Worksite Division focuses on the sale of voluntary benefit life and health insurance products in the workplace for businesses, associations, and other membership groups, interacting with customers at their place of employment and virtually. With a separate Worksite Division, we are bringing a sharper focus to this high-growth business while further capitalizing on the strength of our wholly-owned subsidiary, Optavise, LLC ("Optavise"), a national provider of year-round technology-driven employee benefits management services.

The investment segment involves the management of our capital resources, including investments and the management of corporate debt and liquidity. Our measure of profitability of this segment is the total net investment income not allocated to the insurance products. Investment income not allocated to product lines represents net investment income less: (i) equity returns credited to policyholder account balances; (ii) the investment income allocated to our product lines; (iii) interest expense on notes payable, investment borrowings and financing arrangements; (iv) expenses related to the FABN program; and (v) certain expenses related to benefit plans that are offset by special-purpose investment income; plus (vi) the impact of annual option forfeitures related to fixed indexed annuity surrenders. Investment income not allocated to product lines includes investment income on investments in excess of amounts allocated to product lines, investments held by our holding companies, the spread we earn from our Federal Home Loan Bank ("FHLB") investment borrowing and FABN programs and variable components of investment income (including call and prepayment income, adjustments to returns on structured securities due to cash flow changes, income (loss) from company-owned life insurance ("COLI") and alternative investment income not allocated to product lines), net of interest expense on corporate debt and financing arrangements. The spread earned from our FHLB investment borrowing and FABN programs includes the investment income on the matched assets less: (i) interest on

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

investment borrowings related to the FHLB investment borrowing program; (ii) interest credited on funding agreements; and (iii) amortization of deferred acquisition costs related to the FABN program.

Our fee income segment includes the earnings generated from sales of third-party insurance products, services provided by Optavise and the operations of our broker/dealer and registered investment advisor.

Expenses not allocated to product lines include the expenses of our corporate operations, excluding interest expense on debt.

We measure segment performance by excluding total investment gains (losses), changes in fair value of embedded derivative liabilities and MRBs, fair value changes related to the agent deferred compensation plan, income taxes and other non-operating items consisting primarily of earnings attributable to VIEs ("pre-tax operating earnings") because we believe that this performance measure is a better indicator of the ongoing business and trends in our business. Our primary investment focus is on investment income to support our liabilities for insurance products as opposed to the generation of investment gains (losses), and a long-term focus is necessary to maintain profitability over the life of the business.

Investment gains (losses), changes in fair value of embedded derivative liabilities and MRBs, fair value changes related to the agent deferred compensation plan and other non-operating items consisting primarily of earnings attributable to VIEs depend on market conditions or represent unusual items that do not necessarily relate to the underlying business of our segments. Investment gains (losses) and changes in fair value of embedded derivative liabilities and MRBs may affect future earnings levels since our underlying business is long-term in nature and changes in our investment portfolio may impact our ability to earn the assumed interest rates needed to maintain the profitability of our business.

Operating information by segment is as follows (dollars in millions):

	Three months ended March 31,	
	2024	2023
Revenues:		
Annuity:		
Insurance policy income	\$ 7.3	\$ 5.1
Net investment income	134.5	125.4
Total annuity revenues	141.8	130.5
Health:		
Insurance policy income	398.4	401.4
Net investment income	74.3	74.0
Total health revenues	472.7	475.4
Life:		
Insurance policy income	222.7	219.0
Net investment income	36.5	36.3
Total life revenues	259.2	255.3
Change in market values of the underlying options supporting the fixed indexed annuity and life products (offset by market value changes credited to policyholder balances)	139.7	18.6
Investment income not allocated to product lines	71.6	67.8
Fee revenue and other income:		
Fee revenue	50.5	51.3
Amounts netted in expenses not allocated to product lines	1.2	1.6
Total segment revenues	\$ 1,136.7	\$ 1,000.5

(continued on next page)

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

(continued from previous page)

	Three months ended March 31,	
	2024	2023
Expenses:		
Annuity:		
Insurance policy benefits	\$ 11.3	\$ 8.7
Interest credited	58.3	48.1
Amortization and non-deferred commissions	20.2	16.4
Total annuity expenses	89.8	73.2
Health:		
Insurance policy benefits	308.5	318.1
Amortization and non-deferred commissions	41.2	40.8
Total health expenses	349.7	358.9
Life:		
Insurance policy benefits	144.0	147.2
Interest credited	12.5	12.1
Amortization, non-deferred commissions and advertising expense	48.1	48.6
Total life expenses	204.6	207.9
Allocated expenses	161.6	157.5
Expenses not allocated to product lines	18.0	19.9
Market value changes of options credited to fixed indexed annuity and life policyholders	139.7	18.6
Amounts netted in investment income not allocated to product lines:		
Interest expense	48.3	37.4
Interest credited	7.2	7.2
Impact of annual option forfeitures related to fixed indexed annuity surrenders	(6.2)	—
Amortization	.4	.4
Other expenses	9.6	7.3
Expenses netted in fee revenue:		
Commissions and other operating expenses	39.2	35.8
Total segment expenses	1,061.9	924.1
Pre-tax measure of profitability:		
Annuity margin	52.0	57.3
Health margin	123.0	116.5
Life margin	54.6	47.4
Total insurance product margin	229.6	221.2
Allocated expenses	(161.6)	(157.5)
Income from insurance products	68.0	63.7
Fee income	11.3	15.5
Investment income not allocated to product lines	12.3	15.5
Expenses not allocated to product lines	(16.8)	(18.3)
Operating earnings before taxes	74.8	76.4
Income tax expense on operating income	17.3	17.8
Net operating income	\$ 57.5	\$ 58.6

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

A reconciliation of segment revenues and expenses to consolidated revenues and expenses and net income (loss) is as follows (dollars in millions):

	Three months ended	
	March 31,	
	2024	2023
Total segment revenues	\$ 1,136.7	\$ 1,000.5
Total investment gains (losses)	7.8	(14.6)
Revenues related to earnings attributable to VIEs	12.0	20.1
Consolidated revenues	1,156.5	1,006.0
Total segment expenses	1,061.9	924.1
Insurance policy benefits - fair value changes in embedded derivative liabilities	(64.0)	65.1
Expenses attributable to VIEs	12.4	17.8
Consolidated expenses	1,010.3	1,007.0
Income (loss) before tax	146.2	(1.0)
Income tax expense (benefit)	33.9	(.2)
Net income (loss)	\$ 112.3	\$ (.8)

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

ACCOUNTING FOR DERIVATIVES

Our freestanding and embedded derivatives, which are not designated as hedging instruments, are held at fair value and are summarized as follows (dollars in millions):

	Fair value	
	March 31, 2024	December 31, 2023
Assets:		
Other invested assets:		
Fixed indexed call options	\$ 355.0	\$ 239.2
Reinsurance receivables	(17.2)	(17.5)
Total assets	<u>\$ 337.8</u>	<u>\$ 221.7</u>
Liabilities:		
Embedded derivatives related to fixed indexed annuities at fair value:		
Policyholder account balances	\$ 1,645.3	\$ 1,651.6
Future policy benefits	(218.5)	(274.9)
Total liabilities	<u>\$ 1,426.8</u>	<u>\$ 1,376.7</u>

We are required to establish an embedded derivative related to a modified coinsurance agreement pursuant to which we assume the risks of a block of health insurance business. The embedded derivative represents the mark-to-market adjustment for approximately \$81 million in underlying investments held by the ceding reinsurer at March 31, 2024.

Our fixed indexed annuity products provide a guaranteed minimum rate of return and a higher potential return that is based on a percentage (the "participation rate") of the amount of increase in the value of a particular index, such as the Standard & Poor's 500 Index, over a specified period. We are generally able to change the participation rate at the beginning of each index period (typically on each policy anniversary date), subject to contractual minimums. The Company accounts for the options attributed to the policyholder for the estimated life of the contract as embedded derivatives. These accounting requirements often create volatility in the earnings from these products. We typically buy call options (including call spreads) referenced to the applicable indices in an effort to offset or hedge potential increases to policyholder benefits resulting from increases in the particular index to which the policy's return is linked. The notional amount of these options was \$3.6 billion and \$3.3 billion at March 31, 2024 and December 31, 2023, respectively.

We purchase certain fixed maturity securities that contain embedded derivatives that are required to be held at fair value on the consolidated balance sheet. We have elected the fair value option to carry the entire security at fair value with changes in fair value recognized in net income.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

The following table provides the pre-tax impact recognized in net income for derivative instruments, which are not designated as hedges for the periods indicated (dollars in millions):

	Three months ended	
	March 31,	
	2024	2023
Net investment income from policyholder and other special-purpose portfolios:		
Fixed indexed call options	\$ 140.2	\$ 18.6
Total investment gains:		
Embedded derivative related to modified coinsurance agreement	.3	1.4
Total revenues from derivative instruments, not designated as hedges	140.5	20.0
Insurance policy benefits:		
Embedded derivatives related to fixed indexed annuities	—	64.9
Net pre-tax impact	\$ 140.5	\$ (44.9)

Derivative Counterparty Risk

If the counterparties to the call options fail to meet their obligations, we may recognize a loss. We limit our exposure to such a loss by diversifying among several counterparties believed to be strong and creditworthy. At March 31, 2024, all of our counterparties were rated "A" or higher by S&P Global Ratings ("S&P").

The Company and its subsidiaries are parties to master netting arrangements with its counterparties related to entering into various derivative contracts.

The following table summarizes information related to derivatives with master netting arrangements or collateral as of March 31, 2024 and December 31, 2023 (dollars in millions):

	Gross amounts recognized	Gross amounts offset in the balance sheet	Net amounts of assets presented in the balance sheet	Gross amounts not offset in the balance sheet		
				Non-cash collateral	Cash collateral received	Net amount
March 31, 2024:						
Fixed indexed call options	\$ 355.0	\$ —	\$ 355.0	\$ 76.0	\$ —	\$ 279.0
December 31, 2023:						
Fixed indexed call options	239.2	—	239.2	37.0	—	202.2

REINSURANCE

The cost of reinsurance ceded totaled \$46.0 million and \$48.3 million in the first quarters of 2024 and 2023, respectively. We deduct this cost from insurance policy income. Reinsurance recoveries netted against insurance policy benefits totaled \$105.8 million and \$134.9 million in the first quarters of 2024 and 2023, respectively.

From time to time, we assume insurance from other companies. Any costs associated with the assumption of insurance are amortized consistent with the method used to amortize deferred acquisition costs. Reinsurance premiums assumed totaled \$4.1 million and \$4.1 million in the first quarters of 2024 and 2023, respectively. Insurance policy benefits related to reinsurance assumed totaled \$5.9 million and \$4.7 million in the first quarters of 2024 and 2023, respectively.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(unaudited)**INCOME TAXES**

The Company's interim tax expense is based upon the estimated annual effective tax rate for the respective period. Under authoritative guidance, certain items are required to be excluded from the estimated annual effective tax rate calculation. Such items include changes in judgment about the realizability of deferred tax assets resulting from changes in projections of income expected to be available in future years, and items deemed to be unusual, infrequent, or that cannot be reliably estimated. In these cases, the actual tax expense or benefit applicable to that item is treated discretely and is reported in the same period as the related item. The components of income tax expense (benefit) are as follows (dollars in millions):

	Three months ended	
	March 31,	
	2024	2023
Current tax expense	\$ 17.3	\$ 14.0
Deferred tax expense (benefit)	16.6	(14.2)
Total income tax expense (benefit)	<u>\$ 33.9</u>	<u>\$ (.2)</u>

A reconciliation of the U.S. statutory corporate tax rate to the estimated annual effective rate, reflected in the consolidated statement of operations is as follows:

	Three months ended	
	March 31,	
	2024	2023
U.S. statutory corporate rate	21.0 %	21.0 %
Non-taxable income and nondeductible benefits, net	—	(.4)
State taxes	2.2	2.7
Effective tax rate	<u>23.2 %</u>	<u>23.3 %</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

The components of the Company's income tax assets and liabilities are summarized below (dollars in millions):

	March 31, 2024	December 31, 2023
Deferred tax assets:		
Net federal operating loss carryforwards	\$ 268.3	\$ 77.1
Net state operating loss carryforwards	42.8	2.5
Insurance liabilities	318.8	322.8
Indirect costs allocable to self-constructed real estate assets	—	252.9
Accumulated other comprehensive loss	419.0	445.5
Other	47.8	35.6
Gross deferred tax assets	1,096.7	1,136.4
Deferred tax liabilities:		
Investments	(35.0)	(36.3)
Present value of future profits and deferred acquisition costs	(167.7)	(163.0)
Gross deferred tax liabilities	(202.7)	(199.3)
Net deferred tax assets	894.0	937.1
Current income taxes accrued	(7.9)	(.9)
Income tax assets, net	\$ 886.1	\$ 936.2

Effective January 1, 2024, the Company changed its method of accounting for indirect costs allocable to self-constructed real estate assets which will be reflected in its 2024 federal income tax return filing. This change in accounting method will result in a current year deduction of certain indirect costs previously capitalized under the Company's prior method of accounting. As a result, for tax reporting purposes, the Company recognized a loss of \$987 million in the first quarter of 2024 related to the change in accounting method. The loss can be carried forward indefinitely pursuant to Tax Cuts and Jobs Act, subject to limitations specified in the Internal Revenue Code (the "Code").

Our income tax expense includes deferred income taxes arising from temporary differences between the financial reporting and tax bases of assets and liabilities and net operating loss carryforwards ("NOLs"). Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which temporary differences are expected to be recovered or paid. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in earnings in the period when the changes are enacted.

A reduction of the net carrying amount of deferred tax assets by establishing a valuation allowance is required if, based on the available evidence, it is more likely than not that such assets will not be realized. In assessing the need for a valuation allowance, all available evidence, both positive and negative, are considered to determine whether, based on the weight of that evidence, a valuation allowance for deferred tax assets is needed. This assessment requires significant judgment and considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of carryforward periods, our experience with operating loss and tax credit carryforwards expiring unused, and tax planning strategies.

We evaluate the need to establish a valuation allowance for our deferred income tax assets on an ongoing basis using a deferred tax valuation model. Our model is adjusted to reflect changes in our projections of future taxable income. Our estimates of future taxable income are based on evidence we consider to be objectively verifiable. Such estimates are subject to numerous risks and uncertainties and the extent to which actual impacts differ from the assumptions used in our deferred tax valuation model. Based on our assessment, we have concluded that it is more likely than not that all our deferred tax assets of \$894.0 million will be realized through future taxable earnings.

Recovery of our deferred tax asset is dependent on achieving the level of future taxable income projected in our deferred tax valuation model and failure to do so could result in the recognition of a valuation allowance in a future period. The recognition of a valuation allowance would increase income tax expense and reduce shareholders' equity, and such an increase could have a significant impact upon our earnings in the future.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(unaudited)

The Code limits the extent to which losses realized by a non-life entity (or entities) may offset income from a life insurance company (or companies) to the lesser of: (i) 35 percent of the income of the life insurance company; or (ii) 35 percent of the total loss of the non-life entities (including NOLs of the non-life entities). There is no similar limitation on the extent to which losses realized by a life insurance entity (or entities) may offset income from a non-life entity (or entities).

Section 382 of the Code imposes limitations on a corporation's ability to use its NOLs when the company undergoes a 50 percent ownership change over a three-year period. Future transactions and the timing of such transactions could cause an ownership change for Section 382 income tax purposes. Such transactions may include, but are not limited to, additional repurchases under our securities repurchase program, issuances of common stock and acquisitions or sales of shares of CNO stock by certain holders of our shares, including persons who have held, currently hold or may accumulate in the future five percent or more of our outstanding common stock for their own account. Many of these transactions are beyond our control. If an additional ownership change were to occur for purposes of Section 382, we would be required to calculate an annual restriction on the use of our NOLs to offset future taxable income. The annual restriction would be calculated based upon the value of CNO's equity at the time of such ownership change, multiplied by a federal long-term tax exempt rate (3.44 percent at March 31, 2024), and the annual restriction could limit our ability to use a substantial portion of our NOLs to offset future taxable income or may defer the utilization of such NOLs. We regularly monitor ownership change (as calculated for purposes of Section 382) and, as of March 31, 2024, we were below the 50 percent ownership change level that could limit our ability to utilize our NOLs.

We have \$1.3 billion of federal non-life NOLs as of March 31, 2024, as summarized below (dollars in millions):

Year of expiration	Net operating loss carryforwards
2026	\$ 15.8
2027	10.8
2028 through 2035	340.7
No expiration date	910.5
Total federal non-life NOLs	<u>\$ 1,277.8</u>

Our non-life NOLs with expiration dates can be used to offset 35 percent of life insurance company taxable income and 100 percent of non-life company taxable income until all non-life NOLs are utilized or expire. Our non-life NOLs with no expiration date can be used to offset 35 percent of life insurance company taxable income and 80 percent of non-life company taxable income.

We also had deferred tax assets related to NOLs for state income taxes of \$42.8 million and \$2.5 million at March 31, 2024 and December 31, 2023, respectively. The related state NOLs are available to offset future state taxable income in certain states and are expected to be fully utilized prior to expiration.

The Internal Revenue Service is conducting an examination of our 2016 through 2018 tax returns. The federal statute of limitations remains open with respect to tax years 2016 through 2023. The Company's various state income tax returns are generally open for tax years based on individual state statutes of limitation. Generally, for tax years which generate NOLs, capital losses or tax credit carryforwards, the statute remains open until the expiration of the statute of limitations for the tax year in which such carryforwards are utilized. The outcome of tax audits cannot be predicted with certainty. If the Company's tax audits are not resolved in a manner consistent with management's expectations, the Company may be required to adjust its provision for income taxes.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

NOTES PAYABLE - DIRECT CORPORATE OBLIGATIONS

The following notes payable were direct corporate obligations of the Company as of March 31, 2024 and December 31, 2023 (dollars in millions):

	March 31, 2024	December 31, 2023
5.250% Senior Notes due May 2025	\$ 500.0	\$ 500.0
5.250% Senior Notes due May 2029	500.0	500.0
5.125% Subordinated Debentures due November 2060	150.0	150.0
Revolving Credit Agreement (as defined below)	—	—
Unamortized debt issue costs	(9.0)	(9.5)
Direct corporate obligations	<u>\$ 1,141.0</u>	<u>\$ 1,140.5</u>

Revolving Credit Agreement

The \$250.0 million revolving credit agreement (the "Revolving Credit Agreement"), among other things, (i) requires the Company to maintain (each as calculated in accordance with the Revolving Credit Agreement): (i) a debt to total capitalization ratio (excluding hybrid securities, except to the extent that the aggregate amount outstanding of all such hybrid securities exceeds an amount equal to 15 percent of total capitalization) of not more than 35.0 percent (such ratio was 21.4 percent at March 31, 2024); and (ii) a minimum consolidated net worth of not less than the sum of (x) \$2,674 million plus (y) 25.0 percent of the net equity proceeds received by the Company from the issuance and sale of equity interests in the Company (the Company's consolidated net worth was \$3,848.0 million at March 31, 2024 compared to the minimum requirement of \$2,697.2 million). The maturity date of the Revolving Credit Agreement is July 16, 2026. The Revolving Credit Agreement contains certain other restrictive covenants with which the Company must comply. The interest rate applicable to loans under the Revolving Credit Agreement is calculated as the Secured Overnight Financing Rate ("SOFR") (plus a credit spread adjustment of 0.10 percent for all available interest periods) or the base rate, at the Company's option, plus a margin based on the Company's unsecured debt rating. The margins under the Revolving Credit Agreement range from 1.375 percent to 2.125 percent, in the case of loans at the SOFR, and 0.375 percent to 1.125 percent, in the case of loans at the base rate. The commitment fee under the Revolving Credit Agreement is based on the Company's unsecured debt rating. There were no amounts outstanding under the Revolving Credit Agreement during the three months ended March 31, 2024.

INVESTMENT BORROWINGS

Three of the Company's insurance subsidiaries (Bankers Life and Casualty Company ("Bankers Life"), Washington National Insurance Company ("Washington National") and Colonial Penn Life Insurance Company ("Colonial Penn")) are members of the FHLB. As members of the FHLB, our insurance subsidiaries have the ability to borrow on a collateralized basis from the FHLB. We are required to hold certain minimum amounts of FHLB common stock as a condition of membership in the FHLB, and additional amounts based on the amount of the borrowings. At March 31, 2024, the carrying value of the FHLB common stock was \$94.6 million. As of March 31, 2024, collateralized borrowings from the FHLB totaled \$2.2 billion and the proceeds were used to purchase matched variable rate fixed maturity securities. The borrowings are classified as investment borrowings in the accompanying consolidated balance sheet. The borrowings are collateralized by investments with an estimated fair value of \$2.7 billion at March 31, 2024, which are maintained in a custodial account for the benefit of the FHLB. Substantially all of such investments are classified as fixed maturities, available for sale, in our consolidated balance sheet.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(unaudited)

The following summarizes the terms of the borrowings from the FHLB by our insurance subsidiaries (dollars in millions):

Amount borrowed	Maturity date	Interest rate at March 31, 2024
\$ 15.5	July 2024	Fixed rate – 1.990%
27.0	August 2024	Fixed rate – .640%
21.7	May 2025	Variable rate – 5.724%
17.9	June 2025	Fixed rate – 2.940%
12.5	June 2025	Variable rate – 5.900%
125.0	September 2025	Variable rate – 5.680%
100.0	October 2025	Variable rate – 5.865%
100.0	October 2025	Variable rate – 5.860%
57.7	October 2025	Variable rate – 5.830%
50.0	November 2025	Variable rate – 5.818%
12.5	December 2025	Variable rate – 5.916%
50.0	January 2026	Variable rate – 5.781%
50.0	January 2026	Variable rate – 5.763%
100.0	January 2026	Variable rate – 5.783%
15.0	January 2026	Variable rate – 5.997%
21.8	May 2026	Variable rate – 5.673%
50.0	May 2026	Variable rate – 5.600%
75.0	December 2026	Variable rate – 5.752%
75.0	January 2027	Variable rate – 5.683%
50.0	January 2027	Variable rate – 5.798%
50.0	January 2027	Variable rate – 5.798%
100.0	January 2027	Variable rate – 5.744%
100.0	February 2027	Variable rate – 5.770%
50.0	April 2027	Variable rate – 5.648%
50.0	May 2027	Variable rate – 5.658%
100.0	June 2027	Variable rate – 5.700%
10.0	June 2027	Variable rate – 5.923%
50.0	July 2027	Variable rate – 6.018%
50.0	July 2027	Variable rate – 6.028%
100.0	August 2027	Variable rate – 6.044%
75.0	January 2028	Variable rate – 5.784%
50.0	January 2028	Variable rate – 5.838%
50.0	January 2028	Variable rate – 5.855%
34.5	February 2028	Variable rate – 5.904%
100.0	February 2028	Variable rate – 5.825%
21.0	February 2028	Variable rate – 5.775%
22.0	February 2028	Variable rate – 5.818%
100.0	February 2028	Variable rate – 5.790%
15.0	July 2028	Variable rate – 5.710%
35.0	August 2028	Variable rate – 5.720%
<u>\$ 2,189.1</u>		

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (unaudited)

Generally, the variable and fixed rate borrowings are pre-payable. At March 31, 2024, the aggregate prepayment penalty on such outstanding borrowings was not material.

Interest expense of \$31.4 million and \$21.7 million in the first three months of 2024 and 2023, respectively, was recognized related to total borrowings from the FHLB, reflecting both higher interest rates on the variable rate investment borrowings and higher average borrowings outstanding in the 2024 period.

SHAREHOLDERS' EQUITY

In the first three months of 2024, we repurchased 1.5 million shares of common stock for \$40.0 million under our securities repurchase program (including \$0.8 million of repurchases settled in the second quarter of 2024). The Company had remaining repurchase authority of \$481.8 million as of March 31, 2024.

In the first three months of 2024, we issued 0.7 million shares of common stock, net of shares withheld to pay tax withholdings, pursuant to employee benefit plans.

In the first three months of 2024, dividends declared on common stock totaled \$16.4 million (\$0.15 per common share). In May 2024, the Company increased its quarterly common stock dividend to \$0.16 per share from \$0.15 per share.

Accumulated other comprehensive income (loss), included in shareholders' equity as of March 31, 2024 and December 31, 2023, is comprised of the following (dollars in millions):

	March 31, 2024	December 31, 2023
Net unrealized losses on investments having no allowance for credit losses	\$ (1,267.2)	\$ (1,235.2)
Unrealized losses on investments with an allowance for credit losses	(1,006.3)	(931.0)
Change in discount rates for liability for future policy benefits	365.1	133.4
Change in instrument-specific credit risk for market risk benefits	3.4	4.8
Deferred income tax assets	424.7	451.2
Accumulated other comprehensive loss	<u>\$ (1,480.3)</u>	<u>\$ (1,576.8)</u>

LITIGATION AND OTHER LEGAL PROCEEDINGS

Legal Proceedings

The Company and its subsidiaries are involved in various legal actions in the normal course of business, in which claims for compensatory and punitive damages are asserted, some for substantial amounts. We recognize an estimated loss from these loss contingencies when we believe it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Some of the pending matters have been filed as purported class actions and some actions have been filed in certain jurisdictions that permit punitive damage awards that are disproportionate to the actual damages incurred. The amounts sought in certain of these actions are often large or indeterminate and the ultimate outcome of certain actions is difficult to predict. In the event of an adverse outcome in one or more of these matters, there is a possibility that the ultimate liability may be in excess of the liabilities we have established and could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, the resolution of pending or future litigation may involve modifications to the terms of outstanding insurance policies or could impact the timing and amount of rate increases, which could adversely affect the future profitability of the related insurance policies. Based upon information presently available, and in light of legal, factual and other defenses available to the Company and its subsidiaries, the Company does not believe that it is probable that the ultimate liability from either pending or threatened legal actions, after consideration of existing loss provisions, will have a material adverse effect on the Company's consolidated financial condition, operating results or cash flows. However, given the inherent difficulty in predicting the outcome of legal proceedings, there exists the possibility that such legal actions could have a material adverse effect on the Company's consolidated financial condition, operating results or cash flows.

In addition to the inherent difficulty of predicting litigation outcomes, particularly those that will be decided by a jury,

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(unaudited)

some matters purport to seek substantial or an unspecified amount of damages for unsubstantiated conduct spanning several years based on complex legal theories and damages models. The alleged damages typically are indeterminate or not factually supported in the complaint, and, in any event, the Company's experience indicates that monetary demands for damages often bear little relation to the ultimate loss. In some cases, plaintiffs are seeking to certify classes in the litigation and class certification either has been denied or is pending and we have filed oppositions to class certification or sought to decertify a prior class certification. In addition, for many of these cases: (i) there is uncertainty as to the outcome of pending appeals or motions; (ii) there are significant factual issues to be resolved; and/or (iii) there are novel legal issues presented. Accordingly, the Company cannot reasonably estimate the possible loss or range of loss in excess of amounts accrued, if any, or predict the timing of the eventual resolution of these matters. The Company reviews these matters on an ongoing basis. When assessing reasonably possible and probable outcomes, the Company bases its assessment on the expected ultimate outcome following all appeals.

On June 7, 2019, Platinum Partners Value Arbitrage Fund L.P. (in Official Liquidation) ("PPVA"), the Joint Official Liquidators of PPVA (the "JOLs") and Principal Growth Strategies, LLC, ("PGS"), commenced suit against, among others, CNO Financial Group, Inc., Bankers Consec Life Insurance Company ("BCLIC"), Washington National and 40|86 Advisors, Inc. (collectively, the "CNO Parties") in Delaware Chancery Court. Plaintiffs seek an unspecified amount of damages, costs, attorney's fees, and other relief as the court deems appropriate. Plaintiffs allege that the CNO Parties were unjustly enriched when they terminated BCLIC and Washington National's reinsurance agreements with BRe and recaptured assets from reinsurance trusts, in particular, Agera securities. Plaintiffs contend that the Agera securities were fraudulently transferred to the reinsurance trusts by other Platinum-related entities and they are seeking to claw back those Agera securities, or the value of those assets, from the CNO Parties. The CNO Parties had removed the case to the United States District Court for the District of Delaware but on April 6, 2020, the District Court granted the plaintiff's motion to remand the case back to the Delaware Chancery Court. Plaintiffs have filed an Amended Complaint and the CNO Parties have moved to dismiss the Amended Complaint. The Delaware Chancery Court denied the CNO Parties' motions to dismiss the Amended Complaint on the basis of forum non conveniens, but granted the CNO Parties' motion to stay the case pending the conclusion of a related matter. On December 1, 2023, the Delaware Chancery Court lifted the stay as of November 30, 2023. On January 25, 2024, the Delaware Chancery Court granted in part and denied in part the CNO Parties' motion to dismiss the Amended Complaint. Based on the Court's ruling, PPVA and the JOLs' claims against the CNO Parties were dismissed. On April 9, 2024, PGS filed a second amended complaint, which contains the same claims against the CNO Parties that PGS had previously asserted. The CNO Parties are vigorously contesting PGS's claims.

On October 5, 2012, plaintiffs William Jeffrey Burnett and Joe H. Camp commenced an action entitled *Burnett v. Consec Life Ins. Co.* against, among others, CNO Financial Group, Inc. and CNO Services, LLC (collectively, the "CNO Entities") in the United States District Court for the Central District of California on behalf of a putative class of former interest-sensitive whole life insurance policyholders who surrendered their policies or let them lapse. Plaintiffs' first amended complaint alleges that the CNO Entities are liable under an alter ego theory for Consec Life Insurance Company's purported breach of the optional premium payment provision (the "Optional Premium Payment") of plaintiffs' insurance policies. In January 2018, the case was transferred to the United States District Court for the Southern District of Indiana. On August 17, 2020, the Court denied the CNO Entities' motions to dismiss. On January 13, 2021, the Court granted final approval of a class action settlement between plaintiffs and co-defendant Consec Life Insurance Company (n/k/a Wilco Life Insurance Company). The case remains pending against the CNO Entities. On March 25, 2022, the Court certified a Rule 23(b)(3) class of under 2,000 policyholders who invoked the policy's Optional Premium Payment prior to October 2008 and who surrendered their policies between October 7, 2008 and September 1, 2011. The Court's certification order acknowledged the existence of individualized issues of causation and damages, which the Court stated could be addressed in individualized proceedings following a class trial on the alter ego allegations and the meaning of the subject insurance policy language. The CNO Entities continue to vigorously defend the case.

Regulatory Examinations and Fines

Insurance companies face significant risks related to regulatory investigations and actions. Regulatory investigations generally result from matters related to sales or underwriting practices, payment of contingent or other sales commissions, claim payments and procedures, product design, product disclosure, additional premium charges for premiums paid on a periodic basis, denial or delay of benefits, charging excessive or impermissible fees on products, procedures related to canceling policies, changing the way cost of insurance charges are calculated for certain life insurance products or recommending unsuitable products to customers. We are, in the ordinary course of our business, subject to various examinations, inquiries and

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

information requests from state, federal and other authorities. The ultimate outcome of these regulatory actions (including the costs of complying with information requests and policy reviews) cannot be predicted with certainty. In the event of an unfavorable outcome in one or more of these matters, the ultimate liability may be in excess of liabilities we have established and we could suffer significant reputational harm as a result of these matters, which could also have a material adverse effect on our business, financial condition, results of operations or cash flows.

CONSOLIDATED STATEMENT OF CASH FLOWS

The following reconciles net income (loss) to net cash from operating activities (dollars in millions):

	Three months ended	
	March 31,	
	2024	2023
Cash flows from operating activities:		
Net income (loss)	\$ 112.3	\$ (.8)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Amortization and depreciation	70.4	65.7
Income taxes	23.8	(6.4)
Insurance liabilities	156.6	173.3
Accrual, amortization and fair value changes included in investment income	(134.8)	(27.9)
Deferral of policy acquisition costs	(103.2)	(89.8)
Net investment (gains) losses	(7.8)	14.6
Other (a)	(22.7)	(46.8)
Net cash from operating activities	<u>\$ 94.6</u>	<u>\$ 81.9</u>

- (a) Primarily relates to: (i) changes in other assets and liabilities related to the timing of payments and receipts; and (ii) the change in fair value of the deferred compensation plan liability.

Other non-cash items not reflected in the investing and financing activities sections of the consolidated statement of cash flows (dollars in millions):

	Three months ended	
	March 31,	
	2024	2023
Amounts related to employee benefit plans	\$ 6.1	\$ 6.5

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

INVESTMENTS IN VARIABLE INTEREST ENTITIES

We have concluded that we are the primary beneficiary with respect to certain VIEs, which are consolidated in our financial statements. In consolidating the VIEs, we consistently use the financial information most recently distributed to investors in the VIE.

All of the VIEs are collateralized loan trusts that were established to issue securities to finance the purchase of corporate loans and other permitted investments. The assets held by the trusts are legally isolated and not available to the Company. The liabilities of the VIEs are expected to be satisfied from the cash flows generated by the underlying loans held by the trusts, not from the assets of the Company. The Company has no financial obligation to the VIEs beyond its investment in each VIE.

Certain of our subsidiaries are noteholders of the VIEs. Another subsidiary of the Company is the investment manager for the VIEs. As such, it has the power to direct the most significant activities of the VIEs which materially impacts the economic performance of the VIEs.

The following tables provide supplemental information about the assets and liabilities of the VIEs which have been consolidated in accordance with authoritative guidance (dollars in millions):

	March 31, 2024		
	VIEs	Eliminations	Net effect on consolidated balance sheet
Assets:			
Investments held by variable interest entities	\$ 533.4	\$ —	\$ 533.4
Notes receivable of VIEs held by subsidiaries	—	(104.9)	(104.9)
Cash and cash equivalents held by variable interest entities	83.5	—	83.5
Accrued investment income	1.7	—	1.7
Income tax assets, net	12.5	—	12.5
Other assets	.9	(.5)	.4
Total assets	<u>\$ 632.0</u>	<u>\$ (105.4)</u>	<u>\$ 526.6</u>
Liabilities:			
Other liabilities	\$ 11.0	\$ (2.9)	\$ 8.1
Borrowings related to variable interest entities	565.5	—	565.5
Notes payable of VIEs held by subsidiaries	106.1	(106.1)	—
Total liabilities	<u>\$ 682.6</u>	<u>\$ (109.0)</u>	<u>\$ 573.6</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

	December 31, 2023		
	VIEs	Eliminations	Net effect on consolidated balance sheet
Assets:			
Investments held by variable interest entities	\$ 768.6	\$ —	\$ 768.6
Notes receivable of VIEs held by subsidiaries	—	(113.8)	(113.8)
Cash and cash equivalents held by variable interest entities	114.5	—	114.5
Accrued investment income	2.7	—	2.7
Income tax assets, net	13.0	—	13.0
Other assets	—	(.7)	(.7)
Total assets	<u>\$ 898.8</u>	<u>\$ (114.5)</u>	<u>\$ 784.3</u>
Liabilities:			
Other liabilities	\$ 14.6	\$ (2.2)	\$ 12.4
Borrowings related to variable interest entities	820.8	—	820.8
Notes payable of VIEs held by subsidiaries	126.1	(126.1)	—
Total liabilities	<u>\$ 961.5</u>	<u>\$ (128.3)</u>	<u>\$ 833.2</u>

The investment portfolios held by the VIEs are primarily comprised of commercial bank loans to corporate obligors which are almost entirely rated below-investment grade. At March 31, 2024, such loans had an amortized cost of \$547.2 million; gross unrealized gains of \$1.7 million; gross unrealized losses of \$11.2 million; allowance for credit losses of \$4.3 million; and an estimated fair value of \$533.4 million.

The following table summarizes changes in the allowance for credit losses related to corporate securities held by VIEs for the three months ended March 31, 2024 and 2023 (dollars in millions):

	Three months ended March 31,	
	2024	2023
Allowance at the beginning of the period	\$ 3.1	\$ 5.5
Additions for securities for which credit losses were not previously recorded	.3	.3
Additions (reductions) for securities where an allowance was previously recorded	1.7	(.7)
Reduction for securities sold during the period	(.8)	(1.6)
Allowance at the end of the period	<u>\$ 4.3</u>	<u>\$ 3.5</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

The following table sets forth the amortized cost and estimated fair value of the investments held by the VIEs at March 31, 2024, by contractual maturity. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

	Amortized cost	Estimated fair value
	(Dollars in millions)	
Due in one year or less	\$ 13.7	\$ 13.2
Due after one year through five years	506.7	493.5
Due after five years through ten years	26.8	26.7
Total	<u>\$ 547.2</u>	<u>\$ 533.4</u>

During the first three months of 2024, the VIEs recognized investment losses of \$3.6 million which were comprised of: (i) \$6.2 million of net losses from the sales of fixed maturities; (ii) \$3.8 million of gains related to the liquidation of a VIE; and (iii) an increase in the allowance for credit losses of \$1.2 million. Such net realized losses included gross realized losses of \$6.9 million from the sale of \$81.3 million of investments. During the first three months of 2023, the VIEs recognized net investment losses of \$0.6 million which were comprised of: (i) \$2.6 million of net losses from the sales of fixed maturities; and (ii) a decrease in the allowance for credit losses of \$2.0 million. Such net realized losses included gross realized losses of \$0.8 million from the sale of \$11.7 million of investments.

At March 31, 2024, there were no fixed maturity investments held by the VIEs in default.

At March 31, 2024, the VIEs held: (i) investments (for which an allowance for credit losses has not been recorded) with a fair value of \$35.7 million and gross unrealized losses not deemed to have credit losses of \$0.1 million that had been in an unrealized loss position for less than twelve months; and (ii) investments (for which an allowance for credit losses has not been recorded) with a fair value of \$171.2 million and gross unrealized losses not deemed to have credit losses of \$3.1 million that had been in an unrealized loss position for twelve months or greater.

At December 31, 2023, the VIEs held: (i) investments (for which an allowance for credit losses has not been recorded) with a fair value of \$24.8 million and gross unrealized losses of \$0.1 million that had been in an unrealized loss position for less than twelve months; and (ii) investments (for which an allowance for credit losses has not been recorded) with a fair value of \$302.3 million and gross unrealized losses of \$8.7 million that had been in an unrealized loss position for twelve months or greater.

The investments held by the VIEs are evaluated for impairment in a manner that is consistent with the Company's fixed maturities, available for sale.

In addition, the Company, in the normal course of business, makes passive investments in structured securities issued by VIEs for which the Company is not the investment manager. These structured securities include asset-backed securities, collateralized loan obligations, commercial mortgage-backed securities, agency residential mortgage-backed securities and non-agency residential mortgage-backed securities. Our maximum exposure to loss on these securities is limited to our cost basis in the investment. We have determined that we are not the primary beneficiary of these structured securities due to the relative size of our investment in comparison to the total principal amount of the individual structured securities and the level of credit subordination which reduces our obligation to absorb gains or losses.

At March 31, 2024, we held investments in various limited partnerships and hedge funds, in which we are not the primary beneficiary, totaling \$490.4 million (classified as other invested assets). At March 31, 2024, we had unfunded commitments to these partnerships totaling \$373.1 million. Our maximum exposure to loss on these investments is limited to the amount of our investment.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(unaudited)

FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and, therefore, represents an exit price, not an entry price. We carry certain assets and liabilities at fair value on a recurring basis, including fixed maturities, equity securities, trading securities, investments held by VIEs, derivatives, separate account assets and embedded derivatives. We carry our COLI, which is invested in a series of mutual funds, at its cash surrender value which approximates fair value. In addition, we disclose fair value for certain financial instruments that are not carried at fair value, including mortgage loans, policy loans, cash and cash equivalents, insurance liabilities for interest-sensitive products and funding agreements, investment borrowings, notes payable and borrowings related to VIEs.

The degree of judgment utilized in measuring the fair value of financial instruments is largely dependent on the level to which pricing is based on observable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our view of market assumptions in the absence of observable market information. Financial instruments with readily available active quoted prices would be considered to have fair values based on the highest level of observable inputs, and little judgment would be utilized in measuring fair value. Financial instruments that rarely trade would often have fair value based on a lower level of observable inputs, and more judgment would be utilized in measuring fair value.

Valuation Hierarchy

There is a three-level hierarchy for valuing assets or liabilities at fair value based on whether inputs are observable or unobservable.

- Level 1 – includes assets and liabilities valued using inputs that are unadjusted quoted prices in active markets for identical assets or liabilities. Our Level 1 assets primarily include cash and cash equivalents and exchange-traded securities.
- Level 2 – includes assets and liabilities valued using inputs that are quoted prices for similar assets in an active market, quoted prices for identical or similar assets in a market that is not active, observable inputs, or observable inputs that can be corroborated by market data. Level 2 assets and liabilities include those financial instruments that are valued by independent pricing services using models or other valuation methodologies. These models consider various inputs such as credit rating, maturity, corporate credit spreads, reported trades and other inputs that are observable or derived from observable information in the marketplace or are supported by transactions executed in the marketplace. Financial assets in this category primarily include: certain publicly registered and privately placed corporate fixed maturity securities; certain government or agency securities; certain mortgage and asset-backed securities; certain equity securities; most investments held by our consolidated VIEs; and derivatives such as call options. Financial liabilities in this category include investment borrowings, notes payable and borrowings related to VIEs.
- Level 3 – includes assets and liabilities valued using unobservable inputs that are used in model-based valuations that contain management assumptions. Level 3 assets and liabilities include those financial instruments whose fair value is estimated based on broker/dealer quotes, pricing services or internally developed models or methodologies utilizing significant inputs not based on, or corroborated by, readily available market information. Financial assets in this category include certain corporate securities, certain structured securities, mortgage loans, and other less liquid securities. Financial liabilities in this category include our insurance liabilities for interest-sensitive products, which includes embedded derivatives (including embedded derivatives related to our fixed indexed annuity products and to a modified coinsurance arrangement), and funding agreements since their values include significant unobservable inputs including actuarial assumptions.

At each reporting date, we classify assets and liabilities into the three input levels based on the lowest level of input that is significant to the measurement of fair value for each asset and liability reported at fair value. This classification is impacted by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction and overall market conditions. Our assessment of the significance of a particular input to the fair value measurement and the ultimate classification of each asset and liability requires judgment and is subject to change from period to period based on the observability of the valuation inputs.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(unaudited)

The vast majority of our assets carried at fair value use Level 2 inputs for the determination of fair value. These fair values are obtained primarily from independent pricing services, which use Level 2 inputs for the determination of fair value. Our Level 2 assets are valued as follows:

- Fixed maturities available for sale, equity securities and trading securities

Corporate securities are generally priced using market and income approaches using independent pricing services. Inputs generally consist of trades of identical or similar securities, quoted prices in inactive markets, issuer rating, benchmark yields, maturity and credit spreads.

U.S. Treasuries and obligations of U.S. Government corporations and agencies are generally priced using the market approach. Inputs generally consist of trades of identical or similar securities, quoted prices in inactive markets and maturity.

States and political subdivisions are generally priced using the market approach using independent pricing services. Inputs generally consist of trades of identical or similar securities, quoted prices in inactive markets, new issuances and credit spreads.

Foreign governments are generally priced using the market approach using independent pricing services. Inputs generally consist of trades of identical or similar securities, quoted prices in inactive markets, new issuances, benchmark yields, credit spreads and issuer rating.

Asset-backed securities, agency and non-agency residential mortgage-backed securities, collateralized loan obligations and commercial mortgage-backed securities are generally priced using market and income approaches using independent pricing services. Inputs generally consist of quoted prices in inactive markets, spreads on actively traded securities, expected prepayments, expected default rates, expected recovery rates and issue specific information including, but not limited to, collateral type, seniority and vintage.

Equity securities are generally priced using the market approach. Inputs generally consist of trades of identical or similar securities, quoted prices in inactive markets, issuer rating, benchmark yields, maturity and credit spreads.

- Investments held by VIEs

Corporate securities are generally priced using market and income approaches using pricing vendors. Inputs generally consist of issuer rating, benchmark yields, maturity, and credit spreads.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(unaudited)

- Other invested assets - derivatives

The fair value measurements for derivative instruments, including embedded derivatives requiring bifurcation, are determined based on the consideration of several inputs including closing exchange or over-the-counter market price quotes, time value and volatility factors underlying options, market interest rates and non-performance risk.

Third-party pricing services normally derive security prices through recently reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information. If there are no recently reported trades, the third-party pricing services may use matrix or model processes to develop a security price where future cash flow expectations are discounted at an estimated risk-adjusted market rate. The number of prices obtained for a given security is dependent on the Company's analysis of such prices as further described below.

As the Company is responsible for the determination of fair value, we have control processes designed to ensure that the fair values received from third-party pricing sources are reasonable and the valuation techniques and assumptions used appear reasonable and consistent with prevailing market conditions. Additionally, when inputs are provided by third-party pricing sources, we have controls in place to review those inputs for reasonableness. As part of these controls, we perform monthly quantitative and qualitative analysis on the prices received from third parties to determine whether the prices are reasonable estimates of fair value. The Company's analysis includes: (i) a review of the methodology used by third-party pricing services; (ii) where available, a comparison of multiple pricing services' valuations for the same security; (iii) a review of month to month price fluctuations; (iv) a review to ensure valuations are not unreasonably dated; and (v) back testing to compare actual purchase and sale transactions with valuations received from third parties. As a result of such procedures, the Company may conclude a particular price received from a third party is not reflective of current market conditions. In those instances, we may request additional pricing quotes or apply internally developed valuations. However, the number of such instances is insignificant and the aggregate change in value of such investments is not materially different from the original prices received.

The categorization of the fair value measurements of our investments priced by independent pricing services was based upon the Company's judgment of the inputs or methodologies used by the independent pricing services to value different asset classes. Such inputs typically include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers and other relevant data. The Company categorizes such fair value measurements based upon asset classes and the underlying observable or unobservable inputs used to value such investments.

For securities that are not priced by pricing services and may not be reliably priced using pricing models, we obtain broker quotes. These broker quotes are non-binding and represent an exit price, but assumptions used to establish the fair value may not be observable and therefore represent Level 3 inputs. Approximately 93 percent of our Level 3 fixed maturity securities and trading securities were valued using unadjusted broker quotes or broker-provided valuation inputs. The remaining Level 3 fixed maturity investments do not have readily determinable market prices and/or observable inputs. For these securities, we use internally developed valuations. Key assumptions used to determine fair value for these securities may include risk premiums, projected performance of underlying collateral and other factors involving significant assumptions which may not be reflective of an active market. For certain investments, we use a matrix or model process to develop a security price where future cash flow expectations are discounted at an estimated market rate. The pricing matrix incorporates term interest rates as well as a spread level based on the issuer's credit rating, other factors relating to the issuer, and the security's maturity. In some instances issuer-specific spread adjustments, which can be positive or negative, are made based upon internal analysis of security specifics such as liquidity, deal size, and time to maturity.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

The categorization of fair value measurements, by input level, for our financial instruments carried at fair value on a recurring basis at March 31, 2024 is as follows (dollars in millions):

	Quoted prices in active markets for identical assets or liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Fixed maturities, available for sale:				
Corporate securities	\$ —	\$ 11,491.4	\$ 147.5	\$ 11,638.9
United States Treasury securities and obligations of United States government corporations and agencies	—	214.4	—	214.4
States and political subdivisions	—	2,703.4	—	2,703.4
Foreign governments	—	82.3	—	82.3
Asset-backed securities	—	1,428.3	25.6	1,453.9
Agency residential mortgage-backed securities	—	687.7	—	687.7
Non-agency residential mortgage-backed securities	—	1,559.8	—	1,559.8
Collateralized loan obligations	—	1,145.6	—	1,145.6
Commercial mortgage-backed securities	—	2,162.1	—	2,162.1
Total fixed maturities, available for sale	—	21,475.0	173.1	21,648.1
Equity securities - corporate securities	45.8	—	72.6	118.4
Trading securities:				
Asset-backed securities	—	31.2	—	31.2
Agency residential mortgage-backed securities	—	3.4	—	3.4
Non-agency residential mortgage-backed securities	—	57.4	—	57.4
Collateralized loan obligations	—	9.1	—	9.1
Commercial mortgage-backed securities	—	121.7	—	121.7
Total trading securities	—	222.8	—	222.8
Investments held by variable interest entities - corporate securities	—	533.4	—	533.4
Other invested assets:				
Derivatives	—	355.0	—	355.0
Residual tranches	—	2.6	52.2	54.8
Total other invested assets	—	357.6	52.2	409.8
Market risk benefit asset	—	—	84.1	84.1
Assets held in separate accounts	—	3.3	—	3.3
Total assets carried at fair value by category	\$ 45.8	\$ 22,592.1	\$ 382.0	\$ 23,019.9
Liabilities:				
Market risk benefit liability	\$ —	\$ —	\$ 3.8	\$ 3.8
Embedded derivatives associated with fixed indexed annuity products	—	—	1,426.8	1,426.8
Total liabilities carried at fair value by category	\$ —	\$ —	\$ 1,430.6	\$ 1,430.6

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

The categorization of fair value measurements, by input level, for our financial instruments carried at fair value on a recurring basis at December 31, 2023 is as follows (dollars in millions):

	Quoted prices in active markets for identical assets or liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets:				
Fixed maturities, available for sale:				
Corporate securities	\$ —	\$ 11,678.2	\$ 159.3	\$ 11,837.5
United States Treasury securities and obligations of United States government corporations and agencies	—	194.4	—	194.4
States and political subdivisions	—	2,566.7	—	2,566.7
Foreign governments	—	83.1	—	83.1
Asset-backed securities	—	1,346.9	25.5	1,372.4
Agency residential mortgage-backed securities	—	648.0	—	648.0
Non-agency residential mortgage-backed securities	—	1,553.2	—	1,553.2
Collateralized loan obligations	—	1,032.8	—	1,032.8
Commercial mortgage-backed securities	—	2,205.0	13.1	2,218.1
Total fixed maturities, available for sale	—	21,308.3	197.9	21,506.2
Equity securities - corporate securities	24.2	—	72.7	96.9
Trading securities:				
Asset-backed securities	—	32.8	—	32.8
Agency residential mortgage-backed securities	—	3.5	—	3.5
Non-agency residential mortgage-backed securities	—	58.5	—	58.5
Collateralized loan obligations	—	9.0	—	9.0
Commercial mortgage-backed securities	—	118.9	—	118.9
Total trading securities	—	222.7	—	222.7
Investments held by variable interest entities - corporate securities	—	768.6	—	768.6
Other invested assets:				
Derivatives	—	239.2	—	239.2
Residual tranches	—	7.5	31.5	39.0
Total other invested assets	—	246.7	31.5	278.2
Market risk benefit asset	—	—	75.4	75.4
Assets held in separate accounts	—	3.1	—	3.1
Total assets carried at fair value by category	\$ 24.2	\$ 22,549.4	\$ 377.5	\$ 22,951.1
Liabilities:				
Market risk benefit liability	\$ —	\$ —	\$ 7.4	\$ 7.4
Embedded derivatives associated with fixed indexed annuity products	—	—	1,376.7	1,376.7
Total liabilities carried at fair value by category	\$ —	\$ —	\$ 1,384.1	\$ 1,384.1

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(unaudited)

The fair value of our financial instruments not carried at fair value on a recurring basis are as follows (dollars in millions):

	March 31, 2024				
	Quoted prices in active markets for identical assets or liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total estimated fair value	Total carrying amount
Assets:					
Mortgage loans	\$ —	\$ —	\$ 1,930.8	\$ 1,930.8	\$ 2,087.1
Policy loans	—	—	130.3	130.3	130.3
Other invested assets:					
Company-owned life insurance	—	305.2	—	305.2	305.2
Cash and cash equivalents:					
Unrestricted	566.3	—	—	566.3	566.3
Held by variable interest entities	83.5	—	—	83.5	83.5
Liabilities:					
Policyholder account balances	—	—	15,736.7	15,736.7	15,736.7
Future policy benefits	—	—	(218.4)	(218.4)	(218.4)
Investment borrowings	—	2,189.8	—	2,189.8	2,189.1
Borrowings related to variable interest entities	—	564.3	—	564.3	565.5
Notes payable – direct corporate obligations	—	1,115.8	—	1,115.8	1,141.0

	December 31, 2023				
	Quoted prices in active markets for identical assets or liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total estimated fair value	Total carrying amount
Assets:					
Mortgage loans	\$ —	\$ —	\$ 1,926.9	\$ 1,926.9	\$ 2,064.1
Policy loans	—	—	128.5	128.5	128.5
Other invested assets:					
Company-owned life insurance	—	303.0	—	303.0	303.0
Cash and cash equivalents:					
Unrestricted	774.5	—	—	774.5	774.5
Held by variable interest entities	114.5	—	—	114.5	114.5
Liabilities:					
Policyholder account balances	—	—	15,667.8	15,667.8	15,667.8
Future policy benefits	—	—	(274.9)	(274.9)	(274.9)
Investment borrowings	—	2,190.2	—	2,190.2	2,189.3
Borrowings related to variable interest entities	—	814.8	—	814.8	820.8
Notes payable – direct corporate obligations	—	1,097.3	—	1,097.3	1,140.5

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(unaudited)

The following table presents additional information about assets measured at fair value on a recurring basis and for which we have utilized significant unobservable (Level 3) inputs to determine fair value for the three months ended March 31, 2024 (dollars in millions):

March 31, 2024										
	Beginning balance as of December 31, 2023	Purchases, sales, issuances and settlements, net (b)	Total realized and unrealized gains (losses) included in net income	Total realized and unrealized gains (losses) included in accumulated other comprehensive income (loss)	Transfers into Level 3 (a)	Transfers out of Level 3 (a)	Ending balance as of March 31, 2024	Amount of total gains (losses) for the three months ended March 31, 2024 included in our net income relating to assets still held as of the reporting date	Amount of total gains (losses) for the three months ended March 31, 2024 included in accumulated other comprehensive income (loss) relating to assets still held as of the reporting date	
Assets:										
Fixed maturities, available for sale:										
Corporate securities	\$ 159.3	\$ 6.7	\$ 4.4	\$ (5.9)	\$ —	\$ (17.0)	\$ 147.5	\$ 4.4	\$ (6.7)	
Asset-backed securities	25.5	(.2)	—	.3	—	—	25.6	—	.2	
Commercial mortgage-backed securities	13.1	—	—	—	—	(13.1)	—	—	—	
Total fixed maturities, available for sale	197.9	6.5	4.4	(5.6)	—	(30.1)	173.1	4.4	(6.5)	
Equity securities - corporate securities	72.7	—	(.1)	—	—	—	72.6	(.1)	—	
Other invested assets - residual tranches	31.5	7.9	6.4	—	6.4	—	52.2	6.4	—	

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

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- (a) Transfers into Level 3 are the result of unobservable inputs utilized within valuation methodologies for assets that were previously valued using observable inputs. Transfers out of Level 3 are due to the use of observable inputs in valuation methodologies as well as the utilization of pricing service information for certain assets that the Company is able to validate.
- (b) Purchases, sales, issuances and settlements, net, represent the activity that occurred during the period that results in a change of the asset but does not represent changes in fair value for the instruments held at the beginning of the period. Such activity primarily consists of purchases and sales of fixed maturity and equity securities. The following summarizes such activity for the three months ended March 31, 2024 (dollars in millions):

	<u>Purchases</u>	<u>Sales</u>	<u>Issuances</u>	<u>Settlements</u>	<u>Purchases, sales, issuances and settlements, net</u>
Assets:					
Fixed maturities, available for sale:					
Corporate securities	\$ 6.8	\$ (.1)	\$ —	\$ —	\$ 6.7
Asset-backed securities	—	(.2)	—	—	(.2)
Total fixed maturities, available for sale	6.8	(.3)	—	—	6.5
Other invested assets - residual tranches	9.2	(1.3)	—	—	7.9

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(unaudited)

The following table presents additional information about assets measured at fair value on a recurring basis and for which we have utilized significant unobservable (Level 3) inputs to determine fair value for the three months ended March 31, 2023 (dollars in millions):

March 31, 2023											
	Beginning balance as of December 31, 2022	Purchases, sales, issuances and settlements, net (b)	Total realized and unrealized gains (losses) included in net income	Total realized and unrealized gains (losses) included in accumulated other comprehensive income (loss)	Transfers into Level 3 (a)	Transfers out of Level 3 (a)	Ending balance as of March 31, 2023	Amount of total gains (losses) for the three months ended March 31, 2023 included in our net income relating to assets still held as of the reporting date	Amount of total gains (losses) for the three months ended March 31, 2023 included in accumulated other comprehensive income (loss) relating to assets still held as of the reporting date		
Assets:											
Fixed maturities, available for sale:											
Corporate securities	\$ 127.8	\$ (.5)	\$.1	\$.9	\$ 5.9	\$ (6.4)	\$ 127.8	\$.1	\$.1		
Asset-backed securities	57.0	(5.1)	(.2)	(.2)	—	(10.4)	41.1	—	(.5)		
Non-agency residential mortgage-backed securities	56.2	(.2)	—	2.3	—	(24.5)	33.8	—	2.4		
Collateralized loan obligations	3.4	—	—	—	—	(3.4)	—	—	—		
Commercial mortgage-backed securities	14.5	—	—	(.7)	—	—	13.8	—	(.7)		
Total fixed maturities, available for sale	258.9	(5.8)	(.1)	2.3	5.9	(44.7)	216.5	.1	1.3		
Equity securities - corporate securities	75.7	—	(.7)	—	—	—	75.0	(.7)	—		
Trading securities - non-agency residential mortgage-backed securities	.5	—	—	—	—	—	.5	—	—		
Other invested assets - residual tranches	18.3	.5	.4	—	—	—	19.2	.4	—		

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

- (a) Transfers into Level 3 are the result of unobservable inputs utilized within valuation methodologies for assets that were previously valued using observable inputs. Transfers out of Level 3 are due to the use of observable inputs in valuation methodologies as well as the utilization of pricing service information for certain assets that the Company is able to validate.
- (b) Purchases, sales, issuances and settlements, net, represent the activity that occurred during the period that results in a change of the asset but does not represent changes in fair value for the instruments held at the beginning of the period. Such activity primarily consists of purchases and sales of fixed maturity and equity securities. The following summarizes such activity for the three months ended March 31, 2023 (dollars in millions):

	Purchases	Sales	Issuances	Settlements	Purchases, sales, issuances and settlements, net
Assets:					
Fixed maturities, available for sale:					
Corporate securities	\$.9	\$ (1.4)	\$ —	\$ —	\$ (.5)
Asset-backed securities	2.3	(7.4)	—	—	(5.1)
Non-agency residential mortgage-backed securities	—	(.2)	—	—	(.2)
Total fixed maturities, available for sale	3.2	(9.0)	—	—	(5.8)
Other invested assets - residual tranches	.7	(.2)	—	—	.5

Realized and unrealized investment gains and losses presented in the preceding tables represent gains and losses during the time the applicable financial instruments were classified as Level 3. Realized and unrealized gains (losses) on Level 3 assets are primarily reported in either net investment income for policyholder and other special-purpose portfolios or investment gains (losses) within the consolidated statement of operations; or accumulated other comprehensive income (loss) within shareholders' equity based on the appropriate accounting treatment for the instrument. The amount presented for gains (losses) included in our net income for assets still held as of the reporting date primarily represents: (i) the change in the allowance for credit losses for fixed maturities, available for sale; and (ii) changes in fair value of equity securities and trading securities that are held as of the reporting date. The amount presented for gains (losses) included in accumulated other comprehensive income (loss) for assets still held as of the reporting date primarily represents changes in the fair value of fixed maturities, available for sale, that are held as of the reporting date.

At March 31, 2024, 72 percent of our Level 3 fixed maturities, available for sale, were investment grade and 85 percent of our Level 3 fixed maturities, available for sale, consisted of corporate securities.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(unaudited)

The following table summarizes changes in the value of our embedded derivatives associated with fixed indexed annuity products (classified in policyholder account balances and future policy benefits as presented in the note to the consolidated financial statements entitled "Accounting for Derivatives") which are measured at fair value on a recurring basis and for which we have utilized significant unobservable (Level 3) inputs to determine fair value (dollars in millions):

	Three months ended	
	March 31,	
	2024	2023
Balance at beginning of the period	\$ 1,376.7	\$ 1,297.0
Premiums less benefits	(17.8)	(14.0)
Change in fair value, net	67.9	64.9
Balance at end of the period	<u>\$ 1,426.8</u>	<u>\$ 1,347.9</u>

The change in fair value, net for each period in our embedded derivatives is included in the insurance policy benefits line item in the consolidated statement of operations.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

The following table provides additional information about the significant unobservable (Level 3) inputs developed internally by the Company to determine fair value for certain assets and liabilities carried at fair value at March 31, 2024 (dollars in millions):

	Fair value at March 31, 2024	Valuation techniques	Unobservable inputs	Range (weighted average) (a)
Assets:				
Corporate securities (b)	\$ 2.5	Recovery method	Percent of recovery expected	(25.00%)
Corporate securities (c)	1.5	Unadjusted purchase price	Not applicable	Not applicable
Asset-backed securities (d)	8.3	Discounted cash flow analysis	Discount margins	(2.28%)
Equity securities (e)	63.3	Market comparables	EBITDA multiples	11.5X
Equity securities (f)	.1	Recovery method	Percent of recovery expected	0.00% - 100.00% (100.00%)
Equity securities (g)	9.2	Unadjusted purchase price	Not applicable	Not applicable
Other assets categorized as Level 3 (h)	213.0	Unadjusted third-party price source	Not applicable	Not applicable
Market risk benefit asset (i)	84.1	Discounted cash flow analysis	Surrender rates	1.42% - 15.25% (4.28%)
			Utilization rates	5.92% - 47.62% (24.88%)
Total	382.0			
Liabilities:				
Market risk benefit liability (i)	3.8	Discounted cash flow analysis	Surrender rates	1.42% - 15.25% (4.28%)
			Utilization rates	5.92% - 47.62% (24.88%)
Embedded derivatives related to fixed indexed annuity products (j)	1,426.8	Discounted projected embedded derivatives	Projected portfolio yields	4.32% - 4.92% (4.57%)
			Discount rates	4.07% - 5.74% (4.72%)
			Surrender rates	1.42% - 23.70% (6.92%)

- (a) The weighted average is based on the relative fair value of the related assets or liabilities.
- (b) Corporate securities - The significant unobservable input used in the fair value measurement of these corporate securities is percentage of recovery expected. Significant increases (decreases) in percentage of recovery expected in isolation would have resulted in a significantly higher (lower) fair value measurement.
- (c) Corporate securities - For these assets, there were no adjustments to the purchase price.
- (d) Asset-backed securities - The significant unobservable input used in the fair value measurement of these asset-backed securities is discount margin added to a riskless market yield. Significant increases (decreases) in discount margin in isolation would have resulted in a significantly lower (higher) fair value measurement.
- (e) Equity securities - The significant unobservable input used in the fair value measurement of these equity securities is multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA"). Generally, increases (decreases) in the EBITDA multiples would result in higher (lower) fair value measurements.
- (f) Equity securities - The significant unobservable input used in the fair value measurement of these equity securities is percentage of recovery expected. Significant increases (decreases) in percentage of recovery expected in isolation would have resulted in a significantly higher (lower) fair value measurement.
- (g) Equity securities - For these assets, there were no adjustments to the purchase price.
- (h) Other assets categorized as Level 3 - For these assets, there were no adjustments to non-binding quoted market prices obtained from third-party pricing sources.
- (i) Market risk benefits – Many of our fixed indexed annuity products include a GLWB that is considered a MRB. The calculation of the value of MRBs is based on significant unobservable inputs including assumptions related to surrenders

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIESNotes to Consolidated Financial Statements
(unaudited)

and utilization of policy benefits. These assumptions are based on actuarial estimates and past experience. Increases in assumed surrender rates would generally increase the value of a MRB asset or decrease the value of a MRB liability (with decreases in assumed surrender rates having the opposite impacts). Increases in utilization rates would generally decrease the value of a MRB asset or increase the value of a MRB liability (with decreases in utilization rates having the opposite impacts).

- (j) Embedded derivatives related to fixed indexed annuity products (classified as policyholder account liabilities) - The significant unobservable inputs used in the fair value measurement of our embedded derivatives associated with fixed indexed annuity products are projected portfolio yields, discount rates and surrender rates. Increases (decreases) in projected portfolio yields in isolation would have resulted in a higher (lower) fair value measurement. The discount rate is based on risk free rates (U.S. Treasury rates for similar durations) adjusted for our non-performance risk and risk margins for non-capital market inputs. Increases (decreases) in the discount rates would have resulted in a lower (higher) fair value measurement. Assumed surrender rates are used to project how long the contracts remain in force. Generally, the longer the contracts are assumed to be in force the higher the fair value of the embedded derivative. The embedded derivatives related to fixed indexed annuity products are classified in policyholder account balances and future policy benefits as presented in the note to the consolidated financial statements entitled "Accounting for Derivatives".

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

The following table provides additional information about the significant unobservable (Level 3) inputs developed internally by the Company to determine fair value for certain assets and liabilities carried at fair value at December 31, 2023 (dollars in millions):

	Fair value at December 31, 2023	Valuation techniques	Unobservable inputs	Range (weighted average) (a)
Assets:				
Corporate securities (b)	\$ 2.9	Discounted cash flow analysis	Discount margins	(2.22%)
Corporate securities (c)	2.5	Recovery method	Percent of recovery expected	(25.00%)
Corporate securities (d)	1.5	Unadjusted purchase price	Not applicable	Not applicable
Asset-backed securities (e)	8.6	Discounted cash flow analysis	Discount margins	(2.24%)
Equity securities (f)	63.4	Market comparables	EBITDA multiples	11.3X
Equity securities (g)	.1	Recovery method	Percent of recovery expected	0.00% - 100.00% (100.00%)
Equity securities (h)	9.2	Unadjusted purchase price	Not applicable	Not applicable
Other assets categorized as Level 3 (i)	213.9	Unadjusted third-party price source	Not applicable	Not applicable
Market risk benefit asset (j)	75.4	Discounted cash flow analysis	Surrender rates	1.42% - 15.25% (4.28%)
			Utilization rates	5.92% - 47.62% (24.88%)
Total	377.5			
Liabilities:				
Market risk benefit liability (j)	7.4	Discounted cash flow analysis	Surrender rates	1.42% - 15.25% (4.28%)
			Utilization rates	5.92% - 47.62% (24.88%)
Embedded derivatives related to fixed indexed annuity products (k)	1,376.7	Discounted projected embedded derivatives	Projected portfolio yields	4.32% - 4.92% (4.57%)
			Discount rates	3.85% - 5.76% (4.41%)
			Surrender rates	1.42% - 23.70% (6.92%)

- (a) The weighted average is based on the relative fair value of the related assets or liabilities.
- (b) Corporate securities - The significant unobservable input used in the fair value measurement of our corporate securities is discount margin added to a riskless market yield. Significant increases (decreases) in discount margin in isolation would have resulted in a significantly lower (higher) fair value measurement.
- (c) Corporate securities - The significant unobservable input used in the fair value measurement of these corporate securities is percentage of recovery expected. Significant increases (decreases) in percentage of recovery expected in isolation would have resulted in a significantly higher (lower) fair value measurement.
- (d) Corporate securities - For these assets, there were no adjustments to the purchase price.
- (e) Asset-backed securities - The significant unobservable input used in the fair value measurement of these asset-backed securities is discount margin added to a riskless market yield. Significant increases (decreases) in discount margin in isolation would have resulted in a significantly lower (higher) fair value measurement.
- (f) Equity securities - The significant unobservable input used in the fair value measurement of these equity securities is multiples of earnings before EBITDA. Generally, increases (decreases) in the EBITDA multiples would result in higher (lower) fair value measurements.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(unaudited)

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- (g) Equity securities - The significant unobservable input used in the fair value measurement of these equity securities is percentage of recovery expected. Significant increases (decreases) in percentage of recovery expected in isolation would have resulted in a significantly higher (lower) fair value measurement.
- (h) Equity securities - For these assets, there were no adjustments to the purchase price.
- (i) Other assets categorized as Level 3 - For these assets, there were no adjustments to non-binding quoted market prices obtained from third-party pricing sources.
- (j) Market risk benefits – Many of our fixed indexed annuity products include a GLWB that is considered a MRB. The calculation of the value of MRBs is based on significant unobservable inputs including assumptions related to surrenders and utilization of policy benefits. These assumptions are based on actuarial estimates and past experience. Increases in assumed surrender rates would generally increase the value of a MRB asset or decrease the value of a MRB liability (with decreases in assumed surrender rates having the opposite impacts). Increases in utilization rates would generally decrease the value of a MRB asset or increase the value of a MRB liability (with decreases in utilization rates having the opposite impacts).
- (k) Embedded derivatives related to fixed indexed annuity products - The significant unobservable inputs used in the fair value measurement of our embedded derivatives associated with fixed indexed annuity products are projected portfolio yields, discount rates and surrender rates. Increases (decreases) in projected portfolio yields in isolation would have resulted in a higher (lower) fair value measurement. The discount rate is based on risk free rates (U.S. Treasury rates for similar durations) adjusted for our non-performance risk and risk margins for non-capital market inputs. Increases (decreases) in the discount rates would have resulted in a lower (higher) fair value measurement. Assumed surrender rates are used to project how long the contracts remain in force. Generally, the longer the contracts are assumed to be in force the higher the fair value of the embedded derivative. The embedded derivatives related to fixed indexed annuity products are classified in policyholder account balances and future policy benefits as presented in the note to the consolidated financial statements entitled "Accounting for Derivatives".

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

In this section, we review the consolidated financial condition of CNO at March 31, 2024, and its consolidated results of operations for the three months ended March 31, 2024 and 2023, and, where appropriate, factors that may affect future financial performance. Please read this discussion in conjunction with the accompanying consolidated financial statements and notes. Results for interim periods are not necessarily indicative of the results that may be expected for a full year.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Our statements, trend analyses and other information contained in this report and elsewhere (such as in filings by CNO with the SEC, press releases, presentations by CNO or its management or oral statements) relative to markets for CNO's products and trends in CNO's operations or financial results, as well as other statements, contain forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically are identified by the use of terms such as "anticipate," "believe," "plan," "estimate," "expect," "project," "intend," "may," "will," "would," "contemplate," "possible," "attempt," "seek," "should," "could," "goal," "target," "on track," "comfortable with," "optimistic," "guidance," "outlook," "sustainable" and similar words, although some forward-looking statements are expressed differently. You should consider statements that contain these words carefully because they describe our expectations, plans, strategies and goals and our beliefs concerning future business conditions, our results of operations, financial position, and our business outlook or they state other "forward-looking" information based on currently available information. The "Risk Factors" section of our 2023 Annual Report on Form 10-K provides examples of risks, uncertainties and events that could cause our actual results to differ materially from the expectations expressed in our forward-looking statements. Assumptions and other important factors that could cause our actual results to differ materially from those anticipated in our forward-looking statements include, among other things:

- general economic, market and political conditions and uncertainties, including the performance and fluctuations of the financial markets which may affect the value of our investments as well as our ability to raise capital or refinance existing indebtedness and the cost of doing so;
- the impact of pandemics, including the novel coronavirus pandemic, and major public health issues and the resulting financial market, economic and other impacts;
- exposure to interest rate risk, including interest rate volatility, may negatively impact our results of operations, financial position or cash flow;
- future investment results, including the impact of realized losses (including other-than-temporary impairment charges) may diminish the value of our invested assets and negatively impact our profitability, our financial condition and our liquidity;
- the ultimate outcome of lawsuits filed against us and other legal and regulatory proceedings to which we are subject;
- our ability to make anticipated changes to certain non-guaranteed elements of our life insurance products;
- our ability to obtain adequate and timely rate increases on our health products, including our long-term care business;
- the receipt of any required regulatory approvals for dividend and surplus debenture interest payments from our insurance subsidiaries;
- mortality, morbidity, the increased cost and usage of health care services, persistency, the adequacy of our previous reserve estimates, changes in the health care market and other factors which may affect the profitability of our insurance products;
- the recoverability of our deferred tax assets and the effect of potential ownership changes and tax rate changes on their value;

- our assumption that the positions we take on our tax return filings will not be successfully challenged by the Internal Revenue Service;
- changes in accounting principles and the interpretation thereof;
- our ability to continue to satisfy the financial ratio and balance requirements and other covenants of our debt agreements;
- our ability to identify products and markets in which we can compete effectively against competitors with greater market share, higher ratings, greater financial resources and stronger brand recognition;
- our ability to generate sufficient liquidity to meet our debt service obligations and other cash needs;
- changes in capital deployment opportunities;
- our ability to maintain effective controls over financial reporting and modeling;
- our ability to continue to recruit and retain productive agents and distribution partners;
- customer response to new products, distribution channels and marketing initiatives;
- inflation or other unfavorable economic or business conditions may impact the sales and persistency of insurance products, a portion of our insurance policy benefits affected by increased medical coverage costs and various selling, general and administrative expenses;
- our ability to maintain the financial strength ratings of CNO and our insurance company subsidiaries as well as the impact of our ratings on our business, our ability to access capital, and the cost of capital;
- regulatory changes or actions, including: those relating to regulation of the financial affairs of our insurance companies, such as the calculation of risk-based capital and minimum capital requirements, and payment of dividends and surplus debenture interest to us; regulation of the sale, underwriting and pricing of products; health care regulation affecting health insurance products; and privacy laws and regulations;
- changes in the Federal income tax laws and regulations which may affect or eliminate the relative tax advantages of some of our products or affect the value of our deferred tax assets;
- availability and effectiveness of reinsurance arrangements, as well as the impact of any defaults or failure of reinsurers to perform;
- the performance of third party service providers (both domestic and international) and potential difficulties arising from outsourcing arrangements;
- expectations for the growth rate of sales, collected premiums, annuity deposits and assets;
- interruption in telecommunication, information technology or other operational systems or failure to maintain the security, confidentiality or privacy of sensitive data on such systems;
- events of terrorism, natural disasters or other catastrophic events, including potential adverse impacts from climate change which may increase the frequency or severity of weather-related disasters;
- cyber-security attacks, risk of data loss and other security breaches;
- ineffectiveness of risk management policies and procedures in identifying, monitoring and managing risks; and
- the risk factors or uncertainties listed from time to time in our filings with the SEC.

Other factors and assumptions not identified above are also relevant to the forward-looking statements, and if they prove incorrect, could also cause actual results to differ materially from those projected.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statement. Our forward-looking statements speak only as of the date made. We assume no obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.

The reporting of risk-based capital ("RBC") measures is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities.

OVERVIEW

We are a holding company for a group of insurance companies that develop, market and administer health insurance, annuity, individual life insurance and other insurance and financial services products. We focus on serving middle-income pre-retiree and retired Americans, which we believe are attractive, underserved, high growth markets. We sell our products through exclusive agents, independent producers (some of whom sell one or more of our product lines exclusively) and direct marketing.

We view our operations as three insurance product lines (annuity, health and life) and the investment and fee income segments. Our segments are aligned based on their common characteristics, comparability of profit margins and the way management makes operating decisions and assesses the performance of the business.

Our insurance product line segments (annuity, health and life) include marketing, underwriting and administration of the policies our insurance subsidiaries sell. The business written in each of the three product categories through all of our insurance subsidiaries is aggregated allowing management and investors to assess the performance of each product category. When analyzing profitability of these segments, we use insurance product margin as the measure of profitability, which is: (i) insurance policy income; and (ii) net investment income allocated to the insurance product lines; less (i) insurance policy benefits and interest credited to policyholders; and (ii) amortization of deferred acquisition costs and present value of future profits, non-deferred commissions and advertising expense. Net investment income is allocated to the product lines using the book yield of investments backing the block of business, which is applied to the average insurance liabilities, net of insurance intangibles, for the block in each period. Net insurance liabilities for the purpose of allocating investment income to product lines are equal to: (i) policyholder account balances for annuity products; (ii) total reserves before the fair value adjustments reflected in accumulated other comprehensive income (loss), if applicable, for all other products; less (iii) amounts related to reinsured business; (iv) deferred acquisition costs; (v) the present value of future profits; and (vi) the value of unexpired options credited to insurance liabilities.

Income from insurance products is the sum of the insurance margins of the annuity, health and life product lines, less expenses allocated to the insurance lines. It excludes the income from our fee income business, investment income not allocated to product lines, net expenses not allocated to product lines (primarily holding company expenses) and income taxes. Management believes insurance product margin and income from insurance products help provide a better understanding of the business and a more meaningful analysis of the results of our insurance product lines.

We market our products through the Consumer and Worksite Divisions that reflect the customers served by the Company. The Consumer and Worksite Divisions are primarily focused on marketing insurance products, several types of which are sold in both divisions and underwritten in the same manner.

The Consumer Division serves individual consumers, engaging with them on the phone, virtually, online, face-to-face with agents, or through a combination of sales channels. This structure unifies consumer capabilities into a single division and integrates the strength of our agent sales forces with one of the largest direct-to-consumer insurance businesses with proven experience in advertising, web/digital and call center support.

The Worksite Division focuses on the sale of voluntary benefit life and health insurance products in the workplace for businesses, associations, and other membership groups, interacting with customers at their place of employment and virtually.

With a separate Worksite Division, we are bringing a sharper focus to this high-growth business while further capitalizing on the strength of our wholly-owned subsidiary, Optavise, a national provider of year-round technology-driven employee benefits management services.

The investment segment involves the management of our capital resources, including investments and the management of corporate debt and liquidity. Our measure of profitability of this segment is the total net investment income not allocated to the insurance products. Investment income not allocated to product lines represents net investment income less: (i) equity returns credited to policyholder account balances; (ii) the investment income allocated to our product lines; (iii) interest expense on notes payable, investment borrowings and financing arrangements; (iv) expenses related to the FABN program; and (v) certain expenses related to benefit plans that are offset by special-purpose investment income; plus (vi) the impact of annual option forfeitures related to fixed indexed annuity surrenders. Investment income not allocated to product lines includes investment income on investments in excess of amounts allocated to product lines, investments held by our holding companies, the spread we earn from our FHLB investment borrowing and FABN programs and variable components of investment income (including call and prepayment income, adjustments to returns on structured securities due to cash flow changes, income (loss) from COLI and alternative investment income not allocated to product lines), net of interest expense on corporate debt and financing arrangements. The spread earned from our FHLB investment borrowing and FABN programs includes the investment income on the matched assets less: (i) interest on investment borrowings related to the FHLB investment borrowing program; (ii) interest credited on funding agreements; and (iii) amortization of deferred acquisition costs related to the FABN program.

Our fee income segment includes the earnings generated from sales of third-party insurance products, services provided by Optavise and the operations of our broker/dealer and registered investment advisor.

Expenses not allocated to product lines include the expenses of our corporate operations, excluding interest expense on debt.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

The following summarizes our earnings for the three months ending March 31, 2024 and 2023 (dollars in millions, except per share data):

	Three months ended March 31,	
	2024	2023
Insurance product margin		
Annuity margin	\$ 52.0	\$ 57.3
Health margin	123.0	116.5
Life margin	54.6	47.4
Total insurance product margin	229.6	221.2
Allocated expenses	(161.6)	(157.5)
Income from insurance products	68.0	63.7
Fee income	11.3	15.5
Investment income not allocated to product lines	12.3	15.5
Expenses not allocated to product lines	(16.8)	(18.3)
Operating earnings before taxes	74.8	76.4
Income tax expense on operating income	(17.3)	(17.8)
Net operating income (a)	57.5	58.6
Net realized investment losses from sales and change in allowance for credit losses	(4.6)	(12.7)
Net change in market value of investments recognized in earnings	12.4	(1.9)
Changes in fair value of embedded derivative liabilities and market risk benefits	64.0	(65.1)
Other	(.4)	2.3
Net non-operating income (loss) before taxes	71.4	(77.4)
Income tax (expense) benefit on non-operating income (loss)	(16.6)	18.0
Net non-operating income (loss)	54.8	(59.4)
Net income (loss)	<u>\$ 112.3</u>	<u>\$ (.8)</u>
Per diluted share		
Net operating income	\$.52	\$.51
Net non-operating income (loss)	.49	(.52)
Net income (loss)	<u>\$ 1.01</u>	<u>\$ (.01)</u>

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- (a) Management believes that an analysis of net income applicable to common stock before: (i) net realized investment gains or losses from sales, impairments and change in allowance for credit losses, net of taxes; (ii) net change in market value of investments recognized in earnings, net of taxes; (iii) changes in fair value of embedded derivative liabilities and MRBs related to our fixed indexed annuities, net of taxes; (iv) fair value changes related to the agent deferred compensation plan, net of taxes; (v) loss related to reinsurance transactions, net of taxes; (vi) loss on extinguishment of debt, net of taxes; (vii) changes in the valuation allowance for deferred tax assets and other tax items; and (viii) other non-operating items consisting primarily of earnings attributable to VIEs, net of taxes ("net operating income," a non-GAAP financial measure) is important to evaluate the financial performance of the company, and is a key measure commonly used in the life insurance industry. The income tax expense or benefit allocated to the items included in net non-operating income (loss) represents the current and deferred income tax expense or benefit allocated to the items included in non-operating earnings. Management uses this measure to evaluate performance because the items excluded from net operating income can be affected by events that are unrelated to the Company's underlying fundamentals. The table above reconciles the non-GAAP measure to the corresponding GAAP measure.

In addition, management uses these non-GAAP financial measures in its budgeting process, financial analysis of segment performance and in assessing the allocation of resources. We believe these non-GAAP financial measures enhance an investor's understanding of our financial performance and allows them to make more informed judgments about the Company as a whole. These measures also highlight operating trends that might not otherwise be apparent. However, net operating income is not a measurement of financial performance under GAAP and should not be considered as an alternative to cash flow from operating activities, as measures of liquidity, or as an alternative to net income as measures of our operating performance or any other measures of performance derived in accordance with GAAP. In addition, net operating income should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Net operating income has limitations as an analytical tool, and you should not consider such measure either in isolation or as a substitute for analyzing our results as reported under GAAP. Our definition and calculation of net operating income are not necessarily comparable to other similarly titled measures used by other companies due to different methods of calculation. Also, as we adopted the new accounting standard related to targeted improvements to the accounting for long-duration insurance contracts effective January 1, 2023, we updated our method of determining non-operating earnings for our fixed indexed annuities to better identify the volatile non-economic impacts of that line of business. This resulted in fixed indexed annuity margins that more closely reflect the economics of the business.

GOVERNMENTAL REGULATION

In 2023, the U.S. Department of Labor (the "DOL") proposed a regulation to change the definition of "fiduciary" for purposes of the Employee Retirement Income Security Act of 1974 ("ERISA") and parallel provisions of the Code, when a financial professional, including an insurance producer, provides investment advice, and to amend various existing prohibited transaction exemptions ("PTEs") that financial professionals rely on when making recommendations. On April 23, 2024, the DOL finalized and published this new definition of "fiduciary" for purposes of ERISA and parallel provisions of the Code and finalized and published amendments to these PTEs. We do not expect these developments to have a significant impact on our business.

CRITICAL ACCOUNTING ESTIMATES

Refer to "Critical Accounting Policies" in our 2023 Annual Report on Form 10-K for information on our other accounting policies that we consider critical in preparing our consolidated financial statements.

RESULTS OF OPERATIONS

The following tables and narratives summarize the operating results of our segments (dollars in millions):

	Three months ended March 31,	
	2024	2023
Insurance product margin		
Annuity:		
Insurance policy income	\$ 7.3	\$ 5.1
Net investment income	134.5	125.4
Insurance policy benefits	(11.3)	(8.7)
Interest credited	(58.3)	(48.1)
Amortization and non-deferred commissions (a)	(20.2)	(16.4)
Annuity margin	52.0	57.3
Health:		
Insurance policy income	398.4	401.4
Net investment income	74.3	74.0
Insurance policy benefits	(308.5)	(318.1)
Amortization and non-deferred commissions (a)	(41.2)	(40.8)
Health margin	123.0	116.5
Life:		
Insurance policy income	222.7	219.0
Net investment income	36.5	36.3
Insurance policy benefits	(144.0)	(147.2)
Interest credited	(12.5)	(12.1)
Amortization and non-deferred commissions (a)	(23.5)	(19.9)
Advertising expense	(24.6)	(28.7)
Life margin	54.6	47.4
Total insurance product margin	229.6	221.2
Allocated expenses:		
Branch office expenses	(19.8)	(19.8)
Other allocated expenses	(141.8)	(137.7)
Income from insurance products	68.0	63.7
Fee income	11.3	15.5
Investment income not allocated to product lines	12.3	15.5
Expenses not allocated to product lines	(16.8)	(18.3)
Operating earnings before taxes	74.8	76.4
Income tax expense on operating income	(17.3)	(17.8)
Net operating income	\$ 57.5	\$ 58.6

- (a) Amortization and non-deferred commissions are comprised of: (i) the amortization of deferred acquisition costs and present value of future profits; and (ii) commission expenses that are not directly related to the successful acquisition of new or renewal insurance contracts and, therefore, are not eligible to be deferred. Such non-deferred commissions are included in other operating costs and expenses on the consolidated statement of operations.

CNO is the top tier holding company for a group of insurance companies that develop, market and administer health insurance, annuity, individual life insurance and other insurance and financial services products. We view our operations by segments, which consist of insurance product lines. These products are distributed by our two divisions. The Consumer Division serves individual consumers, engaging with them on the phone, virtually, online, face-to-face with agents, or through a combination of sales channels. The Worksite Division focuses on the sale of voluntary benefit life and health insurance products in the workplace for businesses, associations, and other membership groups, interacting with customers at their place of employment and virtually.

Insurance product margin is management's measure of the profitability of its annuity, health and life product lines' performance and consists of insurance policy income plus allocated investment income less insurance policy benefits, interest credited, commissions, advertising expense and amortization of acquisition costs. Income from insurance products is the sum of the insurance margins of the annuity, health and life product lines, less expenses allocated to the insurance lines. It excludes the income from our fee income business, investment income not allocated to product lines, net expenses not allocated to product lines (primarily holding company expenses) and income taxes. Management believes this information helps provide a better understanding of the business and a more meaningful analysis of the results of our insurance product lines.

Net investment income is allocated to the product lines using the book yield of investments backing the block of business, which is applied to the average insurance liabilities for the block in each period. Net insurance liabilities for the purpose of allocating investment income to product lines are equal to: (i) policyholder account balances for annuity products; (ii) total reserves before the fair value adjustments reflected in accumulated other comprehensive income (loss), if applicable, for all other products; less (iii) amounts related to reinsured business; (iv) deferred acquisition costs; (v) the present value of future profits; and (vi) the value of unexpired options credited to insurance liabilities. Investment income not allocated to product lines represents net investment income less: (i) equity returns credited to policyholder account balances; (ii) the investment income allocated to our product lines; (iii) interest expense on notes payable, investment borrowings and financing arrangements; (iv) expenses related to the FABN program; and (v) certain expenses related to benefit plans that are offset by special-purpose investment income; plus (vi) the impact of annual option forfeitures related to fixed indexed annuity surrenders. Investment income not allocated to product lines includes investment income on investments in excess of amounts allocated to product lines, investments held by our holding companies, the spread we earn from our FHLB investment borrowing and FABN programs and variable components of investment income (including call and prepayment income, adjustments to returns on structured securities due to cash flow changes, income (loss) from COLI and alternative investment income not allocated to product lines), net of interest expense on corporate debt and financing arrangements. The spread earned from our FHLB investment borrowing and FABN programs includes the investment income on the matched assets less: (i) interest on investment borrowings related to the FHLB investment borrowing program; (ii) interest credited on funding agreements; and (iii) amortization of deferred acquisition costs related to the FABN program.

Summary of Operating Results: Net operating income was \$57.5 million in the first quarter of 2024, compared to \$58.6 million in the first quarter of 2023.

Insurance product margin was \$229.6 million in the first quarter of 2024 compared to \$221.2 million in the first quarter of 2023. Fluctuations by product line are discussed in greater detail in the narratives that follow.

Total net investment income (comprised of investment income allocated and not allocated to products) increased 2.5 percent to \$257.6 million in the first quarter of 2024, as compared to \$251.2 million in the first quarter of 2023, reflecting growth in the investment portfolio and higher yields. Such results reflected net unfavorable mark-to-market impacts of \$24.3 million and \$9.4 million in the first quarters of 2024 and 2023, respectively. The performance of our alternative investments is typically reported a quarter in arrears. The alternative results in the first quarter of 2024 were adversely impacted by mark-to-market impacts on certain real estate partnerships ("REPs") driven by the annual appraisals of the underlying real estate assets in the context of higher cap rates in the current higher interest rate environment. The book value of these REPs was \$86 million at March 31, 2024. The underlying properties held by the REPs are occupied by investment grade tenants and have long-term non-cancellable leases. In addition, these REPs continue to produce stable cash flows at the property level and stable distributions to the Company.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Total allocated and unallocated expenses are summarized in the table below (dollars in millions):

	Three months ended March 31,	
	2024	2023
Expenses allocated to product lines	\$ 161.6	\$ 157.5
Expenses not allocated to product lines	16.8	18.3
Adjusted total	<u>\$ 178.4</u>	<u>\$ 175.8</u>

Total allocated and unallocated expenses in the first three months of 2024 were up slightly as compared to the same period in the prior year, and were in line with our expectations. Our projected expense ratio guidance for the full year of 2024 is between 18.8 percent to 19.2 percent and remains unchanged. The expense ratio is defined as total allocated and unallocated expenses divided by the sum of insurance policy income and net investment income allocated to products.

The fee income segment is summarized below (dollars in millions):

	Three months ended March 31,	
	2024	2023
Fee revenue	\$ 50.5	\$ 51.3
Operating costs and expenses	(39.2)	(35.8)
Net fee income	<u>\$ 11.3</u>	<u>\$ 15.5</u>

The decrease in net fee income in the first three months of 2024 is primarily due to: (i) changes to our revenue recognition assumptions related to sales of third party products by our Consumer Division reflecting less favorable policy persistency and higher agent persistency resulting in higher renewal commissions, as compared to the prior period; partially offset by (ii) higher sales of such third party products in the 2024 period as compared to the same period in the prior year.

Investment income not allocated to product lines generally fluctuates from period to period based on the level of prepayment income (including call premiums) and trading account income; the performance of our alternative investments (which are typically reported a quarter in arrears); the earnings related to the investments underlying our COLI; and the spread we earn from our FHLB investment borrowing and FABN programs.

The effective tax rate for the first three months of 2024 was 23.2 percent.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Margin from Annuity Products (dollars in millions):

	Three months ended March 31,	
	2024	2023
Annuity margin:		
Fixed indexed annuities		
Insurance policy income	\$ 6.0	\$ 3.6
Net investment income	108.4	98.8
Insurance policy benefits	(5.8)	(4.1)
Interest credited	(46.7)	(36.4)
Amortization and non-deferred commissions	(18.5)	(15.4)
Margin from fixed indexed annuities	\$ 43.4	\$ 46.5
Average net insurance liabilities	\$9,636.3	\$9,183.8
Margin/average net insurance liabilities	1.80 %	2.03 %
Fixed interest annuities		
Insurance policy income	\$.1	\$.3
Net investment income	20.6	20.9
Insurance policy benefits	(.4)	(.1)
Interest credited	(11.1)	(11.1)
Amortization and non-deferred commissions	(1.6)	(.9)
Margin from fixed interest annuities	\$ 7.6	\$ 9.1
Average net insurance liabilities	\$1,588.0	\$1,630.9
Margin/average net insurance liabilities	1.91 %	2.23 %
Other annuities		
Insurance policy income	\$ 1.2	\$ 1.2
Net investment income	5.5	5.7
Insurance policy benefits	(5.1)	(4.5)
Interest credited	(.5)	(.6)
Amortization and non-deferred commissions	(.1)	(.1)
Margin from other annuities	\$ 1.0	\$ 1.7
Average net insurance liabilities	\$ 439.9	\$ 469.5
Margin/average net insurance liabilities	.91 %	1.45 %
Total annuity margin	\$ 52.0	\$ 57.3
Average net insurance liabilities	\$11,664.2	\$11,284.2
Margin/average net insurance liabilities	1.78 %	2.03 %

Margin from fixed indexed annuities was \$43.4 million in the first quarter of 2024 compared to \$46.5 million in the first quarter of 2023. The decrease in margin in the 2024 period is primarily due to: (i) additional amortization and unfavorable reserve impacts from higher policy surrender activity; (ii) slight spread compression driven by increased surrenders of higher spread products; partially offset by (iii) growth in the block and higher yields. Average net insurance liabilities (policyholder account balances less: (i) amounts related to reinsured business; (ii) deferred acquisition costs; (iii) present value of future profits; and (iv) the value of unexpired options credited to insurance liabilities) were \$9,636.3 million and \$9,183.8 million in the first quarters of 2024 and 2023, respectively, driven by deposits and reinvested returns in excess of withdrawals. The increase in net insurance liabilities results in higher net investment income allocated. The earned yield was 4.50 percent in the first quarter of 2024 up from 4.30 percent in the first quarter of 2023, reflecting higher portfolio yields.

Net investment income and interest credited exclude the change in market values of the underlying options supporting the fixed indexed annuity products and corresponding offsetting amount credited to policyholder account balances. Such amounts were \$128.6 million and \$16.5 million in the first quarters of 2024 and 2023, respectively.

Margin from fixed interest annuities was \$7.6 million in the first quarter of 2024 compared to \$9.1 million in the first quarter of 2023, driven primarily by additional amortization from higher policy surrenders and a reduction in the size of the block. Average net insurance liabilities were \$1,588.0 million in the first quarter of 2024 compared to \$1,630.9 million in the first quarter of 2023, driven by withdrawals in excess of deposits and reinvested returns. The decrease in net insurance liabilities resulted in lower net investment income allocated, however, the earned yield increased to 5.19 percent in the first quarter of 2024 from 5.13 percent in the first quarter of 2023, reflecting higher portfolio yields.

Margin from other annuities was \$1.0 million in the first quarter of 2024 compared to \$1.7 million in the first quarter of 2023. The margin on this relatively small block of business is sensitive to annuitant mortality related to contracts with life contingencies. An increase in mortality in this block will result in a decrease in insurance liabilities and insurance policy benefits. Such mortality was lower in the 2024 period compared to the same period in 2023.

Margin from Health Products (dollars in millions):

	Three months ended March 31,	
	2024	2023
Health margin:		
Supplemental health		
Insurance policy income	\$ 179.7	\$ 179.0
Net investment income	39.0	38.6
Insurance policy benefits	(125.8)	(128.2)
Amortization and non-deferred commissions	(27.5)	(26.1)
Margin from supplemental health	<u>\$ 65.4</u>	<u>\$ 63.3</u>
Margin/insurance policy income	<u>36 %</u>	<u>35 %</u>
Medicare supplement		
Insurance policy income	\$ 151.7	\$ 156.5
Net investment income	1.4	1.3
Insurance policy benefits	(116.4)	(120.5)
Amortization and non-deferred commissions	(10.2)	(11.2)
Margin from Medicare supplement	<u>\$ 26.5</u>	<u>\$ 26.1</u>
Margin/insurance policy income	<u>17 %</u>	<u>17 %</u>
Long-term care		
Insurance policy income	\$ 67.0	\$ 65.9
Net investment income	33.9	34.1
Insurance policy benefits	(66.3)	(69.4)
Amortization and non-deferred commissions	(3.5)	(3.5)
Margin from long-term care	<u>\$ 31.1</u>	<u>\$ 27.1</u>
Margin/insurance policy income	<u>46 %</u>	<u>41 %</u>
Total health margin	<u>\$ 123.0</u>	<u>\$ 116.5</u>
Margin/insurance policy income	<u>31 %</u>	<u>29 %</u>

Margin from supplemental health business was \$65.4 million in the first quarter of 2024 compared to \$63.3 million in the first quarter of 2023, reflecting growth in the block. The margin as a percentage of insurance policy income was 36 percent in the first quarter of 2024 compared to 35 percent in the prior year period.

Our supplemental health products (including specified disease, accident and hospital indemnity products) generally provide fixed or limited benefits. For example, payments under cancer insurance policies are generally made directly to, or at the direction of, the policyholder following diagnosis of, or treatment for, a covered type of cancer. Approximately three-fourths of our supplemental health policies inforce (based on policy count) are sold with return of premium or cash value riders. The return of premium rider generally provides that after a policy has been inforce for a specified number of years or upon the policyholder reaching a specified age, we will pay to the policyholder, or a beneficiary under the policy, the aggregate amount of all premiums paid under the policy, without interest, less the aggregate amount of all claims incurred under the policy. The cash value rider is similar to the return of premium rider, but also provides for payment of a graded portion of the return of premium benefit if the policy terminates before the return of premium benefit is earned. Accordingly, the net cash flows from these products generally result in the accumulation of amounts in the early years of a policy (reflected in our earnings as reserve increases which is a component of insurance policy benefits) which will be paid out as benefits in later policy years (reflected in our earnings as reserve decreases which offset the recording of benefit payments). As the policies age, insurance policy benefits will typically increase, but the increase in benefits will be partially offset by investment income earned on the accumulated assets.

Margin from Medicare supplement business was \$26.5 million and \$26.1 million in the first quarters of 2024 and 2023, respectively. The increase in margin on the Medicare supplement business is primarily due to favorable claims experience in the 2024 period, as compared to the 2023 period, partially offset by a reduction in the size of the block. Claim experience will fluctuate from period to period. Insurance policy income was \$151.7 million in the first quarter of 2024, down 3.1 percent from the first quarter of 2023, reflecting lower sales in recent periods partially offset by premium rate increases. Over the last several years, we have experienced a shift in the sale of Medicare supplement policies to the sale of Medicare Advantage policies. We receive fee income when Medicare Advantage policies of other providers are sold, which is recorded in our Fee income segment. We continue to invest in both our Medicare supplement products and Medicare Advantage distribution to meet our customers' needs and preferences.

Medicare supplement business consists of both individual and group policies. Government regulations generally require we attain and maintain a ratio of total benefits incurred to total premiums earned (excluding changes in policy benefits reserves which is a component of Insurance policy benefits) of not less than 65 percent on individual products and not less than 75 percent on group products. The ratio is determined after three years from the original issuance of the policy and over the lifetime of the policy and measured in accordance with statutory accounting principles. Since the insurance product liabilities we establish for Medicare supplement business are subject to significant estimates, the ultimate claim liability we incur for a particular period is likely to be different than our initial estimate. Changes to our estimates are reflected in insurance policy benefits in the period the change is determined.

Margin from Long-term care products was \$31.1 million and \$27.1 million in the first quarters of 2024 and 2023, respectively. The margin as a percentage of insurance policy income was 46 percent in the first quarter of 2024 compared to 41 percent in the first quarter of 2023. The increase in margin in the 2024 period is primarily due to growth in the block and lower insurance policy benefits, as compared to the 2023 period. Claim experience will fluctuate from quarter to quarter.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Margin from Life Products (dollars in millions):

	Three months ended March 31,	
	2024	2023
Life margin:		
Interest-sensitive life		
Insurance policy income	\$ 46.6	\$ 44.5
Net investment income	13.2	13.1
Insurance policy benefits	(19.9)	(18.2)
Interest credited	(12.3)	(12.0)
Amortization and non-deferred commissions	(5.1)	(4.6)
Margin from interest-sensitive life	\$ 22.5	\$ 22.8
Average net insurance liabilities	\$1,056.1	\$1,032.0
Interest margin	\$.9	\$ 1.1
Interest margin/average net insurance liabilities	.34 %	.43 %
Underwriting margin	\$ 21.6	\$ 21.7
Underwriting margin/insurance policy income	46 %	49 %
Traditional life		
Insurance policy income	\$ 176.1	\$ 174.5
Net investment income	23.3	23.2
Insurance policy benefits	(124.1)	(129.0)
Interest credited	(.2)	(.1)
Amortization and non-deferred commissions	(18.4)	(15.3)
Advertising expense	(24.6)	(28.7)
Margin from traditional life	\$ 32.1	\$ 24.6
Margin/insurance policy income	18 %	14 %
Margin excluding advertising expense/insurance policy income	32 %	31 %
Total life margin	\$ 54.6	\$ 47.4

Margin from interest-sensitive life business was \$22.5 million in the first quarter of 2024, down slightly from the first quarter of 2023, reflecting unfavorable claims experience, as compared to the 2023 period; partially offset by growth in the block due to sales in recent periods.

The interest margin was \$0.9 million and \$1.1 million in the first quarters of 2024 and 2023, respectively. Net investment income in the 2024 period was comparable to the 2023 period. The increase in average net insurance liabilities results in higher net investment income allocated, which is largely offset by lower earned yields. The earned yield was 5.00 percent and 5.08 percent in the first quarters of 2024 and 2023, respectively. The decrease in earned yields is due to the maturity or sale of higher yielding investments. Interest credited to policyholders may be changed annually but is subject to minimum guaranteed rates and, as a result, any reduction in our earned rate may not be fully reflected in the rate credited to policyholders.

Net investment income and interest credited exclude the change in market values of the underlying options supporting the fixed indexed life products and corresponding offsetting amount credited to policyholder account balances. Such amounts were \$11.1 million and \$2.1 million in the first quarters of 2024 and 2023, respectively.

Margin from traditional life business was \$32.1 million and \$24.6 million in the first quarters of 2024 and 2023, respectively. The increase in margin in the 2024 period, as compared to the same period in 2023, reflects growth in the block and lower insurance policy benefits and advertising expense.

Net investment income in the 2024 period was comparable to the 2023 period. The increase in average net insurance liabilities results in higher net investment income allocated, which is largely offset by lower earned yields. The earned yield was 4.67 percent and 4.70 percent in the first quarters of 2024 and 2023, respectively.

Advertising expense was \$24.6 million in the first quarter of 2024, down 14 percent from the comparable period in 2023. The demand and cost of television advertising can fluctuate from period to period. We are disciplined with our marketing expenditures and will increase or decrease our marketing spend depending on the current economics of the purchase or other factors.

Collected Premiums From Annuity and Interest-Sensitive Life Products (dollars in millions):

	Three months ended	
	March 31,	
	2024	2023
Collected premiums from annuity and interest-sensitive life products:		
Annuities	\$ 393.3	\$ 370.9
Interest-sensitive life	60.5	58.2
Total collected premiums from annuity and interest-sensitive life products	<u>\$ 453.8</u>	<u>\$ 429.1</u>

Collected premiums from annuity and interest-sensitive products increased 5.8 percent in the first quarter of 2024 compared to the first quarter of 2023, primarily due to higher premium collections from fixed indexed annuity products.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Investment Income Not Allocated to Product Lines (dollars in millions):

	Three months ended March 31,	
	2024	2023
Net investment income	\$ 469.2	\$ 343.0
Allocated to product lines:		
Annuity	(134.5)	(125.4)
Health	(74.3)	(74.0)
Life	(36.5)	(36.3)
Equity returns credited to policyholder account balances	(139.7)	(18.6)
Amounts allocated to product lines and credited to policyholder account balances	(385.0)	(254.3)
Impact of annual option forfeitures related to fixed indexed annuity surrenders	6.2	—
Amount related to variable interest entities and other non-operating items	(12.6)	(20.9)
Interest expense on debt	(15.7)	(15.7)
Interest expense on financing arrangements	(1.2)	—
Interest expense on investment borrowings from FHLB	(31.4)	(21.7)
Expenses related to FABN program	(7.6)	(7.6)
Less amounts credited to deferred compensation plans (offsetting investment income)	(9.6)	(7.3)
Total adjustments	(71.9)	(73.2)
Investment income not allocated to product lines	\$ 12.3	\$ 15.5

The above table reconciles net investment income to investment income not allocated to product lines. Such amount will generally fluctuate from period to period based on the level of prepayment income (including call premiums) and trading account income; the performance of our alternative investments (which are typically reported a quarter in arrears); the earnings related to the investments underlying our COLI; and the spread we earn from our FHLB investment borrowing and FABN programs.

Net Non-Operating Income (Loss):

The following summarizes our net non-operating income (loss) for the three months ending March 31, 2024 and 2023 (dollars in millions):

	Three months ended March 31,	
	2024	2023
Net realized investment losses from sales and change in allowance for credit losses	\$ (4.6)	\$ (12.7)
Net change in market value of investments recognized in earnings	12.4	(1.9)
Changes in fair value of embedded derivative liabilities and market risk benefits	64.0	(65.1)
Other	(.4)	2.3
Net non-operating income (loss) before taxes	\$ 71.4	\$ (77.4)

Net realized investment losses in the three months ended March 31, 2024, were \$4.6 million, net of a reduction in the allowance for credit losses of \$1.5 million. Net realized investment losses in the three months ended March 31, 2023, were \$12.7 million, including an increase in the allowance for credit losses of \$1.5 million.

The change in market value of investments recognized in earnings was an increase (decrease) of \$12.4 million and \$(1.9) million in the first quarters of 2024 and 2023, respectively. The change in value will fluctuate from period to period based on market conditions.

We recognized an increase (decrease) in earnings of \$64.0 million and \$(65.1) million in the first three months of 2024 and 2023, respectively, resulting from changes in the fair value of embedded derivative liabilities and MRBs related to our fixed indexed annuities. Such amounts include the impacts of changes in market interest rates and equity impacts used to determine the estimated fair values of the embedded derivatives and MRBs.

Other non-operating items primarily include earnings attributable to VIEs that we are required to consolidate, net of affiliated amounts. Such earnings are not indicative of, and are unrelated to, the Company's underlying fundamentals.

LIQUIDITY AND CAPITAL RESOURCES

2024 Outlook

We are maintaining our previously disclosed guidance ranges as further discussed below.

We expect operating earnings per diluted share to be in the range of \$3.10 to \$3.30, excluding any significant items in the year. Given the lower returns on our alternative investments in the first quarter of 2024, we expect the full year operating earnings per share to be near the lower end of the range while also assuming that the returns on such alternative investments are more in line with our long term run-rate assumption for the balance of the year.

We continue to expect fee income to be slightly lower in 2024, as compared to 2023, with a slight change to the seasonal recognition of earnings with approximately one-third of such earnings recognized in the first quarter of 2024 (as compared to our previous expectation of 25 percent) and the remainder of such earnings generally recognized in the fourth quarter of 2024.

Our projected expense ratio guidance for the full year of between 18.8 percent to 19.2 percent for 2024 remains unchanged.

We continue to expect excess cash flow to the holding company to be in the range of \$140 million to \$200 million. The high end of the range assumes that we maintain our current pace of organic growth; maintain the current asset mix in our investment portfolio; and there is no significant change to economic conditions and the related pattern of credit migration in our investment portfolio. However, if we continue to accelerate organic growth; decide to accept a higher level of risk in our investment portfolio; and/or economic conditions deteriorate, prompting adverse credit migration, then additional capital would be required and excess cash flow would be toward the lower end of the range.

We expect to continue to manage to: (i) a consolidated RBC ratio of 375 percent for our U.S. based insurance subsidiaries; (ii) minimum holding company liquidity of \$150 million; and (iii) a target debt to total capital, excluding accumulated other comprehensive income (loss), in the range of 25 percent to 28 percent.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Our capital structure as of March 31, 2024 and December 31, 2023 was as follows (dollars in millions):

	March 31, 2024	December 31, 2023
Total capital:		
Corporate notes payable	\$ 1,141.0	\$ 1,140.5
Shareholders' equity:		
Common stock	1.1	1.1
Additional paid-in capital	1,851.2	1,891.5
Accumulated other comprehensive loss	(1,480.3)	(1,576.8)
Retained earnings	1,995.7	1,899.8
Total shareholders' equity	2,367.7	2,215.6
Total capital	\$ 3,508.7	\$ 3,356.1

The following table summarizes certain financial ratios as of and for the three months ended March 31, 2024 and as of and for the year ended December 31, 2023:

	March 31, 2024	December 31, 2023
Book value per common share	\$ 21.81	\$ 20.26
Book value per common share, excluding accumulated other comprehensive income (loss) (a)	35.44	34.68
Debt to total capital ratios:		
Corporate debt to total capital	32.5 %	34.0 %
Corporate debt to total capital, excluding accumulated other comprehensive income (loss) (a)	22.9 %	23.1 %

- (a) This non-GAAP measure differs from the corresponding GAAP measure presented immediately above, because accumulated other comprehensive income (loss) has been excluded from the value of capital used to determine this measure. Management believes this non-GAAP measure is useful because it removes the volatility that arises from changes in accumulated other comprehensive income (loss). Such volatility is often caused by changes in the estimated fair value of our investment portfolio resulting from changes in general market interest rates rather than the business decisions made by management. However, this measure does not replace the corresponding GAAP measure.

Liquidity for Insurance Operations

Our insurance companies generally receive adequate cash flows from premium collections and investment income to meet their obligations. Life insurance, long-term care and supplemental health insurance and annuity liabilities are generally long-term in nature. Life and annuity policyholders may, however, withdraw funds or surrender their policies, subject to any applicable penalty provisions; there are generally no withdrawal or surrender benefits for long-term care insurance. We actively manage the relationship between the duration of our invested assets and the estimated duration of benefit payments arising from contract liabilities.

Three of the Company's insurance subsidiaries (Bankers Life, Washington National and Colonial Penn) are members of the FHLB. As members of the FHLB, our insurance subsidiaries have the ability to borrow on a collateralized basis from the FHLB. We are required to hold certain minimum amounts of FHLB common stock as a condition of membership in the FHLB, and additional amounts based on the amount of the borrowings. At March 31, 2024, the carrying value of the FHLB common stock was \$94.6 million. As of March 31, 2024, collateralized borrowings from the FHLB totaled \$2.2 billion and the proceeds were used to purchase matched variable rate fixed maturity securities. The borrowings are classified as investment borrowings in the accompanying consolidated balance sheet. The borrowings are collateralized by investments with an estimated fair value of \$2.7 billion at March 31, 2024, which are maintained in custodial accounts for the benefit of the FHLB.

State laws generally give state insurance regulatory agencies broad authority to protect policyholders in their jurisdictions. Regulators have used this authority in the past to restrict the ability of our insurance subsidiaries to pay any dividends or other amounts without prior approval. We cannot be assured that the regulators will not seek to assert greater supervision and control over our insurance subsidiaries' businesses and financial affairs.

Our estimated consolidated statutory RBC ratio of our U.S. based insurance subsidiaries was 391 percent at March 31, 2024, compared to 402 percent at December 31, 2023. In the first three months of 2024, the RBC ratio reflected: (i) an estimated consolidated statutory operating loss of \$4 million; and (ii) insurance company dividends (net of capital contributions) of \$43.3 million that were paid to the holding company. Our RBC ratio at March 31, 2024, exceeded our targeted RBC ratio of 375 percent and the minimum 350 percent that is reflected in our risk appetite statement that we share and discuss with rating agencies and insurance regulators. We believe that the 375 percent RBC ratio target continues to adequately support our financial strength and credit ratings.

Our insurance subsidiaries transfer exposure to certain risk to others through reinsurance arrangements. When we obtain reinsurance, we are still liable for those transferred risks in the event the reinsurer defaults on its obligations. The failure, insolvency, inability or unwillingness of one or more of the Company's reinsurers to perform in accordance with the terms of its reinsurance agreement could negatively impact our earnings or financial position and our consolidated statutory RBC ratio.

Financial Strength Ratings of our Insurance Subsidiaries

Financial strength ratings provided by S&P, AM Best Company ("AM Best"), Fitch Ratings ("Fitch") and Moody's Investor Services, Inc. ("Moody's") are the rating agency's opinions of the ability of our insurance subsidiaries to pay policyholder claims and obligations when due.

On March 18, 2024, S&P affirmed its "A-" financial strength ratings of our primary insurance subsidiaries and the outlook for these ratings is stable. S&P financial strength ratings range from "AAA" to "R" and some companies are not rated. An insurer rated "A", in S&P's opinion, has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings. Pluses and minuses show the relative standing within a category. S&P has twenty-one possible ratings. There are six ratings above the "A-" rating of our primary insurance subsidiaries and fourteen ratings that are below that rating.

On February 15, 2024, AM Best affirmed its "A" financial strength ratings of our primary insurance subsidiaries and the outlook for these ratings is stable. The "A" rating is assigned to companies that have an excellent ability, in AM Best's opinion, to meet their ongoing obligations to policyholders. AM Best ratings for the industry currently range from "A++ (Superior)" to "F (In Liquidation)" and some companies are not rated. AM Best has sixteen possible ratings. There are two ratings above the "A" rating of our primary insurance subsidiaries and thirteen ratings that are below that rating.

On November 15, 2023, Fitch upgraded the financial strength ratings of our primary insurance subsidiaries to "A" from "A-" and the outlook for these ratings is stable. An insurer rated "A", in Fitch's opinion, indicates a low expectation of ceased or interrupted payments and indicates strong capacity to meet policyholder and contract obligations. This capacity may, nonetheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings. Fitch ratings for the industry range from "AAA Exceptionally Strong" to "C Distressed" and some companies are not rated. Pluses and minuses show the relative standing within a category. Fitch has nineteen possible ratings. There are five ratings above the "A" rating of our primary insurance subsidiaries and thirteen ratings that are below that rating.

Moody's most recently reviewed its "A3" financial strength ratings of our primary insurance subsidiaries on May 12, 2023. The outlook for these ratings remains stable. Moody's financial strength ratings range from "Aaa" to "C". These ratings may be supplemented with numbers "1", "2", or "3" to show relative standing within a category. In Moody's view, an insurer rated "A" offers good financial security, however, certain elements may be present which suggests a susceptibility to impairment sometime in the future. Moody's has twenty-one possible ratings. There are six ratings above the "A3" rating of our primary insurance subsidiaries and fourteen ratings that are below that rating.

Rating agencies have increased the frequency and scope of their credit reviews and requested additional information from the companies that they rate, including us. They may also adjust upward the capital and other requirements employed in their rating models for maintenance of certain ratings levels. We cannot predict what actions rating agencies may take, or what

actions we may take in response. Accordingly, downgrades and outlook revisions related to us or the life insurance industry may occur in the future at any time and without notice by any rating agency. These could increase policy surrenders and withdrawals, adversely affect relationships with our distribution channels, reduce new sales, reduce our ability to borrow and increase our future borrowing costs.

Liquidity of the Holding Companies

Availability and Sources and Uses of Holding Company Liquidity; Limitations on Ability of Insurance Subsidiaries to Make Dividend and Surplus Debenture Interest Payments to the Holding Companies; Limitations on Holding Company Activities

At March 31, 2024, CNO, CDOC, Inc. ("CDOC", our wholly owned subsidiary and the immediate parent of Washington National and Conseco Life Insurance Company of Texas ("CLTX")) and our other non-insurance subsidiaries held \$222.8 million of unrestricted cash and cash equivalents which was above our minimum target level of \$150 million.

CNO and CDOC are holding companies with no business operations of their own; they depend on their operating subsidiaries for cash to make principal and interest payments on debt, and to pay administrative expenses and income taxes. CNO and CDOC receive cash from insurance subsidiaries, consisting of dividends and distributions, interest payments on surplus debentures and tax-sharing payments, as well as cash from non-insurance subsidiaries consisting of dividends, distributions, loans and advances. The principal non-insurance subsidiaries that provide cash to CNO and CDOC are 40|86 Advisors, Inc., which receives fees from the insurance subsidiaries for investment services, and CNO Services, LLC which receives fees from the insurance subsidiaries for providing administrative services. The agreements between our insurance subsidiaries and CNO Services, LLC and 40|86 Advisors, Inc., respectively, were previously approved by the domestic insurance regulator for each insurance company, and any payments thereunder do not require further regulatory approval.

The ability of our U.S. based insurance subsidiaries to pay dividends is subject to state insurance department regulations and is based on the financial statements of our insurance subsidiaries prepared in accordance with statutory accounting practices prescribed or permitted by regulatory authorities, which differ from GAAP. These regulations generally permit dividends to be paid from statutory earned surplus of the insurance company without regulatory approval for any 12-month period in amounts equal to the greater of (or in some states, the lesser of): (i) statutory net gain from operations or net income for the prior year; or (ii) 10 percent of statutory capital and surplus as of the end of the preceding year. However, as each of the immediate U.S. based insurance subsidiaries of CDOC has significant negative earned surplus, any dividend payments from the insurance subsidiaries require the prior approval of the director or commissioner of the applicable state insurance department. In the first three months of 2024, our U.S. based insurance subsidiaries paid dividends to CDOC totaling \$68.0 million. We expect to receive regulatory approval for future dividends from our subsidiaries, but there can be no assurance that such payments will be approved or that the financial condition of our insurance subsidiaries will not change, making future approvals less likely.

CDOC holds surplus debentures from CLTX with an aggregate principal amount of \$749.6 million. Interest payments on those surplus debentures do not require additional approval provided the RBC ratio of CLTX exceeds 100 percent (but do require prior written notice to the Texas Department of Insurance). The estimated RBC ratio of CLTX was 338 percent at March 31, 2024. CDOC also holds a surplus debenture from Colonial Penn with a principal balance of \$160.0 million. Interest payments on that surplus debenture require prior approval by the Pennsylvania Insurance Department. Dividends and other payments from our non-insurance subsidiaries, including 40|86 Advisors, Inc. and CNO Services, LLC, to CNO or CDOC do not require approval by any regulatory authority or other third party. However, insurance regulators may prohibit payments by our insurance subsidiaries to parent companies if they determine that such payments could be adverse to our policyholders or contractholders.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

The insurance subsidiaries of CDOC receive funds to pay dividends primarily from: (i) the earnings of their direct businesses; (ii) tax sharing payments received from subsidiaries (if applicable); and (iii) with respect to CLTX, dividends received from subsidiaries. At March 31, 2024, the subsidiaries of CLTX had earned surplus (deficit) as summarized below (dollars in millions):

Subsidiaries of CLTX	Earned surplus (deficit)	Additional information
Bankers Life	\$ (5.1)	(a)
Colonial Penn	(513.3)	(b)

- (a) Bankers Life paid dividends of \$30.0 million to CLTX in the first three months of 2024. Bankers Life may pay dividends without regulatory approval or prior notice for any 12-month period if such dividends are less than the greater of: (i) statutory net income for the prior year; or (ii) 10 percent of statutory capital and surplus as of the end of the preceding year. Dividends in excess of these levels require 30 days prior notice. In the event Bankers Life's earned surplus balance is zero or in a deficit position, Bankers Life may request approval from the Illinois Department of Insurance for return-of-capital distributions, the payment of which would be subject to prior approval.
- (b) The deficit is primarily due to transactions which occurred several years ago, including a tax planning transaction and the fee paid to recapture a block of business previously ceded to an unaffiliated insurer.

A significant deterioration in the financial condition, earnings or cash flow of the material subsidiaries of CNO or CDOC for any reason could hinder such subsidiaries' ability to pay cash dividends or other disbursements to CNO and/or CDOC, which, in turn, could limit CNO's ability to meet debt service requirements and satisfy other financial obligations. In addition, we may choose to retain capital in our insurance subsidiaries or to contribute additional capital to our insurance subsidiaries to maintain or strengthen their surplus or fund reinsurance transactions, and these decisions could limit the amount available at our top tier insurance subsidiaries to pay dividends to the holding companies. In the first three months of 2024, CDOC made capital contributions of \$24.7 million to CLTX.

At March 31, 2024, there were no amounts outstanding under our \$250 million Revolving Credit Agreement and there are no scheduled repayments of our direct corporate obligations until May 2025.

Free cash flow is a measure of holding company liquidity and is calculated as: (i) dividends, management fees and surplus debenture interest payments received from our subsidiaries; plus (ii) earnings on corporate investments; less (iii) interest expense, corporate expenses and net tax payments. In the first three months of 2024, we generated \$34 million of such free cash flow. The Company expects to deploy its free cash flow into investments to accelerate profitable growth, common stock dividends and share repurchases. The amount and timing of future share repurchases (if any) will be based on business and market conditions and other factors including, but not limited to, available free cash flow, the current price of our common stock and investment opportunities. In the first three months of 2024, we repurchased 1.5 million shares of common stock for \$40.0 million under our securities repurchase program (including \$0.8 million of repurchases settled in the second quarter of 2024). The Company had remaining repurchase authority of \$481.8 million as of March 31, 2024.

In the first three months of 2024, dividends declared on common stock totaled \$16.4 million (\$0.15 per common share). In May 2024, the Company increased its quarterly common stock dividend to \$0.16 per share from \$0.15 per share.

On March 18, 2024, S&P affirmed its "BBB-" rating on our senior unsecured debt and the outlook for these ratings is stable. In S&P's view, an obligation rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. Pluses and minuses show the relative standing within a category. S&P has a total of twenty-two possible ratings ranging from "AAA (Extremely Strong)" to "D (Payment Default)". There are nine ratings above CNO's "BBB-" rating and twelve ratings that are below its rating.

On February 15, 2024, AM Best affirmed its "bbb" rating on our issuer credit and senior unsecured debt and the outlook for these ratings is stable. In AM Best's view, a company rated "bbb" has an adequate ability to meet the terms of its obligations; however, the issuer is more susceptible to changes in economic or other conditions. Pluses and minuses show the

relative standing within a category. AM Best has a total of twenty-two possible ratings ranging from "aaa (Exceptional)" to "d (In default)". There are eight ratings above CNO's "bbb" rating and thirteen ratings that are below its rating.

On November 15, 2023, Fitch upgraded our senior unsecured debt ratings to "BBB+" from "BBB". The outlook for these ratings is stable. In Fitch's view, an obligation rated "BBB" indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity. Pluses and minuses show the relative standing within a category. Fitch has a total of 21 possible ratings ranging from "AAA" to "D". There are eight ratings above CNO's "BBB+" rating and twelve ratings that are below its rating.

Moody's most recently reviewed its "Baa3" rating on our senior unsecured debt on May 12, 2023. The outlook for these ratings remains stable. In Moody's view, obligations rated "Baa" are subject to moderate credit risk and may possess certain speculative characteristics. A rating is supplemented with numerical modifiers "1", "2" or "3" to show the relative standing within a category. Moody's has a total of twenty-one possible ratings ranging from "Aaa" to "C". There are nine ratings above CNO's "Baa3" rating and eleven ratings that are below its rating.

We believe that the existing cash available to the holding company, the cash flows to be generated from operations and other transactions will be sufficient to allow us to meet our debt service obligations, pay corporate expenses and satisfy other financial obligations. However, our cash flow is affected by a variety of factors, many of which are outside of our control, including insurance regulatory issues, competition, financial markets and other general business conditions. We cannot provide assurance that we will possess sufficient income and liquidity to meet all of our debt service requirements and other holding company obligations.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

INVESTMENTS

At March 31, 2024, the amortized cost, gross unrealized gains, gross unrealized losses, allowance for credit losses and estimated fair value of fixed maturities, available for sale, were as follows (dollars in millions):

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Allowance for credit losses	Estimated fair value
Investment grade (a):					
Corporate securities	\$ 12,557.8	\$ 48.9	\$ (1,474.6)	\$ (21.5)	\$ 11,110.6
United States Treasury securities and obligations of United States government corporations and agencies	232.8	—	(18.4)	—	214.4
States and political subdivisions	3,044.9	26.4	(376.3)	(.5)	2,694.5
Foreign governments	94.8	.6	(12.5)	(.6)	82.3
Asset-backed securities	1,436.8	3.2	(81.6)	(.1)	1,358.3
Agency residential mortgage-backed securities	683.3	6.7	(2.3)	—	687.7
Non-agency residential mortgage-backed securities	1,189.0	6.8	(128.6)	—	1,067.2
Collateralized loan obligations	1,151.0	4.6	(10.0)	—	1,145.6
Commercial mortgage-backed securities	2,296.7	1.8	(196.4)	—	2,102.1
Total investment grade fixed maturities, available for sale	22,687.1	99.0	(2,300.7)	(22.7)	20,462.7
Below-investment grade (a) (b):					
Corporate securities	574.9	1.6	(32.0)	(16.2)	528.3
States and political subdivisions	9.6	—	(.6)	(.1)	8.9
Asset-backed securities	109.3	.1	(13.8)	—	95.6
Non-agency residential mortgage-backed securities	481.4	26.8	(15.6)	—	492.6
Commercial mortgage-backed securities	88.5	—	(28.5)	—	60.0
Total below-investment grade fixed maturities, available for sale	1,263.7	28.5	(90.5)	(16.3)	1,185.4
Total fixed maturities, available for sale	<u>\$ 23,950.8</u>	<u>\$ 127.5</u>	<u>\$ (2,391.2)</u>	<u>\$ (39.0)</u>	<u>\$ 21,648.1</u>

- (a) Investment ratings are assigned the second lowest rating by Nationally Recognized Statistical Rating Organizations ("NRSROs") (Moody's, S&P or Fitch), or if not rated by such firms, the rating assigned by the National Association of Insurance Commissioners (the "NAIC"). NAIC designations of "1" or "2" include fixed maturities generally rated investment grade (rated "Baa3" or higher by Moody's or rated "BBB-" or higher by S&P and Fitch). NAIC designations of "3" through "6" are referred to as below-investment grade (which generally are rated "Ba1" or lower by Moody's or rated "BB+" or lower by S&P and Fitch). References to investment grade or below-investment grade throughout our consolidated financial statements are determined as described above.
- (b) Certain structured securities rated below-investment grade by NRSROs may be assigned a NAIC 1 or NAIC 2 designation based on the cost basis of the security relative to estimated recoverable amounts as determined by the NAIC. Refer to the table below for a summary of our fixed maturity securities, available for sale, by NAIC designations.

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

The NAIC evaluates the fixed maturity investments of insurers for regulatory and capital assessment purposes and assigns securities to one of six credit quality categories called NAIC designations, which are used by insurers when preparing their annual statements based on statutory accounting principles. The NAIC designations are generally similar to the credit quality designations of the NRSROs for marketable fixed maturity securities, except for certain structured securities. However, certain structured securities rated below investment grade by the NRSROs can be assigned NAIC 1 or NAIC 2 designations depending on the cost basis of the holding relative to estimated recoverable amounts as determined by the NAIC. The following summarizes the NAIC designations and NRSRO equivalent ratings:

<u>NAIC Designation</u>	<u>NRSRO Equivalent Rating</u>
1	AAA/AA/A
2	BBB
3	BB
4	B
5	CCC and lower
6	In or near default

A summary of our fixed maturity securities, available for sale, by NAIC designations (or for fixed maturity securities held by non-regulated entities, based on NRSRO ratings) as of March 31, 2024 is as follows (dollars in millions):

<u>NAIC designation</u>	<u>Amortized cost</u>	<u>Estimated fair value</u>	<u>Percentage of total estimated fair value</u>
1	\$ 15,421.3	\$ 13,971.4	64.5 %
2	7,807.0	7,030.1	32.5
Total NAIC 1 and 2 (investment grade)	23,228.3	21,001.5	97.0
3	535.6	484.1	2.2
4	147.7	138.2	.7
5	29.2	21.8	.1
6	10.0	2.5	—
Total NAIC 3, 4, 5 and 6 (below-investment grade)	722.5	646.6	3.0
Total	\$ 23,950.8	\$ 21,648.1	100.0 %

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Fixed Maturity Securities, Available for Sale

The following table summarizes the carrying values and gross unrealized losses of our fixed maturity securities, available for sale, by category as of March 31, 2024 (dollars in millions):

	Carrying value	Percent of fixed maturities	Gross unrealized losses	Percent of gross unrealized losses
States and political subdivisions	\$ 2,703.4	12.5 %	\$ 376.9	15.8 %
Commercial mortgage-backed securities	2,162.1	10.0	224.9	9.4
Banks	1,801.8	8.3	195.2	8.2
Non-agency residential mortgage-backed securities	1,559.8	7.2	144.2	6.0
Asset-backed securities	1,453.9	6.7	95.4	4.0
Collateralized loan obligations	1,145.6	5.3	10.0	.4
Insurance	1,112.1	5.1	173.8	7.3
Utilities	1,101.9	5.1	151.1	6.3
Healthcare/pharmaceuticals	1,037.9	4.8	185.1	7.7
Brokerage	946.8	4.4	108.5	4.5
Technology	763.3	3.5	127.9	5.3
Agency residential mortgage-backed securities	687.7	3.2	2.3	.1
Food/beverage	628.8	2.9	73.9	3.1
Energy	505.5	2.3	35.0	1.5
Cable/media	433.3	2.0	71.4	3.0
Real estate/REITs	336.7	1.5	43.6	1.8
Transportation	319.3	1.5	35.7	1.5
Telecom	315.7	1.5	23.1	1.0
Capital goods	275.5	1.3	30.4	1.3
Chemicals	258.9	1.2	31.9	1.3
Other	2,098.1	9.7	250.9	10.5
Total fixed maturities, available for sale	<u>\$ 21,648.1</u>	<u>100.0 %</u>	<u>\$ 2,391.2</u>	<u>100.0 %</u>

Below-Investment Grade Securities

At March 31, 2024, the amortized cost of the Company's below-investment grade fixed maturity securities, available for sale, was \$1,263.7 million, or 5.3 percent of the Company's fixed maturity portfolio (or \$722.5 million, or 3.0 percent, of the Company's fixed maturity portfolio measured on credit quality ratings assigned by the NAIC). The estimated fair value of the below-investment grade portfolio was \$1,185.4 million, or 94 percent of the amortized cost.

Below-investment grade corporate debt securities typically have different characteristics than investment grade corporate debt securities. Based on historical performance, probability of default by the borrower is significantly greater for below-investment grade corporate debt securities and in many cases severity of loss is relatively greater as such securities are generally unsecured and often subordinated to other indebtedness of the issuer. Also, issuers of below-investment grade corporate debt securities frequently have higher levels of debt relative to investment-grade issuers, hence, all other things being equal, are generally more sensitive to adverse economic conditions. The Company attempts to reduce the overall risk related to its investment in below-investment grade securities, as in all investments, through careful credit analysis, strict investment policy guidelines, and diversification by issuer and/or guarantor and by industry.

Net Realized and Unrealized Investment Losses

During the first three months of 2024, we recognized \$5.9 million of realized losses on sales of \$197.1 million of fixed maturity securities, available for sale, including: (i) \$3.5 million related to various corporate securities; (ii) \$1.1 million related to commercial mortgage-backed securities; and (iii) \$1.3 million related to various other investments. Securities are generally sold at a loss following unforeseen issuer-specific events or conditions or shifts in perceived relative values. These reasons include but are not limited to: (i) changes in the investment environment; (ii) expectation that the market value could deteriorate; (iii) our desire to reduce our exposure to an asset class, an issuer or an industry; (iv) prospective or actual changes in credit quality; (v) better match certain characteristics of our investment portfolio with the corresponding characteristics of our insurance liabilities; or (vi) changes in expected portfolio cash flows.

During the first three months of 2023, we recognized \$14.4 million of realized losses on sales of \$288.5 million of fixed maturity securities, available for sale, including: (i) \$11.1 million related to various corporate securities; (ii) \$2.2 million related to commercial mortgage-backed securities; and (iii) \$1.1 million related to various other investments.

The following summarizes the investments sold at a loss during the first three months of 2024 which had been continuously in an unrealized loss position exceeding 20 percent of the amortized cost basis prior to the sale for the period indicated (dollars in millions):

	Number of issuers	At date of sale	
		Amortized cost	Fair value
Less than 6 months prior to sale	1	\$ 3.5	\$ 2.1

Future events may occur, or additional information may become available, which may necessitate future realized losses in our portfolio. Significant losses could have a material adverse effect on our consolidated financial statements in future periods.

The following table sets forth the amortized cost and estimated fair value of those fixed maturities, available for sale, with unrealized losses at March 31, 2024, by contractual maturity. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties. Structured securities frequently include provisions for periodic principal payments and permit periodic unscheduled payments.

	Amortized cost	Estimated fair value
	(Dollars in millions)	
Due in one year or less	\$ 274.7	\$ 264.3
Due after one year through five years	1,961.0	1,852.8
Due after five years through ten years	1,059.0	965.6
Due after ten years	10,856.0	9,114.8
Subtotal	14,150.7	12,197.5
Structured securities	5,618.8	5,141.9
Total	<u>\$ 19,769.5</u>	<u>\$ 17,339.4</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

The following summarizes the investments in our portfolio rated below-investment grade not deemed to have credit losses which have been continuously in an unrealized loss position exceeding 20 percent of the cost basis for the period indicated as of March 31, 2024 (dollars in millions):

	Number of issuers	Cost basis	Unrealized loss	Estimated fair value
Greater than or equal to 6 months and less than 12 months	3	\$ 7.5	\$ (3.2)	\$ 4.3
Greater than 12 months	5	62.9	(23.7)	39.2
Total		<u>\$ 70.4</u>	<u>\$ (26.9)</u>	<u>\$ 43.5</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

The following table summarizes the gross unrealized losses of our fixed maturity securities, available for sale, by category and ratings category as of March 31, 2024 (dollars in millions):

	Investment grade		Below-investment grade		Total gross unrealized losses
	AAA/AA/A	BBB	BB	B+ and below	
States and political subdivisions	\$ 369.0	\$ 7.3	\$ —	\$.6	\$ 376.9
Commercial mortgage-backed securities	163.0	33.4	20.8	7.7	224.9
Banks	111.7	81.0	2.5	—	195.2
Healthcare/pharmaceuticals	134.7	48.3	1.7	.4	185.1
Insurance	91.2	80.1	2.4	.2	173.9
Utilities	88.4	61.7	1.0	—	151.1
Non-agency residential mortgage-backed securities	89.2	39.4	2.3	13.3	144.2
Technology	86.5	38.5	2.5	.4	127.9
Brokerage	55.6	51.9	.8	.2	108.5
Asset-backed securities	35.8	45.8	13.5	.3	95.4
Food/beverage	26.0	46.8	.9	.2	73.9
Cable/media	9.8	57.5	1.3	2.8	71.4
Real estate/REITs	27.6	15.9	.1	—	43.6
Education	39.9	3.1	—	—	43.0
Transportation	17.0	18.6	—	.1	35.7
Consumer products	21.3	10.6	2.8	.6	35.3
Energy	8.1	26.8	.1	—	35.0
Chemicals	2.6	28.9	.4	—	31.9
Capital goods	16.9	11.5	1.9	.1	30.4
Retail	18.6	4.4	5.5	.5	29.0
Aerospace/defense	6.0	17.5	—	.2	23.7
Telecom	.1	23.0	—	—	23.1
Autos	3.8	14.8	.2	.2	19.0
Building materials	5.1	13.1	.4	.1	18.7
United States Treasury securities and obligations of United States government corporations and agencies	18.4	—	—	—	18.4
Metals and mining	4.8	8.1	.4	—	13.3
Foreign governments	5.8	6.7	—	—	12.5
Collateralized loan obligations	9.5	.5	—	—	10.0
Paper	.6	9.0	—	—	9.6
Entertainment/hotels	5.6	3.7	.1	—	9.4
Agency residential mortgage-backed securities	2.3	—	—	—	2.3
Business services	—	.9	.3	.3	1.5
Other	16.6	.4	.3	.1	17.4
Total fixed maturities, available for sale	\$ 1,491.5	\$ 809.2	\$ 62.2	\$ 28.3	\$ 2,391.2

Our investment strategy is to maximize, over a sustained period and within acceptable parameters of quality and risk, investment income and total investment return through active strategic asset allocation and investment management.

Accordingly, we may sell securities at a gain or a loss to enhance the projected total return of the portfolio as market opportunities change, to reflect changing perceptions of risk, or to better match certain characteristics of our investment portfolio with the corresponding characteristics of our insurance liabilities.

Structured Securities

At March 31, 2024, fixed maturity investments included structured securities with an estimated fair value of \$7.0 billion (or 32.4 percent of all fixed maturity securities). The yield characteristics of structured securities generally differ in some respects from those of traditional corporate fixed-income securities or government securities. For example, interest and principal payments on structured securities may occur more frequently, often monthly. In many instances, we are subject to variability in the amount and timing of principal and interest payments. For example, in many cases, partial prepayments may occur at the option of the issuer and prepayment rates are influenced by a number of factors that cannot be predicted with certainty, including: the relative sensitivity of prepayments on the underlying assets backing the security to changes in interest rates and asset values; the availability of alternative financing; a variety of economic, geographic and other factors; the timing, pace and proceeds of liquidations of defaulted collateral; and various security-specific structural considerations (for example, the repayment priority of a given security in a securitization structure). In addition, the total amount of payments for non-agency structured securities may be affected by changes to cumulative default rates or loss severities of the related collateral.

The amortized cost and estimated fair value of structured securities at March 31, 2024, summarized by type of security, were as follows (dollars in millions):

Type	Amortized cost	Estimated fair value	
		Amount	Percent of fixed maturities
Asset-backed securities	\$ 1,546.1	\$ 1,453.9	6.7 %
Agency residential mortgage-backed securities	683.3	687.7	3.2
Non-agency residential mortgage-backed securities	1,670.4	1,559.8	7.2
Collateralized loan obligations	1,151.0	1,145.6	5.3
Commercial mortgage-backed securities	2,385.2	2,162.1	10.0
Total structured securities	<u>\$ 7,436.0</u>	<u>\$ 7,009.1</u>	<u>32.4 %</u>

Residential mortgage-backed securities ("RMBS") include transactions collateralized by agency-guaranteed and non-agency mortgage obligations. Non-agency RMBS investments are primarily categorized by underlying borrower credit quality: Prime, Alt-A, Non-Qualified Mortgage ("Non-QM"), and Subprime. Prime borrowers typically default with the lowest frequency, Alt-A and Non-QM default at higher rates, and Subprime borrowers default with the highest frequency. In addition to borrower credit categories, RMBS investments include Re-Performing Loan ("RPL") and Credit Risk Transfer ("CRT") transactions. RPL transactions include borrowers with prior difficulty meeting the original mortgage terms and were subsequently modified, resulting in a sustainable payback arrangement. CRT securities are collateralized by Government-Sponsored Enterprise ("GSE") conforming mortgages and Prime borrowers, but without an agency guarantee against default losses.

Commercial mortgage-backed securities ("CMBS") are secured by commercial real estate mortgages, generally income producing properties that are managed for profit. Property types include, but are not limited to, multi-family dwellings including apartments, retail centers, hotels, restaurants, hospitals, nursing homes, warehouses, and office buildings. While most CMBS have call protection features whereby underlying borrowers may not prepay their mortgages for stated periods of time without incurring prepayment penalties, recoveries on defaulted collateral may result in involuntary prepayments.

INVESTMENTS IN VARIABLE INTEREST ENTITIES

The following table provides supplemental information about the revenues and expenses of the VIEs which have been consolidated in accordance with authoritative guidance, after giving effect to the elimination of our investment in the VIEs and investment management fees earned by a subsidiary of the Company (dollars in millions):

	Three months ended	
	March 31,	
	2024	2023
Revenues:		
Net investment income – policyholder and other special-purpose portfolios	\$ 14.0	\$ 22.4
Fee revenue and other income	.9	1.3
Total revenues	14.9	23.7
Expenses:		
Interest expense	11.9	17.3
Other operating expenses	.5	.5
Total expenses	12.4	17.8
Income before net investment losses and income taxes	2.5	5.9
Net investment losses	(3.6)	(.6)
Income (loss) before income taxes	\$ (1.1)	\$ 5.3

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

Supplemental Information on Investments Held by VIEs

The following table summarizes the carrying values and gross unrealized losses of the investments held by the VIEs by category as of March 31, 2024 (dollars in millions):

	Carrying value	Percent of fixed maturities	Gross unrealized losses	Percent of gross unrealized losses
Cable/media	\$ 71.4	13.4 %	\$ 3.2	28.5 %
Technology	68.9	12.9	1.5	13.5
Healthcare/pharmaceuticals	62.6	11.7	1.8	16.3
Brokerage	36.6	6.9	.1	.4
Food/beverage	35.9	6.7	1.5	13.3
Chemicals	27.8	5.2	.1	1.1
Building materials	27.0	5.1	.1	1.1
Capital goods	24.7	4.6	.4	3.4
Transportation	23.5	4.4	.1	.6
Paper	23.1	4.3	.1	.5
Utilities	21.6	4.0	.2	2.1
Autos	19.5	3.7	.1	.7
Consumer products	18.8	3.5	.4	3.9
Business services	16.8	3.2	.4	3.6
Insurance	15.5	2.9	—	.2
Metals and mining	5.1	1.0	—	—
Other	34.6	6.5	1.2	10.8
Total	<u>\$ 533.4</u>	<u>100.0 %</u>	<u>\$ 11.2</u>	<u>100.0 %</u>

The following table sets forth the amortized cost and estimated fair value of those investments held by the VIEs with unrealized losses at March 31, 2024, by contractual maturity. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

	Amortized cost	Estimated fair value
	(Dollars in millions)	
Due in one year or less	\$ 12.2	\$ 11.7
Due after one year through five years	290.8	276.2
Due after five years through ten years	5.4	5.0
Total	<u>\$ 308.4</u>	<u>\$ 292.9</u>

CNO FINANCIAL GROUP, INC. AND SUBSIDIARIES

The following summarizes the investments held by the VIEs sold at a loss during the first three months of 2024 which had been continuously in an unrealized loss position exceeding 20 percent of the amortized cost basis prior to the sale for the period indicated (dollars in millions):

	Number of issuers	At date of sale	
		Amortized cost	Fair value
Less than 6 months prior to sale	5	\$ 4.4	\$ 3.5
Greater than or equal to 6 months and less than 12 months prior to sale	2	2.8	1.8
Greater than 12 months prior to sale	5	6.9	3.5
		<u>\$ 14.1</u>	<u>\$ 8.8</u>

There were no investments held by the VIEs rated below-investment grade not deemed to have credit losses which had been continuously in an unrealized loss position exceeding 20 percent of the cost basis as of March 31, 2024.

NEW ACCOUNTING STANDARDS

See "Recently Issued Accounting Standards" in the notes to consolidated financial statements for a discussion of recently issued accounting standards.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our market risks, and the ways we manage them, are summarized in "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes in the first three months of 2024 to such risks or our management of such risks.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures. CNO's management, under the supervision and with the participation of the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of CNO's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act")). Based on its evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2024, CNO's disclosure controls and procedures were effective to ensure that information required to be disclosed by CNO in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed to reasonably assure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes to Internal Control Over Financial Reporting. There were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the three months ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Information required for Part II, Item 1 is incorporated by reference to the discussion under the heading "Litigation and Other Legal Proceedings" in the footnotes to our consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

ITEM 1A. RISK FACTORS.

CNO and its businesses are subject to a number of risks including general business and financial risk. Any or all of such risks could have a material adverse effect on the business, financial condition or results of operations of CNO. Refer to "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, for further discussion of such risk factors. There have been no material changes from such previously disclosed risk factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Period (in 2024)	Issuer Purchases of Equity Securities			Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs (a) (dollars in millions)
	Total number of shares (or units) purchased	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	
January 1 through January 31	245,778	\$ 27.69	243,730	\$ 515.1
February 1 through February 29	819,613	27.01	619,446	498.6
March 1 through March 31	748,580	26.80	619,329	481.8
Total	<u>1,813,971</u>	27.02	<u>1,482,505</u>	481.8

- (a) The Company's Board of Directors has authorized additional repurchases from time to time, most recently in May 2023 when it authorized the repurchase of an additional \$500.0 million of the Company's outstanding shares of common stock.

ITEM 5. OTHER INFORMATION.

During the first quarter of 2024, one officer (as defined in Rule 16a-1(f) of the Exchange Act) (the "Section 16 officers") of the Company adopted a Rule 10b5-1 trading arrangement (as defined in Item 408(a) of Regulation S-K) for the sale of the Company's common stock. The following summarizes the material terms of such Rule 10b5-1 trading arrangement, which is intended to satisfy the affirmative defense of Rule 10b5-1(c) of the Exchange Act and the Company's policies regarding transactions in Company securities:

Name and title of officer	Date of trading arrangement	Duration of trading arrangement (a)	Aggregate shares of common stock to be sold pursuant to the trading arrangement
Michael E. Mead – Chief Information Officer	February 26, 2024	November 28, 2024	12,703

(a) Or such earlier date that the aggregate amount of shares has been sold.

During the first quarter of 2024, other than Mr. Mead, none of the Company's directors or Section 16 officers have adopted, terminated or modified a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS.

3.1	<u>Amended and Restated Certificate of Incorporation of CNO Financial Group, Inc., incorporated by reference to Exhibit 3.1 of our Current Report on Form 8-K filed August 1, 2022.</u>
3.2	<u>Amended and Restated Bylaws of CNO Financial Group, Inc., incorporated by reference to Exhibit 3.1 of our Current Report on Form 8-K filed December 14, 2022.</u>
10.1	<u>Form of executive leadership group restricted stock unit award agreement for 2024 under the Amended and Restated Long-Term Incentive Plan.</u>
10.2	<u>Form of executive leadership group performance stock unit award agreement for 2024 under the Amended and Restated Long-Term Incentive Plan.¹</u>
10.3	<u>Form of restricted stock unit award agreement for 2024 under the Amended and Restated Long-Term Incentive Plan.</u>
10.4	<u>Form of performance stock unit award agreement for 2024 under the Amended and Restated Long-Term Incentive Plan.</u>
10.5	<u>Fifth Amendment and Restatement Agreement, dated as of March 30, 2024, among CNO Financial Group, Inc., the lenders party thereto and KeyBank National Association, as administrative agent for the lenders, in respect of the Credit Agreement, dated as of May 19, 2015, among CNO Financial Group, Inc., the lenders party thereto and KeyBank National Association, as administrative agent for the lenders.</u>
31.1	<u>Certification Pursuant to the Securities Exchange Act Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification Pursuant to the Securities Exchange Act Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CNO FINANCIAL GROUP, INC.

Dated: May 6, 2024

By: /s/ Michellen A. Wildin

Michellen A. Wildin

Senior Vice President and Chief Accounting Officer

(authorized officer and principal accounting officer)